

Multinational Corporations and their Influence Through Lobbying on Foreign Policy

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Multinational Corporations in a Changing Global Economy

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Our Chapter

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 - ↪ **Political cleavages within industry**

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- ▶ We find that MNCs spend more on lobbying across more issues than domestic firms

Analysis of All Public Firms in the US

Measurement of MNC: $\frac{\text{Pretax foreign income}}{\text{Total income}}$

- We compute the quantity for all public firms and then determine the cutoff value (0.02139) to have a binary measure of MNC

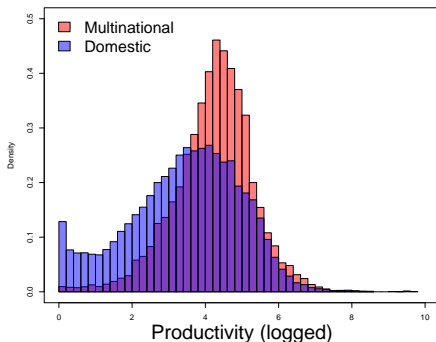
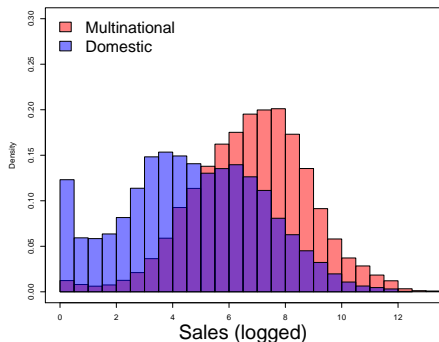


Figure: Overlaps in the Distribution of Sales and Productivity

Parsing > 1.1 mil Lobbying Reports

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Lobbying Disclosure Act of 1995 (Section 5) - All Filers Are Required to Complete This Page

1. Registrant Name Organization Lobbying Firm Self Employed Individual
Apple Inc.

2. Address
Address1 501 15th Street NW, Suite 1000 Address2
City Washington State DC Zip Code 20005 Country USA

7. Client Name Self Check if client is a state or local government or instrumentality
Apple Inc. 8. House ID# 314950000

TYPE OF REPORT 8. Year 2008 Q1 (1:1 - 3:31) Q2 (4:1 - 6:30) Q3 (7:1 - 9:30) Q4 (10:1 - 12:31)

9. Check if this filing amends a previously filed version of this report
10. Check if this is a Termination Report Termination Date 11. No Lobbying Issue Activity

INCOME OR EXPENSES - YOU MUST complete either Line 12 or Line 13	
12. Lobbying	13. Organizations
INCOME relating to lobbying activities for this reporting period Less than \$5,000 <input type="checkbox"/> \$5,000 or more <input checked="" type="checkbox"/> \$ 410,000.00	EXPENSE relating to lobbying activities for this reporting period Less than \$5,000 <input type="checkbox"/> \$5,000 or more <input type="checkbox"/>

14. LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Adding a separate page for each code, provide justification as requested. Add additional page(s) as needed.

15. General issue area code CPT

16. Specific lobbying issues
HR1908/S1145: The Patent Reform Act of 2007
Sections 114 & 115 of US Copyright Act
Implementation of EU Copyright Directive

17. House(s) of Congress and Federal agencies Check if None
House of Representatives, Senate, U.S. Trade Representative (USTR), Commerce, Dept of (DOC), Patent & Trademark Office (PTO), U.S. Copyright Office

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Current Official Position (if applicable)
Joseph	Fortson		Counsel, Energy & Commerce Committee Counsel, Rep. Joe Barton Counsel, Rep. Van Hilleary

Client

Apple Inc.

Amount

\$ 410,000

Issue code

CPT

Activity

HR1908/S1145: The Patent Reform Act of 2007
Section 114 & 115 of US Copyright Act
Implementation of EU Copyright Directive

Gov. Entities

House of Representatives, Senate, U.S. Trade
Representative (USTR), Commerce, Dept of (DOC),
Patent & Trademark Office (PTO) [...]

Lobbyist

Joseph Fortson

Official position

Counsel, Energy & Commerce Committee
Counsel, Rep. Joe Barton
Counsel, Rep. Van Hilleary

MNCs Spend More on Lobbying Across More Issues

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	Lobbying Expenditure			Number of Issues Lobbied		
	(1)	(2)	(3)	(4)	(5)	(6)
Multinational	1.239*** (0.074)	1.203*** (0.074)	0.461*** (0.067)	2.198*** (0.094)	2.182*** (0.095)	0.858*** (0.077)
Capital			3.035*** (0.063)			4.141*** (0.072)
In-house			0.0002*** (0.00002)			0.001*** (0.00002)
Constant	12.316*** (0.557)	12.151*** (0.563)	11.128*** (0.487)	4.432*** (0.710)	4.401*** (0.719)	2.838*** (0.559)
NAICS3 FE	✓	✓	✓	✓	✓	✓
Year FE		✓	✓		✓	✓
Observations	9,385	9,385	9,327	9,385	9,385	9,327
R ²	0.107	0.110	0.319	0.188	0.189	0.498
Adjusted R ²	0.100	0.101	0.313	0.181	0.181	0.494

Note:

*p<0.1; **p<0.05; ***p<0.01

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$$\hat{\beta} = \frac{1}{N} \sum_{i=1}^N \left\{ (Y_{i,t+F} - Y_{i,t-1}) - \frac{1}{|\mathcal{M}_{it}|} \sum_{i' \in \mathcal{M}_{it}} (Y_{i',t+F} - Y_{i',t-1}) \right\}$$

Empirical Finding

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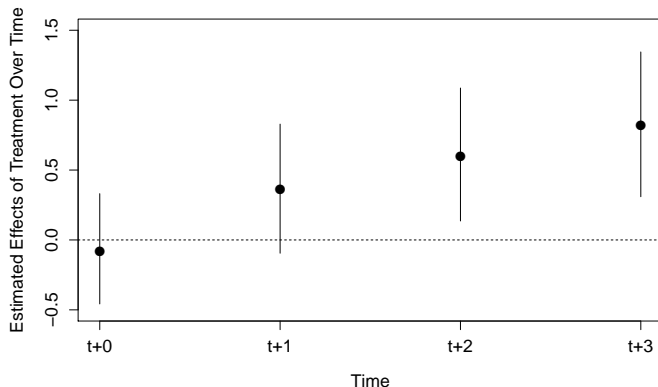


Figure: Effects of Multinationality on Lobbying Expenditure

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- Lobbying Data available at www.LobbyView.org
 - ▶ In-depth analysis of the contents of lobbying

If you have any questions:

insong@mit.edu
hmilner@princeton.edu

More information about this and other research:

<http://web.mit.edu/insong/www>
<https://scholar.princeton.edu/hvmilner/home>

MNCs' Lobbying on Tariff vs. Taxation

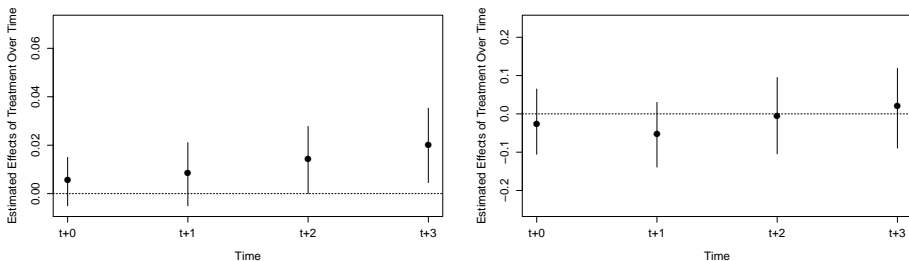


Figure: Effects of Multinationality on the Likelihood to Lobby on Tariff and Taxation Related Issues