

## Trojan Horses

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*Lobbying is not necessarily bad for democracies.  
But the lobbying you don't see is worst.*

An article published by Europa United in 2019, *The Boundaries of Decency*, drew attention to lobbyists in Brussels and the sometimes-malign effects they can have on commercial and political decisions and institutions. It was concerned that pushing some interests at the expense of the common good is bad for democracy.

A recent report by Sandra Kalniete, a Latvian MEP, for EuroParl, titled the Special Committee on Foreign Interference in all Democratic Processes in the European Union, Including Disinformation, shows that things may be even worse than we thought, even amounting to direct interference in our democracy by foreign agents.

Lobbying comes in two broad forms: what you see and what you don't see. Neither is especially good, but one is much worse than the other. The EU Transparency Register shows that, in 2020, 12,187 firms (288 more than in 2019) spent up to €2.4 billion, with Google, Apple, Facebook, Amazon and Microsoft together spending €19 million. This is certainly a gross underestimate of the overall lobbying spend because it represents only above-board activity by registered lobbyists. Registration is voluntary in the EU, with no effective penalties for posting inaccurate or incomplete information, so much de-facto lobbying is in the guise of corporate interests or some other activity. "Other activity" includes two particularly corrosive tactics: 'elite capture' and infiltration of educational institutions.

Elite capture usually entails hiring former high-level European politicians and civil servants by companies, sometimes controlled by foreign states, in exchange for their often-confidential knowledge acquired during public service, which can then be used at the expense of the EU and its Member States' strategic interests. The EuroParl report notes that it often merges economic and political goals.

Many of us raised an eyebrow when Gerhard Schroeder, once Germany's Chancellor, in 2005 joined the board of directors, and later became Chairman, of Rosneft, one of Russia's two giant, state-controlled gas producers. The other eyebrow might have been raised when, in 2016, he also became Chairman of NordStream2, a contentious pipeline from Russia to Germany (that Mr Schroeder supported while in office) that would allow Russia to by-pass Ukraine while continuing to profit from gas sales to the EU. He has now been nominated to the board of Gazprom, Russia's other energy giant.

While elite capture is common, not all appointments of erstwhile senior government officials is about directly influencing subsequent policy: many firms seek mainly the prestige that comes with having highly regarded figures on their boards, though some instances might seem dubious, for example, Neelie Kroes,

who, as EU Competition Commissioner, had criticised Germany's ban of Uber, subsequently took a job on the firm's public policy advisory board.

Neither does elite capture necessitate actually hiring former officials and office holders. A study by the Carnegie Endowment notes that in July 2021, Hungarian Prime Minister Viktor Orbán's government blocked EU statements about Hong Kong, hoping to attract Chinese investments in Hungary, garner diplomatic support over its democratic backsliding, and communicate Hungary's political and economic alternatives to Brussels. Carnegie also finds that China in particular is nurturing commercial and political ties elsewhere within the EU, so that some of what may be seen as commercial lobbying by EU entities in fact are trojan horses for Chinese interests.

The other very damaging non-lobbying tactic is, as Ms Kalniete notes, through educational institutions, many of which are under-funded by their home governments, so depend on foreign students' fees to make ends meet. Confucius Institutes serve as a soft-power lobbying platform for Chinese economic interests, for the Chinese intelligence service and its recruitment of spies. This has led some universities, such as the universities of Dusseldorf in 2016, Brussels (VUB and ULB) in 2019, and Hamburg in 2020, as well as all universities in Sweden, to terminate their cooperation with Confucius Institutes. Yet they still operate in many establishments.

In view of the threats it identifies, the EuroParl report's proposed remedies are worryingly timid. Certainly, the EU Transparency Register could be strengthened, as it proposes, by introducing more stringent transparency rules, mapping foreign funding for EU-related lobbying, and identifying funds from foreign governments. That, of course, would be very welcome, but it makes no attempt to address elite capture or infiltration of educational institutions.

The EU prides itself on its probity and openness, and has much to be proud of. All the more reason to clean up this particular murk.

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