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**Business Diplomats: A Study
of Third Party Lobbying in Ottawa**

by

Duncan H. Bailey, B.Comm.(Hon.)

**A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of
the requirements for the degree of
Master of Management Studies**

School of Business

**Carleton University
Ottawa, Ontario**

**August 30, 1991
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The undersigned recommend to the Faculty of Graduate
Studies and Research acceptance of the thesis

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of Third Party Lobbying in Ottawa"

submitted by Duncan H. Bailey, B. Comm.(Hon.)
in partial fulfilment of the requirements for
the degree of Master of Management Studies

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Abstract

This study provides an exploratory examination of the Third Party Non-Institutional Lobbyist (TPNIL) in the Canadian context. The research reveals that this group of small entrepreneurs believe they are different from the larger institutional third party lobbying firms.

The competitive advantage of the TPNIL is the ability to supply strategic advice and personal service instead of information brokering and political interaction. In providing a bridge between business and government, they act not just as a conduit, but supplement that activity by the inclusion of interpretation and analysis of the environment and the "logic of the situation."

The natural structural division of third party lobbying appears to be based on the number of interests being represented and the type of criteria on which the decisions are based. In this sense TPNILs prefer to represent individual clients on issues that are based on economic decision criteria. The result is that there is very little competition between TPNILs and their institutional counterparts, as they tend to work on different activities in different areas. In this respect client companies may not be matching third party representatives to their objectives.

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Disclaimer

While every attempt has been made to use gender neutral language where possible, certain passages and subsequent text have maintained the original thought and intent of the cited authors and interview subjects. As a result terms such as "businessmen" and "chairman" are used in the text to maintain the context intended by the authors. It should be noted that the more recent references tend to be gender neutral, and as such indicate that change is occurring.

Statement of Confidentiality

Due to the nature of the research being conducted and the relatively small population being sampled, it was felt that a guarantee of confidentiality would benefit the investigation. Accordingly, the subjects were assured that all information and data gathered during the interview was strictly confidential, and as such, would only be released in aggregate form or in such a manner that it would not be possible to determine or infer it to any specific individual or organization. To this end, much of the identity specific details are omitted to maintain the subjects' confidentiality.

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Chapter 1: Introduction

The major challenge to any corporation is being able to deal with the environment in which it operates. This has two key orientations. First, being able to understand what is happening in their environment and how it will impact on the corporation. Secondly, being able to act by either adapting their operation to account for the change to their environment, or conversely being able to control the environment. The role of government is a major factor in the external environment of any company. Dealing with government is a primary activity all companies must accept.

The State will make decisions based on the information which it has in the process of governing. This reality creates an information exchange between the dissimilar business and government environments. Composed of social, political, economic, legal and technological linkages (Tombari, 1984:46), the business government interface occurs in an environment with multiple demands from all facets of society.

The general consensus that businessmen "have an awkward relationship with the political structure of the country" (Boyer, 1981, p. 86) creates an opportunity for Third Party Lobbyists (TPLs) to facilitate exchange in the gap between the first and second parties of business and government.

However, "the popular view of lobbying as a negative force" (Subcommittee on Intergovernmental Relations, 1986:1) has established itself in many forms and fashions, yet there is very little agreement on the definition

of lobbying, its role in society, or its impact. This is particularly true of Third Party Non-Institutional Lobbyists (TPNIL) or individual professional lobbyists.

The Third Party Non-Institutional Lobbyist, unlike Institutional Third Party Lobbyists and other business government intermediaries in general, does not have a supervisor or constraints that are the function of an organizational structure. As such these "single shingles" have a freedom of action, which may provide a method of observing the larger business government interface and how it works.

In acting as a channel of communication between business and government, the TPNIL must ensure that the communications are not only transmitted, but received. For interaction to be effective, communication must have meaning and awareness of the context within which the communication process is occurring. For this to occur, lobbyists would act not only as transmitters and receivers of information, but also as interpreters and advisors, guiding the client through the complexities of government, the environment in which it operates and the dynamics of decision processes.

The introduction of *Bill C-82: An Act Respecting the Registration of Lobbyists* has provided an opportunity to study a group of individuals who hitherto have been very difficult to observe. By legally defining professional lobbyists and requiring them to register, a population has been readily defined.

Chapter 2: Objective of the Research

The objective of the research was to describe and examine the third party non-institutionalized lobbyist. Implicit in this was the identification and description of the TPNIL, as well as the key factors that influence their existence and operation. By understanding what role TPNILs play in the business government interface, the interface, itself, will be better understood. The objective of this research then, necessarily included the determination of the role the TPNIL played in the business government interface.

The question raised by the research was: how do Third Party Non-Institutional Lobbyists (TPNILs) function? What is it that they do that creates wealth? What factors in their operating environment impact on their effectiveness?

TPNILs deal with the differences between the business and government systems on a regular basis by acting as a bridge between them. It is this gulf between the systems that presented an underlying question; do TPNILs act as a conduit of information and access, or do they supplement these activities by acting as interpreters and advisors as well?

Chapter 3: Literature Review

Introduction

The research on business government relations by scholars of business administration, political science and public administration in recent years has dealt with business government relations from normative, prescriptive and descriptive approaches (Bell, Raiffa & Tversky, 1988), yet no encompassing theory has emerged. Instead, there has been a fragmented approach covering various areas from different perspectives with inconclusive results. There is no generally accepted paradigm of business government relations.

There seems to have been no academic research done on the third party non-institutional lobbyist. It may be speculated that this is due to a number of factors including; the recency of TPNIL proliferation, lack of theoretical frameworks, difficulty in defining population and activities, the interdisciplinary nature of the required research activity, and the possibility that some TPNILs desire to maintain a low profile. What activity has been done tends to be based on specific cases, such as, Woods (1984). It is clearly not possible to safely generalize to the entire population of TPNILs from a few specific cases.

This study of the TPNIL will focus on how the interaction between the three parties, specifically involving the TPNIL. The review of the literature has three sections: (1) a review of the history and environment of TPNILs, (2) A review of the exchange systems that can exist, and (3) observations on the

third party lobbyist.

History and Environment of TPNILs

The history of business government relations provides a chronology of the changes which have occurred, and an indication of what may happen in the future. The current feeling that "much is wrong with business-government relations in Canada today has become a widely accepted truism." (McMillian and Murray, 1983, p. 94) To understand why it is seen to be "wrong" a historical review may help.

Business government relations have existed in one form or another since the advent of responsible government in Canada. There have always been individuals attempting to influence the decisions of government, for public or personal benefit. The CPR scandal of the late 1800s and the development of the Canadian Manufacturers' Association (Bliss, 1987) show the two extremes of relationships that existed.

In the first half of this century, business-government relations were handled by a group of individuals who clearly understood both government and business. In the days of C.D. Howe, the interface between business and government was much smaller (Rusk, 1980) and less specialized because government was smaller, business was relatively smaller, and the requirement for interaction between the two groups was not as extensive as it is today (Edmonds, 1990). With this smaller interface, the people who had a "broader knowledge or sense of the public sector" and business tended to act as the

interface. Edmonds termed these individuals the "wise men". Composed of C.D. Howe's Dollar-a-year-men and some of the ministers of the King and St. Laurent cabinets, they were an integral part of the business-government interface. This interaction was partly a function of World War II and the post-war reconstruction period, where interaction between business and government elites was high (Gillies, 1981). This period of close interaction was typified as one of "elite accommodation" (Presthus, 1973).

In the late 1960s and early 1970s massive government growth, coupled with Prime Minister Trudeau's new decision structures dramatically changed the manner in which the interface worked. It was becoming large and complex, unable to be dealt with by a small group of generalist individuals. This interface evolved and split into several distinct functions, which had previously been one. The period of elite accommodation had been replaced by "mutual misunderstanding" (Gillies, 1985, p. 145). There was now collective decision making in cabinet, and central agencies were responsible for the coordination and direction of the various departments. "Government-by-central agency left most industries and business without readily accessible contacts in government" (Murray and Taylor, 1986, p. 134).

This change in the manner in which the government operated, effectively shifting the power from an individual minister to a group of civil servants, had a major impact on the business government interface (Presthus, 1973). Ten years later, many business people still assumed that the most

effective strategy was to start with the minister (Gillies, 1981); they were not aware of the nature of the changes. Unfortunately, the gap between business and government was fairly large, and had, at one point, been called "the two solitudes" (Trudeau, 1981). The people who were aware of the changes in the public policy process changed their methods of lobbying to suit the new structure.

This structure had many forces shaping it. Various interest groups, which previously had little input into the public policy process, were becoming active. The new "popular activism" (Ackerman and Bauer, 1976, p. 4) was pushing the development of interest groups and new lobbying techniques. The requirement for the business government interface to remain effective forced it to specialize and adapt.

This "crowding-in of external issues" (Gollner, 1983, p. XV) or politicization, manifests itself in two forms upon organizational-societal relationships. This relationship is not just concerned with economic variables, but includes societal and political aspects that are increasing "institutional interdependence and paralysis" such that it can be seen to carry "the embryonic forms of a new political-economic system." (Gollner, 1983, p. XV)

Gillies' assertion (1983) that "there are probably more decisions affecting business now made in Cabinet rooms than boardrooms" shows that business now operates in an environment where many of the decisions

affecting it are made by parties outside the business organization. Parallel to this is the recognition that there has been a decline in the confidence of the public in business as an institution serving the public good (Gollner, 1983).

Canada has a large government structure which is involved with most aspects of the social fabric. This involvement and intervention, a "mixed economy" (Bliss, 1987), creates an environment where multiple objectives are perused by various social units to achieve outcomes based on different objectives. Hardin (1974) understood this when he noted that Canada was a political enterprise. In a sense "capitalism is now closely interrelated with the state, and that is where the cut and thrust of public policy is sharpest in political economy of today." (Rea and McLeod, 1976, p. vii)

It has been argued that Canadians accept government involvement in the economy but want "more efficient and effective government." (Neville, 1984, p.29) The instruments of this involvement tend, however, to be "integrated and complex." (Litvak, 1981, p. 47) As such, central agencies have been created and expanded to manage the growing government structure and avoid "policy fragmentation" (Pross, 1975, p. 172).

A demand existed to fill the gap between the new government structures and the business / market structures. The new politicized environment created a specialised and diversified business government relations industry. The "wise men" (if any remained) were no longer able to function across the entire spectrum. New niches were beginning to develop. A variety of

consulting firms developed to fill the gap between the new complex government structures and business organizations which were evolving in different directions.

Growth of lobbying

The consensus is that lobbying in general, and more specifically third party lobbying, is an increasing activity (Stanbury, 1989, p. 8; Blunn, 1978; Day, 1987; Sawatsky, 1987). Part of the reason for this increase is the amount of economic uncertainty as a result of political uncertainty and poor communications between business and government (Litvak, 1981)

While "public affairs management" (Edmonds, 1990) is a relatively new activity in its current form, it has existed in some form over the longer term. When Edmonds and Wylie created Public Affairs International, the founding philosophy was that corporations had to function, not just with the market, but with political and community leaders as well (Sawatsky, 1987). While companies had always interacted with the greater community, the formal or institutional recognition of public affairs management and the practice of it, as such, did not start in Canada until the late 1960s and early 1970s.

The growth of public affairs consulting has been occurring continuously since that time, partly as reflection of government growth, but also partly as a function of new interest groups trying to influence current public policy. A "measurable increase" (Public Affairs International, 1986, p. 2) has occurred in recent years.

The relationship between the growth of public affairs and the growth of government in recent years can definitely be seen, yet the causation of this growth is not at all clear. Saumier (1983) pointed out that, while there may have been "too many lobbies" (p. 79) that was not the cause of the public policy crises; instead it might have even been a symptom. If the growth of public affairs activities is a function of previous lobbying success, its growth could be termed a "reactive spiral" (Pross, 1982, p. 171)

The "Reactive Spiral" (Gillies and Pigott, 1982) proposes that interest groups are competitively seeking out effective access or pressure points at which lobbying activities can be targeted. There is "intensified competition between interest groups for access to government decision-makers and the benefits they can confer." (Litvak, 1984 p. 70) As the targets become more heavily lobbied, they develop decision paralysis and do not provide input to the public policy process. This polarized process is described by Pross:

Public policy responses to the demands of one group trigger the formation - or intensification of activity - on the part of another, which in turn prompts a third group to enter debate, and so on and so on.... The clamour is intensified, the jostling more fractious, because fewer and fewer feel they can influence the policy process. Meanwhile, at the centre, important actors studiously maintain a distance between themselves and pressure groups and policy is increasingly made in a communications vacuum. (1982, p. 171-174)

Explanations for the increase in number and intensity of pressure groups are numerous. Environmental explanations tend to be fairly common (Pross, 1982), but another perspective is that this is a function of government policy in two respects. First, the massive central agency structure, while

pretending to be neutral, is offering policy advice, yet is not engaging in consultation with the stake holders of the outcomes (Gillies and Pigott, 1982, p. 262). The result is an increased sense of alienation from not being able to develop "strong relationships" (p. 262). The second perspective is that growth and linkages have developed "incrementally and disjointedly" with the objective being to build a supportive "constellation of formal groups" around the various departments (Pross, 1982, p. 172).

The implications of the proposed reactive spiral affect the entire way in which the government relates to its constituents. If a particular segment or group is able to gain an advantage over other groups, the result would be a skewed public policy process. Woods (1984, p. 22) argues that "a premium is placed upon access rather than issue generation." Decisions are based on the arguments heard and not necessarily the best arguments concerning a specific policy.

The public interest has been described as relating to the recognition of a greater set of objectives beyond the interests of the individual (Preston, 1985). From this perspective, "Lobbies will play by their perceived rules of the game, whatever those are, and they cannot afford to stumble on esoteric or abstruse questions." (Saumier, 1983, p. 79) In this sense the public interest is a real concern, not out of moral obligation, but from a practical reality.

The public interest is countered by the self-interest principle, of which Adam Smith observed "people intend only their own gain when they make

economic decisions" (McCallum, 1990). In this respect, couching self-interest in the terms of public interest is one of the major objectives of rent-seeking lobbying activity.

Allison (1971) proposed that an organization, like most organisms, will try to adapt its operation in order to stabilize the stresses from its environment. By creating bureaucracies, organizations are able to minimize politics and the competitive interaction that results. Gillies (1985, p. 144) suggested that business government relations had improved since the early 80s. If so, was this an adaption to the newly politicized environment, by creating a bureaucracy of interaction to bridge the gulf between business and government?

The reaction of companies has been to increase their attention on external issues (Litvak, 1988, p. 60) through an increase in formal and informal measures. The sudden increase in public affairs (Gollner, 1983; Litvak, 1988, p. 55) has resulted in changed perceptions of the greater environment, one which can be seen to be very complex and worthy of discussion in such places as company annual reports (Litvak, 1988, p. 55).

Government did not set out to misunderstand business (Clark, 1985, p. 85). Instead the problems that arose between business and government were a function of reactions to other groups and interests. In a complex environment with multiple interactions the problems of determining causality for a specific problem or situation is difficult. "Treatment of the symptoms of

environmental change as though they were causal factors is a major problem in this field." (Gollner, 1983, p. 9)

Exchange Systems

It has been argued that the present state of knowledge on business government relations in Canada is one of "ignorance and partisan speculation". (Burrell, 1985, p. 222) The lack of an encompassing theory of operation is a function of differences over the philosophical perspectives, functional definitions and disciplinary preferences. There is no one specific group of academics which study business-government relations, but a divergent cluster of groups with different objectives and orientations.

Schools

McMillian and Murray (1983) have proposed the existence of five schools for the analysis of Business-Government Relations. Using cleavages of examination oriented around context, structure, and interaction, the authors have been able to cover the landscape of perspectives. Taylor (1986, p. 290) has summarized the five schools as follows:

The "failure of government" school. The many changes in the way that the federal government makes policy decisions have resulted in business interests being virtually ignored.

The "failure of business" school. Business has failed to "get its act together" in many ways, hence has not been effective in getting through to government.

The "mechanisms of interaction" school. Rather than the internal structures of business and government being the problem, it is the basic machinery of consultation that is the main difficulty ("too little, too late"; inadequate information; representatives of the wrong rank; no application of negotiation skills, i.e. give and take on both sides; and so on).

The "distorted attitudes and beliefs" school. Leaders in business, the civil service

and politics have such different backgrounds and experiences that they have seriously distorted perceptions of one another, which retards their ability to understand and communicate with each other.

The "failure of the total system" school. No real change in business-government relations is possible without substantive changes first in the basic political, economic, social and ideological systems and institutions of the country.

Using the above structure for identifying and orienting the various analyses of business government relations provides a quick and effective method to structure current criticisms. The problem with the above classifications is that they are not mutually exclusive, nor are they detailed enough to determine exactly where the division between schools would fall. It is the intent that is clear. The schools presented, while able to show the philosophies of interaction, are unable to capture the fine detail of reality; in essence because it is five, or so, amalgamated models. There is nothing to help understand the commonality of the five schools.

Systems Theory

The use of a systems theory, while it has many shortcomings, provides the advantage of highlighting the types of relationships between the interacting variables. In this context, a system could be seen to be "anything that is not chaos." (Boulding, 1985, p. 9). It also tends to view or model reality in a "holistic" approach. (Gollner, 1983)

Systems theories generally view all variables, save the passage of time, as inter-dependent variables. The resulting complexity of a systems theory leads to difficulty in applying it to reality. Models, in general, provide an

understanding of the mechanisms and relationships between the variables yet "the representations of these structures, both in our minds and in human artifacts, like maps, pictures, and drawings, always tend to be a good deal simpler than the structures as they exist in the real world." (Boulding, 1985, p. 12) The question remains as to how the reality of variable relationships can be understood, when the complexity it represents is difficult to model.

Modelling complex variable relationships using systems theories recognizes that a different approach must be used. The basic orientation is that the relationships between variables are too numerous and complex to model, let alone cognitively grasp at any given point in time. Subsequently, understanding a model of reality as time passes and dynamic interaction occurs is clearly not feasible. Instead, the type of relationship between variables is focused on, to develop a method of categorizing the types of relationships that occur. Plotting the types of relationships and the variables involved gives a map of the mechanisms of the greater system.

Ken Boulding's "social triangle" explains the various types of relationships that can exist between various social units. The three poles of his triangle are: Integrative, "it involves such things as legitimacy, status, a sense of identity, morality, community, affection, and, at the other end of the scale, illegitimacy, enmity, community breakdown and the like."; Threat, the ability to coerce people to adopt a specific action out of concern for externally imposed values; Exchange, the mutually beneficial exchanges sponsored by an

internal value structure. (Boulding, 1985, p.86)

In a sense the social triangle provides a method of viewing the linkages between business and government which is not "a function of the prevailing ideology in any given business environment." (Tombari, 1984, p. 46) The social triangle also provides an opportunity to position some of the various ideologies in relation to each other by allowing them to be viewed in the

greater system.

The social triangle also presents a way to observe the role of the state in intermediating values between the various organizations or units within the triangle. While not encompassing the entire triangle, the state does impact on a large portion of the relationships that do occur. Principally, the state is most prevalent in the centre of the triangle, where the interaction is a function of the three poles of the triangle. As the poles are reached and one type of interaction becomes dominant, the role of the state recedes. When Stanbury (1985, p. 105) commented that Canada had an "unnaturalness" as an economic entity, and that this created a psychological dependency on the state by businessmen, he was postulating that government was interceding into the exchange function.

Using this cleavage it is possible to map the business government relationship as being different from business to business relationships. It also points out the inherent dichotomy of differences in the operational variables of business in comparison to government, and the difficulty of interaction between the two, as they are based in different areas of the triangle. This could be seen as part of the gulf between the different sub-systems of the social triangle.

Business gains some legitimacy through the criteria of creating wealth for society. This "social role" (Ackerman and Bauer, 1976, p. 13) or "privileged position of business" (Lindblom, 1977, p. 175) recognizes the inescapable fact

that business has a different relationship with government than other competing interests.

Lindblom (1977) argues that business shares a duality of authority with government in the division of social responsibilities. In this process he precedes the social triangle with his discussion of the "elements of social systems" (p. ix), being "exchange", "authority", and "persuasion". In examining the structure of political-economic systems, Lindblom proposes that polyarchy, or rule by many, as opposed to democracy, drives the "mutual adjustment" processes found in the current business-government interface (p. 131-139).

Gulf Between Systems

It is possible to see that there are distinctions in the manner in which government and business operate. Whether these are called "economic and political environments" (Stanbury, 1985, p. 105), "private and the public sectors" (Clark, 1985), or "government bureaucrats ... and businessmen" (Litvak, 1979, p. 25) there is an implicit recognition of the gulf between the two different sub-systems of the greater environment.

Business, which classically has been portrayed as "bottom-line oriented" (Fleck and Litvak, 1984, p. 1), is contended to suffer from "the widely perceived moral inferiority of private interests opposed to the public interest." (Stanbury, 1985, p. 105) Whether or not this is a function of legitimacy, it still exists, and consequently is a factor in the contribution to the "communications

gap" (Litvak, 1979, p. 23) between the two. The existence of "many large differences between the parties [of business and government elites] in their interpretation of their common situation" (Taylor and Murray, 1987, p. 430) creates problems for the business government interface.

Bridging the "gap" has been termed "complex" (Litvak, 1979, p. 23) and will require "interchange" between the two sectors to overcome (Clark, 1985).

Implicit in bridging the gap between the two systems is an increase in communication. When recommendations are made for improvements in the interaction between the two sectors, such as Globerman and Schwindt (1985, p. 245), little recognition is given to the consideration that there are two different value systems underlying the interaction. Termed the "personal and personnel gap" (Litvak, 1979, p. 26) it indicates the philosophical differences that exist. Communication between two systems will inevitably bridge some aspects of the "poor communications" (Globerman and Schwindt, 1985, p. 245), but without recognizing the basic conflicts or misunderstandings in values held by the two groups little further progress can be made. Thain describes such a situation:

The attitudes of politicians and public servants to business (and to each other) are often cynical, condescending, and suspicious. Some politicians, who see themselves as the answer to everyone's problems view the bureaucracy as an inflexible block to progress and business as a selfish activity based on public exploitation. Not to be outdone, more than a few public servants, disillusioned and frustrated by bureaucratic procedures and constraints, view politicians, even their ministers, as political animals from whose whims and ignorance the bureaucracy must be protected because they lack the competence to manage government in any professional sense. Many bureaucrats share the politicians' cynicism about managers, especially those from large, foreign-owned firms. (1979, p. 29)

The gap described above could be termed to fall into McMillian and Murray's interpretive school. If this holds then there are several assumptions, Taylor and Murray argue, which must occur:

- (a) in the case of large complex economic, social, and political problems, it is not possible to "prove" what causes them or what "cures" will resolve them by any of the usual tests of scientific rationality;
- (b) in spite of this, people with an interest in the problems form beliefs about their cause and cures and the contextual situation in which decisions about them are made;
- (c) these subjective interpretations of reality influence and, along with situational variables, shape the actions of the parties in dealing with one another; and
- (d) changes in these actions can only be achieved in conjunction with changes in the related beliefs, attitudes and values. (Taylor and Murray, 1987, p. 422)

Value Intermediation

The reconciliation of the gap between the two sectors has its roots in the values held by each group. The question of whether the value systems converge, such as is proposed in the social triangle, would provide a rationale for the "absorption" (Wilson, 1981, p. 59) of the economic value system into the greater system.

If we accept that:

human action and behaviour is largely determined by prevailing social values and norms. The relationship between social values and human behaviour therefore becomes an important explanatory variable in the analysis of varying interests and needs across societies with different value systems (Dlugos and Weiermair, 1981, p. v).

It is argued that values are a function of recurrent behaviour, for regularities in behaviour posit the existence of values (Opp, 1981, p. 22). Without a source of control, random activity would be the result. In essence, habit could be seen to be a value. (Opp, 1981, p. 22) As such, the

dissemination of values is dependent on information exchange:

A sociologist aiming at an explanation of behaviour would take into account social structure. By this term we mean social relationships which are defined over a set of individuals. The foregoing considerations suggest that in fact particular social structures influence the emergence of recurrent behaviour. ... if the individuals are connected by communication channels so that each person can reach - directly or indirectly - each other person or if there are at least connections between different groups so that a communication can spread from one group to another, the emergence of regularities will be furthered. Thus, the more "connected" a communication structure is, the more likely is the existence of behavioural regularities. (Opp, 1981, p. 23)

Since value setting is a function of politics (Ackerman and Bauer, 1976)

the question becomes how are values set in relationships between differing value systems? Presthus (1973) found that:

the process of governmental policy determination and implementation seemed to involve (indeed, almost exclusively) continuous exchanges of technical information and normative preferences about issues among the three segments of the 'political elite'. (p. 3)

Did this serve to form a common value structure? While the period of elite accommodation has been recognized as a paradigm of the past, it still provides an insight into the current method for value intermediation of today. To some extent we can recognize government as a source of values, especially institutional values (Opp, 1981, p. 19). This is particularly visible in areas that are undergoing rapid change:

Where the private sector has been too slow or reticent to adapt their plans and activities to more closely accord with the changing composition and values of the public, we see government more often prepared to respond to these changes through regulation, legislation, and administrative 'reform.' (Gregg, 1984, p. 120)

What are the implications for the third party lobbyist? Is it possible that the role of the third party lobbyist includes some form of value intermediation

in conjunction with the communications activities that are also carried out? If we view a TPL as dealing with the "subjective aspects of problem perception and interpretation as well as to the objective changes in the social structure" (Bell, 1981, p. 122), is it possible to see that the TPL acts as a form of value exchange between the two systems?

The Exchange Mechanism

The exchange process can be divided into three forms of exchange; restricted, generalized and complex (Bagozzi, 1975). Restricted exchange is an exchange between two parties with a direct mutually beneficial exchange. Generalized and complex exchanges both involve three or more parties; the difference being in the nature of the interaction.

Generalized interactions were indirect exchanges with each actor benefitting from an actor other than the recipient of their good. This could be visualized as a ring with three or more players, each passing in one direction to benefit the actor next in rotation and receiving from the opposite rotation.

Complex exchanges also involve three or more actors, but are linear in nature. A chain of restricted exchanges occurs to benefit each segment of the chain. The exchange of products can pass both up and down the chain as required to continue the function.

These forms of exchange could be viewed in three contexts. The first context was utilitarian exchange; the purely economic response of value for value. Bagozzi's second context was symbolic exchange where goods held

value by their representation or meaning in a noneconomic sense. Typically, this included intangible exchanges. The third and final context was mixed exchange, composed of the above utilitarian and symbolic forms.

Understanding the exchanges that occur between the three parties falls either into generalized or complex exchanges as Presthus (1973) argues:

We turn next to certain derivative benefits the bureaucracy receives in exchange for its service activities on behalf of clientele groups. As interaction theory holds, social activity is initiated and maintained because those involved believe they are 'making a profit'. Some mutually beneficial medium of exchange must flow between participants if existing patterns of interaction are to continue. The currencies may be extremely varied, ranging from subjective rewards of empathy, affection, loyalty, and the like through harder kinds of incentives including security, authority, power, and income. Many of these benefits, of course, surface at the political party level in the form of financial and ideological support, with the result that incentives at the bureaucratic level may seem relatively insignificant. (p. 224)

The question that arises from this is whether the exchanges that occur today, involving TPLs, have the same characteristics of complex and generalized interactions?

Viewing the interactions of lobbying as an exchange process leads to the inevitable comparison or analogy to marketing or commercial exchange. Litvak (1982) has argued that lobbying activities will have to adopt a "marketing orientation" (p. 42). This starts to recognize the characteristics of complex and generalized interactions which place a heavy emphasis on the perception of the good or service to be involved in the exchange. By "ascertaining the needs of its various publics" (Litvak, 1982, p. 42) business could be seen to be moving towards a marketing orientation, which also

includes the concept of creating a perception of the good or service. Do TPNILs manage these perceptions?

Third Party Lobbyists

Definition of Lobbying

Although there is no authoritative definition of lobbying in Canada, there is a general consensus that it includes an attempt to influence the outcome of a government policy or decision. Stanbury (1988) refers to lobbying as being from an organized interest group "designed to influence public policy in some way" and goes on to point out that this can even occur between various bodies within the same government or between governments (p. 315).

Depending on the perspective adopted or purpose of the definition there are many cleavages to identifying and defining the term "lobbying". Litvak (1984, p. 68) noted that there is "the problem of adequately defining what constitutes lobbying." This is partly a function of perspective and partly connotation (Post, 1991), as can be seen by the following approaches.

Legal definitions, such as that offered by Rodriguez (1987), argue that lobbying is "any person who, for payment, attempts to influence, directly or indirectly, legislation or any matter coming under the jurisdiction of a Minister of the Crown.

Encompassing definitions by nature include many groups ranging from concerned individual constituents to major business organizations.

Unfortunately they are bound by the dichotomy of action vs. intent. The purpose or objective of a group or individual is difficult to clearly define and, accordingly, to legislate. The definition of lobbying has, for the greater part, fallen into the trap of being defined, for legal and organizational purposes, by the actions that are conducted. Litvak (1984) falls into this group with his statement that lobbying is a:

broad range of activities aimed at influencing government. As such, lobbying may include the submission of formal briefs, committee appearances, formal consultations with cabinet members, MP's or civil servants, grass-roots lobbying and the use of advocacy advertising. (p. 67)

Pross (1987, p. 5) addresses this accordingly:

The conceptual problem with the legislation is that it treats lobbying as a relatively small number of discrete acts that can be separately reported. In fact lobbying is usually undertaken as a campaign involving not just one meeting or communication but many which occur over a long period of time.

The assertion that longer term perspectives will show intent through the aggregation of actions becomes apparent.

Thompson and Stanbury (1979) presented lobbying as "the stimulating and transmitting of a communication ... directed to a governmental decision-maker with the hope of influencing his decision." This recognition of lobbying as a communication process, instead of a specific action, hints at the longer term exchange perspective.

The transition of a definition from a series of activities to intents or processes yields a softer definition. Presthus (1973, p. 81) defined lobbying as "any effort on the part of any individual or group to influence political

elites and the public by direct or indirect persuasion."

Milbrath's (1963, p. 8) definition of lobbying also contained the communication concept:

[lobbying is]...the stimulation and transmission of a communication by someone other than a citizen acting on his own behalf, directed to a governmental decision-maker with the hopes of influencing his decision.

The caveat of not including an individual acting on their own behalf indicates that direct individual participation in the policy process is not lobbying by his definition. Current thought, however, indicates that individuals acting on their own behalf are lobbying. Present usage of the term by individuals, such as Edmonds (1990), would argue that individuals do "lobby" on their own behalf.

Pragmatic definitions of lobbying, as provided by practitioners, offer an insight based on practical descriptive reality. Neville (1990) argues that "Lobbying is the assertion of one's interests into the public policy process" through: receiving information; timely and proper access to the government decision process with respect to legitimacy and proper target access or the right "door"; and knowing what to do when you get through the right "door".

The final and perhaps most descriptive definition of lobbying was Geekie's proposition (1990) that "Lobbying is a five letter word for communications"

Differentiation between Lobbying / Lobbyists

Defining the term "lobbyist" is a difficult activity, especially when it

becomes apparent that it is not simply individuals who lobby. The Legislative Committee on Bill C-82 (1988), in an attempt to define lobbyists for legal registration purposes, had great difficulty in dealing with a definition of "lobbyist." The final solution reached was to define a set of lobbying activities which if practised under certain conditions, such as receipt of payment, would constitute who would be considered a lobbyist who was required to register. At no time is "lobbyist" defined in Bill C-82; instead lobbyists, who are required to register, are determined by specific activities which include lobbying. (Legislative Committee on Bill C-82, 1988, p. 2:7) The logic is that it is the activities, not the individual, that are questionable. (Post, 1991).

Again, as with "lobbying", definitions of "lobbyist" are unable to legislate according to intention, but must instead delineate by action. This requires the legislation to state specific actions or acts.

Definition of Lobbyist

Walter Baker proffered a definition of a lobbyist during a speech in the House of Commons which identified the variety and different types who can exist. The distinction between hired lobbyists, potentially with many clients and single representative lobbyists, was made an issue:

I think of a lobbyist as someone who seeks, by means of contacts with persons of power or influence, to have a significant effect on executive or legislative actions to be taken by the government of Canada. Lobbyists may act directly for themselves, or on behalf of organizations which hire professionals to make their case. Lobbyists are, in short, special interest and pressure group publicists or their representatives. (Minister of Consumer and Corporate Affairs, 1985, p. 1)

This distinction was immediately seized on by the Standing Committee of the

House of Commons on Elections, Privileges and Procedures. Carson (1986) documents that the "committee decided that not all those who attempt to influence government activity should be defined as lobbyists who have to register" in the impending legislation.

The definition provided by *Bill C-82: An act respecting the registration of lobbyists* (Minister of Consumer and Corporate Affairs, 1987) included a general definition of lobbying (§ 5.(1) a.), but was aimed at two specific subgroups of the lobbying spectrum. The bill was concerned with individuals who received compensation for their activities, and was not applicable to volunteer or non-compensated individuals. The compensated individuals were divided into two groups, Tier I and Tier II. The Tier I group was the paid "Professional Lobbyist", designated as an individual who received compensation from another group or organization or entity. The distinction drawn here was that it was possible to have more than one client. The Tier II lobbyist or "other lobbyists" was any individual who engaged in lobbying activities for compensation, but was only employed by one group or organization.

The legal definition outlined above is limited to a specific population of individuals who are compensated for lobbying activities. It does not define lobbyist.

The American *Federal Regulation of Lobbying Act* of 1946 is the only legislation that defines "lobbyist" (Consumer and Corporate Affairs

Canada, 1985, p. 1). It defines a lobbyist as:

Any person who shall engage himself for pay or for any other consideration for the purpose of attempting to influence the passage or defeat of any legislation by the Congress of the United States..."(Consumer and Corporate Affairs Canada, 1985, p. 1)

The Australian guidelines for the registration of lobbyists define a lobbyists as:

... a person (or company) who, for financial or other advantage, represents a client in dealing with Commonwealth Government Ministers and officials." (Consumer and Corporate Affairs Canada, 1985, p. 1)

A difficulty in defining lobbyist comes from the connotation that surrounds the word and has lead to many interesting euphemisms or alternate terms to avoid what can popularly be seen to be a negative representation (Post, 1991). Terms like "man-in-Ottawa" (Litvak, 1979, p.26), consultant (Byrt, 1985, p. 122), or "Government Relations Consultant" (Day, 1987) are used instead.

Presthus (1973, p. 80) noted that the pejorative image of the professional lobbyist appeared to come from the fact:

that a 'lobbyist', unlike the head of an interest group, was a person who hired himself out to represent any interest, had no organization behind him, and was somewhat suspect ethically because he often attempted to use contacts developed earlier in government service to advance the interests of his clients.

The popular term lobbyist was not a person who practised lobbying, but was a term applied to a person of questionable practices. Partly for this reason, lobbyists avoided using this term and wished not to be identified as a lobbyist, partly also because there was no clear definition of what a lobbyist

was.

For legal purposes there was still a requirement to define a lobbyist or the activities of a lobbyist. Pross (1987) notes that the government ended up defining a lobbyist "as anyone who receives payment to represent a third party in discussions with public office holders." (p. 4) The inclusion of payment limited the lobbyist definition to a relatively small population. It could be argued that this was only a subpopulation which could be called professional lobbyists.

In the business government relations context, Litvak (1979, p. 22) argues that lobbying is oriented towards the "making of public policy". As such it is defined in terms of a political science or public administration perspective.

Attempts to influence the outcome of government decisions or policy, through lobbying activity, can be deemed to be conducted by "pressure groups". Pross (1975, p.2) defines these as "organizations whose members act together to influence public policy in order to promote their common interest." These groups try to persuade governments to pursue policies which they advocate, using various techniques, such as "the force of public opinion, the threat of economic sanctions, the logic of well-prepared arguments - which exert political pressure on government." (Pross, 1975, p. 2)

Public Affairs

The same activities outlined above can be defined from a different paradigm, yet still deal with similar phenomena. The fields of public relations and public affairs are to a great extent oriented towards interacting with a greater environment, within which an organization or group operates.

The inclusion of lobbying into the communications process, which instead of discrete actions places it in a field oriented to exchange activities, provides a different perspective. Wilson and Wright (1986, p. 14) place lobbying as a specialized branch of public relations, while Gollner (1983, p. 8) defines the similar, yet different, public affairs to include lobbying type activities:

Public affairs is a process by which a corporation anticipates, monitors and manages its relations with those social and political environmental forces that shape the company's operations and environment. Broadly similar to corporate external relations, the public affairs function includes, among others, such activities as: government relations, community relations, media relations, environmental monitoring and issues management

The public affairs function involves a two-way exchange of signals between the corporation and its environment, based on the concept of mutual benefit. Thus, while on the one hand the function is designed to increase the adaptability of corporations to environmental change, it is increasingly active in shaping the direction of future environmental change.

Public affairs can be seen to be an evolution from public relations. Initially public relations was seen to be a one way transmission of information that tended to be of a reactive nature. Litvak (1981) documents Peter Broadmore's concept of the evolution of public relations to public affairs. Exhibit A captures the differences in the concept.

Exhibit A
The Public Relations - Public Affairs Orientation

From :	To:
Internally-Driven	Externally Driven
Reactive	Proactive/Interactive
Now-Oriented	Futures-Oriented
Concerned with Facts	Concerned with Issues
Produces Communications	Produces Intelligence
Event Management	Process Management
Managed Disclosure	Open Disclosure
Bureaucratic	Participative

With public affairs there is a common "focus on external relations and communications, and that seeks to affect public perceptions of the firm and to promote its public policy goals." (Litvak, 1988, p. 57). The public affairs function embraces the following activities: government relations; public relations; community relations; international public affairs; investor and stockholder relations; corporate contributions; institutional advertising; employee communications; and issues management (Litvak, 1988, p. 57).

Again the problem of defining and describing lobbying emerges, for even public relations specialists who lobby government are wary of the term lobbyist:

If traditional lobbyists share common ground in the process of what PR practitioners call "government relations" it probably lies somewhere in the realm of direct access to the powers that be." (Wilson & Wright, 1986, p. 15)

Description of TPLs

Within the designation TPL, there is a wide variety of individuals who practice lobbying activities. Conversely, most individuals attempt to be

identified by different terminology, further distorting who is a lobbyist and what a lobbyist does. The Third Party Non-Institutional Lobbyist (TPNIL) is a subset of the population of Third Party Lobbyists (TPL).

The professional lobbyist or third party lobbyist is an individual who carries out lobbying activities between the first and second parties of business and government. These lobbyists often compare themselves to lawyers (Day, 1987) and usually call themselves "consultants" (Byrt, 1985, p. 122) or some similar term which avoids the negative or pejorative connotations of "lobbyist" (Stanbury, 1989, p.8).

While much academic research has been published on interest groups, pressure groups, and business government relations, no academic research has been completed on third party non-institutional lobbyists. There are several reasons for this, including the recent development of professional lobbyists in substantial numbers, the difficulty of studying an activity that is sensitive to political or competitive scrutiny, and the lack of clear advantage of studying this phenomena for academic scholars. The works which do examine third party lobbyists, such as John Sawatsky's, *The Insiders: Government, Business and the Insiders* (1987), are popular publications that, while providing interesting information, lack any framework.

Part of the difficulty in studying lobbyists is that they avoid using the term "lobbyist", and when the term is applied it covers groups of individuals with widely differing characteristics. Wilson and Wright (1986) point out the

dichotomy of professional lobbyists that falls into two groups; the "influence peddlers" and the "traditional relations companies" (p. 13).

Lobbying can be divided by the organizational structure adopted by lobbyists to pursue their objective. Several varieties of organizational structures exist, but this can be divided into two basic groups, those who work as individuals and those who work within the structure of an organization or institution. The word "institution" has two common meanings; it can be a tradition or long standing activity, or it can be interpreted to be an organization charged with a specific task. In this application the "institutional" delineator is concerned with determining the existence of an organizational structure, as opposed to an organization based on tradition. It is the determination of specialization and organization to achieve a specific goal.

In making an institutional distinction it is important to recognize, that while several individuals may share resources for economy, they can remain independent in their actions, while individuals at another, smaller firm, may act not only to share resources but also to create a service with various specializations, in the form of an institution. The title Government Relations Firm has often been applied to these institutions, yet it is also used by individuals or groups of individuals who create incorporated organizations to provide a personal service business.

Companies use lobbying firms for a variety of purposes. The underlying reasons, however, for retaining lobbyists can generally be broken down into

two categories; reactive and proactive. The proactive approach is oriented towards a longer term objective or change to the environment that is the impetus of the company. Edmonds (1990) argues that initially, virtually all companies retain a lobbyist in response to a problem from the environment. Stanbury (1989) documents Gerry Ouellet's statement about companies coming to his firm when they want "resolution of the issue" (p. 9). After an initial issue has been resolved, it is more probable that a company would retain a lobbyist for proactive activities (Edmonds 1990). Stanbury (1989) identifies these reactive and proactive activities as including: getting a contract; a favourable regulatory decision from an "independent" agency, a line department, or from cabinet; obtain or block legislation; and to obtain or block existing general legislation (p. 9).

Institutional TPLs practice from within an organizational structure, such as that of a Professional Government Relations Firm (GRF). According to Stanbury (1989, p. 8):

These government relations firms have been hiring retired politicians, former senior public servants, and former political aides/para-political bureaucracy.

The objective of this is to establish "ties" with both the main political parties and the senior bureaucracy. The purpose is to be able to function when the environment of the public policy process changes; elections of a different government being the chief challenge.

The TPL who provides a personal service business, either from a corporation in conjunction with others, or as a sole proprietor, acts differently from the institutional TPL partly due to the nature of the structure, but also to some undetermined extent, from the objectives and nature of the relationship between the first and second parties.

The nature of the business carried out by the institutional organizations includes activities which deal with major resource expenditure and coordination. Stanbury (1989, p. 8) has identified the services being provided by these organizations as including: government-relations; public affairs consulting; political / bureaucratic intelligence, including identifying the players, their roles, their influence, and methods of influencing the players; policy analysis; strategy formulation; public opinion research; issues identification, definition, and timing; public relations; media relations; coordination of large-scale lobbying efforts; and advocacy/persuasion (p. 8.) To conduct a major lobbying campaign, including market research, advocacy advertising, multiple industry and government contacts, and the preparation of position papers is beyond the scope of an individual lobbyist. These institutional TPLs are able to conduct these activities because of their size and structure. Conversely, while institutional TPLs also conduct the activities of the independent or non-institutional third party lobbyist, such as personal meetings and development of longer term relationships built on personal interaction, the institutions are not as suited to these activities because of the

nature of their bureaucratic structure.

Individual lobbyists appear to tend to work at a smaller, more specialized level, where the development or continuation of relationships is a primary requirement. One potential explanation of the structure of TPLs in Canada is that the major institutions deal with the bulk of the easily accessible clients available, and the individuals deal with the remaining niche segments.

Part of the definitional problem with the word "lobbyist" is that they are not a homogeneous group, but merely share a few common characteristics; namely involvement in the public policy process for compensation. While there are no clear studies on the backgrounds and demographics of lobbyists in Canada, Byrt (1985, p. 22) found that Australian professional lobbyists tended to have "varied backgrounds" including public relations, politics, public service, and journalism. From this it is possible to infer that TPLs had previous occupational backgrounds before lobbying.

The purpose and the role of third party lobbyists was framed by Saumier (1983, p. 75) when he described the perspective of the business faced with a problem:

It is difficult to overestimate the complexity, the intractability, the obscurity and the far-reaching consequences, for all lines of business, of the Modern State. It is equally difficult to overestimate the inaccessibility of senior public servants and, I suppose, of ministers. It is also difficult to overestimate the sense of impotence that any business, group or industry inevitably feels when it has to face that juggernaut which seems to move like fate itself. What department or ministry should you approach? Whom within that department should you try to contact? How will you in fact contact him? What do you tell him or her when you finally meet? How do you even know, before it is too late, that a regulation or a program is in the works and could be detrimental or beneficial to your perceived interests?

While the TPL acts as an interface to "bridge the gap" between business and government, (Byrt, 1985, p. 122) the nature and variety of this interface is very broad. Dealing with issues that are subject to many different forms of government action, from suasion to legislation, is difficult for one government relations firm, no matter how large. Some attempt to fill a major portion of this range of interface. Public Affairs International, a major firm in Ottawa, describes itself as:

a consulting company specializing in public policy analysis and counselling on government-industry relations. We ensure that our corporate and other clients understand not simply what is happening in Ottawa, but the forces driving public policy development. Furthermore, we strive to ensure that the interests of our clients are accurately and realistically defined and that they are expertly advised on how they most properly and effectively can participate in the decision-making process. In performing these roles, PAI believes it plays a positive catalytic role in the interface between government and Parliament and the private sector. Our goal is to ensure that our clients are enlightened and constructive partners in the development of public policy. (Public Affairs International, 1986, p. 1)

This "catalytic role" is oriented towards providing and exchanging information relevant to the interface between the first two parties.

Other firms tend to restrict themselves to niches within the business government interface. The objectives of business and government are somewhat convergent as both are oriented towards a productive society. These common goals provide a basis from which further interaction can be developed.

Lee, a co-founder of Executive Consultants, described the role of a public affairs firm as follows: "we attempt to keep a client informed about

current and probable public policy matters, both of a general nature, and those specific to its interests." (Gillies, 1981, p. 74) This is often called the 'watch dog' function (Wilson and Wright, 1986, p. 15)

d'Aquino described the role of the TPL as having three principle aspects:

first, in grasping quickly the significance and potential impact of problems and policy issues, in particular in their formative stage; second, in planning initiatives and shaping effective responses to situations created by particular government policies, legislation, directives, and regulations; third, in understanding the complex structure and process of government as they evolve under the influence of rapidly shifting political events, subtle turns in ideology, organizational developments, and changing personalities. (Gillies, 1981, p. 74)

The fourth common role provided by a lobbyist is to provide access to the government system. This is seen as "the major task of the lobbyist" by Byrt (1985, p. 122). Few companies will openly promise to provide access, but they will undertake to identify targets and assist in developing strategies for reaching those contacts (Gillies, 1981, p. 74).

Much of what lobbyists do can be considered "rent seeking" (Stanbury, 1988, p. 137), however Brander (1988) argues that "Not all lobbying is 'rent-seeking'" (p. 50), because real wealth is created as a result of various activities conducted in the interface between business and government. Rent seeking, in this sense, is the redistribution of wealth instead of the creation of wealth (Hartle, 1984, 34). The wealth created is a function of the exchange of information, which is not only exchanged, but is also altered to match the requirements of the individuals using the information. Brander claims that

"the amount of useful information produced by lobbyists is small compared to the total amount of resources consumed in lobbying," (p. 50) with the result that lobbying has a substantial rent-seeking component.

In summation, the role of a TPL is to assist a company in dealing with "anything that government does or may do that impinges on the activity of their clients" (Gillies, 1981, p. 74).

To assist in the interface, the successful TPL has been described by Stanbury (1989) as an articulate and sensitive individual who possesses strong analytic and interpersonal skills, while maintaining credibility by providing useful information and following principled actions (p. 17).

Companies appear to use lobbyists for more than making representations to government. A study of 30 of the top 150 Australian companies showed that they used lobbyists as follows:

Uses of Lobbyists By Australian Companies

Activity	% of Companies
Monitoring government	90
Advising on strategy	80
Assistance in preparing representations	65
Arranging contacts	65
Directly representing the company	15
(Byrt, 1985, p. 123)	

The above example gives the impression that the flow of information appears to be mostly from the environment, through the lobbyist to the company. Stanbury (1989, p. 9) portrays the role of the lobbyist to be more two

directional. He delineates the role or function of the government relations firm as follows:

Possible Roles/Functions of GRFs:

- Provide intelligence on what is going on in Ottawa and predictions about future developments.
- Develop the interest group's strategy for trying to influence government: on an ongoing basis or only for a specific issue/problem. This may include the following aspects:
 - Problem identification and definition
 - Identify key people who are likely to influence the decision itself or the process by which it is made)
 - Generate and describe alternative influence strategies such as traditional lobbying, public relations, advocacy ads, media campaigns, political contributions
 - Identify and evaluate strategic alliances or coalitions
 - Develop the detailed program to coordinate influence efforts
- Provide advice on the group's proposed strategic approach
- Prepare the persuasive materials to be used to lobby government, e.g., briefs, speeches, advocacy ads, press releases, internal communications programs
- Carry out some or all of the set of persuasive activities for the client
- They may be involved in questionable activities:
 - sale of confidential information acquired while in position of trust
 - trying to use influence with persons in departments/agencies within which the lobbyist worked
 - selling access, i.e., ability to get appointments promptly with certain politicians and/or public servants
 - offering inducements to public officials to alter their behaviour (p. 9)

The inclusion of questionable activities or the determination of whether lobbying is rent-seeking tend to focus on the legitimacy of lobbying. The final determination as to whether lobbying is a legitimate activity or not is highly dependent on the perspective adopted. Regardless of the outcome reached, lobbying still occurs and still impacts on the creation of public policy.

Bill C-82

In an attempt to alleviate some of the concerns surrounding conflicts of interest in its initial year, the Mulroney Government announced the

introduction of an ethics package, which included the *Lobbyist Registration Act*. The underlying argument was that the public interest was not being served by individuals who were gaining "political access" (Cameron, 1988, p. 50) (Edmonds, 1990) "These political hacks had their origins in the political constituencies and as a result, their understanding of the public interest was not based in years of civil service experience." (Edmonds, 1990)

The purpose of the resulting legislation was:

to bring transparency to the activities of paid lobbyists without impeding free and open access to government. The Act accomplishes this purpose by requiring that individuals who, for pay, engage in certain lobbying activities, register so that the public, as well as those holding public office, can be aware of who they are and on whose behalf are lobbying." (Consumer and Corporate Affairs, 1990, p. 5)

The intention of the act is to force an open exchange of information about who is proposing what in the public interest. The principal targets of the bill were the Tier I lobbyists, identified as "an elusive body of individuals" (Pross, 1987, p. 5) who are a "significant force in policy making" (Legislative Committee on Bill C-82, 1988, p. 2:6).

As of March 31, 1990 there were 473 Tier I lobbyists registered with 2,099 reports (clients) at the lobbyist registration branch (Consumer and Corporate Affairs, 1990, p. 7)

The question of the right or legitimacy of interest group activity is a perennial question. Mancur Olson (1965) initially and subsequently (Olson, 1982) argued that pressure groups distort the functioning of wealth creation by obtaining economic rents that are both inefficient for society as a whole

and inequitable.

Paul Pross counters this question in the Canadian context and argues that interest groups support the democratic process by facilitating information exchange (Pross, 1986).

If one defines it as the insertion of one's legitimate self-interest into the public policy decision-making process, lobbying should be seen as both a proper and essential element in that process. (Public Affairs International, 1986)

Of course, both Olson's and Pross's point of view could be simultaneously correct. With continued emphasis on plurality and access to the system, special interest groups have become part of the process of policy formulation (Faulkner, 1982). The information they provide is also an essential part of the public policy process:

Canadian legislators generally have a positive perception of lobbying and business interest groups. Most recognize the value of lobbying in providing technical information on how firms will be affected by government programs and feedback on industry reaction to policy alternatives, aside from the advantages of negotiating with organized constituencies. Many bureaucrats also agree that lobbyists contribute to the functioning of government and often maintain an open door policy. (Litvak, 1984, p. 68)

Presthus concludes that they are "functionally essential" (Presthus, 1971, p. 460)

This general support for the legitimacy of interest groups has been tempered by concerns about a lack of accountability and equal access to the process, especially with business interests. The conflict over accountability is based on whether the accountability accorded to interest groups is representative of their responsibility. Litvak argues that the business interest

groups legitimacy will be a function of their behaviour and accountability:

business interest group legitimacy in the public arena will depend on the sensitivity of business to the changing values of society and a willingness to respond to legitimate social concerns. (Litvak, 1983, p. 138) (Litvak, 1984, p. 75)

The counter argument is that business has power and access that are a function of its resources and position, while they are not "politically responsible" (Coleman, 1987, p. 611,) There is also the problem that:

Lobbying is effective because a small, well-organized group with a lot at stake will have more incentive to get involved in the political process than will a broad diffuse group. (Brander, 1988)

Legally in Canada, incorporated organizations and institutions are accorded similar rights under the law as individuals. Accordingly, *The Canadian Charter of Rights and Freedoms* (1982), which guarantees the freedom of "Thought, belief, opinion and expression" can be interpreted to include the right for an individual, group or organization, including corporations, to present points of view to the government. Gillies supports the concept of having interest groups viewed as a legitimate activity. He argues that it is legitimate for business to play an active role in a pluralist society because it is a vital segment of that pluralist society.

It follows that, under such a system of government, it is not only a right, but a requirement, that business have an input in the establishment of public policy. Businessmen, of course, should not expect to determine the public interest - it must be determined through the political process- and they should not expect that the end result of the interplay and accommodation among groups with different goals will be policies that have no other purpose than to enable business to maximize profits. but business should have, as an important group in society, an effective input into the process through which the decisions under which they operate are made (1981, p.7)

Certain forms of interest groups are at a distinct disadvantage because

of structure and resources (Goldstein, 1979) (Litvak, 1984, p. 68). Without a viable constituency base to draw on, many interest groups are not able to present the same input into the policy process. While resources are not all that is involved in effective lobbying, "money sure helps." (Geekie, 1990)

The resultant imbalances between the various forms and areas of pressure group activity lead to concern about the legitimacy of the process, not the organizations or groups. (Pross, 1986) The Mulroney government has responded by stating that it is not going to "treat every business as though it could afford to hire McMillian Binch." (Clark, 1985, p. 83) In this sense, it is recognizing that the process of obtaining access is a major obstacle to legitimacy:

business itself is diverse, and while Big Business has worked out ways to live with government - and live off government-smaller enterprises, ..., can be shut out precisely because they are small. (Clark, 1985)

Many changes have occurred to the public consultation process in an attempt to address the imbalances between groups. The use of counter funding of citizen's groups by the government to "curtail the influence of certain business interest lobbies" (Litvak, 1984, p. 68), indeed the creation of "lobbies out of whole cloth" (Saumier, 1983, p. 78), and access through formal hearings are methods by which the ability of all groups to participate attempts to provide legitimacy to the public policy process.

An underlying concept to changes in the process has been to move towards a more public and visible process, while trying to maintain the

flexibility of the process. The visibility provides legitimacy, while the flexibility maintains effectiveness. The problem that arises is that business does not want to carry on exchanges in the public form because it is alien to the market system. Unlike the political system there has never been a pretention to openness of commercial exchanges to public view, instead it has been to efficiency.

Access

Access is a key issue in the legitimacy issue because of the "closed" nature of the policy process (Litvak, 1979, p. 27). Stanbury (1989, p. 11) proposed three descriptions of "access" which can be provided by lobbyists. The first is the provision, for a fee, of a meeting with a government official which the interest group could not obtain on its own. The second, is the speeding-up of the process of obtaining a meeting, again for a fee, that the interest group could eventually have obtained. And the third is not only the ability to obtain a meeting, but includes the ability to "influence the result to the client's advantage". "This suggests they are really selling influence, not merely obtaining or facilitating access." (Stanbury, 1989, p. 11) This third option has been identified as a potential issue by a major lobbying firm:

No one would suggest that current lobbying practices in Canada are perfect. For one thing, they are uneven in that not all groups with a legitimate right to be heard are sufficiently organized and possess sufficient resources, financial and otherwise, to have their voices included in the cacophony of interests which surround many public policy questions. For another, some may be tempted to accomplish through supposed political connections or favouritism what they might not be able to do through more open and acceptable means. (Public Affairs International, 1986, p. 9)

How TPLs Operate

All lobbying activities take place within an environment that has implications for activities being conducted. Stanbury (1989) delineated the following facets for working towards the alteration of a public policy:

- There are multiple actors (individuals and organizations) with conflicting goals (although they may act cooperatively in some circumstances).
- Power is not equally distributed among the various actors. (power is defined simply as the ability to alter the behaviour of others, involuntarily if necessary, to achieve one's goal.)
- The actors have asymmetric knowledge and information is costly to acquire (and process). In general terms, the situation in which the organization operates is characterized by uncertainty or the "fog of war."
- The situation is dynamic. Things (actors, goals, actions, information, power) change in response to exogenous forces and interaction among actors. The major players are interdependent; what one does affects others to some degree.
- The actors have some degree of discretion over their goals and their behaviour. Their behaviour is not mechanistically determined by exogenous forces.
- Order often counts. What one can(should) do in the future depends upon what has happened before, e.g., the "first mover" may have a strategic advantage in some situations.
- It is possible for some actors, by superior analysis and actions, to be more successful than others, i.e., there are superior strategies (but chance is also a significant factor in some cases). (p. 12)

Four basic types of activities have been identified as being conducted by lobbyists: intelligence, information gathering and briefing; direct lobbying and representations; indirect or grassroots lobbying; and financial contributions or support to establish goodwill (Subcommittee on Intergovernmental Relations, 1986). Neville (1990) delineated three Key Successful Lobbying Steps:

- 1) **Issue Definition:** Frame the issue in the most advantageous situation. Do not let any competing interest frame the issue in their terms.
- 2) **Political Head Counting:** Count where the votes and support are be aware how to mobilize support and gain additional support.
- 3) **Produce a Credible Solution:** The ability to provide a workable balanced solution that considers all of the criteria facing the decision maker are essential.

With such a broad scope of interaction, communication and exchanges become very important. To achieve this several common elements are required, among them are "information, access, and what I might call a sense of strategic realism" (Neville, 1984, p. 42). Edmonds (1990) cites the requirement for "knowledge of detail", "contacts" and or "access", and "knowledge of process." There is a remarkable similarity between the two sets of criteria.

Information or knowledge of detail usually concerns the issue behind the interaction between the first two parties. It usually includes: what exactly is the question to be decided; who is "holding the file" or who is responsible; the various perspectives of the players involved; the official position, determined from documents, publications, and papers; and the ground level discussion or "scuttlebutt" (Neville, 1984, p. 42).

Access and Credibility

Access or contacts have two aspects; first, knowing who is or should be contacted (Neville, 1984, p. 43), and second, gaining credibility with the targeted individuals. An individual with credibility in the eyes of the target can easily obtain access to it. Known as "capacity to intervene in the system" (Edmonds, 1990), it is basically contacts who provide access to the system and process. When there is a "closed system" (Edmonds, 1990) access becomes a major advantage and is usually more easily obtained by individuals who are

known to play by the rules of the system, which in this case is deemed to include the public interest. Strangers to the system take a long time to develop relationships with the players in the system and the credibility that accompanies it (Edmonds, 1990).

Alinsky (1971) argues that change must be accomplished from within the structure of the system. By understanding the system and how it works, it is possible to achieve change by playing the various forces. It is important to note that he is not saying that one must conform to the system; instead he is saying that by understanding the system, something which most participants do not, one is able to gain advantage.

As more emphasis is placed on access to decision makers than on issues generation (Litvak, 1983, p. 136), gaining access to the system could be seen as the major constraint. Our system could be argued to be based, if not currently such, on "consensus-seeking techniques of political communication, rather than confrontation and conflict-oriented techniques." (Litvak, 1983, p. 137)

Being able to play the system from inside or have an understanding of it provides a definite advantage. This is part of the reason that former senior bureaucrats are so attractive to institutional lobby firms (Day, 1988).

Credibility is an essential requirement to gain access to the public policy process, as such, several observations have been made on the motives underlying the interactions. In a general sense "Self interest fails." (Geekie,

1990) However, if it is possible to couch self interest in a plausible genuine public interest, then there is some credibility. "Learn to see things, and put things, in the context of their point of view - you are an instrument of public policy." (Byrt, 1985, p. 118) Even the "hard-core political lobbyist" (Wilson and Wright, 1986) can gain some form of credibility, provided that they adopt a "long term, professional approach to business" (Wilson and Wright, 1986).

Business already has a basic form of credibility from its societal function of creating wealth. It has to act responsibly:

Keeping government informed about what you do and keeping yourself informed about what government is doing is really nothing other than smart business practice. (Wilson and Wright, 1986, p. 15)

Murray and Taylor (1986) argue that the only way a company can have public policy input "is by knowing the appropriate government players" (p. 134), the channels in which they work and be "willing to participate and creatively assert its interests at all times, at all levels." (p. 134) "Influence is consequently a function of the ability to secure access to the members in the internal decision-making structure" (Litvak, 1984, p. 65)

Lobbying firms attempt to establish contacts at all levels, even when there is no client or immediate purpose for those contacts. Very often an impasse will be reached over a certain issue. Instead of closing shop and moving on to a different issue, most lobbying firms will still keep a long term perspective on the issue:

One year doesn't mean much and it is gotten around. It is still possible to establish contacts while not doing much to get in trouble. (Edmonds, 1990)

Involvement with political parties is a big indicator of partisan activity or bipartisan activity. By assisting one or both of the major political parties before and during elections it is possible to develop contacts, (Wilson and Wright, 1986, p. 14) while at the same time learning how the system works within that party should it ever be required. Generally the larger institutional TPL firms attempt to garner contacts and access to both political parties (Sawatsky, 1987) to ensure longer term viability. This also improves the "face-to-face interaction" Taylor and Murray (1987, p. 430) have identified as essential for healthy business government relations.

The exact degree of involvement of lobbyists in conducting direct representations has a major impact on effectiveness and credibility. Both Byrt (1985) and Edmonds (1990) argue that lobbyists are not acceptable replacements for involvement by businessmen. It is argued that lobbyists are an "accepted aid but not a substitute" (Byrt, 1985, p. 122). Instead they should be seen as coaches and support resources:

PAI generally does not directly represent its clients before government because, in our collective experience, such "third party" advocacy is not a particularly accepted or effective way to conduct government relations in Canada. ... We are in the business of ensuring that our client principles have sufficient understanding and knowledge of both the substance and process of decision-making to be effective lobbyists on their own behalf. (Public Affairs International, 1986, p. 1)

Typically lobbyists are used to conduct activities such as mapping, which is the collection of information from departments, followed by advising the client as to how to approach the departments (Legislative Committee on Bill C-82, 1988, p. 1:9).

To maintain credibility, lobbies have to be "well prepared" (Saumier, 1983, p. 78) and present a message that is credible and acceptable or fair to all of the parties involved, as that is the criteria that the government officials will be using to evaluate them.

Strategic Realism

Strategic realism or knowledge of the process is the ability to "understand exactly how the process works, what the players are and the structure and concerns" of the groups (Edmonds, 1990). In other words, it is a "practical notion of how the game is played." (Neville, 1984, p. 42, p. 43) By understanding the orientations and backgrounds of the other parties and the methods by which interactions occur, it is possible to work more effectively from within the system. In essence, it is understanding the "process of government at both the bureaucratic and political levels." (Wilson and Wright, 1986, p. 13)

Process of Lobbying

According to Edmonds (1990) the business-government interface usually starts when a senior business manager sees a problem or opportunity, most likely an operational or practical problem involving public policy. They recognize that they need assistance and a search begins. The search starts within the business. Depending on the manager's network, s/he will go to contacts looking for people familiar with public policy. The possible referrals include industry trade associations, friends in politics, and if aware of them,

a consulting firm. Eventually after referrals, the consultant and business establish contact. Subsequent resolution of the initial reactive problem leads to further work on other problems facing the business, usually in a preemptive manner.

Businesses can also be approached by a consultant pushing an opportunity, such as a government funding or grant program.

Compensation is typically by a retainer, fixed fee, percentage (commission), or combination arrangement. (Edmonds, 1990)

Characteristics of a Lobbyist

While there are no detailed studies of the backgrounds and characteristics of lobbyists, several aspects constantly appear in the literature. Termed by Saumier (1983, p. 74) as "Intelligent, articulate and informed" they appear to be well connected to the public policy process, usually having a background in the political apparatus (Sawatsky, 1987), bureaucracy, or industry associations. They also tend to reside in the National Capital region as "visitors to the capital have less influence than residents in the capital" (Clark, 1985). Ottawa is seen as the best location to "maintain continuous contact" with the government (Litvak, 1984, p. 67).

Litvak (1983) describes lobbyists, in general, as follows:

the personality and skills of the permanent business interest group head will be a critical factor in determining the group's lobbying success..... Of late, many [heads] have come from inside government, indicating the importance of knowing how government works and the people in government to behind-the-scenes negotiations.

Lobbyists must know how to frame the issue to fit the government perception.

Framing the Issue

One of the tactics used is to define the issue or set terms of reference so that the criteria of evaluation are implicit in the manner in which it is identified. Alinsky (1971) argues that by framing or defining the issue, the advantage is given to choose whether the "ends or means" is used. Each can be used to discredit each other, but having the issue defined in your favour is advantageous. This tactic is used by the BCNI to gain advantage (Langille, 1987, p. 55). This gives them the ability to "infuse the decision-makers with its own set of values." (Langille, 1987, p. 73) The following example shows how defining the issue works:

Interest groups create policy pressure by *defining* issues; that is, by giving a *name* to some generally felt sense of unease. For example, public unease in the mid-1970s about growing bureaucratic involvement in business decisions did not constitute a public policy issue until it was given a name, "deregulation." Similarly, concerns about dying rivers and belching smokestacks had to be designated as demands for "environmental protection" to become an issue. (Bartha, 1984, p. 14)

Quiet Diplomacy

One of the rules of the system is to use quiet diplomacy. Publicity and confrontation are to be avoided in all but the most serious cases (Litvak, 1984, p. 73). Walter Baker noted of lobbyists that "Their power comes not from force, threat, or even size, but primarily through the art of persuasion." (Blunn, 1978, p. 4)

The rules of quiet diplomacy, aimed at maintaining a long term relationship have been listed by Litvak (1984, p.72-73) as:

1. Know how the public policy-making process operates.
2. Maintain contact with the chief policy structures.
3. Cultivate access to those persons having influence in the policy area of greatest concern to the interest group, and get to know their thinking.
4. Make an input early in the policy process.
5. Observe the confidentiality of the close relationship with public servants and politicians.
6. Be willing to accept short-term defeats in the interests of continuing favourable relations over the long term.
7. Seek to build relations with government based on a willingness to seek accommodation and consensus.
8. Appear supportive to the government's goals, casting the group as a partner in problem-solving. Approach the government on a shared responsibility basis. Do not merely criticize, but propose alternative solutions.
9. Acknowledge the legitimacy of some of the competing claims of other interest groups. Government must seek to accommodate the interests of a wide range of groups. The interest group's position should try to be fair to other interests.

Timing of Activity

The nature of the public policy system requires that any input into the policy process is going to happen at the earlier stages; for this reason it is necessary to act early. There tends to be "very little success once the bill is drafted." (Geekie, 1990). This implies that information type exchanges, not power or threat exchanges, are what lobbying really is. It also indicates that lobbying at the earlier stages is concerned with the bureaucracy in the identification, alternative generation, and policy formulation stages. It has been estimated that "75% to 80% of lobbying is with the bureaucracy at the early stages" (Geekie, 1990).

Targets

The resources used to identify targets include *Ottawa's Senior Executives Guide* (1989), the government telephone directory (Sawatsky,

1987) and ministerial staff guides (Public Affairs International, 1986 & 1989).

Presthus found that government elites tend to listen most closely to organized, articulate groups, instead of searching out all interested and affected parties (Presthus, 1973, p. 141) He also found that 64% of interest groups preferred to target the bureaucracy and the executive structure as their first choice (p. 153). The concentration on these two sources was thought to be a function of accessibility and power. The legislature was a choice of only 21% (p. 153), which indicated their relative importance to the policy process. Subsequently, Malvern argues that the government is becoming "less responsible and more undemocratic" under a new form of executive federalism that suffers from decision paralysis (Malvern, 1985, p. 22).

While the ideal target, in terms of ability to influence public policy, is about 15 cabinet ministers and 30 to 40 public servants (Clark, 1985, p. 85), it is important to realise that they are not the initial target:

For example, the business person always wants to have a meeting with a cabinet minister right off the bat. That's wrong. You do that last. You have to work with the civil service ranks, who are, incidentally, very highly qualified. You start with the bureaucracy and try to work out your problems there. You go to the political masters only if you have to. (Wilson and Wright, 1986, p. 14)

Edmonds (1990) delineated "lesson #1 - don't go to the Minister." The best thing to do is to "treat the minister in a ceremonial way" see the key officers and deal with them. This is especially important for maintaining a longer term relationship with bureaucrats who tend to outlast ministers (Litvak, 1983, p.

136).

It is argued that the best approach is to start earlier with the middle level bureaucrats, "the real centre of power" (Litvak, 1983, p. 135). They are aware of what is happening "months before legislation is even drafted" and as "most legislation is generated out of the bureaucracy" (Globe and Mail, 1987), they are the force pushing the minister to present it. It is for this reason that lobbyists maintain contact with the:

second and third-level public servants because of the influence these officials exert by way of their technical competence on policy implementation at the operational level. (Litvak, 1983, p. 136)

Another reason that the bureaucracy is used as a major target is that they are the most influential officeholders that can easily be accessed (Litvak, 1983, p. 136). Accessing cabinet ministers and central support agencies is not easily accomplished.

Chapter 4: Methodology

The objective of the research was to describe and examine the third party non-institutionalized lobbyist. Two types of information were derived from the study: descriptive data, which is concerned with the demographics and description of the lobbyist; and qualitative examination of the operational aspects of TPNILs. The information gathered conformed to the data protocol contained in the research proposal.

Instrument

The instrument used was a personal interview of approximately one hour in duration. The interview questionnaire contained in Appendix C was derived from the data protocol and modified after two pre-trials with TPNILs not drawn as part of the initial sample.

The nature of the data protocol suited an interview format which ensured a high participation rate and richness of data. This active data collection technique (Davis and Cosenza, 1985) was also supplemented by passive observations of the interview environment.

A key concern was to keep the questionnaire short and concise, while ensuring enough depth. Total interview time was targeted to be 50 minutes, and ideally completed in less than one hour. Allowances in scheduling were made for discussion of additional topics and points of interest at the end of the interview should the subject be willing to continue the discussion. A primary concern was that an excessive instrument length, an apparently

hostile instrument or an intrusive instrument would skew or decrease the response rate.

Population

The population studied was the English-speaking non-institutional Tier I lobbyist who works from the National Capital region. The sample group is a subsection of the legal definition of Tier I Lobbyists as defined in the *Lobbyists Registration Act*. The noninstitutional delineator was applied to eliminate the larger Tier I organizations that function as more than an individual entrepreneur. It is possible to have more than one lobbyist in a particular office sharing common resources. As such, the definitional indicator of a noninstitutional lobbyist was whether the individual has a supervisor or organizational constraints and limitations on their activities.

The limitation to the National Capital Region was strictly a resource constraint. As the majority of Government targets are located within this area, it was felt that a sample representative of the business government interface could be obtained.

The sample group was also limited to English speaking members as potential mis-communications due to language would distort the data. There is no current indication of the percentage of the sample which is effectively able to communicate in French only. However, during the interview arrangement process no candidates were encountered who could not communicate in English.

Sample

The sample size targeted and obtained was twenty individuals randomly selected from the population. This number was based on the resources and time that was available, while considering the nature of the instrument.

On April 10, 1991 a list of all Tier I Lobbyists residing in the National Capital Region registered with Consumer and Corporate Affairs Lobbyist Registration Branch was generated. Third Party Lobbyists are supposed to report all changes in their activities to the CCA database within ten days of undertaking. Theoretically, all TPNILs practising on April first would be included in the population sampled.

A listing of 239 individuals, some with multiple registration identification numbers was generated in alphabetical order. 48 of these were deleted because they were registered as working for larger institutional lobbying firms such as PAI and GCI, leaving 191 potential population members. These were numbered in alphabetical order from 1 to 191. A list of random numbers from 1 to 200, generated by an outside party, was used to select or draw individuals from the alphabetical list.

Initially, fifty names were drawn and entered on interview arrangement forms; a subsequent ten were drawn to complete the sample required to obtain twenty interviews. (See Appendix A for sample interview arrangement form.)

Determination of the institutional status of the individuals drawn was determined during the arrangements for the interview.

Arranging Interviews

The interviews were arranged by telephoning and requesting an interview. This was followed by sending a letter of confirmation and intent, which confirmed the date, time and location. The letter also identified the individuals involved, the nature of the research, and an indication of the questions being asked. (See Appendix B for sample confirmation letter.) The interviews were usually arranged to take place in the office of the sample individual.

Interview Process

The interview process was structured and guided by the questionnaire, yet still had the flexibility to examine various new insights relative to each individual. The objective was to find as many new insights about the subject's activities as possible, rather than to prove or disprove hypotheses.

The first step, after introductions, was to present the research rationale and assurance of confidentiality, including an explanation of the intended aggregation of data.

Due to the nature and type of questions involved, a recording device was not used during the interviews. Instead, the questionnaire was arranged with check-offs for common responses and spaces to record the various responses.

Methodological Problems

The main methodological problem is that there is no control group

against which the validity of the instrument measurements can be compared. As with most case research, the interviewer is an integral part of the instrument, and any inherent biases may not be detected without outside examination and/or duplication of the research.

A methodological problem encountered was the application of the definitional indicator of whether the individual was a non-institutional lobbyist. The president of a major organization could still be included in the sample, because the definition of not having a supervisor or organizational constraints and limitations on their activities would apply. On the one instance where this did occur, the individual was edited out of the selection process.

Results

Introduction

The data and information gathered in the study are presented in two methods. This chapter, after a discussion of the response rate and interview process, contains a summary of key "hard" or descriptive information gathered in response to the questionnaire. While this information is very disjointed, it provides a great deal of information and insight. The presentation of the results follows the format of the questionnaire. These results have been combined with additional data and information gathered through ancillary discussions to create the next chapter.

The next chapter, *Explanation and Discussion*, delves into the soft or interpretative facts. It examines their activities, and through the use of an analogy attempts to delineate the structure of third party lobbying. This includes a discussion of how TPNILs operate, and finishes with an examination of some of the issues that TPNILs face.

Response Rate

Depending on how the response rate is determined, it varies between 33.3% for all individuals drawn, to 77.8% for 21 of 27 identified TPNILs who were successfully contacted. The response of contacted individuals was very good and they were usually very willing to take the time to participate in the interview. The response data is contained below in Table 2.

Table 2. Response Rate

	Number	Percent
Number Drawn	60	100.0
less Institutional TPLs edited out	14	23.3
Phone not in service	6	10.0
No answer	3	5.0
Number Contacted	37	61.7
less No response to message	7	11.7
Institutional TPLs identified	3	5.0
Refusals	6	10.0
Number agreeing to Interview	21	35.0
less Time scheduling difficulties	1	1.7
Number interviewed	20	33.3

Interview Summary

All of the interviews, except one, were held at a location chosen by the subject. This was usually at their office, home/office, or a third location, such as a restaurant. The 15 office interviews tended to be in the downtown core, in close proximity to Parliament Hill, usually in class A office space. Two of these office interviews were held out of the downtown "core" and were not in class A office space. Two interviews occurred in restaurants in the downtown core, one for a scheduling reason, the other as a substitute for an office. Two interviews occurred in home/office arrangements and one interview was at Carleton University.

The duration of the interviews, while scheduled to be 50 minutes, often exceeded this. Some interviews lasted as long as 90 minutes with discussion

continuing after the formal questionnaire had been completed. During this time additional questions and discussions occurred. While none of the results of this subsequent discussion appear in this chapter, many of the qualitative insights are contained in the next chapter.

One item of note was the manner in which the interview was scheduled. It was mentioned that the interview would be "fifty minutes in length", some individuals upon receipt of the letter of confirmation, or at the interview had thought that it was fifteen minutes in length, but all agreed to proceed or continue with the interview. This may prove useful in increasing response rates to requests for interviews.

Description of TPNILs

This section attempts to answer the question "who are TPNILs?" In the initial part it describes the basic features of the sample, including the demographics, history, type of work environment, and description of activity. Subsequent description enhances the identification of the TPNIL with respect to their institutional counterparts and other business - government relations practitioners.

The Third Party Non-Institutional Lobbyist (TPNIL) examined in the sample was not a homogeneous group, but was composed of a variety of individuals with some common features. No two individuals encountered had identical characteristics, but many (especially the post-career civil servants) had similarities in response to the questions asked.

The commonalities encountered ranged from universal acceptance of some form of role played between business and government, to only two individuals using a specific source of information. In the following sections it is hoped to delineate what various relationships were observed or speculated to exist by the sample members about TPNILs and their environment.

The most obvious cleavages of differentiation between the sample members were based on their background. From this it was often possible to see links to their most preferred targets, such as mid-level bureaucrats or political actors, or to see links to their type of activity in procurement or policy activities.

Background and Demographics

The history and background of the sample tended to be very diverse, but had several common features. The sample tended to be older males who were engaged in a second career. They were also fairly well educated and came from families who stressed that education, both formal and informal, was very important.

Demographics

Q. 1 Sex

Table 3. Sex of Subject

Male	20
Female	0

Q. 2 What is your age?

19 of the twenty subjects gave a specific age, the remaining subject gave a range. Subsequent investigation through a third party gave a specific value within that range.

The average age was 51.75 years with a deviation of 13.95 years and a median age of 55 years. The distribution is contained in Figure 3.

Figure 3. Age Distribution

There appeared to be two distinct groups. The first group, in their mid forties had backgrounds in many areas, including politics or politically exempt staff. The second older group did have older members of the first group, but also had a large number of individuals who had retired from a full career with the civil service.

Education

Q.3 What is your highest education level completed?

This question was an open ended question with additional probing to determine their educational background including any current or discontinued educational activities. The overall education level was very high as can be seen by table 4.

Table 4. Education Background

Level	H i g h e s t Level Completed	M u l t i p l e Degrees at Level	Attempted
High School	4		
Bachelor's	8	2	1
Master's	5	2	1
Doctoral			2 (A.B.D.)
Law	2		

The four individuals who had only completed high school were all subsequent graduates from a military staff college in Canada or Britain.

The educational level of the sample was very high, especially if the time period when the individuals were attending post secondary education is considered. About half of the sample had two university level degrees, and several had completed course work and comprehensive exams for a Ph.D.. Other informal educational activities were also very common, for example one individual had, up until recently, been a university lecturer.

Q.4 What (field) did you last study?

Electrical Engineering x 3
 Engineering
 Military Staff College x 2
 Geo-politics
 Political Science
 Political science and Law
 Political Science and Public Administration
 Public Administration
 Science and Education
 Science and International Development
 Commerce
 C.A.
 Sociology and Economics
 Architecture
 Law
 Journalism
 B.A.

The field of educational study was very diversified, ranging from technical operations to liberal arts and political science. One factor commented on by many of the participants was, that while they had a specialization or strength, the key was to have as broad a perspective and understanding as possible. In that sense, formal education did not tend to be as beneficial in a practical sense, but it was still an important credential. Many felt that through their career they had left their formal discipline and ventured into a "generalist perspective" which was able to interpret the various realities of all of the players involved. Being able to understand the "logic" of a situation, the orientations of the players, and the mass or momentum of the system were key success factors which did not come from any specific discipline, but were a function of education and a learning curve of interacting

with government and business.

In this sense the informal education or learning curve of the individuals in the sample had many common features. The individuals had all experienced changes and advances in their career paths that had provided many opportunities to observe government, and in some instances business government interactions. Some had been very successful, reaching senior bureaucratic levels, senior politically exempt levels or public office.

Career

Q.5 How many years have you worked in the public sector?

The average number of years worked in the public sector was 16.1 years with a deviation of 13.0 years. The median value was 11 years. Only two individuals had not worked in the public sector.

Figure 4. Years in Public Sector Distribution

f	x	x						x
r	x	x	x					x
e	x	x	x	x				x
q.	x	x	x	x	x	x	x	x
	0	5	10	15	20	25	30	35
	4	9	14	19	24	29	34	39

Years in Public Sector

If the two individuals who had not worked in the public sector are excluded, the average number of years worked in the public sector becomes 17.9 years with a deviation of 12.4 years and a median value of 13 years.

Q.6 What level were you?**Table 5. Level in Public Sector**

Level	Number of subjects
DM / ADM	2
DG / Director	7
Technical/Mid-level bureau.	2
Politician	2
Chief of Staff to Minister	3
Political Exempt staff	2
	18

Q.7 How many years have you worked in the private sector before this employment?

The average number of years worked in the private sector was 10.9 years with a deviation of 10.8 years. The median value was 6.5 years. 5 individuals had not worked in the private sector.

Figure 5. Years in Private Sector Distribution

	x						
	x						
	x						
f	x	x					
r	x	x			x		
e	x	x	x		x		x
q.	x	x	x	x	x	x	x
	0	5	10	15	20	25	30
	4	9	14	19	24	29	34

Years in Private Sector

If the five individuals who had not worked in the private sector are excluded, the average number of years worked in the private sector becomes 14.5 years with a deviation of 9.8 years and a median value of 13 years.

Q.8 What level were you?**Table 6. Level in Private Sector**

Level	Number of subjects
President / Vice-President	3
Senior Management	5
Technical level	4
Other / Professional	3
	15

Q.9 Did you last work in the public or private sector?**Table 7. Last Employment**

Public	Private
9	11

Perhaps the most important indicator of the nature of what the TPNIL did was their pre-lobbying occupation(s). From these prior activities the base for current activities appeared to be forged or established. In some cases it was as dramatic as a senior government executive crossing over to private industry; but still working in the same field, with the same issues, and very often connected with the same people. More often it would involve the application of personal and work contacts, as well as a knowledge of the process to a related field, outside of conflict of interest guidelines.

Only one individual had not had a previous employment which could be considered a "different career". The remainder all had had previous careers or different employments which were separate or non-lobbying careers.

The variety of employments preceding lobbying activity usually included periods in both the public and private sectors. Except for five career public servants, all of the sample had worked in the private sector. Likewise, only two individuals had not worked in the public sector. The tendency was for individuals to have spent more time in public activities. Some individuals displayed a wide variety of employments, with this diversity being particularly prominent among persons who had worked as a politically exempt staff member or as a politician.

Again, the subjects could be differentiated into two groups, the career civil servants and the younger, more diversified individuals. The career path followed by the career civil servant was fairly straightforward; government employment for a period of 15 to 39 years, followed by full or part-time employment in lobbying. Upon retirement from the civil service, some of these individuals worked for larger institutional lobbying firms or for a large corporation, as a government relations specialist, before becoming a TPNIL. There did not appear to be a set path to be followed in order to become a TPNIL.

The employment of individuals by private firms fell into two groups: those who had been career civil servants and upon retirement had taken a government relations job in a private firm; and those who had not been career civil servants, but may have worked in the public sector for a period of time, but were mostly employed by the private sector.

Political Activity

About half of the sample had been politically active. Without exception this had included activity at the federal level. In contrast, those individuals who were career civil servants, tended not to have been, or currently were not active in any form of organized political activity.

Q.10 Have you ever been affiliated with a political party?

Table 8. Political Affiliation

No political affil.	9	
Political affiliation	11	
		→
Party Supporter		1
Party Member		3
Public Candidate		1
Party Office Holder		3
Public Office Holder		3
	<u>20</u>	<u>11</u>

Several of those who were active in politics mentioned that there was a family tradition of political involvement of various types. One individual commented that he was socialized into a very political environment, and his current activity was very much an outgrowth of that initial exposure.

Family History

Q.11 What is your family history?

This was an open ended question to determine the background of the individual. Several probing questions were asked about the family's geographic origin and the parents' occupations. The response to parents' occupations including the mother was limited: one mother had worked as a nurse and two as school teachers.

Table 9. Family Geographic Location

Geographic Location	Number
Immigrant	2
Foreign	2
Western Canada	4
Central Canada	9
National Capital Region	2
Eastern Canada	1
	20

Table 10. Father's Occupation

Occupation	Number
Business / Small Business	6
Professional	3
Working Trade / Agriculture	5
Public Service	6
	20

Structure of Work Environment

The working environment of the sample contained a wide degree of variation, but also had some common factors not normally found in conventional office settings. The most notable feature was an absence of hierarchical structure and the rules and bureaucratic procedures which accompany it. The environment tended to be very informal and flexible, often changing and adapting as the situation dictated. Many commented that the smaller size of the operation allowed many advantages and freedoms.

The geographic location of the office was usually in the downtown core, in close proximity to Parliament Hill. Usually the office was in Class A space on Sparks, Queen, Albert or Slater Streets. This was augmented with frequent use of social clubs and eating establishments, even more so when the office space was located in the home, as with two retired career civil servants. One subject commented that he felt that his office was located in the Rideau Club. Several offices were located in close proximity to this club.

Role in Organization

Q.12 How would you describe your role in this organization?

This was a very open ended question to help establish a feel as to exactly what the subjects did in their various work environments. The answers generally fell into two veins; one describing the organizational structure of the work environment and the other describing the speciality or area of activity conducted by the individual.

Within the sample the descriptions of organizational structure were commonly divided between those who were self employed, those who were equal partners and those who were the president or head of a small organization. Several individuals had other, rather unique situations. One individual, while not the founder, was the president in title, and in practice described himself as the "grandfather", responsible for guiding and assisting the other principal in various areas in which he had established expertise and contacts.

A common practice was for several equal partners to operate an incorporated company and share resources, in a similar manner to legal partnerships. As such there was no formal organizational structure; instead it had evolved into an informal structure that "worked" and was changing all of the time.

There were a number of unique working environments displayed by several different companies. It was not uncommon to have one individual working for different companies at different or similar activities. The majority of the time these companies would operate from the same physical space. However, one individual encountered divided his days each week between two different offices, while serving the same function in each office.

Table 11. Role in Organization

Self Employed	11
Equal Partner	5
President / Head	2
Other	2
	20

Table 12. Legal Organizational Structure

Incorporated	12
Sole Proprietor	5
Legal Partnership	3
	20

The interaction between the self employed individuals who shared an umbrella corporation varied quite dramatically. It ranged from a corporation which provided just office space, support facilities and administrative services, while the individuals used their own trade name or mark with their clients, to the other extreme where a group of individuals would share clients from a common pool under a corporate banner. Again there was a flexibility factor, as some groups would have both individuals and shared clients. Interpreting the wide variety of business arrangements was easier if there was an understanding of the personal relationships between the principals. It could be divided into three groups: those sharing for economics and working separate clients with individual income; those sharing clients and drawing an equal share of the company profits; and those working with friends or partners

and drawing income from both shared or individual clients. The latter groups tended to be very small, usually consisting of only two or three individuals plus support staff.

The number of people employed by the organizations, including support staff was fairly difficult to determine, as often several companies or organizations would exist within the same office space. Determining where the office space ended was open to interpretation on several occasions. One example is the building at 155 Queen St., referred to as the "Wren of Lobbyists". This building has several shared office areas, occupied by a variety of business operations. Very often there would be several TPNILs who worked from one of these operations. While they were separate legally and financially, their interactions, by virtue of the close geographical proximity, tended to help them build their networks and exchange information or intelligence, such as would happen in an office.

Q.13 Do you have a supervisor?

This question was a verification question to ensure that all subjects were in fact non-institutional lobbyists. All 20 subjects indicated that they did not have supervisors.

Q.14 What is the description on your letterhead?

The use of a self descriptor, such as on letterhead, tended to be used in two ways, to provide an indication of activities conducted, or the inverse, to give no indication of the activities conducted and, accordingly, not to constrict the initial perceptions of the potential client. None of the subjects used the term "lobbyist" or any derivative of the word "lobby" on personal cards or letterhead. There was also the problem of individuals having several letterheads to suit various situations. One person pointed out that the descriptors on letterheads are constraints that colour the client's expectations of the individual. It was felt that just as "lobbyist" had connotations, so did terms such as "consultant" and "analyst". Below are some of the descriptor terms encountered and their frequency.

Table 13. Descriptor Terms Encountered

Descriptor	Frequency
Associate(s)	5
Consultant(s)	4
Personal name only	3
Government Relations	3
Company Name(s)	2
Other	3
	20

Q.15 How many hours a week do you work?

The answer to this question was often given as a range, in such cases the middle of the range value was used to calculate the average number of hours worked. The average number of hours worked was 43.1 hours with a deviation of 12.1 and a median value of 45 hours.

Structure of Organization**Q.16 How many individuals are in your work unit / office?**

There were an average of 6.45 individuals in each work environment with a deviation of 6.40 and a median value of 4 individuals. The distribution is as follows:

Figure 6. Distribution of Individuals in Office

Q.17 How many of these are consultants?

There were an average of 4.85 consultants in each work environment with a deviation of 5.11 and a median value of 2 consultants. The distribution is shown in figure 7.

Figure 7. Distribution of Consultants in Office **Q.18 What is the interaction between principals?**

When there was more than one individual working in an office, the interaction between principals tended to fall into one of two groupings. The first was a number of individuals sharing resources and a company or companies with each having their own area or areas of responsibility. They tended to have individual clients with no sharing of responsibilities, but did

exchange information or "intelligence" and assisted others by working their network of contacts.

The second common structure had a group of individuals, working together, out of common interest, in a common field. These groups tended to be smaller and had a specialization. While, on many occasions, there was no boss or supervisor, there did tend to be an individual who had the lead on a particular client or sub-field area.

Table 14. Division of Clients

Activity	Number of Subjects
Has own Clients	7
Share Clients	7
Individual	6
	20

Q.19 How many support staff do you have in your unit?

The average number of support staff was 2.15 people with a deviation 2.72 people and a median value of 2 people. A large number of occasional and part time workers were encountered, hence the above numbers should not be considered full time positions. The distribution is as follows:

Figure 8. Distribution of Support Staff **Q.20 Are any services contracted out?****Table 15. Number Contracting Out Services**

Yes	14
No	6

The most commonly contracted out services were for word processing and common office support activities. A couple of firms did contract out research, public opinion surveys and analysis.

Q.21 Amongst what tasks do you divide your work time?

TPNILs generally divided their time among three broad categories of activities. They were administration - the organization and operation of the business; communications - the interaction with others on behalf of a client or to maintain a network of contacts and also the gathering or dissemination of information; and word smithing - the generation of reports, correspondence and briefs. The distribution from guestimate: was roughly as follows:

2

PM-1 3 1/2"x4" PHOTOGRAPHIC MICROCOPY TARGET
NBS 1010a ANSI/ISO #2 EQUIVALENT

Table 16. Distribution of Activities

Task	% of time
Administration	20%
Communications	50%
Word smithing, Report writing	30%

This does not include other activities, such as marketing, and should be considered a report of an estimation.

Q.22 How are you compensated?

There were multiple types of compensation discussed with the subjects. In the case of an incorporated operation or legal partnership the client was billed by the operation and then the TPNIL was compensated by the operation. In the case of sole proprietorships the client billing and the subject compensation were usually identical. The method encountered included retainers, *per diems* or hourly rates, monthly or yearly salaries, and percentages or commissions on outcomes of activities. Very often there would be a combination of the above for a specific client, along with different arrangements for other clients. The ideal compensation desired by TPNILs for most non-procurement activities appeared to be a retainer. Procurement compensation appeared to be geared to a split with a *per diem* and a commission.

Some procurement oriented subjects made it very clear that they did not work on commissions, percentages or bonuses; instead they would work only on straight rate or retainer. It was felt that this was more ethically acceptable, as well as more financially secure.

Table 17. Compensation

Type of Compensation	Number of Occurrences
Retainer	10
<i>Per diem</i> / Hourly Rate	10
Salary	5
Commission / Percentage	10

Perspective of the Business Government Interface

There appeared to be a division of business government relations activity by two major criteria; target and activity. The target criteria indicated that the various individuals were most comfortable and effective working with one of three groups: the political aspect, ministers and politically exempt staff; senior bureaucrats, mostly DMs, ADMs, DGs and Directors; and the technical officers. This did not limit the TPNIL from operating with targets other than these, but one of these was clearly where they felt they were most effective.

The second criteria used to describe their role in the organization was to describe the Business-Government Relations function in which they assisted. The two basic groups were oriented towards either procurement or policy and administration. The procurement group tended to function mostly

on procurement contracts with specific departments such as, DND, Transport, and DSS. The other group of policy and administration oriented firms could really be described as non-procurement activities. The range of activities for this group was very diversified.

In bridging the gap between business and government many different activities are undertaken. There is no definitive list of strategies or approaches. Instead, the activities undertaken are based on a number of factors, including the degree of conflict or common interest, the stakeholders involved, the size of the outcome, and the logic of the situation. In this sense, the objective fits the classical political model of determining which values will prevail in the execution of technical decisions or outright judgements. All interactions undertaken by the TPNIL with both the government and the client are oriented towards reaching an outcome which is acceptable to both parties. Essentially it improves the net position of the client after the cost of the TPNIL is accounted for. While this may be considered rent-seeking in a classical sense, there were many indications that both sides benefited from increased values as a function of the interactions.

An interesting observation from the procurement oriented subjects was that the procurement process was not usually a zero sum process, i.e. the subject was not always rent seeking. An example was the use of the lobbyist before the request-for-proposal stage. Before the criteria had been set, interactions with the potential suppliers provided methods for the government

to assess the criteria in conjunction with potential suppliers to achieve a better understanding of what was desired and potentially to receive a better product at a reduced cost. By gaining the perspective of the abilities and constraints of the supplier(s) the government would be able to avoid criteria or standards that, while ideal for operational considerations, were vastly more expensive and complex for production.

A critical part of using a lobbyist in the pre-proposal stage to provide input on the criteria setting was the inherent recognition that the contract was won or lost at this stage. While the technical project officers decided on exactly who best fulfilled the criteria, there was still much concern over the determination of the relevant criteria and their corresponding weights. The procurement oriented subjects were very aware of this facet and emphasized that this is where there is the most input. The subjects were also quick to point out that the government also benefitted by being able to gain the perspective of the producers concerning cost reduction or the maximization of political criteria deemed necessary.

Description of Activities

The activities conducted by the sample were described in many ways, including the use of analogies. There were a number of responses, indicating a variety of activities and perspectives, to describe activities that had no established or accepted paradigm. As a result the description of activities tended to contain many practical depictions.

Q.23 What do you provide to a client or prospective client?

The replies to this question were very diverse. Many different orientations appeared, as well as a common core of responses. The most common group of responses were related to information about government and the environment it operates in, access to government, and advice on a strategic plan or approach. Very often this would be termed by terms such as "experience", "expertise" or "knowledge". This includes assistance in virtually every aspect in interfacing with the government, writing reports, arranging interviews, briefing interested parties, conducting analysis, advising on strategy, advocating the company position, and even representing the company.

Another group of responses noted that the advantage presented was not so much a function of experience, access or strategy, but cost effectiveness. It was felt that a TPNIL was a substitute for a company public affairs office in Ottawa. A TPNIL, while expensive, was substantially less so than the operation of a full time office.

A third orientation was that the TPNIL, which is distinct and separate from both Government and the company, had a removed perspective. This served to provide assistance in understanding the changes in the environment from a unique perspective. This "broker role" also served to lend some credibility to the TPNIL, as it was seen as an intermediary between the business and government, and as such, had to straddle the gap between the two

in order to facilitate an exchange between them. To not offer a fair balanced perspective was an untenable position. Very often this incorporated the expression of a generalist perspective held by the TPNIL, unlike specialized Institutional TPLs, businesses, or government.

The final set of responses was oriented around active descriptions. The TPNIL was seen as an individual who would solve problems, get information, or do "anything that is legal". Also implied by a couple of individuals, but never stated, was the provision of influence in an immediate or specific manner that exceeded the credibility of an endorsement.

Q.24 What do you provide to the various non-client contacts you work with?

The range of responses of what the TPNIL provided or exchanged with non-client (government) contacts fell onto a linear spectrum ranging from a one way take relationship, through mutual exchange, to a one way give relationship.

The one way take relationship could be described as the purpose of the government existing to serve the public and hence the client who is fitting into a function of the public good. In this sense responses included "nothing" and "a purpose". This perspective was adopted by only a couple of individuals.

The most common response was that it was a mutual exchange either between the TPNIL and the government official or between the client and the government official, with the TPNIL acting as the intermediary. Most often the exchange items were information, advice and alternate perspectives on

issues and problems. It is particularly important to note that these exchanges often did not involve particulars relating to any specific client but involved a general discussion of industry or departmental matters. This was termed as working the "network", the "old boys network", or the "contacts". The type of exchange appeared to be as much social as technical. While "idea exchange" and "alternate perspective" were mentioned, "shop talk" and "street talk" were also used.

Another aspect of the mutual exchange concept was the aspect of a synergy which brought parties together. This was presented as a much more formal activity than the network maintenance perspective, but was still seen as a mutual exchange, especially by TPNILs who worked with a specific set of targets in a department or, even, branch.

The "give" end of the spectrum included responses based on providing something of value to the government official, usually a type or source of information that could help him or her function better in their office. This included an understanding of the client's position or experience, usually through a "marketing" or repackaging of the client in a manner which the official could understand or appreciate.

The majority of the respondents favoured a mutually beneficial exchange as the model for explaining the interaction between TPNILs and government officials. One individual remarked that a "free lunch" may have an influence.

Q.25 Do you have a field, specialization or strength that you use in the business-government interface?

The most common responses were that they did have a field or specialization, especially in the past, but that their current strength was an understanding of the system or process and that, as such, it was their specialization. This generalist approach recognized that their knowledge of a specific technical field was outdated, but, that their contacts or network were still strong. Coupled with an understanding of how the system worked and the ability to move into new growing areas based on their experiences, they felt that their experiences did not limit them to a specific field.

Procurement oriented TPNILs tended to work in specific fields, such as military naval procurement, and as such considered it their specialization. An American expert at proposal writing in a specific technical field, who had been brought up to help draft a major proposal, felt that his specialization was procurement and that his technical writing ability was a skill, not a specialization.

There was generally an even split with 9 claiming a specialization in a specific field. These were usually procurement oriented individuals. The remaining 11 tended towards business government relations or a general understanding of the system as their specialization.

Q.26 Would you accept a contract to conduct work from a government department or agency?

Table 18. Accept Government Contracts

Yes	17
No	3
	20

The majority of respondents indicated that they would accept contracts from government, one indicated that this was the bulk of his business. The three individuals who indicated "no" were all established individuals who would not undertake government work on "principle".

Q.27 Do you / would you prepare briefs and presentations for clients?

Table 19. Prepare Briefs for Clients

Yes	20
No	0

Q.28 Do you / would you arrange meetings for clients?

Table 20. Arrange Meetings for clients

Yes	20
No	0
	20

Q.29 Would you conduct a representation on behalf of an absent client?

Table 21. Conduct Representations for Clients

Yes	18
No	2
	20

Government Contact

Q.30 How frequently are you in contact with government officials?

Table 22. Frequency of Contact with Government Officials

Frequency	Number
Multiple times daily	7
Daily	10
Weekly	3
	20

Q.31 What groups do you work with on behalf of clients?

Table 23. Government Officials Contacted

Group contacted	Number of occurrences
Bureaucracy	20
Senior Bureaucracy	12
Technical Bureaucracy	10
Politically Exempt Staff	17
Cabinet Ministers	9
Private Members	9
Media	10
Judiciary	2
Trade Associations / NGOs	4
Administrative boards	1
Other stake holders	1

The groups worked with on behalf of clients gives an indication of the variety of targets used by TPNILs. Two items to note are: even with the division of technical and senior bureaucracy, all twenty subjects emphasized the importance of dealing with the bureaucracy; and when the media is indicated as a group worked with, it is very often in the development of a media strategy, rather than direct contact with the media.

Q.32 What factors influence the pace and level of contact with government contacts?

This was a purposefully ambiguous question to hunt for issues that affect the structure and process of how a TPNIL works and the issues with which they deal. The most important factors mentioned as relating to the pace and level of contact with government contacts were linked to the structure or logic of the problem and the outcomes or stakes involved.

The structure issues that tended to escalate an issue were problems related to the character or logic of the problem. Each situation has its "own logic" which dictates what will happen. This is seen to be unique and very much a function of the environment and the processes involved. This logic can be derailed by a failure in the proposed system, whether it be: mis-information (accidental); dis-information (intentional); improper delegation of decision making authority; criteria failure or lack of criteria leading to decision paralysis, (such as, the requirement to seek clarification from higher levels); or inappropriate activities of individuals in the chain, such as tunnel vision or

"know-it-alls".

The larger the outcomes or stakes involved, the higher the pace and level of contact became. An issue of great value tended to involve more senior officials for greater periods of time. This could be compounded by polarized or competing forces. The introduction of conflict or competition tended to change the nature of the decision from technical execution to value judgements, which were more likely to move "up the ladder".

Q.33 What do you exchange with government contacts?

In conducting exchanges with government officials virtually all subjects indicated that information was exchanged. There seemed to be three basic core activities: exchanging specific information relating to specific clients; general information about an industry, department or general area; and trusts or confidences about value judgements, ideas and gossip. The purpose of the above activities was to develop or maintain a network of contacts.

Several comments of interest were; "that cabinet leaks are not leaks - the best leaks are dis-information"; "people want to get along by nature"; "don't ever approach anyone in government without a common problem; and "many people don't formally talk to government, they get intelligence".

Q.34 How do you conduct this exchange?

The exchange between TPNILs and government officials happens in two ways, formally or informally. Informal communications, such as telephone, lunch, and social events was the most common method of conducting interactions. The telephone was used by most subjects as the first method of interaction. Social events were not used to conduct actual exchanges, but to start "the wheels rolling" by briefly alluding to some issues, and suggesting that further attention should follow at some time in the near future.

When formal communication was used, such as a letter or fax, meeting, or presentation, it had a specific purpose and was usually preceded by informal communications and would usually have similar informal communications following it.

Q.35 How do you establish new contacts?

When establishing new contacts in government the majority of subjects attempted to use mutual referrals or common interests and backgrounds to expand their networks. Cold calling someone was not the most favoured method, but was used by a number of individuals when mutual referrals or word of mouth about a specific project was lacking.

The nature of the contact also impacted on how the approach was made. In the process of seeking standard information, one individual made an effort to contact as many new, preferably junior individuals, as he could. This would

afford him a starting point based on an existing encounter should it be required to contact that individual, or someone in that branch in future.

Whether the approach was by cold call or cold letter, it was felt by several subjects that it was important to have a tone of "mutual respect".

Q.36 How long does it take to establish a working relationship?

The universal answer to this question was that it varied dramatically. The range of answers started at 15 minutes and went to never. Many factors influenced what was felt to be a working relationship and how it would be measured. In addition to this, the purpose of the relationship also tended to vary from subject to subject, leading to different interpretations.

The use of the term "professional relationship" was used to describe a relationship based on adherence to a set of standard activities. This was most often used by former bureaucrats when talking about establishing contacts with current bureaucrats.

Client Relationships

Q.37 How many clients would you normally have?

The average number of clients for a TPNIL was 5.3 with a deviation of 2.9 and a median value of 5 clients. The distribution is as follows:

Figure 9. Distribution of Number of Clients

Q.38 What would they have in common?

The most common response was that they wanted to deal with government. Only five subjects indicated that their clients who retained them had common traits. This was usually related to the TPNIL's knowledge of a specific department or target. The remainder felt that their appeal attracted a diverse set of clients.

Q.39 Would they be from similar fields / industries?

Table 24. Clients from Similar Fields

Yes	6
No	12
N/A	2
	20

Six TPNILs had two or more current clients from a similar field or

industry. They may also have had additional clients from different industries. Two TPNILs had only one client.

Q.40 Do you have any conflict of interest restrictions?

Table 25. Conflict of Interest Restrictions

Yes	15
No	2
N/A	3
	20

The majority of respondents clearly indicated that they had conflict of interest guidelines. Most indicated that they would check with all existing clients before taking on new clients, or would examine their current clients to find potential conflicts and check with them.

Q.41 How long would you work for a typical client?

Table 26. Duration of Contracts

Period	Subjects
1 - 6 Months	2
7 - 12 Months	1
1 - 2 Years	4
3 - 4 Years	5
5 or more years	3
Widely varying	5
	20

The range of responses for contract duration varied widely over periods from days to years. One factor was the type of work being done. The

procurement related TPNILs tended to have a much shorter duration contract, usually months, compared to years for non-procurement related activities done under retainer. The nature of procurement programs and the typical life cycle that they go through does not lend itself to long term retainer type contracts.

Q.42 What would the typical geographic location of the client be?

Table 27. Client Geographic Location

Geographic Location	Occurrences
International	9
American	6
Eastern / Western Canada	13
Central Canada	9
National Capital Region	8
	45

Q.43 How do you obtain / retain clients?

Virtually all respondents indicated that they obtained or retained new clients through referrals or word of mouth activities. The most common source of referrals was from trade and industry associations, with a smaller number coming from the major law firms which handled corporate accounts. Other referrals, of an undetermined frequency, came from satisfied clients. A small number had also actively perused leads and opportunities, but found that the success rate was very low. Successfully approaching a prospective client cold did not appear to happen very much.

Q.44 How long does it take to establish a working relationship with clients?

The answer to this question was widely variable, but had a few constant aspects. It was felt that the relationship developed faster than with non-client contacts because of the nature of the relationship. Also, the time to establish a working relationship often required time to investigate and digest the technicalities of the particular issue or situation, but this interaction speeded the development of trust and understanding. The range of answers was from one meeting to never.

Q.45 Do clients develop an aptitude at government relations and become self sufficient?**Table 28. Client Self Sufficiency**

Self Sufficient	Number
Yes	8
No	9
Varies	3
	20

The respondents were fairly evenly divided on the ability of the client to become self sufficient and 2 felt that the client was already self sufficient, but was using the TPNIL as a cost effective public affairs department.

Most "no" respondents agreed that the clients became more able to conduct Government Relations with the passage of time, but could not say that they were self sufficient.

One aspect which was felt to interfere with a client eventually becoming

effective on their own was their short term perspective of the issues and the desire to by-pass the bureaucracy in search of a political "quick-fix".

Q.46 What are the client's initial expectations?

The clients' initial expectations, while usually being unreasonable, were found not to be very deeply held. Most TPNILs found that examining and readjusting expectations was an integral part of the contract establishment, especially for first time clients. By examining what the objective really was, not the immediate problem, a TPNIL would be able to get a longer term commitment. One of the major problems in the establishment of objectives in government relations is the difficulty in measuring outcomes. Getting the client to understand this was an integral part of establishing or re-adjusting expectations.

Industry and Trade Associations

Q.47 What role do trade and industry associations play?

The role perceived to be played by trade and industry associations varied widely. The two delineating factors were the quality of the staff and the homogeneity of the membership. If the staff was excellent and the membership was very homogeneous, such as with the Air Industries Association of Canada (AIAC) then the association was effective, not only at helping develop broad policy and information exchange, but also at assisting in coordinating the

"stage planning" or process to be followed, for major government initiatives.

If the staff was poor and / or the membership was very diverse, then the association was just a glorified information brokerage house and social club. It was felt that it is very difficult to achieve a meeting of 300 different minds. The majority of the respondents felt that most industry and trade associations fell into this latter category.

Q.48 Have you ever had a trade or industry association as a client?

Table 29. Industry Association Client

Yes	9
No	11
	20

The individuals who had trade or industry associations as clients indicated that it was difficult work for a number of reasons. The first problem was getting clear direction from the diversity of directions being pursued by members and executive. The second problem was that many of the members felt that the TPNIL had been retained to serve them in their particular situation, as opposed to the industry in general. Several stated that they would not take trade or industry associations on as clients again.

Evaluation

Q.49 How do your clients evaluate your services?

Only one individual had a formal evaluation process with his clients. The remainder had a variety of informal or no evaluation processes. The tendency seemed to be to measure satisfaction with oral feedback reports at different times or more subtle indications. The absolute indication appeared to be if a contract was renewed, or in worse cases, if invoices were paid.

Q.50 How do you evaluate you own activities?

Are outcomes measured?

Only one of the subjects had a formal personal evaluation process. The remainder either had none or employed a very informal process. The majority were attempting to "be happy" or "have fun", and a few were trying to "pay the bills". One individual felt that he would continue to do the work as long as he was learning and experiencing new challenges. Health was also a factor in evaluating personal situations.

Q.51 What do you provide that the client could not create in-house?

The responses to this question generally fell into three broad categories; one relating to the cost effectiveness of a TPNIL vs. an in-house section; one relating to the advantages of having a removed third party perspective; and one relating to the difficulty in obtaining individuals with the

knowledge of process and network of contacts.

A group of subjects felt that the biggest obstacle that prevented clients from developing or establishing their own in-house government relations sections was the cost. While TPNILs are expensive in relation to other professionals companies may hire, they are still substantially less expensive than the cost of opening an office and staffing it full time. This is partly due to the fact that most companies would not be able to effectively employ a fully staffed government relations office. Those that are large enough, or do enough business with the government (like Bell Canada) usually already have an Ottawa office which is cost effective.

A second common response was that the TPNIL provided the "classical removed perspective". By being divorced from the self interest of the client and being based on a different perspective or point of view, the TPNIL was able to assess the TPNILs position and the environment in which it operated and provide this in the form of advice, information, and counselling on strategy. Implicit in this approach was the lending of credibility that comes from the application of expertise. One example was a TPNIL who was responsible for the development and implementation of a policy while in government, and who was currently advising clients on how to deal with the policy developed and the individuals administering it.

The final argument against companies developing an in-house government relations section was the problem of developing staff and

retaining them. The learning curve for the transition of a senior bureaucrat to an effective TPNIL was felt to be about two years, coincidentally the length of conflict of interest guidelines on dealing with former colleagues. Once an individual finally develops the skills and network, they are probably very likely to leave the company for private consulting, as they can easily service multiple clients with a marginal increase in work.

Q.52 Are there different types of relationships between business and government?

Only one individual felt that there were not different types of relationships between business and government. The remainder tended to agree that there were a variety of different types of relationships. The range of possible answers tended to be from a "zillion" to the three possibilities of "information exchange, personal relationships and some threat".

The over all feeling was that it was better to go for a "positive" relationship, based on win - win oriented outcomes. When mutual respect and recognition of the different perspectives were accepted, the relationship tended to be very productive. Confrontational approaches were considered a last ditch effort that should only be employed in the most severe situations. It was even considered better to take the loss in the current round, accept it and come back smiling for the next round.

The differences between business and government were seen to create a suspicious relationship in some instances. Business didn't understand

government and government didn't understand business. The end result was that each group was relying on its "ideological parameter settings" and part of the governments position was that the "privileged position" of business was no longer valid. This manifested itself with slightly more aggressive interactions between the two. In a practical sense this "tough deal" attitude was seen in contracts which clearly favoured the government and made it very difficult for business to effectively handle them. The risks and uncertainty of some of the clauses and provisions of a typical contract could easily bankrupt most typical firms doing business with the government. This was seen as an attempt to get an upper hand, even though the clauses would probably not be invoked.

Q.53 How do you help business establish credibility?

With the exception of one respondent who believed that his clients already had credibility in the eyes of the government, it was felt that there were three basic methods. It was also evident that credibility was easily broken.

The first method was to repackage the product in a new manner that fitted the policies of the day. Very often this approach was oriented towards changing the interaction between business and government, but keeping the objectives the same.

The second approach was to change not just the packaging, but the product as well. This entailed extensive interaction between the TPNIL and

the client before the government was approached again with a substantially new situation and objectives. This usually took time.

The final group of responses was that the passage of time and planned communications and interactions slowly but steadily increased the credibility of the client. Implicit in this approach was the understanding that truth was required to develop trust. This exchange could also be augmented by participation with government officials in various activities, such as advisory boards, executive interchange programs, and opening an office in Ottawa.

Q.54 How do you define the public good or public interest?

There were two basic sets of responses to this question. Some of the procurement oriented TPNILs tended to operationalize the answer into the context of "value for dollar" or efficiency and effectiveness oriented measures.

The remainder of the respondents answered with a wide variety of responses ranging from "all successful businessmen are crooks" to "public good is a technical execution of a political value". Several respondents indicated that it was the responsibility of the government to set the public good or interest within which the TPNILs and their clients operate. To that extent one individual responded with the classical argument that "solid economic activity" is good. This matched another's "self interest creates wealth" argument. There were responses that public good was a function, somewhat abstracted, of political beliefs. The main concern of the TPNIL is; what is best for their own self interest, i.e. what is legal?

Q.55 Do you feel government understand business?**Table 30. Does Government Understand Business**

Response	Number
Yes	7
No	10
Indeterminate / Not Applicable	3
	20

Q.56 Do you feel business understands government?**Table 31. Does Business Understand Government**

Response	Number
Yes	2
No	17
Indeterminate / Not Applicable	1
	20

Q.57 Do you provide a interchange between the two?**Table 32. Provision of Interchange**

Response	Number
Yes	17
No	1
Indeterminate / Not Applicable	2
	20

Q.58 When acting for a client is there usually another nongovernmental interest being represented. Is there competition?

Table 33. Competing interests

Response	Number
Yes	16
No	3
Indeterminate / Not Applicable	1
	20

Differentiating Characteristics

Q.59 Comparing your firm to a larger Government Relations Firm, what is different?

The characteristics that differentiate the subjects interviewed from the classical larger institutional lobbyists are difficult to delineate, due to the lack of literature on institutional third party lobbyists. However, virtually all of the respondents felt that there were major elements, aside from the obvious factors such as size and resources, differentiating them from the larger government relations firms. A prevalent thought was that TPNILs were serving a niche market. The larger firms and the TPNILs were "different seas", had different targets, and operated differently on different activities.

It was felt that the larger firms were radically different operations. They used major names to draw in the clients, while the files were actually worked by intermediate and junior consultants. These internal bureaucracies created a very different environment. The firms were also portrayed as being well connected and used this advantage to push the same product, which had been

repackaged, on senior levels.

The TPNILS felt that they: served a market that was more oriented towards changing the actual product of discussion; were the ones doing the work to provide an "owner in the store" feeling; had more of a generalist orientation; and were much less expensive in obtaining a better, longer term solution. Several comments indicated that the bureaucracy did differentiate between the larger firms and the small firms, especially when it came to trusting the smaller organizations who used logic and discussion in place of clout.

Some TPNILs felt that this was a niche market, but others felt that it was just a different approach to the same problem being solved by a market.

Sources and Uses of Information

Q.60 What methods of communication do you use to deal with contacts?

Table 34. Communications Used

Method	Subjects Using
Face-to-face	20
Telephone	20
Group meetings	16
Correspondence	16
Publications	3
Briefs	9

All respondents stressed the importance of informal, low key discussions employed to share information, ideas, and points of view. In this

respect, the telephone was felt to be the ideal tool as it afforded an informal and convenient method of reaching people. While correspondence was used by 16 of the TPNILs in the course of their work, it was viewed as a support or secondary tool, behind the phone and informal meetings. Publications, whether produced by the TPNIL, or in the form of an article in an existing publication were not seen to be as useful by most subjects.

Q.61 Have you ever used mass media on behalf of a client?

Table 35. Mass Media Used

Media	Number using
Paid Media	4
Free Media	8
No media used	12

Q.62 What newspapers do you read?

Table 36. Newspapers

Newspaper	Number reading
Globe and Mail	19
Ottawa Citizen	16
Financial Post	12
Montreal Gazette	6
Toronto Star	4
Ottawa Sun	3
La Presse	2
Le Devoir	2
New York Times	2
Wall St. Journal	2
Reader Services	2
Other Papers	4

Q.63 What periodicals do you read?

The individuals tended to read a wide variety of publications, and have a range of the number of titles mentioned. The majority tended to read common current affairs and business publications, plus a number of special interest publications, for either business or pleasure. While the individuals were aware of and mentioned many publications, it was not possible to determine the frequency or thoroughness of the reading of these publications.

Q.64 Do you read any special technical or industry publications?**Table 37. Use of Industry and Technical Publications**

Yes	15
No	4
N/A	1
	20

Q.65 What broadcast news and information sources do you use?

The broadcast news sources for television varied in usage. It did not appear to be a primary news source for work purposes. The most common morning television news source was *Canada AM* on CTV. The most common nighttime news source was the *National* and *Journal* combination on the CBC. There was no clear pattern for evening news broadcasts, other than three individuals who were very strong supporters of the *McNeil Lehrer News Hour*.

The broadcast radio news sources were fairly evenly split between CBC Radio and the commercial news broadcasts. The main programs listened to on CBC Radio were *The World at Six* and *As It Happens*.

Q.66 Are you a member of a social club?

Table 38. Member of Social Club

Yes	14
No	5
N/A	1
	20

One "No" respondent had previously been a member of a social club.

Q.67 Do you use the Ministerial Staff Guide?

Table 39. Use Ministerial Staff Guide

Yes	5
No	15
	20

Q.68 Do you use the Senior Executive guide?

Table 40. Use Senior Executive Guide

Yes	4
No	16
	20

Q.69 Do you use the Government Telephone Directory?**Table 41. Use Government Telephone Directory**

Yes	20
No	0
	20

Aside from the *Government Telephone Directory*, many departmental directories were also used. It was felt that they were more detailed and usually more recent.

Q.70 Do you use infoglobe (or another on-line information system)?**Table 42. Use On-line Information System**

Yes	7
No	13
	20

Q.71 What other information sources do you use?

- personal contacts
- government publications
 - *Government Business Daily* (business opportunities)
 - Statistics Canada reports
- library research
- specific bodies
- technologists
- contacts in ministerial offices
- media people
- Privy Council documents
- Parliamentary documents
- Orders-in-council
- informal information (Gossip?)
- lobby register (CCA)
- *Lobby Monitor & Lobby Digest*
- public policy literature
- people in departments

- news letters
- personal contacts
- statistical runs from Statistics Canada
- trade shows
- clients
- U.S. trade associations
- conferences
- embassies
- Statistics Canada publications
- "special runs" from Statistics Canada
- "odd" European publications
- "military materials"
- Sacha's Restaurant at lunch
- press releases

Q.72 What do you do with the information you receive?

The information received by the subjects ended up serving a number of purposes. Material related to a client was passed on to the client, usually not in the original form, but in a condensed or summarized form that suited the client's requirements. Much of the material, however would not be passed on to the client, as they would have no use for it or would not be able to understand it fully. Instead, the information received by the TPNIL would be used to analyze the situation. 14 of 16 respondents to a probing question about how they pass on information indicated that they summarize or condense it. Terms such as "digest" and "filter" were used. One individual felt they "laundered" information to protect the source.

Q.73 Do you produce any publications?**Table 43. Produce Publications**

Yes	4
No	16
	20

Q.74 What information do you provide to clients?

Information provided to clients tended to fall into two groups. The first group was regular information, such as, monthly reports, weekly reports, stage reports, drafts, and invoices. This was augmented by a second, more frequent group of irregular and less formal information packages. The most common would be reports given by telephone, but could also include meeting notes, invitations, questions, or any other information relating to the client.

The usage of formal reports, other than invoices, was not as common as informal reports. Only 6 TPNILs appeared to use formal monthly or weekly reports, while most subjects were in contact with their client weekly by phone.

Q.75 What information do you provide to government?

The response to this question was varied. Some individuals mentioned the requirement to register, or the reporting processes for various administration purposes.

The majority of subjects could not think of what they provided to government in a "formal" sense other than the information that they present

about their client. In this sense they were supplying information about their client, or "marketing" their client.

Q.76 Who else would you send or receive information from?

Other groups mentioned as sources or targets of information included:

- academics
- industry associations
- research institutes
- professional associations
- management groups
- political "think tanks"
- technical experts

Existence of TPNILs

The evidence suggesting the existence of TPNILs as distinct from other Third Party Lobbyists is fairly strong. While institutional lobbyists have not been investigated to determine the validity of the non-institutional statements, the subjects have indicated from their perspectives that they have different organizational structures, different resource levels, a greater orientation towards providing a personal service business, and they also feel that they provide more of a "generalist approach".

While it was possible to clearly define the population and access it through a sample, it has not yet been possible to precisely determine what the remainder of the spectrum of third party lobbyists, institutional or non-institutional, looks like. If the assumption is made that there is a spectrum of groups ranging from institutional to non-institutional, a question about where

the natural delineation would be drawn arises. At anything more than one individual? The sharing of clients? The use of specialists in fields?

The methodological problems of using the current definition of a supervisor, while operationally ideal, has some theoretical flaws, especially if support staff are involved in some registerable activities.

In the next chapter *Explanation and Discussion* the spectrum of third party lobbying is examined, and more specifically, the question of how TPNILs fit this spectrum.

Explanation and Discussion

The exercise of doing the exploratory examination and hard data collection also yielded the following description and discussion of TPNILs. This perspective of their relationship to other players in the business government relations process is not grounded on averages or numbers of respondents in agreement or disagreement, but is an amalgamation of the various perspectives and insights gained from the participants in the study.

In trying to understand how the TPNIL adds value to the interaction between business and government, a critical consideration is which perspective of value is being adopted. The process of adding value, or creating wealth, is dependent on the criteria used. While the public interest is a commonly espoused definition of the greater interest which wealth creation serves, its definition is difficult to operationalize in a pragmatic sense. This is particularly true when considering the various different environments of business, politics and bureaucracy.

A pragmatic determination of whether TPNILs do provide a "greater wealth creation" could be interpreted from the benefit of both government and business from the TPNIL interaction. Conversely, if only one party benefitted, and the other suffered a loss, then it would more likely be interpreted as rent seeking.

In the following section we pose the question as to how TPNILs create wealth. This question implicitly assumes that TPNILs do in-fact create wealth

and are not rent seeking. Rent seeking, in this sense, is the redistribution of wealth instead of the creation of wealth (Hartle, 1984, 34). The apparent willingness of the government to interact with TPNILs suggests that they are seen as assisting the government and business in achieving their goals, hence, creating wealth.

How then do TPNILs create wealth?

How TPNILS Operate

The subjects studied indicated that there were a number of factors that impacted on how they acted. There was no single logic behind many actions, as much as there was the requirement to have an understanding of the position of the stakeholders. The "big picture" enabled the TPNIL to develop an alternate perspective from which they could act. The actions of these individuals were based on their past experiences, and current interpretations were often a function of this. Those working in departments that had a specific style or culture were more likely to adopt this in their lobbying approach.

The Stripe

The stripe worn by the subjects was not immediately visible, but contained much information about how they operated. Contained in the stripe were the underlying motives, their history and experiences and the skills and networks which they used to achieve their goals. This stripe was mostly the external appearance and reputation of the individual in the eyes of his clients and the contacts in government utilized. Perhaps the most important aspect

was the trust that was imparted to the subject because of the stripe. While it was very much like credibility, it was not oriented in a "good / bad" fashion, but had a description of the subject. A typical stripe would label someone as a career bureaucrat from a certain department at some level, or as an ex-political aide who worked towards some objective. At the extreme, the stripe could be seen to take on an "us / them" orientation.

Underlying the stripe were the motives of the individual. Very little was directly attributed to the motives of subjects or their colleagues, but on occasion, particular activities could be noted to stem from "thin character" or similar value judgements. This could be reflected in the stripe.

The motives of the TPNILs were varied and could be seen to include a number of factors. There was a definite interest in comprehending how everything worked, and understanding their environment was always of interest to them. One individual commented that the day the job gets boring or routine, he would switch to something different. Coupled with this was the social involvement and challenges of working on very rewarding activities. To place the challenge in perspective, some of the acquisition projects involved billions of dollars and some of the non-acquisition activities impacted on legislation directly affecting the population.

While the income potential of TPNILs was usually comparable to a professional fee, it did not appear to be the major motive for most of the subjects, other than regulating their workload. Two basic groups existed; those

working fulltime and using this as the primary source of income, and those who were working part-time or were already drawing a pension from a first career and using their activities to challenge them. Both groups tended to be involved in lobbying because they knew how the system worked and were able to apply this to achieve desirable outcomes.

Another aspect of the stripe was the background of the individual. Knowledge of the manner in which the bureaucracy worked imparts a subtle changes in the manner in which individuals interact with each other. Bureaucrats appear to have an unwritten code of behaviour, of which the most obvious characteristics are clear, but includes many finer aspects that unconsciously affect the manner in which people act.

A former politically exempt staff member, while understanding how the bureaucracy works, is at a significant disadvantage in dealing with the bureaucracy when compared to a retired senior public servant. The senior public servant has usually had more years of service, has a larger network, both inside and outside the department, and has a better understanding of the position of existing bureaucrats.

Conversely the former political staffer has the ability to intercede into the political process more easily because of the established networks and understanding of the political orientation. This is assuming that the same political party is still forming the government. The political staffers and politicians also tended to have the same ideological orientation.

Most groups were able to function with the other groups, as they had an understanding of how the other groups operated. It was the degree to which subjects were able to cross over to another group that was interesting. One notable example of crossover occurred to a former Liberal political staffer, who in 1984 realised that employment prospects were not good. He was able to establish a lobbying firm based on the contacts and friendships established in the bureaucracy. However, even he commented that the first few years were lean, until he had established himself in a field of specialization with the help of one main client who added to his credibility, enabling him to deal with the bureaucracy.

The orientation of the individual towards certain activities, such as procurement programs, drug patent legislation, or environmental adjustment are also included in their stripe. While most subjects had more than one type of activity, none were able to span the entire range of government activities. As such, they would be known for some "general areas" of operation.

The stripe could be seen to be a complete summation of the background, political affiliation, network, and orientation of the TPNIL.

Retaining Clients

Retaining clients is one of the most critical activities that a TPNIL must do, yet, it appears subject to the least amount of control by the TPNIL. Virtually all of the subjects indicated that it was very difficult to go out and find clients. Instead, it was more common for the client to come to the subject.

To this end the subjects felt that the best method was not to hunt for clients, but to establish a situation where any potential clients would become aware of the TPNIL.

The most common way for a client to become aware of a TPNIL and subsequently attempt to contact, was through word of mouth. A client with a problem usually started asking various members of their networks as to whom or where they could go to find a solution to a specific problem. These individuals would in turn refer them to a TPNIL or TPL. Some of the most common bridge links for word of mouth referrals were from former clients, industry and trade associations, major law firms and government officials. Former clients, who had achieved goals or were happy with the results of the TPNIL often served as a bridge link to members of the same industry or to social contacts. Very often trade and industry associations, where the executive or members had established a crosstalk about specific problems and activities would also serve to function as a good source of word of mouth referrals. One interesting source of referrals were major national law firms with Ottawa offices. Very often these law firms had major clients that used the firm for a variety of activities and viewed dealing with the government as another such activity; however these firms usually felt uncomfortable in specialized areas and would refer or subcontract the client to a lobbyist.

The major marketing activities of TPNILs tended to be a function of working the circuit of government, associations, and acquaintances in order

to place the news about activities being carried on.

In the rare instances where aggressive cold approaches were made it was usually an opportunity or threat of which the potential client would not be aware. One method was to watch the *Lobby Monitor* to determine what new activity was occurring between companies and TPLs. After a determination of what activities were going on and why, the TPNIL would approach a competing company with the news of the competing company retaining a TPL. While not always successful, it was considered better than a cold call.

Once initial contact between the two parties was made, a discussion would begin about the terms of the undertaking and the expectations of both sides. Included in this were considerations about objectives, compensation, ethical considerations, conflict of interest, and a feel for the type of working relationship that would be established.

One of the key aspects in understanding how TPNILs and clients agree to an undertaking is to appreciate what the TPNIL can offer to the client in comparison to what the client initially expects. These initial expectations usually revolve around the immediate solution to a problem. Often this would involve the client retaining the TPNIL to "fix" the problem in the government or arranging a procurement deal. This was especially common with first time clients.

It was felt that the new client, who had never retained a lobbyist before, had unrealistic expectations. These expectations were, however, not strongly

held and were a result of lack of knowledge, more than a belief that the system was established towards connections. This usually provided an opportunity for the TPNIL to initiate a discussion about what exactly was feasible and that the best way to approach the government was on the TPNIL's terms.

The match between what the clients were after and what the TPNIL were able to offer had many possible combinations and permutations. Finding a suitable match appeared to take some time. As such, the stripe of the TPNIL, which usually had an indication of activities commonly undertaken by the inclusion of operationally descriptive terms, served to provide an idea of the TPNIL's skills and abilities to prospective clients. A company interested in a military procurement program would more likely be interested in an ex-military officer than a chief of staff from another department.

The major service provided by the TPNIL could be viewed in a number of ways. In the mos. basic sense it could be viewed as a straight supply of information. In a more complex manner it resembles a relationship of trust where guidance, advice, strategy and delegated responsibility are involved. This is further complicated by the involvement of complex ethical and political issues. When questionable activities occur, or appear to occur, is the best interest of the client being served? Is the shorter term solution, involving clout, more important than a longer term mutually beneficial solution? The development of an understanding about these issues between the TPNIL and the client was essential for a long term relationship. In this sense it is

important for the stripe of the TPNIL to match the intentions of the client.

Very often the most successful approach proposed by the TPNIL and adopted by the prospective client was for a longer term solution based on a longer term perspective. The TPNIL's removed perspective, which is able to encompass both sides of the problem, is well suited to forming a strategy that will provide a workable solution. It also has the ability to provide a competitive advantage towards other companies that may be vying for the same outcomes. As such, it is strategic advice that is not easily shared with competing interests.

The ability to provide a third removed perspective was supplemented by information sourcing, strategic advice, and representation to the government. This could be done for a number of activities, including: procurement programs, technical decisions and interpretations, legislative change, and virtually any other public policy activity.

The discussion of objectives was usually split into two perspectives. The client tended to be focused on the solution of a problem in respect to the company, while the TPNIL had to present the object in a broader context that would include the perspective of the greater public interest. The initial discussion(s) about objectives were usually driven by the TPNIL once they were able to determine the nature of the situation.

The compensation of the individual tended to fall into two basic categories, those mainly on retainers, and those on *per diem* rates. Both

categories usually had expense coverage and could have a bonus or commission for successful outcomes. The retainer appeared to be the most desired form of compensation, as it was usually part of a longer term contractual arrangement. Implicit in the retainer was the provision of a certain number of days each month.

A major advantage of the retainer was that it had a longer term orientation which would ensure that the TPNIL was able to have enough time to actually do something. The time required to investigate the situation, develop a strategy and implement it, was always much longer than the client expected. By working on a retainer the time pressure from the client was reduced. Some retainer contracts were retainer plus *per diem*. In this case, the retainer was to ensure availability, and should the TPNIL encounter some information that was relevant, advising the client.

The rate of compensation was highly variable and had no set guidelines. Some of the factors impacting on it were the value of the outcome, the experience and notoriety of the TPNIL, the issue, the form of compensation, and what facilities the company had available in Ottawa. There did not appear to be any indication of price competition; instead, the client had to decide whether or not to hire a TPNIL. Indications to TPNILs that the clients felt that they were being overcharged was the non-renewal of a contract, or in the case of procurement programs, the limitation on the amount of work being done.

Conflict of interest between clients is a problem that is handled in a number of different ways. Most TPNILs, because they provide strategic advice on specific competitive situations, tend to avoid clients who are competing. This, however, must be balanced with the limited scope of some of their specializations. When dealing in a certain field, such as military procurement, the limited number of procurement activities and the extensive corporate partnerships for various programs limit the total number of available clients.

The two methods encountered to clear new clients were a selective check and a universal check. The selective check was concerned with detecting obvious conflicts between clients. When a new client was being considered, the TPNIL would check or discreetly investigate with existing clients that were from the same or related fields of activity or interest. Not all existing clients were examined or asked for input on new clients. The universal check involved discussing the possibility of accepting this new client with each existing client, regardless of the nature of the work. This was not the most common method, as it sometimes involved totally unnecessary disclosure about some activities of one company to another. It did however appear to be increasing as the CCA Lobbyist Registration database has the information on public record.

Methods of interaction between the TPNIL and the client appeared to be oriented towards achieving results in a low keyed manner. The key words were "friendly" and "informal". One subject's comment that "everyone likes to get along" gives an indication of the approach taken. Mutual respect was

considered the ideal method of viewing the relationship with both the client and government officials. From this perspective, a positive win-win atmosphere could be created and the all important trust could be developed.

The communication between the client and the TPNIL usually consisted of informal telephone communication, but could include meeting, weekly or monthly reports. The use of specialized reports and briefs were also fairly common, but were not as fast a communications link as discussion.

Interaction with government

The interaction of the TPNIL with government officials is based on a common understanding and experience of the public policy process. Both parties are willing to interact, because it is usually a mutually beneficial interaction. If the interactions were confrontational, then the amount of interaction would be reduced, if not in quantity, certainly in quality. The main objective of the TPNIL is to bridge the gap between the two distinct systems of business and government. To do this it is necessary to have both sides recognize and accept each other and their right to function. The imposition of value judgements or arbitrary ideological beliefs tends to disrupt the exchange of perspectives. It is very easy to argue a certain point about a group of faceless, nameless people. But when the decision maker knows the individuals involved, who are affected by his/her decisions, and the pragmatic impacts of such decisions, a more careful analysis is made.

By bringing the two groups together and getting them to interact, the

TPNIL is building the rapport between them and helping them to develop a better understanding of the greater process. Implicit in broadening the perspective of the two groups is the insertion of concern for the interests of the other group. By phrasing concerns and issues in a broader context, the two groups are building common ground and experiences.

The TPNIL is valued for this activity by both groups. The government officials reward him with continued interaction, as they are the ones dictating the short term values under consideration. These officials value the assistance of the TPNIL in understanding the perspective of the client, as they, in a sense, set the longer term values which permeate the political process. The final value exchange is between the TPNIL and the client, which is monetary.

The values of the TPNIL then, must encompass both groups, or be able to function in conjunction with both groups. The ability to interact with multiple groups would then only be limited by the ability to encompass or understand the groups which need to be linked. The stripe of the TPNIL tends to be an indication of which groups it deals with best. For example, TPNILs with a political stripe gain better acceptance and understanding with members of the political structure in the government, as a political exempt staff member is likely to have more common experiences and understandings with a former political aide than with a former senior bureaucrat. When the requirement comes to interact with the political structure, a politically striped TPNIL will do better than a former bureaucrat.

The logic of a situation will then indicate how the target matches the tactic. The TPNILs all recognized that it is best to start with the lower, operational levels, and then work up the ladder. A procurement contract is usually determined on fairly clear technical criteria, including regional considerations. However, should the decision be contested to more senior levels, as may occur with larger purchases, then the target of the activity changes and the type of interaction required to span the two groups changes.

An example of a technology sale was used by one TPNIL to illustrate the intricacies of changing the level of interaction. A proposal for a technical supply program was called. Several competing companies responded and the process evolved with some changes to the criteria and some political involvement in the final decision. The final technical product purchased was not the best product by the technical criteria. The TPNIL for the company with the best product faced a dilemma; he had a very good working relationship with the program officers from this and previous deals, as well as the prospect of future activity for the same company he represented. The program officers were well aware of the product's technical superiority, but were also under other pressures. In this particular instance the TPNIL decided that not protesting or publicizing the political override was to the company's advantage because the technical officers "owed him one" and that this was the most important consideration for future programs. Conversely, had this been a one time project the probability of escalating the level of the target, without

confrontation or threat if possible, to more senior or political levels could have accomplished a reversal. This however would have required interactions with a different group with whom the TPNIL was not comfortable interacting with.

If the problem had required the targeting of a more senior group, it would probably have dictated a different logic and necessitated different actions. Matching tactics to targets is part of the process of understanding the interactions between the groups. Different stripes tend to use different approaches. Underlying all interactions is a scale ranging from exchange and persuasion, through clout, to confrontation. The different groups of TPNILs, depending on their most common targets, tend to use different parts of the scale for different activities. The commonalities are that virtually all TPNILs prefer exchange and persuasion, as it is the best approach in the longer term. If a TPNIL is able to persuade or convince a political officer that a certain decision is in the better public or political interest, without repercussions from the lower levels being overruled, then that is the desired route.

Informal Interaction

Informal interaction was viewed as the most productive method because it was relatively quick, was able to convey depth, and was very flexible. The major emphasis was on the informal organization as opposed to the formal organization. Determination of the "movers and shakers" in a specific branch or section was a major objective of the TPNIL as it was these individuals who

were the most effective at helping to achieve an objective. Use of the formal organization and the office holders responsible for the required activities often resulted in a halt on specific questions. In a classical sense it violated the tenets of Weberian bureaucratic principles, because the interaction was between individuals, not office holders.

Identifying the key players who were driving the section or branch was a key activity for the TPNIL. Usually they would start by contacting members of their existing network in that particular department, or members of their network who knew about that department. This could include fellow TPNILs, former clients, or ex-employees of the department. From there they would inquire and try to determine what the various attitudes, opinions and beliefs were about the members of the target group. Identifying the individuals most likely to assist and those most likely to obstruct the interaction was very important.

Once the key players were identified, the TPNIL would attempt to make contact through a mutual associate, very often the person supplying the reference on the individuals. The importance of having a mutual referral, especially one from the same group, was a major advantage. This supplied a great deal of credibility and conveyed that the TPNIL was an acceptable member of the public policy process. Being identified as "us" instead of "them" started the interaction many levels above a cold start.

If no mutual referral could be found, and a cold introduction was

required, the approach was slightly more difficult, and had many different methods. The important step was to establish credibility and openness to discussion. Usually the target would be aware of the client and this was a very important common ground that could be used to develop further interaction.

Trust and Understanding

Government officials are always interested in determining what the position and perspective of other individuals and groups are. TPNILs with their accumulated experiences are, on many occasions, able to provide this, as a removed third perspective. The removed perspective, which is still cogniscent of the constraints of the government officials' position provides an exchange between the TPNIL and the government contact.

The exchange could be seen to be an exchange of trust and understanding. While the TPNIL is promoting the interests of the client, it is felt that these interests are generally in the public interest, and that with some adjustment and redirection, most positions can be developed to suit public policy. A TPNIL who persists in pushing only the self-interest of clients will soon find that doors are not as open as they used to be. The trust and understanding - a function of unwritten rules - ensures that if the public interest is supported, discussion is always possible.

Working Issues

Working the issues could be considered to be any activity that would assist the client. While it may not necessarily contribute to an immediate

solution or answer, it could include any attempt to achieve a longer term solution. As such, the activities carried out by the TPNIL could involve interaction with the government, the client, industry or trade associations, the media, or academic and intellectual institutions.

The TPNIL can act in two manners; either as the government relations function for a company, or as a part of the government relations function and working in conjunction with other individuals inside or outside the client company. When acting as the entire government relations function, the TPNIL is still acting in close conjunction with the company, usually getting them involved as much as possible. What is implicitly recognized is that the client still has virtual authority over any interactions, but is not able to formulate or guide the strategy, and must instead rely on an externally generated strategy.

The converse situation is when the company is able to generate or guide the government relations process, and requires the involvement of the TPNIL to assist in the process. The procurement related TPNILs tend to work for a variety of clients who have had much experience in dealing with government procurement all over the world, but are lacking in an understanding of the process and details in Canada. As a result, when they retain a TPNIL in Canada, they are willing to entertain much input about the environment and the process. They are also aware of the techniques and approaches, but are still lacking the ability to implement the process entirely on their own for a number of reasons, including, resources, networks, legal considerations, and

costs. In this instance the guidance is still required, but is to a different audience and requires a much greater exchange on the underlying reasons.

Both of the above situations are classic responsibility-authority relationships, typified by the relationship between a minister and the permanent head of a department, but the relationships here have a great degree of variability. Implicit in both relationships is the retention of the final value judgements with the client, but the execution of these values is moderated to different extents in both relationships. The initial relationship grants virtually all execution or administration to the TPNIL, while the second has a greater degree of involvement by the value setting client.

The Logic of the Situation

The logic of the situation is not static and can change, or more importantly, the perception of the logic of the situation can change. For this reason it is necessary for the TPNIL to always be aware of the larger picture, and the relative importance of objectives which may have been designated as a priority.

The most variable factor in the logic of the situation is the individuals involved. To a great extent the process remains the same, the institutions remain fairly stable, the objectives remain constant relative to the players, and the competing interests are not likely to undergo rapid changes in position. What does change most often is the perception of key decision makers, support officers and influential individuals. In understanding the logic of the

situation it is essential to delve into the positions of various individuals and the group orientation of specific organizations.

Repackaging vs. Changing the Product

A common analogy to describe one facet of the work done by a TPNIL was the description of the work in terms of a product that is not suitable for sale and has to be modified. The use of the product analogy was encountered on several occasions to describe the types of work done and the nature of some problems. The repackaging was basically the adoption of the policy, product, proposal, or issue, without substantial modification to anything but the appearance of the product. A contentious product would be repositioned in terms of the new orientation of public policy criteria.

The use of the public interest to achieve a goal was a basic guideline which was modified to suit the situation. Depending on the actual product, the spin or angle of the public interest was all that was really required to reposition the product in order to make it more feasible. One guideline was that it was acceptable to use the same product if the repackaging was not so much repackaging as the addition of the public interest orientation. In that sense the new information was added to augment the product. TPNILs felt that it was questionable to repackage the same product, because changing the outside of a questionable product was not a feasible long term solution to a problem that usually had already been rejected once.

The "changing the product" orientation was a longer term approach to

developing a product based on the criteria upon which it would be judged. Implicit in this approach was a new understanding by the client of the criteria being used. This longer term approach took much longer to implement, required more resources, and was based on more interaction with the government. This had multiple benefits, including a sense of ownership by the government officials involved.

Working Long Term to Gain Trust

The ability to establish a working relationship with government based contacts was considered very important. The major objective of the TPNILs was to be able to function in a manner where they were trusted by their contacts in government to strive for the public interest. If over time a TPNIL had demonstrated the ability to constantly act in favour of the public interest to a government officer, then the amount of trust and related credibility would increase. This also enabled the TPNIL to provide more input in the public policy process.

Several methods were used to achieve the required trust. The most common method was to work with existing contacts who already had a working relationship with the individual and implicitly trusted the TPNIL, or at a minimum realized that the TPNIL understood the standards and guidelines of the system. A major problem with trust based on prior friendship, as opposed to working relationships, was that very often the cost of the exchanges was not in the public interest. It was commented on by several individuals that the cost

of friendships between political office holders and their associates, who were not as familiar with the public interest objectives, was fairly destructive. The argument was that the working relationships between a TPNIL and a government official could continue virtually indefinitely, provided that a few basic principles were followed, as the public interest was served and both members benefitted. The view towards political exchanges was that they were based on different criteria, often viewed more as debt exchanges. These friendships were viewed as difficult to maintain over a longer period of time and destructive to the public office holder and the public interest, especially if the exchanges became public knowledge. In the most basic sense they could be seen as rent seeking by political supporters.

Creation of Wealth

In attempting to understand what TPNILs do, it is important to recognize that the terms of reference will dictate to a large degree the answer observed. In this sense the question asked is almost as important as the answer. If we use the pragmatic responses to such a question, there are a number of apparently unrelated answers.

If we move to a higher level, by imposing a perspective or paradigm, it is possible to see patterns emerge that fit that paradigm. Unfortunately, the choice of perspective will to some extent dictate the answers found. Accepting that the following interpretation, is exactly that, an interpretation, will help us place the preceding findings.

Several analogies were used to describe some of the specific activities conducted by the subjects interviewed. At no time was an overall encompassing analogy used, that was recognized by the interviewer, as such. Instead, analogies were presented about how information was handled, using terms such as digested; or the description of what process was followed in working with the client, i.e. the repackaging of a product vs. the redesign of a whole new product.

Implicit in the entire business government relations process is the political interactions which occur. Part of the political process is the exchange of values, in many forms, that help determine the outcomes. The major question that strikes us is "are TPNILs acting within the process between business and government or are they acting as an independent party advising only one party, in this case the client?" While some institutional organizations claim not to "lobby" government, none claim not to interact with government. They are still required to maintain their contacts or networks and gather information to be of long term use to any client. Is it possible for them not to attempt to influence government, provided that they only seek to receive information? With the first transmission of information to the government, or in a semantic sense, through the client, they become a player in the political process.

The subjects interviewed did not infer that they did not "lobby" the government. Instead they indicated that the most credible source, as a player

in the political process, was the client himself. Their role, while clearly between business and government, could be seen to be some form of political interaction. Determining what form this takes is the difficult question of interpretation, especially considering the variety of activities and roles played by the subjects encountered.

Accepting that intermediaries are part of the political process, with their own distinct point of view and values, forces us to consider the TPNIL or TPL as part of the entire process. If we view the business government relations process as an exchange between business and government, a simple restricted exchange could be developed. However the introduction of the third party removes the option of simple exchanges, when all three, or more, parties are considered.

The analogy of the pipeline or conduit negates the role of the third party as an active player. By merely acting as a channel, through which information travels, the role and impact of the third party is severely limited. The more active the third party becomes, the less the analogy of the conduit applies, as the content is being transformed by the media.

The exchanges could be argued to be generalized or complex mixed exchanges by Bagozzi's framework (1975). There are three or more players, conducting exchanges that involve both symbolic and tangible values. While complex exchanges do occur, it appears as if the most applicable exchange is a generalized one where each actor benefits from an actor other than the

recipient of their good. Here the TPNIL exchanges one good with the government while receiving another good from the client. The chain is completed with the client exchanging values with the government.

Diplomatic Analogy

The diplomatic analogy is built on the recognition of business and government as different systems. Each system has its own environment of operation, its own intrinsic objectives and very independent cultures. Many activities in one group do not have a corresponding activity in the other. Totally different decision criteria are used in the establishment and operation of the many subsystems which form each side of this interaction.

The common aspect is that both systems operate within the bounds of a larger system and, as has been discussed, are becoming more interdependent. The linkages that are currently developing tend to be symbiotic, as they are mutually beneficial exchanges. The existing interactions that are not mutually beneficial, such as threatened interactions, place the political or government system as the dictating force in most instances, depending on the perspective of judgement. Regardless of perspective, there are exchanges between the system, both mutually beneficial and threatened, which do occur.

The diplomatic analogy presents the TPNIL as a diplomat who facilitates exchanges between the two distinct systems, in place of sovereign states. In this sense the TPNIL acts as council and interpreter to various

business clients in their dealings with the activities of government. To a lesser extent it also serves to represent the government to business. As such, it argues that the TPNIL maintains some degree of individual existence, as it is partially divorced from the interests of the client, through the adherence to the rules and customs of the bureaucratic process.

The credibility of the diplomat, and the immunity usually granted, are a function of the process they follow and the objectives they strive for. The TPNIL, given adherence to specific rules, such as the rules of quiet diplomacy proposed by Litvak (1984, p.72-73), is able to function in a manner that would be difficult for business to do, as businesses have classically been unable to divorce themselves from their immediate and primary interests.

Decision Criteria

One of the first rules of successful lobbying was to set the frame of reference for the issue. Neville (1990) argues that issue definition, the framing of the issue in the most advantageous manner, is a critical step.

If we return to the social triangle and observe the different sub-systems functioning within it, it is possible to see that each pole of the triangle uses a different type of criteria upon which decision are maximized. While in the centre, where government tends to act as a mediator, there are multiple decision criteria to be used and balanced out.

When the TPNIL, or the TPL, is acting as a bridge between the systems of business and government, they are not only interpreting the culture but are

advising on the logic. They are also re-evaluating the issue in term of the decision criteria being used by the other system. They then impart this altered perspective based on the new decision criteria to the client and attempt to provide the government with the client's position and decision criteria.

The different decision criteria vary from each part of the system to each other part of the system. The politicians use one set of criteria, the bureaucrats another. The importance of using the most advantageous decision criteria becomes clear. A bureaucrat in an organization charged with a specific mission, will have a set of criteria against which the success of that mission is measured. This criteria will be different when compared to any other organization with a substantially different mission.

The Advantage of the TPLs is that they are aware of the criteria used by these organizations to achieve these goals, and by working the logic, can set the frame of reference in the most advantageous criteria.

The Division of Third Party Lobbying

Lobbying activity undertaken on behalf of a business could be conducted by a number of possible third party groups. Aside from the third party lobbyists, institutional and non institutional, third party lobbying in its truest sense can also be done by any third party that is able to potentially benefit from an exchange between business and government. This could be seen to include other governments, both provincial and municipal or trade and industry associations, or virtually any other third party that is a stakeholder in

the outcomes.

If we concern ourselves with the third party intermediaries who function primarily as a facilitator of interactions between business and governments there are three basic groups: the industry and trade associations, the third party institutional lobbyist and the third party noninstitutional lobbyist. Each is delineated by a specific set of characteristics concerning their relationship to their clients and the manner in which they handle information.

A key factor driving the division of third party lobbying is the size of the client group being represented by the third party. When an industry association is representing an industry the specific concerns of one company will receive a different type of intermediation than the representation by a TPNIL representing only that client. Accordingly the tactics used and the effectiveness of them, also vary.

Industry and trade associations usually tend to act in a multiplicity of roles and support a variety of activities. Lobbying government is only one of many functions that they usually undertake. When it does undertake to lobby the government there are many considerations, usually including the multiple views of the various members, which create a great deal of internal politics. When there is agreement among members, the associations have the ability to work very successfully with government. In this sense the associations act for the industry.

The third party institutional lobbying firms tend to act only for specific

paying clients, and as such usually has an orientation or specialization that allows them to work a group of similar or related clients using the same structures and resources. It would have senior and junior consultants, organized to create efficiencies in a certain area. The major advantage is that the client benefits from an organization that has an orientation towards gathering and disseminating information. The institutional organizations tend to act for the client, but can be limited by the common characteristics of the clients, if they have specializations.

The TPNIL also acts for specific clients, but appears to have only limited numbers of them and very few clients with common or competing interests. As such, while it does not have the data gathering and analysis ability of the institutional firms, it is able to offer competitive strategic advice, because there are no conflicting interests between clients.

Another key factor driving the division of third party lobbying is the decision criteria being used to determine the outcome of the value intermediation process. The criteria that are a function of the manner in which the issue has been framed will dictate a great deal of the logic of the situation.

The major axis of criteria could be argued to fall from the poles of Boulding's Social Triangle (1985), but it is also possible to argue for a criteria map based on the value vs. technical spectrum. This could be seen to have a rough correlation to the political - economic spectrum. The industry and trade associations, while technical organizations, maximize their decision in a

classical political or value base approach. The coordination of the multiplicity of members and their divergent objectives with government is a truly political value based exercise. The other extreme has the TPNIL working with one client to maximize a criteria, usually economic return for a company, in a technical manner.

Industry and Trade Associations	Third Party Institutional Lobbyists	Third Party Non-Institutional Lobbyists
Lobby for wide industry position and represents many clients.	Lobby for client groups of various specializations. Represents one or a small group of clients.	Lobby for individual clients on individual basis. Represent one client at a time.
Tends to act as an information exchange and industry cross-talk function.	Tends to act as an information broker to groups of similar clients.	Tends to act as a strategist and advisor to individual clients.
Works based on political clout and power of numbers.	Works based on clout and political connections in to the political and bureaucratic apparatus.	Works based on trust networks established in the bureaucracy and political apparatus.
Value based criteria.	Value and technical criteria.	Mostly technical criteria.

It is important to draw a delineation between what has classically been viewed as rent seeking lobbying activity compared to intermediation lobbying

activities. While no one denies that rent seeking lobbying activity occurs, where and when this happens is virtually impossible to determine. The third party institutional and politically oriented lobbying firms have been indicated by popular press as conducting such activities, but factual determination is lacking.

The activities that the third party institutional firms do undertake, usually with the political levels, is a stronger form of intermediation that is based on values or political criteria, as opposed to bureaucratic technical or economic criteria. This unfortunately is very close to political rent seeking, as the factors delineating it from the creation of wealth or rent seeking are heavily dependent on the perspective used. Very often, political wealth creation is not viewed by bureaucratic criteria as wealth creation in the sense of the public interest.

Depending on the activity to be undertaken by the client, the group chosen or acting on their behalf as a third party lobbyist is very important. The logic of the situation and the decision criteria are going to a great extent indicate which third party group would be best able to intercede on behalf of the client. When the wrong interest is acting for a client, the system undergoes a greater degree of strain. When technical decisions, such as the awarding of a contract are a function of political interference, then the system suffers an internal strain from the technocrats who are overruled. Yet the political level is clearly able, and does, impose new sets of criteria for the decisions made.

An example of this is the use of regional wealth distribution programs. Conversely, when technical execution of a political activity counters the intended purpose, such as with bureaucratic stonewalling, the system also suffers a strain. The trick to successful lobbying is to entice the system to change by placing the least destructive stress on it. This results in matching the criteria of the decision to the level of interaction.

The important consideration for a company that is interested in retaining a third party interest to intermediate between itself and government is the recognition that the decision criteria and the ideal contacts are often not the most senior officials. Instead the ideal targets and tactics are a function of the logic of the situation and the decision criteria to be used. The tactics and tools used must match the situation.

If we view each of the three broad categories of third party representatives, each has their own role or activity. Unfortunately this division has not been clearly made and companies usually start with the more notable firms, precisely because they are not aware of the variety of different alternatives available, especially the benefits of the TPNILs in dealing either with technical level or political level activities. Even though the stripe of many of the TPNILs was of a political background, they advocated the importance of starting with the operational levels and working up if necessary. While they have political stripes, they still espouse the advantage of quiet diplomacy over clout.

Advantages of TPNIL vs. TPIL

The major advantage of a TPNIL over a TPIL is the ability to match the stripe of the individual lobbyist to the type of problem being undertaken. In an institutional firm it is difficult to determine exactly who will really be doing the work, and to determine if the big names recruited to draw clients are really a benefit, or are a hinderance to technical level interaction because of the additional pressure applied by the clout of the names. The TPNIL is usually the one doing the work and if they are specialized in a specific area, would probably be able to offer specialized advice and strategy that are a function of experience, not resources.

Cost is also another advantage of TPNILs. Because they don't have the major resources and information gathering and analyzing infrastructure required to do work that the senior political levels require, they have a smaller overhead. While no specific numbers are available, the general consensus is that a TPNIL is substantially less than a TPIL, and both less expensive than a full-time Ottawa office. This cost difference is also partly a reflection of the activities undertaken, as the two conduct remarkably different activities.

The service provide by a TPNIL is different from that provided by an institutional organization. While both businesses can be considered a personal service business, the TPNIL is more so than their institutional counterpart. Improved personal service, by itself is a nice addition, but it is the important extras provided that are important for a business built on personal contacts

and trust.

The Issues for TPNILs

The major issue for TPNILs revolves around their ability to function between business and government. Their competitive advantage can easily be distorted to appear as political advantage, or in extreme cases, criminal advantage. Their ability to get things done, for a fee, challenges some of the basic tenets of a society based on liberal democratic principles. The question becomes, how much competitive advantage should be allowed before the system will suffer?

At the centre of the issue is consideration about what exactly is the public interest. How much direct access and bypassing, in a political sense, should be permitted for economic expediency? The different types of third party lobbyists, pointed out above, tend to have different primary activities and different degrees of visibility. In the past, the determination of what is right and what is wrong has usually been dictated by guidelines and ethics. Yet the changing environment, the challenges of economic planning and the politicization of virtually every factor has lead to a new process for value intermediation in a complex society. The older ethical standards do not work to the same degree they used to. It appears as if a newer pragmatic standard of what works is interceding into the determination of political practice.

In a practical sense this impacts on some of the principles which have been universally espoused, but may suffer in the new practices. The increasing

importance of personal contacts is jeopardizing the principle of merit and its ability to provide equal opportunity to compete in a competitive market. The reliance on contacts to foster decisions and input posits that the best answer is not always considered in the decision process. Instead the possible answers that are heard are the ones considered. By gaining access to the public policy system through contacts, the merit principle is compromised.

Conclusions

Findings

The findings of the research have been oriented towards two basic objectives; describing the TPNILs, and how they function in the business government relations process.

Existence of TPNILs

From the research it is possible to state that TPNILs do exist, in that they feel they are different from their institutional counterparts. They argue that they are extremely different, operating in "different seas" of activity. The groups, while more diverse than expected, did have a number of common aspects. The existence of groups specializing in procurement and non-procurement activities appeared to be very well defined and clearly understood.

The major surprise was the large number of individuals with a background in the political process. These individuals tended to be younger and, reading between the lines, former Liberal assistants who were suddenly unemployed with only an understanding of government to survive.

The most interesting aspect was the number of individuals claiming to be generalists, yet working in activities that were built on networks that were oriented towards one or a few specific departments. This generalist aspect could be interpreted to underscore the importance of understanding the bigger picture and the need to appreciate the forces changing and challenging

the system.

Role of TPNILs

The role of TPNILs appears to be oriented towards a different set of activities and targets when compared to their institutional counterparts. The TPNIL works using different resources and methods to achieve a goal, a substantial part of which is educating the client.

Most TPNILs felt that business did not understand government and that to a lesser extent government did not understand business. They also felt that they had the opportunity to help create wealth by overcoming the difficulties in communication between the two groups.

The TPNIL appears to act as a bridge between the government and the client by providing not just a conduit through which information passes, but a full range of interpretation, advice and strategic planning. Most institutional organizations with specializations are not easily able to provide strategic advice, as it would be a conflict between clients to give one an advantage. In contrast the TPNIL does not have the resources to conduct research activities or public advocacy programs.

The major difference between the TPNIL and the institutional counterparts are the activities undertaken and the methods used to achieve them. The TPNIL helps the client establish their own credibility by providing strategic advice and counselling. The emphasis usually appears to be on decisions oriented towards economic and technical criteria, unlike the larger

institutions which use public opinion to gather support for decision based on political value criteria.

With TPNILs the level of interaction with the government appears to be mostly at the bureaucratic level. This was partly as a function of the background of the individuals, but not totally, as many TPNILs had politically based backgrounds. The bureaucrats were seen as the most easily approached group with the biggest impact on the process, especially from a longer term perspective.

The TPNIL could be seen to provide an alternative to the larger institutional third party representatives. Companies may be using the wrong tool to present their interests to the government. Joining a major firm because it has the specialist to represent a particular industry may fail because it would be acting in a similar fashion to an industry or trade association. It is important for the company to match their problem to the third party tool they use.

New Questions

Due to the exploratory nature of the study, a whole set of new questions have been raised by the research findings. Perhaps the most intriguing questions relate to the split found in the TPNIL designation between bureaucratic backgrounds and political backgrounds and the relationship between TPNILs and TFIILs.

Very little was gathered about how a company decision process for

hiring a TPNIL works, let alone a third party lobbyist. What does the average client know about what they need? It was felt that most companies did not understand their problems, let alone potential solutions. If so, how could they choose the best third party?

The final major set of questions deal with the natural division of lobbying. Is the division of lobbying proposed by TPNILs and discussed here valid? Are there different criteria used by different groups? Does one group work better with problems based on these criteria?

Appendices

Appendix A

Interview Arrangement Form

Interview Arrangement Form

Draw # : _____ CCA List Num : _____ Interview # : _____

Interview with : _____

Title : _____

Company/Organ : _____

Mailing Address: _____

Phone Number(s): _____

Fax Number : _____

Client Comps : _____

Contact Date : _____ Int. Date : _____
-----Contact Time : _____ Int. Time : _____

	Yes	No
Contacted :	☐	☐
TPNIL :	☐	☐
Agreed to Int. :	☐	☐
Confirm let. :	☐	☐

Int. Address : _____

_____Comments : _____

Appendix B

Sample Confirmation Letter

(Carleton Letterhead)

May 7, 1991

Mr. John Doe
123 Sparks St., Suite 1
Ottawa, Ontario.

Fax: 555-1212

Dear Mr. Doe:

As part of my Master's thesis research on government relations consultants, personal interviews are being conducted. I am writing to confirm arrangements and provide additional details concerning our scheduled interview. A 50 minute meeting has been scheduled for 10:30 am, May 9, 1991 at Suite 1, 123 Sparks St..

The purpose of the interview is to conduct exploratory research on the business-government relations industry in Canada. The objective is not to look at any one specific organization, but to gather a general profile of typical business-government relations practitioners.

I can assure you that all information and data gathered during the interview is strictly confidential and any information released will only be in aggregate form or in such a manner that it would not be possible to determine or infer it to any specific individual or organization. To this end, the interview material is only identified by number and the master sheet will be destroyed upon completion of the analysis.

The questions to be asked fall into four broad categories: the profile of a government relations consultant, their history and demographics; the structure of the consultant's work environment; how the consultant feels the business government relationship works; and sources and uses of information, such as special and mass media. There are no details required about clients, instead several questions refer to a typical *hypothetical* client.

If you have any questions or concerns, do not hesitate to contact me at 789-2664.

Yours sincerely,

Duncan Bailey

Appendix C

Questionnaire

Questionnaire

Interview # : _____ Interview Date : _____

Start Time : _____

End Time : _____

Duration : _____

S. Thank-you for agreeing to this interview. The purpose of this research is to look at how business and government interact using third party organizations or individuals. The questions are exploratory and, as a result may seem very open-ended, due to the fact that very little research has been done in this area, especially from a business school perspective. Do not hesitate to leave the immediate question to discuss any observations or insights that you may have. And, if you feel uncomfortable answering any question, please indicate so, and it will be passed over.

Background and Demographics

S. The objective of the first section is to determine the history and demographics of the typical business-government relations practitioner. I would like to remind you that all information gathered on this questionnaire is confidential and will only be released in aggregate form, or in the case of a specific phrases only if the identity cannot be determined or inferred.

O. 1 Sex

- [1] Male
- [2] Female

Q. 2 What is your age? [1]--> _____

Q.3 What is your highest education level completed?

- [1] Elementary
- [2] High School
- [3] Bachelor
- [4] Master
- [5] Doctoral
- [6] Other _____

Q.4 What (field) did you last study?

[1]--> _____
probe where, when

Q.5 How many years have you worked in the public sector?

[1] --> _____ (0 to 50)

Q.6 What level were you?

[1] DM or higher

[2] ADM

[3] Dir, DG

[4] Mid

[5] Other _____

[6] Didn't work public sector

Probe department, activities.

Q.7 How many years have you worked in the private sector before this employment?

[1] --> _____ (0 to 50)

Q.8 What level were you?

[1] President

[2] V.P.

[3] Manager

[4] Other _____

[5] Didn't work private sector

probe company, activities

Q.9 Did you last work in the public or private sector?

[1] Public Sector

[2] Private sector

Q.10 Have you ever been affiliated with a political party?

[1] No political affiliation

[2] Political affiliation

 |--> [3] party supporter

[4] party member

[5] party candidate

[6] elected office holder

probe

Q.11 What is your family history?

Father, Mother:

Structure of Work Environment

S. The objective of this next set of questions is to determine the structure of your work environment.

Q.12 How would you describe your role in this organization?

- [1] only individual (self evident)
- [2] president
- [3] partner
- [4] consultant
- [5] founder
- [6] other _____
- [7] self employed --> [] proprietor
- [8] employee \--> [] incorporated

probe

Q.13 Do you have a supervisor?

- [1] no
- [2] yes

Q.14 What is the description on your letter head?

- [1] Lobbyist
- [2] Public Policy Analyst / Consultant
- [3] Government Relations Consultant
- [4] Management Consultant
- [5] Consultant
- [6] Lawyer
- [7] Accountant
- [8] other _____

Q.15 How many hours a week do you work?

- [1] --> _____

Q.16 How many individuals are in your work unit / office?

[1] --> _____

Q.17 How many of these are consultants?

[1] --> _____

Q.18 What is the interaction between principles?

Do they have more than one consultant working on a contract

How does the office organizational chart work

Q.19 How many support staff do you have in your unit?

[1] secretaries #-->
 [2] receptionists #-->
 [3] researchers #-->
 [4] surveyors/interviewers #-->
 [5] other _____ #-->

Probe for comments about how are they used

Q.20 Are any services contracted out?

[1] Yes [2] No [3] Indet/NA [4] Expanded
 [5] production
 [6] research
 [7] data analysis
 [8] surveys / public opinion
 [9] other

Q.21 What tasks do you divide your work time up amongst?

[1] administration : _____
 [2] gathering information : _____
 [3] disseminating information : _____
 [4] processing information : _____
 [5] report writing (creating op) : _____
 [6] correspondence (creating op) : _____
 [7] exchanging information : _____
 [8] other : _____

Q.22 How are you compensated?

- [1] retainer
- [2] per diem
- [3] outcome percentage
- [4] salary
- [5] other

Perspective of the Business Government Interface

S. The next set of questions is oriented towards determining how you perceive the business-government interface as working. In dealing with questions involving the term client, please consider it a hypothetical or average client.

Q.23 What do you provide to a client or prospective client?

Q.24 What do you provide to the various non-client contacts you work with?

Q.25 Do you have a field, specialization or strength that you use in the business-government interface?

- [1] legislation
- [2] policy
- [3] implementation
- [4] grants and funding
- [5] standards
- [6] In a specific department -->
- [7] Related to a specific issue / process.
- [8] other

Q.26 Would you accept a contract to conduct work from a government department or agency?

- [1] Yes
- [2] No
- [3] Ind/Na
- [4] Expanded

Q.27 Do you / would you prepare briefs and presentations for clients?

- [1] Yes
- [2] No
- [3] Ind/Na
- [4] Expanded

Q.28 Do you / would you arrange meetings for clients?

[1] Yes [2] No [3] Ind/Na [4] Expanded

Q.29 Would you conduct a representation on behalf of an absent client?

[1] Yes [2] No [3] Ind/Na [4] Expanded

Q.30 How frequently are you in contact with government officials?

[1] --> _____

Q.31 What groups do you work with on behalf of clients?

[1] bureaucracy
 section and level _____

—
[2] cabinet ministers
[3] private members
[4] politically exempt staff
[5] judiciary
[6] media
[7] other _____

Q.32 What factors influence the pace and level of contact with government contacts?

Q.33 What do you exchange with government contacts?

Q.34 How do you conduct this exchange?

Q.35 How do you establish new contacts?

Q.36 How long does it take to establish a working relationship?

[1] --> _____

Q.37 How many clients would you normally have?

[1] --> _____

Q.38 What would they have in common?

Q.39 Would they be from similar fields / industries?

[1] Yes

[2] No

[3] Ind/Na

[4] Expanded

Q.40 Do you have any conflict of interest restrictions?

[1] Yes

[2] No

[3] Ind/Na

[4] Expanded

Q.41 How long would you work for a typical client?

[1] --> _____

Q.42 What would the typical geographic location of the client be?

- [1] local
- [2] Que / Ont
- [3] Canada / national
- [4] American
- [5] International
- [6] Other

Q.43 How do you obtain / retain clients?

Q.44 How long does it take to establish a working relationship with clients?

[1] --> _____

Q.45 Do clients develop an aptitude at government relations and become self sufficient?

- [1] Yes [2] No [3] Ind/Na [4] Expanded

Q.46 What are the client's initial expectations?

- [1] unreasonable
- [2] don't understand system
- [3] don't recognize root problems

Q.47 What role do trade and industry associations play?

Q.48 Have you ever had a trade or industry association as a client?

[1] Yes

[2] No

[3] Ind/Na

[4] Expanded

Q.49 How do your clients evaluate your services?

Q.50 How do you evaluate your own activities?

Are outcomes measured?

Q.51 What do you provide the client could not create in-house?

[1] understanding the system

[2] analytical ability

[3] cost competitiveness

[4] other

Q.52 Are there different types of relationships between business and government?
Want to probe for difference exchanges and interactions.

Q.53 How do you help business establish credibility?

Q.54 How do you define the public good or public interest?

Q.55 Do you feel government understand business?
[1] Yes [2] No [3] Ind/Na [4] Expanded

Q.56 Do you feel business understands government?
[1] Yes [2] No [3] Ind/Na [4] Expanded

Q.57 Do you provide a interchange between the two?
[1] Yes [2] No [3] Ind/Na [4] Expanded

Q.58 AC. When acting for a client is there usually another nongovernmental interest
being represented. Is there competition?
[1] Yes [2] No [3] Ind/Na [4] Expanded

- Q.59** Comparing your firm to a larger Government Relations Firm, what is different?
what is the same
are they competition
what is complimentary

Sources and Uses of Information

- S.** This last set of questions deals with the sources, uses, and methods of handling information.

- Q.60** What methods of communication do you use to deal with contacts?

- [1] face to face
- [2] telephone
- [3] group meetings
- [4] correspondence
- [5] publications
- [6] briefs

- Q.61** Have you ever used mass media on behalf of a client?

- [1] paid media
- [2] free media (publicity)
- [3] other

- Q.62** What newspapers do you read?

- [1] Globe and Mail
- [2] Ottawa Citizen
- [3] Toronto Star
- [4] Montreal Gazette
- [5] La Presse
- [6] Le Devoir
- [7] New York Times
- [8] USA Today
- [9] other

Q.63 What periodicals do you read?

Q.64 Do you read any special technical or industry publications?

[1] Yes [2] No [3] Ind/Na [4] Expanded

Q.65 What broadcast news and information sources do you use?

Q.66 Are you a member of a social club?

[1] Yes [2] No [3] Ind/Na [4] Expanded

Q.67 Do you use the Ministerial Staff Guide?

[1] Yes [2] No [3] Ind/Na [4] Expanded

Q.68 Do you use the Senior Executive guide?

[1] Yes [2] No [3] Ind/Na [4] Expanded

Q.69 Do you use the Government Telephone Directory?

[1] Yes [2] No [3] Ind/Na [4] Expanded

Q.70 Do you use infoglobc?

[1] Yes [2] No [3] Ind/Na [4] Expanded

Q.71 What other information sources do you use?

Q.72 What do you do with the information you receive?

Q.73 Do you produce any publications?

[1] Yes

[2] No

[3] Ind/Na

[4] Expanded

Q.74 What information do you provide to clients?

Q.75 What information do you provide to government?

Q.76 Who else would you send or receive information from?

S. Thank you for taking the time to grant this interview.

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