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Is “Home Field Advantage” a Thing of the Past?
Foreign-owned Multinational Corporation’s Lobbying Access in
Washington

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Abstract

Access to policymakers is a key component for any organization to have influence in Washington; and yet, it is a subject where there still remains many unknowns about who actually receives access and why. While there have been studies that show money and resources have a role in gaining access, what other factors come into play when these aspects are equal? In the past, policymakers on both sides of the aisle have used rhetoric and legislative action suggesting that they wish to curb the influence of foreign interests. This study puts their political rhetoric to the test and investigates whether foreign-owned and domestic multinational corporations from the same industry experience comparable levels of access to policymakers when lobbying the same piece of legislation. The literature on foreign-owned firm lobbying in Washington is limited and has failed to analyze access from the foreign-owned versus domestic dynamic. This research utilizes a hybrid cross-sectional design that controls potential confounding variables with a strategic selection of cases. Ultimately, domestic and foreign-owned pharmaceutical manufacturers, which lobbied track and trace legislation in 2013, and spent significant financial resources on lobbying, were chosen for the research. A self-completion questionnaire was sent to in-house lobbyists of the selected companies to analyze their perceived levels of access while lobbying the bill, and why they felt they were granted access. Three theories, institutional, informational lobbying, and legislative subsidy, were selected as a theoretical framework to formulate hypotheses. The conclusion is that foreign-owned and domestic MNCs experience similar levels of lobbying access when lobbying the same piece of legislation. Additionally, providing quality legislative information and resources was the highest scored rationale between both types of lobbyists for receiving access, making informational lobbying theory the best among the chosen theories for explaining the results. Future research should investigate further the foreign-owned versus domestic dynamic in other legislative arenas, as well as conduct research with more observations in order to produce more generalizable results.

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List of Abbreviations

MNC: Multinational Corporation
U.S.: United States
PAC: Political Action Committee
EFLA: Ethics in Foreign Lobbying Act
FARA: Foreign Agents Registration Act
WHO: World Health Organization
DQSA: Drug Quality and Security Act
LDA: Lobbying Disclosure Act
DISCLOSE: Democracy is Strengthened by Casting Light on Spending in Elections Act
OII: Organization for International Investment
FDI: Foreign Direct Investment
R&D: Research and Development
FEC: Federal Elections Committee
FFDCA: Federal Food, Drug and Cosmetic Act
FDAAA: Food and Drug Administration Act of 2007
FDASIA: Food and Drug Administration Safety and Innovation Act
FMD: Falsified Medicines Directive (FMD),
EFPIA: European Federation of Pharmaceutical Industries and Associations
EU: European Union (EU)
CPA: Corporate Political Action (CPA)
COV: Co-variational Method,
CPT: Causal Process Tracing
CON: Congruence Analysis
HELP Committee: The Senate Committee on Health Education, Labor and Pensions
FDA: Food and Drug Administration
PhRMA: Pharmaceutical Research and Manufacturers of America
FEC: Federal Elections Committee
CRS: Congressional Research Service

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I. Thesis Introduction

1.1 Introduction

The evolution of globalization in the last 50 years has led to a new area of global governance, partially dominated by the growth of multinational corporations (MNCs). From Google, to Royal Dutch Shell, to Sony, MNCs have grown both in quantity and in global reach. In Washington D.C., the capital of one of the largest markets in the world, MNCs spend significant amounts of money to lobby the United States (U.S.) Federal Government. The aim of lobbying or advocacy is the ability to influence public policy (Mahoney, 2007, p. 35). Lobbying costs, especially by powerful corporations, have skyrocketed as firms seek profitable returns triggered by influencing policy decisions at the highest levels. While lobbying has been a fixture in Washington D.C. since the 19th century, the lobbying atmosphere dominated by corporate interests that is widely known today did not surface until the 1970s. Since the creation of the Business Roundtable in 1972, an organization started by various business leaders to foster political influence, corporations have had a hand in nearly all government activity in Washington (Drutman, 2015, p. 71).

Since this time, however, policymakers have not viewed corporate influence uniformly. Foreign-owned firms influence, especially, has been viewed with skepticism and cynicism with regards to their interference in host country political affairs. Some politicians have been vocal about curbing the influence of foreign entities, and have even introduced various pieces of legislation targeting foreign MNCs and their subsidiaries. While no such legislation has successfully passed, bills like the Ethics in Foreign Lobbying Act (EFLA), which has been presented in every session of Congress since 1989, have aimed to restrict foreign-owned corporations' political action committees (PACs) from making political contributions and expenditures. Additionally, the 2008 Closing the Foreign Lobbying Loophole Act was introduced to impose increased lobbying disclosure burdens for U.S. subsidiaries under the Foreign Agents Registration Act (FARA) (Albaugh, 2014, p. 12-13). These pieces of legislation illustrate the political value that policymakers see in opposing what they view as foreign political influence. But is it just political rhetoric? Do policymakers weaken foreign-owned firms lobbying access by denying them opportunities to meet and advocate for their interests? Are foreign-owned firms truly at a disadvantage when they lobby on host turf, and thus limited in access by host institutions compared to their domestic competitors? This research aims to answer these pertinent questions.

1.2 Research Aim and Question

Domestic and foreign-owned MNCs both share a business incentive to lobby policymakers to produce favorable legislation to enhance their business operations. However, as the above section illustrates, they might be playing on an unequal playing field due to policymakers' biases towards domestic MNCs. In order to make a fair comparison of access to policymakers by foreign-owned and domestic MNCs, it is important that companies are chosen that will control confounding variables, and thus

focuses the comparison on whether a MNC is lobbying its home or host government. The pharmaceutical industry encompasses some of the most profitable MNCs worldwide. Its lobbying operation, often times referred to as “Big Pharma”, is powerful and influential in Washington, with major pharmaceutical companies spending significant amounts of money on campaign contributions, in-house lobbying operations, and lobbying firms. Additionally, it is an industry where the dispersion of U.S. and foreign-owned companies is relatively equal in terms of profits, global reach, and political spending. It is for these reasons that it was purposely selected to exemplify MNC lobbying for this study. More specifically, the research concentrates on lobbying access by pharmaceutical companies on legislation combatting counterfeit pharmaceuticals with a nationalized, track and trace supply chain. The issue of counterfeit and falsified pharmaceuticals is seen as an epidemic in the industry, especially considering that the World Health Organization (WHO) estimated that the majority of medication and pharmaceuticals purchased online were falsified. It is also an issue that directly affects the major operations of pharmaceutical companies, thus incentivizing them to have direct influence on the policymaking process.

The case where foreign-owned and domestic pharmaceutical lobbying will be compared is the Drug Quality and Security Act (DQSA). The DQSA, passed and signed into law in 2013, was the product of a multi-year effort to produce legislation that would discourage the introduction and distribution of counterfeit drugs into the pharmaceutical supply chain. In its final language, it consists of two separate parts: one concerning the regulation of drug compounding pharmacies and the other dealing with supply chain security. Supply chain security and the creation of a national, interoperable, track-and-trace system were the main concerns of pharmaceutical manufacturers, and thus where they targeted their lobbying efforts. Therefore, it is this issue area, which this research will focus in on. This case will be discussed in more detail in Section VII.

The DQSA is an effective choice of legislation to base this research on. Due to the recent polarity in Congress, and the resulting ineptitude to get legislation passed, the DQSA remains one of the last major pharmaceutical bills actually signed into law. This makes the results of this research more likely to indicate the present day lobbying environment. It was also one where both types of pharmaceutical manufacturers spent resources lobbying the bill individually through their in-house lobbyists, instead of going through just the industry association.

By specifically analyzing the access of these multinational pharmaceutical companies when directly lobbying the same legislation, this research aims to find out if favorable tendencies to support domestic industries are a factor in lobbying the U.S. Federal Government, or if the expansion of MNCs throughout the world has eroded this idea completely. This leads to the central research question:

Does access to policymakers differ for foreign-owned and domestic multinational corporations when lobbying the same legislation in the U.S. Congress?

The research will be conducted through a cross-sectional large-n design that utilizes the selection of observations through co-variance method. It will survey the pharmaceutical in-house lobbyists who lobbied this piece of legislation to gauge how often they were in contact with policymakers, why they felt they were given access to policymakers, and whether they felt they were granted the same amount of access as other companies.

1.3 Societal Relevance

Scholars define research as socially relevant if it furthers the understanding of social and political phenomena, which affect people and make a difference with regard to an explicitly specified evaluative standard (Lehnert et al., 2007, p. 27). Lobbying, for better or for worse, is a mega industry, topping \$3.24 billion in the U.S. in 2014 (Center for Responsive Politics, 2016). A large portion of these totals comes from MNCs looking to seize upon chances to influence policy in their favor. As free trade policies continue to expand, transportation of goods becomes more efficient, societies become more interconnected, and supply chain logistics become more efficient, the barriers for corporations to operate globally continue to fall. If MNCs wish to expand into new markets and seize upon potential business opportunities, they must lobby policymakers effectively. Research has already been conducted analyzing different lobbying styles required for different arenas; and to their credit, most foreign-owned MNCs have successfully adapted their lobbying tactics to fit the norms of the environment they are lobbying (McGrath, 2005; Woll, 2012). However, this research aims to discover whether foreign-owned MNCs are inherently at a disadvantage lobbying in Washington, even with their adjustments to American political norms. The societal relevance of this information from the foreign-owned MNC perspective could be helpful in terms of allocating future resources to their Washington lobbying operations.

Society is greatly affected, both positively and negatively, by the lobbying practices of MNCs. A January 2016 Gallup poll found that 63 percent of U.S. adults are dissatisfied with the size and influence of major corporations, 15 percent higher than in 2001 (Riffkin, 2016). American citizens have the perception that policymakers are more concerned with corporate interests than the well being of their constituents. In addition, MNCs can threaten policymakers that if they don't receive preferential policies, they might pick up and leave town, leading to loss of jobs and tax revenue.

As stated earlier, politics surrounds the core of this research. In 2008, when the Closing the Foreign Lobbying Loophole Act was introduced, then Senator Barack Obama said, "It is unacceptable that lobbyists can exploit loopholes to hide their lobbying contacts on behalf of foreign businesses and governments" (Office of Senator Claire McCaskill, 2008). The loophole Senator Obama was referring to was that lobbyists who registered under the Lobbying Disclosure Act (LDA) that lobby on behalf of foreign entities are exempt from also registering under the more rigorous FARA. The goal of FARA is to bring transparency to the lobbying of foreign clients by requiring that their lobbyists register with the Department of Justice. Similarly, Democratic Senator Chuck Schumer said, "The public has a right to know when our government is being lobbied by foreign interests and the Department of Justice has a responsibility to uphold and enforce the law

in all circumstances” (Office of Senator Claire McCaskill, 2008). And when the House of Representatives was debating the 2010 Democracy is Strengthened by Casting Light on Spending in Elections (DISCLOSE) Act, Democratic Representative Pascrell stated, “If you are not truly an American company, we want you to keep your hands out of our politics” (Mullins & Bravin, 2010, para. 9).

However, some in Washington, like the Organization for International Investment (OFII) President Nancy McLernon, make the argument that “there is no reason to distinguish a Nestle from a Hershey's, especially because both have U.S. employees” (Mullins & Bravin, 2010, para. 6). She continues in another article:

It is just a scarlet letter ‘F.’ The word ‘foreign’ is seen as pejorative. So being labeled foreign is not good... You can’t put a flag on these global companies. You have to look at what they are doing in the U.S. If they are doing good business activity here in the States, there is no reason they should be treated any differently”(Bogardus, 2008, para. 5, 17).

Still, according to Albaugh, there has been a lack of media coverage explaining the logistics of foreign lobbying; especially, given the fact that from 1998 to 2004, corporations headquartered in foreign countries spent \$520 million to lobby the U.S. government (Albaugh, 2014, p. 284).

1.4 Theoretical Relevance

Theoretical relevant work helps us better comprehend the phenomena that we study theoretically or empirically (Lehnert et al., 2007, p. 23). The issue of foreign-owned firm lobbying in Washington is one that has been investigated, especially by the likes of scholars such as W.F. Avery, Neil Mitchell, and Wendy Hansen. For instance, Avery’s research looked into the reasons why foreign-owned firms would choose to lobby in Washington. Additionally Hansen and Mitchell studied the types of political actions that foreign-owned firms would likely engage in, as well as the lobbying strategies they would utilize to influence policymakers. However, none of these studies attempt to examine whether foreign-owned firms are actually successful at gaining access to policymakers when they choose to lobby in Washington, and whether they are granted as much access as their domestic counterparts. This research aims to provide quantifiable results to the understudied foreign-owned versus domestic lobbying dynamic.

The theoretical framework of this research attempts to add to our understanding of Corporate Political Action (CPA) and some of its theories. For instance, institutional theory, which says that organizations must conform to the political and cultural norms of their environment to successfully lobby, acts as a foundation for what is expected in this research. This theory suggests that foreign-owned firms perhaps are at a disadvantage due to an inability to adapt, as well as facing prejudice from host governments. However, exchange theories like legislative subsidy and informational lobbying, suggest that lobbying is a mutual relationship between governments and firms, where political and technical information is traded for access. Because of this, one should expect equal access to policymakers between foreign-owned and domestic firms. The results of this research aims to potentially strengthen these theories.

Additionally, Hart argues that there are too few studies of individual firms in American politics due to the theoretical apparatus of the interest group field not fitting businesses well. Interest group theories generate questions that lead researchers to stray away from studying the most distinct aspects of firms' political attitudes and behaviors, including each firm's individual incentive, decision-making process, and overall goals to lobby policymakers. As Hart puts it, "if scholars of American politics believe that they understand business because they understand associations, they are sorely mistaken" (Hart, 2004, p. 65). And in Rehbein's research on foreign-owned firms' campaign contributions in the U.S., she calls for additional research on whether a foreign-owned firm's political efforts allow for it to achieve its political goals, as well as to improve its competitive position (Rehbein, 1995, p. 41).

1.5 Research Structure

This thesis will be structured as follows. Chapter II will provide relevant background information on the importance of Foreign Direct Investment (FDI) and lobbying, CPA, and the dynamics of direct lobbying in the United States. Chapter III is dedicated to providing a literature review of relevant academic research concerning what lobbying access is, how it is gained in Washington, and research on foreign-owned MNCs lobbying in the U.S. Chapter IV presents the theoretical framework of this thesis, including exchange theories like lobbying as a legislative subsidy theory and informational lobbying theory, as well as institutional theory. Chapter V presents the research design and the methodology of examination, including the discussion of available methods, as well as a step-by-step illustration of the overall research process. Chapter VI will describe the process of data collection. Chapter VII will introduce the reader to the case, H.R. 3204, the DQSA. Chapter VIII will provide an analysis and discussion of the case. And finally, Chapter IX will summarize the research, evaluate potential limitations, and provide potential opportunities for further research.

II. Background Information: Understanding Multinational Corporations and Their Lobbying Strategy

2.1 Foreign Direct Investment and Lobbying

Lobbying, and specifically corporate lobbying, significantly increased in the last 50 years as public policy and regulation became more complex, and as various markets liberalized to allow for increased opportunities for companies to expand their business models. The evolution of free market policies led to the birth of large multinational corporations who operate in various cities and countries worldwide. There are multiple names that are used to describe multinational corporations, including "transnational corporation" and "global corporation". This paper will use Roach's definition that a multinational corporation is defined as a firm that owns and operates subsidiaries in more than one country. From 1990 to 2005, the number of MNCs operating worldwide more than doubled totaling 75,000 (Roach, 2007, p. 3).

The benefits of FDI made the market for MNCs extremely competitive, causing many states to remove regulatory impediments to become attractive to foreign investors. Technology and increased investment freedom gave MNCs significant bargaining leverage in their relationships with host governments. As a result, the amount of foreign direct investment, foreign sales, foreign affiliates, and foreigners employed by MNCs drastically increased. On the other hand, companies could no longer rely on protected domestic markets for predictable returns as foreign competitors began to compete for domestic customers. While the effect of globalization led to increased influence of MNCs over governments, competition forced MNCs to utilize this influence (Detomasi, 2007, p. 322-323).

The operations of foreign-owned multinational firms in the United States and the benefits of FDI are important to understanding the foreign-owned MNC lobbying environment in Washington. The United States is seen by CFOs of foreign-owned MNCs as a business environment that excels in access to capital, political stability, proximity to customers and skilled workforce (Organization for International Investment, 2016). This is why foreign-owned MNCs have chosen to invest so heavily there. According to a 2012 PWC and OFII report on FDI, it concluded that U.S. subsidiaries, or American companies who are owned by a foreign parent company, directly employed 5.3 million Americans and purchased most of their goods and services from American businesses. Overall, they contributed \$2 trillion to the U.S. economy (Organization for International Investment, 2012). However, even with these benefits, CFOs admitted that anti-foreign rhetoric and judicial bias through discriminatory tax and regulatory policies hindered their U.S. business operations (Organization for International Investment, 2016). Therefore, foreign-owned MNCs must strive for fair access to policymakers in order to effectively explain the benefits that FDI will have for their constituencies and the country as a whole.

2.2 Corporate Political Action

CPA, as defined by Getz, is “any deliberate firm action intended to influence governmental policy or processes” (Getz, 1997, p. 32). The purpose of CPA is for companies and industries to reduce uncertainty, enhance advantages over competitors, mitigate threats, and create opportunities in their environments. Corporate influence includes utilizing professional lobbyists, as well as direct lobbying by corporate executives to inform and persuade policymakers and their staffs by providing specific data, analysis, and opinions on business-related issues. The ever-increasing complexity of policy issues has led to the escalation of retaining professional lobbyists and lobbying by corporate executives becoming increasingly common influence activities (Lord, 2003, p. 78).

The cost of international lobbying and bargaining efforts is not trivial, particularly for smaller companies (Levy & Prakash, 2003, p. 139). Corporations that operate in multiple national markets have their subsidiaries adapt to the local political and economic environment. This is most likely to occur when the legitimacy of foreign-owned businesses participating in politics is questioned, leading to a more cautious and limited

level of political participation. Moreover, the choice to undertake a lobbying operation individually or collectively has become more complex. Trade associations can act as vehicles for collective political strategies, reducing the cost of political action. However, companies are less likely to act in unison when asymmetrical costs of regulation offer chances for unilateral advantage (Levy & Prakash, 2003, p. 136). Direct political involvement of firms has become more important during the last two decades. Market expansion through globalization is creating ever-larger firms, which are increasingly becoming less dependent on collective forms of political action. In addition, the interest horizon of these MNCs increasingly transcends national and regional boundaries. This means that national business associations' abilities to represent the interest of MNCs have declined (Schneider, 2006, p. 137).

2.3 Direct Lobbying

Direct lobbying is a particular lobbying strategy when lobbyists or representatives of organizations contact policymakers to advocate their interests. Often times referred to as insider lobbying, direct lobbying is defined by Gais and Walker as "close consultation with political and administrative leaders, relying mainly on financial resources, substantive expertise, and concentration within certain congressional constituencies as a basis for influence" (Gais & Walker, 1991, p. 103). While relationships, financial resources, and information are the most thought of ways to directly lobby, policymakers are accountable to their electorate, and therefore must accommodate organizations that are in their districts and have a direct affect on their constituency.

There are various ways to directly lobby: meet with policymakers, call or email policymakers, meet informally, testify at hearings, and draft legislation. The first strategy, meeting with policymakers, is a one-on-one, person-to-person visit with a policymaker in their office or another professional capacity. This enables organizations to clarify their legislative positions and present their arguments without the scrutiny of the media or other competitors who are lobbying the issue. It also allows for personal relationships to develop with the policymaker. An establishment of trust can be fruitful, as policymakers, who require information to perform their jobs effectively, will rely on people they know and who are proven credible. This dynamic also applies to members of legislative staffs, who will often take these meetings with organizations due to the incredible time restrictions placed on their bosses (Biggs & Helms, 2007, p. 106).

In person meetings might be the more preferred method of direct lobbying, but they also can be the most difficult to obtain. As stated earlier, policymakers, as well as their staffs, are incredibly busy. Thousands of organizations desire in-person meetings with policymakers and staff about a range of issues; therefore, it is simply not possible, nor efficient, to accommodate everyone. That is why lobbyists will utilize phone and email contacts to continue to maintain their relationships and provide additional legislative resources. Lobbyists might also choose to meet with policymakers and staff in an informal context. Whether this is in the halls of one of the congressional office buildings, or at a restaurant where policymakers are known to attend, lobbyists can plan to drop for

a quick conversation as a way to “show face” and build relationships (Biggs & Helms, 2006, p. 106).

There have been a number of studies that analyze these two direct lobbying techniques, and lobbyists have indicated that direct personal contact is the single most effective tactic (Berry, 1977, p. 214). For instance, Scholzman and Tierney, as well as Nownes and Freeman, found that 98% of lobbyists utilize direct personal contact with legislators and other officials (Scholzman & Tierney, 1986, p. 150; Nownes & Freeman, 1998, p. 92). Kollman’s research found that the percentage was even higher (100%) and that 96% met legislators and staff regularly (Kollman, 1998, p. 35). Gail and Walker’s research discovered that 78% of lobbyists had direct contact with legislators and 80% had such contact with civil servants (Gail & Walker, 1991, p. 109). These statistics illustrate the premium lobbyists put on having direct access with policymakers and staff (McGrath, 2005, p. 67).

The Congressional hearing setting offers a unique and formal arena for an organization to present its experience and position to policymakers. Usually, a committee attempts to get a diverse panel of witnesses so that all sides of an issue can be presented. Because of this, the opportunity to testify can be very valuable to frame the debate in an organization’s favor. However, if an organization is not invited as a witness, they can still have an influence on the hearing process by passing along questions for policymakers to ask the witnesses. There are also times where an organization may decline an invitation to testify because it either does not want its position public and on the record, or it does not want its competitors to know its position (Biggs & Helms, 2006, p. 107). According to multiple studies, most lobbyists and organizations partake in Congressional hearings at one point or another (Berry, 1977, p. 214; Kollman, 1998, p. 35; Heinz et al, 1997, p. 65). Berry’s research, for instance, found that 42% of lobbyists who partook in Congressional hearings did not believe that testimony influenced policymakers (Berry, 1977, p. 214).

Direct lobbying can also entail the drafting of legislation by lobbyists for policymakers. There are thousands of bills and issues that are presented during a two-year Congressional session. Most organizations have on-hand knowledge about the existing legislation that regulates an industry, and the effects that such legislation can have. Policymakers and staff must rely on this knowledge and expertise, due to their lack of resources and vast legislative workload. Organizations also have a better knowledge of the stances of key stakeholders on a piece of legislation, and what legislative strategy is required to guide a bill to passage. Finally, lobbyists can provide services to policymakers by writing the speeches they give on a particular issue, or connecting them with constituents who are affected by an issue (Biggs & Helms, 2006 p.107).

III. Literature Review

This literature review will be divided into two varying research areas, outlining relevant literature on lobbying access and foreign MNCs lobbying in Washington. Chapter 3.1 describes what lobbying access is, with Chapter 3.2 explaining how access is gained in

Washington. Chapter 3.3 describes the factors that explain whether foreign-owned firms lobby, and the adaptive political strategies they choose when lobbying in the U.S. Overall, the literature review is dedicated to define key terms, definitions and terminology on lobbying access, critique and summarize relevant literature on foreign-owned MNCs lobbying in Washington, and identify the literature gap within the current academic body of knowledge. It is important to note that there have been no studies conducted comparing access to policymakers between domestic and foreign-owned firms in Washington.

3.1 What is Lobbying Access?

In order to successfully influence policy at any level, lobbyists first require access to policymakers to present their case. As Sabato explained, "Political analysts have long agreed that access is the principal goal of most interest groups, and lobbyists have always recognized that access is the key to persuasion" (Sabato, 1984, p.127). Beyers defines access as "the exchange of policy-relevant information with public officials through formal or informal networks" (Beyers, 2004, p. 213). Policymakers grant access because they are "uncertain about the technical details of policy, constituent reactions to their issue positions, and the strategic situation in the legislature" (Heberlig, 2005, p. 511). Gaining access to policymakers, who are in no way required to provide access, can be achieved through the sharing of similar policy or political objectives, providing necessary data and information, or contributing financially to policymakers' campaigns. Access is often conceptualized as a mutually beneficial exchange between policymakers and interest groups, where interest groups exchange technical expertise and political information in return for access to the policy process. Policymakers have limited capabilities and time to understand all the complex intricacies of potential legislation, and therefore utilize interest groups to fill this gap. However, policymakers are also limited by who they can meet with, thus making the transaction costs for policymakers to meet with interest groups high (Beyers & Braun, 2014, p. 95).

3.2 Access to Policymakers in Washington

The current academic debate on access in Washington centers on how organizations gain access to policymakers. However, there has been a lack of research on exactly who obtains access to policymakers, aside from the fact that campaign donors are more likely than non-donors. According to Mahoney's 2007 study on lobbying success, 89% of corporations obtain at least some of their policy preferences that they originally sought after when they began lobbying an issue (Mahoney, 2007). And as the literature has established, lobbying success is in part dependent on access. However, while it is possible to deduce that most corporations have access to policymakers due to this lobbying success, there have been no studies on which types of corporations gain access. As this literature review will establish, firms must have resources in order to gain access, especially given the established importance of campaign contributions, connections, relationships, and information. But the research fails to investigate, given policymakers' limited time and resources, which type of corporations gain access.

Effective advocacy requires access to policymakers. There is a discernable difference between the concepts of entry and access in Washington. Entry allows you into the building and brings you outside the office of policymakers. Access, on the other hand, takes you further; from the sit down discussion with a policymaker about a certain bill, to having them support your legislative position. In simpler terms, access is the currency of lobbyists in Washington. There are a few ways to gain access: being a constituent, representing a vast number of constituents, being a personal friend, providing information, and, most frequently utilized, being a contributor to a policymaker's reelection campaign (Wittenberg & Wittenberg, 1989).

In Washington, many associate access with campaign contributions in a "pay to play" environment, meaning that organizations have to contribute to policymakers' election campaigns to get an opportunity to advocate their interests to them. While there has been a plethora of research debating whether interest groups can actually buy policy results, the research on access is more straightforward (Mayer & Mujumdar, 2014). In Washington, money certainly matters for access and it is generally accepted that the wealthier interest groups enjoy greater access to policymakers and political leaders than other groups in society (Baumgartner et al, 2009, p. 194, Austen-Smith, 1993, p. 799). Legislators depend on contributions to fund their increasingly expensive campaigns to win reelection. This is especially the case for House members, who are up for reelection every two years, and are constantly fundraising and in need of contributions. However, Lohmann found that policymakers do not respond in a uniform way to contributions, and instead take into account the incentives of competing interests groups to inform their decision. For this reason, access for extremist groups costs more than for moderate groups (Lohmann, 1995, p. 282).

Rehbein's 1995 study aimed to explore the determinants of foreign-owned firms political contributions in the U.S. By analyzing all partially and wholly owned foreign-owned firms PAC activity in the 1987-1988 election period, she discovered which factors explain best whether foreign-firms will be politically active. A foreign-owned firm will be more likely to fund a PAC if it is facing a legislative battle; if it has a large contributor base to the PAC; if it has abundant financial resources, if it has a smaller percentage of foreign ownership; and if the parent corporation's country of origin is similar culturally to the United States. Additionally, factors like firm size and the existence of government policies that affect business have a similar effect on domestic and foreign-owned corporations becoming politically active. However, industry concentration, which is a determining factor among domestic firms, does not apply to foreign-owned firms becoming politically active (Rehbein, 1995, p. 52-54).

Baumgartner asserts that while money is important for access, the relationship an organization has with policymakers is potentially more important. Often times, a policymaker and an organization will share the same policy goal and see issues from the same ideological lens. These alliances between policymakers and organizations are some of the most valuable resources in Washington. Policymakers can set agendas and meet with and lobby colleagues, while organizations can utilize their advantage in resources, staff time, research and the ability to focus in on a few issues at a time. Interest groups

often work in such close collaboration with friendly government officials that their relationship resembles that of members of a team. The links that bind the team members may be geographical, for instance if an interest group has operations in a policymaker's state or district. They could also be professional, for example, if a legislator's previous occupation was in the same industry as a particular interest group. Or lastly, they can be ideological or partisan, crossing professional and geographic lines (Baumgartner et al, 2009).

Relationships and credibility can lead some lobbyists to have extensive involvement and access to members of Congress and their staff in personal, committee, and leadership offices. Some lobbyists will be involved from the very start of the policymaking process, encouraging or discouraging the introduction of certain bills, and heavily influencing what's in them. Others may draft the legislative language for a bill and work with congressional staff to sign up cosponsors. And yet others may help organize congressional hearings, deciding on the timing of the hearings, identifying witnesses, write testimony, and provide questions for legislators to ask witnesses (Kersh, 2002).

3.3 Foreign-Owned Firms Lobbying the U.S.

Avery's 1990 analysis of foreign corporate representation in Washington dissected how foreign MNCs operate in the American public policy environment and whether they overtly influence U.S. policies. As one of the early studies on this subject, Avery found that globalization in the 1980's led to an exponential increase in non-U.S. companies having representation in Washington. In order to prosper, foreign MNCs need market-related data, information about potential legislation and regulations, as well as evidence of possible resentment towards foreign investment. The foreign MNCs' Washington office, therefore, acts as a buffer between the foreign MNC and the host environment, providing essential information, as well as influencing legislative changes in the MNCs favor. Avery also studied the forces influencing the level of foreign representation in Washington. He discovered that the most important single variable explaining the intensity of foreign corporate representation in Washington is the level of U.S. imports from the home country of the MNC; this variable outranks U.S. exports to the home country and foreign direct investment in the U.S. from the home country (Avery, 1990). Avery's research, especially the aspects of U.S. imports versus foreign direct investment, are essential to understanding the motivations for MNCs lobbying in Washington. However, because the study is over 25 years old, and the data utilized is even older, it is likely that the globalized environment today is drastically different than it was a quarter century ago.

Mitchell's study on political activity by local affiliates of foreign-owned firms aimed to see whether subsidiaries follow home country lobbying practices or adapt to host country practices. By analyzing campaign contributions, PAC allocation strategies, and lobbying activities of 119 U.S. affiliates of foreign-owned firms during the 1987-88 election cycle, Mitchell found that foreign affiliates adapt to the host country's political economy. The political responses of foreign affiliates are based on the type of firm and characteristics of the industry, not by national characteristics. The results of this study indicate that in

Washington, foreign-owned firms adapt political strategies to their host environment (Mitchell, 1995). However, what this study fails to capture, and what this research aims to elaborate on, is whether the actions by foreign-owned firms are successful in gaining them the equivalent access to policymakers as domestic firms.

In a later study, Hansen and Mitchell used a more extensive dataset to produce refined results about foreign corporations' political activity in Washington. Their results suggested that foreign corporations are less likely to contribute to candidates and are less likely to engage in public lobbying by appearing at congressional hearings, but are as likely as domestic firms to have a lobbying presence in Washington. Expounding upon Mitchell's previous study that found that foreign-owned firms adapt to local behavior, this research added another component whereby foreign-owned firms also attempt to avoid the appearance of influencing the politics of another country (Hansen & Mitchell, 2000). By showing that domestic and foreign-owned firms have an equal lobbying presence in Washington, this research helps eliminate lobbying resources as a potential factor that would explain differing variance in access found between foreign-owned and domestic companies. However, this study's focus is more on the type of political activity, and less so on the results of such.

A year later in 2001, Hansen and Mitchell analyzed the cross-border strategic behavior of large firms and whether it reflected national differences. The aim of their research was to find whether market forces create pressure for uniform patterns of behavior for MNC firms; or whether, as Hansen and Mitchell had previously argued, corporate political strategies adapt to the national environment. They concluded that in terms of economic behavior, country of origin has a significant effect. However, when it comes to political behavior, the foreign subsidiaries will adapt to the same incumbent-focused, bipartisan contribution strategies that domestic firms utilize (Hansen & Mitchell, 2001).

Hillman and Wan's research similarly focused on the determinants of political strategies used by foreign subsidiaries of MNCs. They introduce the "institutional duality" that foreign subsidiaries face, with pressures to conform internally to the corporation and externally to the host country. By surveying Western European subsidiaries of American MNCs, they discovered the situations where subsidiaries will utilize information based lobbying. For instance, this study found that subsidiaries are more likely to use information based lobbying when the subsidiary has operated within a country for a longer amount of time. Additionally, the bigger the subsidiary, and thus the more resources it has, the more likely it will use information based lobbying. Hillman and Wan also examined the differences that the type of political system can have on strategy. Because a variety of interests may be heard on any given issue, firms in pluralistic nations may want policymakers to consider their viewpoint. In more corporatist nations, on the other hand, cooperation and consensus are valued more, causing firms to more likely pursue a unified position. Finally, internationally diversified firms, who are subject to multiple standards and jurisdictions across countries, are more likely to utilize information based lobbying to achieve a common standard across all countries. While Hillman and Wan's results are weaker in terms of the subsidiary conforming to a specific organizational strategy, they did find some evidence to support this claim as well

(Hillman & Wan, 2005). Again, this study strengthens the understanding of subsidiary political strategy, however, it fails to focus on the results of such strategies in obtaining access.

Rugman created a new conceptual framework to analyze MNCs and public policy. By examining goal conflict between MNCs and government, he argued that governments increasingly do not unambiguously represent either a home or a host country. This is because countries can be viewed as both source nations and as recipients of FDI. This makes it difficult for governments to design specific incentive programs and regulatory policies targeting foreign MNCs. Many large MNCs now have a dispersed structure of firm-specific advantages that do not simply apply to their home base. This reduces MNCs legal and strategic commitment to a single home base, and has made nationally minded political activities their key strategy when influencing policymakers (Rugman, 1998).

The purpose of a literature review is to identify a gap in terms of what the academic literature has not answered appropriately, or at all, in a given field of study. This research attempts to bridge two separate research areas: access to policymakers and foreign-owned firms lobbying in Washington. As the literature review explains, research has been conducted on how access is obtained in Washington, why foreign-owned firms lobby, and the lobbying strategies that are utilized by foreign-owned firms. Where there is a lack of literature is whether these foreign-owned firms have the equivalent access to policymakers as domestic firms to advocate their interests effectively. Access is a highly sought after commodity that is limited in Washington because policymakers and staff have a limited amount of time and resources to discuss policy issues with organizations. Without access, it is considerably harder to have lobbying influence. And while corporations are seen as having the most access to policymakers, it is important that we have a better understanding as to which types of corporations are granted such access. Therefore, it is vital for research to be conducted that examines whether origin of the parent company has an affect on a corporation's access to policymakers, and that is what this research aims to discover.

Chapter 4: Theoretical Framework

The subsequent chapter will present the theoretical framework of this research. The theoretical framework for this thesis is largely based on Getz's analysis of relevant CPA theories (Getz, 1997). In her 1997 article, Getz introduces nine CPA theories that describe characteristics of firms that engage in CPA, their rationale, and their methods. Of these CPA theories, this thesis will utilize exchange and institutional theories as a way to form hypothesis and set expectations for results. Below are more details on each theory, and the expectations that have been derived from each. Additionally, as the literature review indicated, financial resources in the form of PAC contributions and lobbying expenditures play a significant role in an interest group gain accessing to policymakers. These theories do not take this aspect into account because the research design controls for this variable to find out if parent company origin has an affect on access.

4.1 Informational Lobbying Theory

Informational lobbying theory concerns the exchange of technical policy and political information for access, and is derived from resource dependency and exchange theories. Pfeffer and Salancik's resource dependency theory offers a rationale for why firms form linkages with government. According to resource dependence theory, organizations are not internally self-sufficient (Aldrich & Pfeffer, 1976, p. 83). They require resources from the environment and therefore have to interact with those organizations or groups in the environment who control the resources they need (Pfeffer & Salancik, 1978, p. 258). This creates interdependence between organizations, and allows organizations that lack resources to become pressured by the organizations that have them. In the context of lobbying in Washington, government policies, regulations, and enforcement can have a drastic effect on business operations, and firms need access to policymakers to be able to influence such policies. Because of the uncertainty government regulation creates, many firms have sought to coopt government, therefore reducing the chances that their dependence will have a negative effect (Getz, 1997, p. 43). Likewise, government needs technical policy information that firms can supply in order to make effective legislation. Firms also may have essential political information that is vital to pass legislation.

Exchange theory is closely related to resource dependency theory; however, it views the transfer of resources for mutual benefit as its focal point, rather than power and dependency. Exchange theory suggests that while power and dependence are important to social relationships, the key feature of an exchange relationship is the transfer of resources for mutual benefit. Therefore, the firm will gain access when the government needs resources like information, prestige, or money. If the firm's power is significant, it will likely try and exploit this advantage. This is the overall purpose of corporate political action driven by exchange theory (Getz, 1997, p. 45).

Informational lobbying theory is derived from exchange theory and is often regarded as an important way to describe lobbying influence. The theory is straightforward: legislators both need and desire political and policy information. They therefore will give access to interest groups, who will exploit the dynamic by strategically revealing information to influence legislators toward their preferences (Schnakenberg, 2016, p. 2). The theory assumes that organizations have information that policymakers need and that the policymaker is aware of the incentives for an interest group to misreport or conceal private information. However, legislators are better informed in the presence of lobbying than in its absence, and it encourages legislators to vote correctly more often than in the absence of lobbying. Lobbying, therefore, performs an essential function in representative systems where public opinion is often too undeveloped, and the political parties too varied, for legislators to be fully informed through these mechanisms alone (Austen-Smith & Wright, 1992, p. 245).

In Washington, the range and complexity of legislation continues to increase over time. While Congressional staff positions attract bright and well-educated young people, there is constant turnover. Many former staff join the private sector as lobbyists for higher pay,

and provide valued expertise and perspective on the issues and regulatory matters that come before Congress and executive agencies (Apollonio, Cain & Drutman, 2008, p. 14). The continuous cycle of political, institutional, and policy expertise transferring from the public to the private sector helps explain the interdependence between the two systems.

The foreign-owned versus domestic dynamic is not addressed by informational lobbying theory. The theory assumes that the main reason access is granted is due to the desire and exchange of credible political and policy information. It does not specify nor indicate that policymakers will prefer information from one source over that of another source due to certain firm characteristics like origin of the parent company. In this research, we assume that both domestic and foreign-owned firms are capable of providing effective resources to policymakers. In fact, one of the reasons the pharmaceutical industry was specifically chosen had to do with the fact that lobbying expenditure totals between foreign-owned and domestic companies were both high. This means that both types of lobbying operations would have the financial resources to hire lobbyists who were experts in the policy issues, as well as support staff to create effective informational reports to give to policymakers. Additionally, the pharmaceutical industry itself is diversified in terms of ownership, meaning that both foreign-owned and domestic companies would be able to provide a comprehensive expertise on a policy issue. The hypothesis below is derived from this reasoning.

Hypothesis 1: Access for both foreign-owned pharmaceutical and domestic pharmaceutical companies will be similar. Specifically, foreign-owned pharmaceutical companies and domestic pharmaceutical companies will be able to meet with both staff and policymakers equally, will be able to communicate as often with policymakers and staff, and will perceive to have similar levels access in comparison to the other pharmaceutical companies that lobbied H.R. 3204. This will be due to the fact that government institutions lack expertise, and therefore must consider valuable information from all sources.

4.2 Lobbying as a Legislative Subsidy Theory

One of the main criticisms of informational lobbying theories is that they could not explain why interest groups predominately lobby policymakers who are already convinced of their positions. Hall and Deardorff remedy this issue by suggesting that lobbyists provide labor and expertise to subsidize the work of legislators who already agree with them. Attempting to acquire all necessary and relevant information to address all issues creates a budgetary problem for the legislative enterprise. Lobbyists can solve this problem by analyzing and summarizing issues into a user-friendly form that is beneficial to lawmakers, while simultaneously promoting the lobbyists' interests. In this way, lobbyists are subsidizing the needs of policymakers. In this theory, persuasion plays a very small role in lobbying because the goal is not to change legislators' minds, but rather to enforce their preexistent policy positions (Schnakenberg, 2016, p. 3).

The main thrust of this theory is that lobbying is primarily a form of legislative subsidy, matching costly policy information, political intelligence, and labor to the enterprises of

strategically selected legislators. Instead of trying to change policymakers' minds, lobbyists instead assist natural allies in achieving their own, parallel objectives. This theory is budget-centered rather than preference-centered because policymakers are budget constrained. Lobbying groups work on behalf of policymakers in order to fulfill policymakers' needs like time and resources (Hall & Deardroff, 2006).

There are five assumptions related to this theory, although some are shared with informational lobbying theory. The first is that in order for a policymaker to have influence on policy, he/she must expend effort in the legislative process. Whether it is writing a bill or getting an important assignment on a congressional committee, he/she requires resources. However, as the second assumption states, legislators' resources – time, labor, information, agenda space – are limited and inhibit their ability to address the numerous issues he or she wants to address. Thirdly, for any given period, individual legislators care about influencing more than one policy at a time. This is due to reelection concerns and the need to appease the various policy desires of their diverse constituencies. Fourthly, legislators have preference for some issues over others and prioritize those that affect their constituencies the most. Lastly, it is an assumption that relative to legislators, lobbyists are specialists who focus on relatively few issues and have more experience, expertise, and time to invest on specific topics. Attempting to acquire all necessary and relevant information to address all issues creates a budgetary problem for the legislative enterprise. Lobbyists can solve this problem by analyzing and summarizing issues into a user-friendly form that is beneficial to lawmakers while simultaneously promoting the lobbyists' interests. Lobbyists can also provide useful political information such as head counts, procedural advice, and predictions on the actions of other players (Hall & Deardroff, 2006).

The most basic implication of the model is if lobbying is a form of legislative subsidy, interest groups will lobby their allies. Lobbyists select policymakers already predisposed to work toward an objective coincident with that of the firm, but whose time, focus, and knowledge is constrained. The lobbyist subsidizes the legislator's work on that objective by providing materials to formulate proposals, make arguments, offer amendments, insert report language, plot strategy, or otherwise help the legislator take self-interested actions to produce outcome-improving policies or promote the probability of their passage. In conclusion, lobbyists selectively provide labor, policy information, and political intelligence to policymakers who share similar views, but lack the necessary resources to act. Legislators seek policy-relevant services from like-minded lobbyists. The result of this subsidy is to expand legislators' effort at making progress toward a policy objective that lobbyists and legislators share (Hall & Deardroff, 2006).

Similar to informational lobbying theory, the foreign-owned versus domestic dynamic is not addressed by lobbying as a legislative subsidy theory. However, one of the main components that the theory promotes, that lobbyists lobby their allies, certainly can apply as a possible expectation for thesis. Hall and Deardroff specify that allies refer to legislators who share the same policy objective as an interest group. The aspect of whether one can expect foreign-owned and domestic firms to have alliances with policymakers to the same extent is not an issue due to the fact that there is no literature

that expresses that policy objectives of foreign-owned firms would be less popular than domestic firms. Therefore, it can be expected that if a foreign firm or domestic firm chooses to lobby a policymaker that is a natural ally, than they will be granted access to said policymaker. The hypothesis below is derived from this reasoning.

Hypothesis 2: Lobbying access of foreign-owned pharmaceutical and domestic pharmaceutical companies will note similar levels of access. Specifically, foreign-owned pharmaceutical companies and domestic pharmaceutical companies will be able to meet with both staff and policymakers equally, will be able to communicate as often with policymakers and staff, and will perceive to have similar levels access in comparison to the other pharmaceutical companies that lobbied H.R. 3204. This will be due to the fact that they will each choose to lobby their allies in government.

4.3 Institutional Theory

Hillman and Wan introduced the international business institutional theory to the study of political strategies by foreign subsidiaries. The main aspect of this theory is that organizations must conform to the rules and belief systems of the environment they are operating in to survive. Foreign subsidiaries face an institutional duality, needing to conform to pressures from the host country and the MNC. These pressures are categorized in the form of external and internal legitimacy. External legitimacy can be affected by numerous factors including tenure in the host country, organizational size, and degree of corporatism/pluralism in a country (Hillman and Wan, 2005).

The activities of MNCs are not fully globalized, as most locate their research and development (R&D), raise capital and recruit managers in their home countries. Consequently, states are incentivized to defend domestic MNCs' economic interests. Even if the operations of MNCs are more globalized, national governments still pursue policies that favor firms who conduct the majority of their business within state jurisdiction. However, a worldwide increase of liberal ideology that embraces globalization and competitiveness has had a disciplining effect on policymakers, producing the competition state, whose primary goal is to be an attractive location for MNC activity (Carnoy, 1993)

Despite a plethora of benefits from FDI of multinational corporations, such investment can be costly to the host state. Although access to advanced technology is one of the primary economic benefits of MNCs, this may also stifle domestic research and development. Inclusion of foreign competitors may stimulate domestic competition and thus encourage efficiency, but it also risks reduced competition and threaten existing domestic industries. States also are apprehensive when multinational corporations acquire existing national firms. Acquisition may give the firm access to capital, technology, and other resources and thereby improve its performance, but it may simply indicate a transfer of ownership, adding no new efficiencies (Hart and Spero, 2009, p. 148)

Corporations operating in foreign markets have the option of adapting to local economic and political conditions, or transferring the home practices to host countries.

Governments can have a strong effect on a business's profits through actions like subsidies, barriers to market entry, and procurement. Because of this, firms, both foreign and domestic, have an incentive to influence policymakers through political participation, as well as adapt to the host country's political economy. Political acts performed by the subsidiaries of these foreign corporations will be affected more by the host countries political environment than the political environment where the foreign corporation is based. Foreignness, or a particular nationality, matters only within the context of institutional environment. However, foreign-owned firms run the risk of appearing to interfere in the national affairs of their host country. In order to avoid questions of legitimacy, foreign-owned firms may prefer less visible acts. According to Hansen and Mitchell, political acts like financial contributions would be considered highly visible, whereas acts such as lobbying would be considered less visible (Hansen & Mitchell, 2001:6).

Foreign-owned MNCs face certain costs that domestic firms do not, creating a liability of foreignness for them. The host country typically has less information with which to judge a foreign-owned MNC. This could result in increased scrutiny of the MNC, leading to the use of stereotypical judgments based on the legitimacy or illegitimacy of certain classes of organizations to which the foreign-owned MNC is perceived to belong. These stereotypes could arise from general assumptions about foreign-owned MNCs in general, or about foreign-owned MNCs from a particular industry or a particular country. Another aspect of the liability of foreignness is the different legitimacy standards that some institutional environments hold for foreign-owned MNCs compared to domestic firms. Foreign-owned MNCs have higher expectations from host environments to earn a respectable reputation and goodwill, for example by supporting local communities or protecting the environment (Kostova & Zaheer, 1999).

Reputation and credibility are a function of the duration of operation in a host country, which has a direct effect on the perceived legitimacy of a foreign-owned MNC. According to several studies, credibility is the most important characteristic of lobbyists in the U.S., European Union (EU) and most of Asia (Heinz et al., 1993; Hull, 1993; Nootboom et al., 1997). Policymakers are likely to view the motives of foreign subsidiaries with limited tenure in a country with suspicion. An elongated tenure of operation in a host country can help alleviate these suspicions about foreign MNCs by signifying a true commitment to the host country's economy and growth (Hillman and Wan, 2005). Policymakers concerned with issues such as anti-globalization and protectionism, likely will have a negative view toward foreign MNCs politically operating in a host country (Hillman and Wan, 2005).

The power of public perception also plays a role in foreign-owned firms dealings with government officials. Because policymakers are expected to act in the interest of U.S. citizens, and foreign-owned firms' interests are not always seen, or expected to be consistent with the U.S. public interest, a disconnect may arise between the two. This is where legitimacy becomes vital, and it can vary based on the incentive for foreign production. For natural resource-seeking firms, legitimacy will be questioned due to the exploitation of the U.S. landscape. However, for efficiency-seeking firms, legitimacy is

ted to the extent the firm's policies appear to be determined by the foreign parent (Getz, 1998).

Overall, the foreign-owned firms political actions will more likely be viewed skeptically than the actions of U.S. owned firms. It is also much riskier to a foreign firm's legitimacy for it to use pressure political tactics. Therefore, until a foreign firm has earned the political, economic, and public legitimacy, collective political action is the wiser course of action. However, legitimacy problems are not necessarily permanent. Once legitimacy is on a more-or-less equal footing with U.S.-owned firms, ownership-based differences between the political behavior of foreign-owned firms and U.S.-owned firms should be similar (Getz, 1998).

Additionally, not all foreign MNCs are viewed the same. For instance, firms from countries that have cultural and historical linkages with the host country are less susceptible to the legitimacy question. On the other hand, firms from countries where there are distinct cultural differences, economic rivalry, or historical conflict, are more susceptible to the legitimacy question, leading to potential public policy backlash (Hansen & Mitchell, 2001, p. 6-7).

Institutional theory has many layers that can be applied to the foreign-owned versus domestic lobbying aspect of this thesis. Legitimacy is one of the central themes of institutional theory. Foreign-owned MNCs are more likely to lack legitimacy and risk appearing to interfere in the political affairs that they aren't perceived to belong to. This liability of foreignness can in part be due to policymakers being less familiar with foreign-owned companies, which can lead to unwarranted, negative stereotypes, and unequal legitimacy standards. While it is possible for legitimacy to be earned through having a consistent and reputable presence in a host country, it is unlikely that all the foreign-owned firms in this research have been able to fully achieve this. Policymakers, for better or for worse, will have biases. And given that they have limited amounts of time and resources, they will grant access to those companies that they perceive as legitimate, credible, and whom they are familiar with. The hypothesis below is derived from this reasoning.

Hypothesis 3: Foreign-owned Pharmaceutical Companies will have less access to policymakers than Domestic Pharmaceutical Companies because of their liability of foreignness, which refers to the fact that they are less likely to have the necessary legitimacy and credibility with policymakers. Specifically, foreign-owned pharmaceutical companies will only be able to meet with staff and not policymakers, will not be able to communicate as often with policymakers and staff, and will perceive to have less access in comparison to the other pharmaceutical companies that lobbied H.R. 3204.

V. Research Design and Methodology

This chapter's aim is to clearly describe possible relevant research designs and support the overall choice of research design and methodology that will best answer the central

research question. The research design is the blue print for research, becoming the logical sequence that connects empirical data to the research question and conclusion (Yin, 2003). After introducing the possible research designs, it will be explained why large-N cross-sectional design that utilizes case selection through covariance method is optimal.

5.1 Qualitative and Quantitative Research

Collier, Seawright, and Brady distinctly divide qualitative and quantitative research in four ways: level of measurement, size of the N, use of the statistical tests, and thick versus thin analysis. First, with level of measurement, data is labeled as qualitative if it is organized at a nominal level, and quantitative if it is organized at an ordinal, interval, ratio, or other higher level of measurement. Higher levels of measurements yield more analytical leverage, as they provide detailed differentiation between cases. However, if complex assumptions about logical relationships are not met, qualitative categorization based on close knowledge of cases may actually yield more analytical leverage (Collier, Seawright, and Brady, 2003).

The number of observations regarding the main outcome, or N, can lead to different approaches. Fewer observations would warrant a qualitative approach, while more observations would merit a quantitative approach (Collier, Seawright, and Brady, 2003). Statistical testing also leads to different approaches. Quantitative methods require statistical testing to reach explanatory conclusions following a probabilistic model of causation and leveraging data-set observations. Qualitative methods, alternatively, do not typically utilize statistical testing, and instead employ within-case analysis or cross-case comparisons (Gschwend & Schimmelfennig, 2007). While statistical testing is an effective tool for evaluating the strength of relationships and understanding uncertainties, it too requires complex underlying assumptions to be met. Finally, there is a divide between thick and thin analysis. Qualitative research employs thick analysis and detailed descriptions of cases, while quantitative research will rely on thin analysis and less complete knowledge of each case (Collier, Seawright, and Brady, 2003).

5.2 Small-N Qualitative Case Study

Stake suggests that case studies are one of the most common ways to conduct qualitative research (Stake, 2000, p. 435). Blatter and Haverland define case study as a non-experimental research that differs from large-N studies due to: a small number of cases, a larger number of empirical observations per case; a huge diversity of empirical observations for each case, and an intensive reflection on the relationship between concrete empirical observations and abstract theoretical concepts (Blatter & Haverland, 2012).

The case study's design has a distinctive strength in its ability to deal with a full variety of evidence. Rowley, Eisenhardt, and Yin all insist that a case study strategy offers the use of different methods of data collection such as interviews, observations and documentations. This provides the researcher with the chance to gain diverse perspectives from a variety of sources and increases the likelihood of generating good data (Rowley,

2002; Eisenhardt, 1989; Yin, 2009). However, there are some problems that are associated with case study research, with the biggest being a lack of rigor. Often times, systematic procedures are sloppily followed, or the research has allowed researchers to incorporate biased views to influence the direction of the findings and conclusions.

5.21 Co-Variational Analysis

Blatter and Haverland divide case study research into three distinct types: co-variational (COV), causal process tracing (CPT), and congruence analysis (CON). Due to the nature of the research question, this thesis will only consider COV. According to Blatter and Haverland, the small-N COV presents empirical evidence of the co-variation between an independent and dependent variable to infer causality; or simply put, if a certain factor has an effect (Blatter & Haverland, 2012, p. 33). The research goal is to test whether different values of the independent variable lead to different outcomes, and can be labeled as x-centered research. This approach assumes causal factors function independently of each other. It also assumes that the causal relationship between x and y variables are invariant; meaning if the causal factor is absent, the outcome cannot occur, and vice versa. (Blatter & Haverland, 2012, p. 35).

The selection of cases is a vital element of case study research to validate whether the causal inference is in fact due to the change in the independent variable, and not some other variable. There are two criteria necessary for adequate case selection. First, cases must be chosen that vary strongly with regards to the independent variable. Second, cases must be similar with regards to dependent variables one wishes to control. This design is often referred to as “most similar system design” (Blatter & Haverland, 2012, p. 42).

5.3 Quantitative, Large-N Designs

This section will review a couple of designs that can utilize quantitative methods: true experiments, quasi-experiments, natural experiments, and observational research. True experiments are a form of research where researchers have some control over the environment and intervene in the natural state of the world in order to study the phenomenon they are interested in. This does not necessitate that complete control is required; however, the element of deliberate intervention is essential. Without an intervention, the research becomes observational. There are many ways that deliberate scientific interventions can be conducted. For example, people can be provided with rewards for certain actions, or certain families can be selected to receive social assistance. Still, for a research design to qualify as a real experiment, a very special form of control needs to be exercised. More specifically, the researchers must have the ability to randomly select the group of individuals who receive the treatment from those who do not, better known as the control group (Toshkov, 2016, p. 167).

Quasi-experiments differ from true experiments because they lack random assignment. Yet, they also differ from purely observational research because researchers retain some form of control over aspects of the study. For example, they can still choose who gets the

treatment and who does not, or they can manipulate the incentives of the subjects (Toshkov, 2016, p. 167).

Natural experiments share similarities with true experiments in that they both utilize random assignment. However, they contrast over the subject of direct control. While researches still control the selection of cases to observe, and case selection exploits the random variability of nature, researches have no direct control over the process of the assignment or other features of the study. Natural experiments can be utilized for quantitative research and large-N studies, as well as qualitative research and small-N comparative case studies (Toshkov, 2016, p. 168).

Table 1
Experimental and Observational Research Designs

		Random Assignment	
		Yes	No
Experimental control	Yes	True experiments	Quasi-experiments
	No	Natural experiments	Observational research

Note. Reprinted from *Research Design in Political Science*, by Dimiter Toshkov, 2016, p. 168.

5.31 Large-N Cross-Sectional Design

Large-N observational research is an attractive option when experimental research is unworkable, and random assignment and experimental manipulation are unobtainable options. It is beneficial over comparative and single-case designs in that it can identify and estimate weak and heterogenous causal relationships. The essential assumption of such research is that hypothesized explanations and causal effects would only be partial and probabilistic, and would vary from unit to another. Therefore, many observations are required in order to use mathematical probabilistic theory or statistics (Toshkov, 2016, p. 200).

There are four common large-N observational designs that can establish causal inference: time series, cross-sectional, panel and multilevel. Due to the nature of the research question, this section will focus on cross-sectional designs. In a pure cross-sectional design, a set of units, such as persons or organizations is compared at a single point in time. The purpose of large-N cross-sectional designs is to detect a causal effect by comparing the distribution outcomes across the subsets of units defined by a value of the independent variable. If the independent variable takes only two values, than the two groups are compared (Toshkov, 2016, p. 231).

This type of large-N design supports the generalization of causal effects at the expense of

not explaining cases in detail (Gschwend & Schimmelfennig, 2007, p. 11). Furthermore, it relies on already existing differences in the independent variables, instead of examining interventions (De Vaus, 2001, p. 172). The large-N cross-sectional design necessitates careful selection of controlled independent variables. Once this is complete, a regression analysis is conducted on the empirical data for estimating the result. Statistical analysis is vital, as it can control for confounding variables while the researcher investigates whether correlations exist between the dependent variable of interest and the independent variables (Graddy, 2011, p. 379). Statistical controls make groups as similar as possible by statistically removing differences after data has been collected.

Cross-sectional designs can face issues with internal validity. Additionally, the exclusion of a relevant variable, known as omitted variable bias, or the inclusion of an irrelevant variable, can increase standard errors. Standard errors create difficulty in rejecting the null hypothesis, which is known as a type II error. This can also occur when there are not enough cases. Generally, the more cases there are, the less likely it is that a type II error would occur. Independent variables must be chosen based on plausible causal relationships drawn from theory to avoid validity issues (Kellstedt & Whitten, 2009, p. 73). The external validity of cross-sectional designs can be high if the chosen sample is reflective of a certain population. This allows for the results to be more easily generalized than with an experimental design. In the end, the more variables that are statistically controlled, the more certainty the final relationship we find between X and Y reflects the causal relationship between them (De Vaus, 2001, p. 76).

5.4 Selection of method: Large-N Cross-Sectional Design that Utilizes COV

Instead of following one standard research design, this thesis will utilize a hybrid format that combines aspects of a large-n cross-sectional design with COV method. The goal of this research is to answer the research question: does access to policymakers differ for foreign-owned and domestic multinational corporations when lobbying the same legislation in the U.S. Congress? As can be seen, the crux of the research question is more general in that it does not wish to hone in on the intricacies of a certain case; rather, the aim is to provide a more generalizable answer. Due to its ability to bring more external validity than a case study could, a cross-sectional large-N design is the optimal choice.

Additionally, other large-N design like a true experiment or quasi-experiment can be ruled out due to the inability for the researcher to intervene in any way in the research. Moreover, random sampling would be difficult to conduct. It is not possible to use simple random sampling with the lobbying disclosure forms like Mahoney did in her 2007 research. Her research on lobbying success aimed to look at all interest groups, and so she was able to use random sampling on the entire lobbying disclosure database (Mahoney, 2007). This research, on the other hand, wants to specifically examine MNCs lobbying and how they are affected by being foreign-owned in terms of access. Therefore, a stratified random sample would have to be created of all MNCs in the database for the 2013-filing year, totaling over 75,000 entries. Origin of parent company is not required for the disclosure forms, nor is campaign contributions. Additionally,

some organizations list the issue they are lobbying, and other list the actual bill number. In all, it would have taken too much time out of the thesis period to do the necessary research to create strata for random sampling.

Furthermore, a large-N study would be difficult to execute due to time restrictions and the need to collect data from so many sources. Large-n studies that analysed lobbying in a similar context, such as Baumgartner or Mahoney's, took multiple years to gather enough data to effectively conduct the research. The data collection period for this thesis was over only a 3-month span. Additionally, those researchers had financial resources, as well as increased credibility as tenured professors, to approach lobbyists to be a part of their research.

As the name suggests, large-N designs require a large amount of observations. This allows for the use of statistical controls that can be used to rule out rival explanations for an observed outcome and to control for potentially confounding factors. One of the main disadvantages of using the statistical method in a study is the difficulty in "collecting adequate information in a sufficient amount of time" when resources and time are limited. The researcher's lack of resources and time in comparison to similar studies for this research area inhibited the collection of enough observations to allow for the use of statistical controls and regression analysis.

However, controlling confounding variables is essential for the results of this research. Instead of controlling confounding variables through statistical controls, controls were implemented through COV selection of cases criteria. Choosing cases that shared close similarities with regards to potential confounding variables acted as an effective control. Confounding variables like industry, legislative issue, lobbying expenditures, and political contributions were all potential explanations to explain levels of access for foreign-owned and domestic companies. As stated earlier, normally these would be controlled through statistics; however, due to a lack of observations to make a regression analysis valid, selection of specific observations was vital. The next section, and specifically Table 2, explains how the selection of cases controls confounding variables.

5.41 Variables of Interest

The selection of cases for COV requires that variables vary strongly with regards to the independent variable, and are similar with regards to potential confounding variables that need to be controlled. As Table 2 illustrates, in this research, there are four control variables: industry, legislative issue, political contributions, and lobbying expenditures.

Industry refers to the particular type of companies, and it is important that this variable is controlled for several reasons. First, some industries, for example the technology industry, lack a strong presence of foreign-owned companies, making it difficult to compare levels of access. Secondly, there may be a national conflict of interest, as is the case with the defense industry, for foreign-owned companies to be able to operate and compete for government contracts. Thirdly, the federal government regulates some industries more than others; making companies in certain industries predisposed to utilize

stronger lobbying activities. And finally, some industries have a stronger business presence in the United States than others. This not only affects how active an industry would lobby, but also, how responsive policymakers would be to an industry. Policymakers have to appease their constituents, and if certain industries have a stronger presence in certain states and districts, they would have to grant those industries more access.

The type of legislative issue is also important to control when comparing domestic and foreign-owned MNCs. One legislative issue, for instance trade, may be prone to having policymakers protect domestic industries compared to foreign-owned MNCs, thus granting them more access. And as Getz explained, natural resource-seeking foreign-owned firms might have their legitimacy questioned due to the exploitation of the U.S. landscape. Therefore, legislation concerning issues like fracking or oil drilling could result in less access for foreign-owned firms (Getz, 1998).

Campaign contributions, as the literature strongly suggests, has an important role in gaining access. While it is uncertain how much and how often an interest group must contribute to gain access, research has shown a correlation between higher levels of PAC contributions and access. Therefore, for this study, domestic and foreign-owned companies must have comparable levels in terms of contributions, or else this will be seen as a possible explanation to any variance in access.

Similarly, lobbying expenditures are also seen as vital to gaining access, and therefore both domestic and foreign-owned companies must have similar levels. Lobbying expenditures allow a company to produce two things that are important to gain access to policymakers: quality policy information and reputable lobbyists. As informational lobbying and legislative subsidy theories suggest, policymakers depend on quality information from lobbyists. In order to produce such information, a company needs internal experts that understand the technicalities of an issue, as well as a staff that can successfully translate this information so policymakers can easily utilize it. Additionally, lobbying expenditures allow companies to hire lobbyists that are both knowledgeable and connected. Relationships are vital to gaining access and a keen understanding of the legislative and political processes can make some lobbyists more effective than others. The more a company is willing to spend on a lobbying operation, the more likely they will hire lobbyists who have both necessary qualities.

The independent variable of interest is the origin of the parent company. For this research, this variable will be defined as the headquarters for the parent company. The dependent variable of interest is the level of access to policymakers. Access will be defined in terms of whom a lobbyist met with (policymaker/staff), how often they were able to communicate policy positions, and he/she's perceived level of access compared to other companies.

The selection of the pharmaceutical industry and the DQSA provides the necessary controls of the confounding variables. By specifically analyzing pharmaceutical manufacturers, type of industry cannot be confounding. Additionally, the pharmaceutical

industry has an even distribution of foreign-owned and domestic companies. Even more importantly, both types of companies have high political contribution and lobbying expenditure levels. And finally, by focusing in on the DQSA, it cannot be argued that the type of legislation was a potential causal factor for varying levels of access. Table 2 illustrates how this strategic selection of cases helps satisfy the needed criteria for the COV method.

Table 2
Research Variables

Variable	Case	Domestic Companies	Foreign-Owned Company
Control Variable	Industry	Pharmaceutical	Pharmaceutical
Control Variable	Legislative Issue	Track and Trace	Track and Trace
Control Variable	Political Contributions	High	High
Control Variable	Lobbying Expenditures	High	High
Independent Variable of Interest	Origin of Parent Company	United States	Foreign Country
Dependent Variable	Access to Policymakers	?	?

VI. Data collection

The following chapter will illustrate the process of data collection, which not only includes the clarification of what types of data sources have been used and how data has been collected, but also the author's reflection on limitations and obstacles encountered during this process. The work of Yin, who discusses six major sources of evidence for case studies (documentation, archival records, interviews, direct observations, participant observations and physical artifacts) will serve as the theoretical foundation of this section (Yin, 2009, p. 101).

6.1 Documentation

Documentation is likely to be relevant to every case topic and can include written reports of events, administrative documents, formal studies or evaluations, news clippings, and personal documents like letter, or diaries. Documents are useful even though they may be inaccurate or biased. For instance, Congressional staff has edited transcripts from U.S. Congressional hearings before they are published on the public record. Documents can

corroborate and expand evidence from other sources by verifying the correct spelling of names in interviews, providing other details to corroborate information from other sources, and allowing the researcher to make inferences. However, complaints like the overreliance on documents and the potential waste of time reviewing them have arisen from some critics (Yin, 2009, p. 101-103). Certain documents were essential to conducting this research. In order to provide more information about the case, documents like background memos, issue summaries, and testimonies were used from Congressional hearings in the House and Senate, as well as the Congressional Research Service (CRS).

6.2 Archival Records

Archival records can be used in combination with other sources of information. Examples of archival records include public use files, service records, organizational records, maps and charts, and survey data. Its usefulness will vary from case to case, however, researchers must be careful to investigate the conditions under which it was produced and, as well as its accuracy (Yin, 2009, p.105-106). In particular, the lobbying disclosure reports and the Federal Elections Committee (FEC) PAC disclosure forms were vital throughout the entirety of the thesis. The next section provides information on the 1995 Lobbying Disclosure Act, which provides the disclosure requirements for organizations lobbying the federal government. It is important to understand what the legislation requires to grasp what the information the form can and cannot provide, as well as the disclosure rules for foreign corporations.

6.21 The 1995 Lobbying Disclosure Act

The 1995 LDA requires an organization to register with the clerks of the House and Senate if that organization plans to engage in lobbying activities during any three-month period, and during that period, incurs at least \$10,000 in lobbying expenses. The definition of lobbying contact under this legislation refers to any written or oral communication with officials from the legislative or executive branches about formulating, modifying, or adopting a certain policy. Additionally, any communication relating to the administration or execution of a federal program or policy also applies. Once an organization registers itself under the LDA, it is required to file quarterly reports so long as it remains registered (Luneburg & Thomas, p. 41).

The lobbying activity reports must include information on a couple of aspects. First, information is required on each general issue in which the organization is engaged in lobbying. Second, the organization must list the specific issues it is lobbying on, including a list of bill numbers and references to specific executive branch actions. Third, organizations must provide a list of the houses of Congress (Senate and House) and federal agencies contacted by any employee acting as a lobbyist. Fourth, organizations must disclose the names of the employees who acted as lobbyists on their behalf. Finally, organizations are required to provide an estimate of their total expenses on lobbying activities, rounded to the nearest \$20,000 (Luneburg & Thomas, p. 41-42).

An important aspect of the LDA that is pertinent to our research is the exception for U.S. subsidiaries. There is a provision in the LDA that exempts U.S. companies owned or operated by companies outside the U.S. from registering under FARA as long as they disclose their lobbying activities under the LDA. This is significant because FARA registration is a much more burdensome and stigmatized process (Birkenstock, 2013).

The Center for Responsive Politics is a nonpartisan, independent and nonprofit group that tracks money in U.S. politics and its effect on elections and public policy. Its website, OpenSecrets.org is a helpful tool that aggregates the information from all lobbying disclosure reports into one, easy to search database. With OpenSecrets, one can easily find the total amount of money a corporation is spending on lobbying, how much it is spending in-house and through various lobbying firms, the names of the all people lobbying on its behalf, what issues it is lobbying, and which branches of government it has come into contact with. Therefore, it is possible to search H.R. 3204, the 2013 Drug Quality and Security Act, and discover which corporations lobbied policymakers about the legislation and which specific lobbyists did so.

The benefit of the lobbying disclosure forms is that they provide comprehensive knowledge about the lobbying expenditures of both domestic and foreign-owned corporations so that the researcher can be certain that only those that meet a certain threshold of spending are chosen. Additionally, and most importantly, a list of lobbyists can be created to contact and send a questionnaire about their experience lobbying the legislation and their opinions about their access to policymakers. Unfortunately, the lobbying disclosure forms do not require firms to fill in exactly whom they met with or were in contact with, the topics of such meetings, and how many meetings occurred. Therefore, the only way to gain information about lobbying access is by asking the lobbyists directly.

6.3 Types of Interviews

The research interview is a prominent data-collection strategy in both quantitative and qualitative research. The purpose of interviews is to seek more depth on a narrower range of issues than people do in normal conversations. Interview questions are planned in advance so they are linked to one another to obtain the necessary information to complete a whole picture. The researcher must encourage the interviewee to answer thoughtfully, openly, and in detail about the desired topic. Interviewing requires concentrated listening, curiosity about varying perspective and experiences, the ability to ask what is not understood (Rubin & Rubin, 2012, p. 31). There are three fundamental types of research interviews: unstructured, semi-structured and structured. However, this thesis will only consider structured interviews.

6.31 Structured Interview

A structured interview, sometimes referred to as a standardized interview, aims for all interviewees to be given exactly the same interview stimulus as any other. The objective of this type of interview is to ensure that interviewees' replies can be aggregated.

Questions are usually very specific and very often offer the interviewee a fixed range of answers. Survey researchers prefer structured interviews because they promote standardization of both the asking of and the recording of answers. This reduces errors due to variation in the way questions are asked and better accuracy and efficiency in processing respondent answers (Bryman, 2008, p. 209).

6.32 Face-To-Face Versus Telephone Interviewing

The face-to-face interview setting also brings with it additional benefits. If there is uncertainty about the meaning of a question, or if a question is misinterpreted, the interviewer can offer clarity to the interviewee. Interviews can generally take longer to conduct compared to self-completion techniques because interviewees are less likely to be distraught by the length or to concede halfway through. The format also extends the scope of the interview, allowing the interviewer to ask open questions, and the interviewer can pick up on non-verbal clues that indicate what is relevant to the interviewees and how they are responding to different questions. However, there are also disadvantages. Face-to-Face interviews can be costly and limit the size and geographical coverage of the survey. Interviewers can introduce bias, even in structured interviews, which will affect the reliability of responses. (Phellas, Bloch & Seale, 2011, p. 183).

The telephone interview solves many of the issues that are potential problems with the face-to-face interview. In this type of interview, the interviewer does not have to travel, allowing for interviews to take place over a wider geographical area. It also limits the effect that the interviewer can have on the respondent. However, questions usually have to be kept simple and interviews need to be kept short because they tend to have higher break-off rates than face-to-face interviews. It also can be more challenging to ask sensitive questions on the telephone (Phellas, Bloch & Seale, 2011, p. 183).

6.33 Self-Completion Questionnaire

The role of the self-completion questionnaire is to provide a standardized interview across all subjects so that all respondents are asked the questions that are appropriate, and so that when questions are asked, they are asked exactly the same way (Brace, 2013, p. 3). There are numerous advantages to utilizing questionnaires. First, they are cheap to administer, which is advantageous if the research has a sample that is geographically widely dispersed. Second, they are quick to administer, especially compared to face-to-face interviews. Third, using self-completion questionnaires reduces biasing error caused by the characteristics of the interviewer and the variability in interviewers' skills. Similarly, there is no interviewer bias that occurs when interviewers ask questions in a different order or in a different way. They also provide a convenience for respondents by allowing them to complete it when advantageous and because they take less time to complete. And finally, the absence of an interviewer provides greater anonymity for the respondent, thus increasing the reliability of responses, especially about sensitive material (Bryman, 2008, p. 233).

Just like the interview, there are disadvantages to the self-completion questionnaire. The first is there is no interviewer available to help respondents if they are having difficulty answering a question or if instructions are not clear or probe respondents to elaborate an answer (Brace, 2013, p. 24). This means questionnaire questions must be short and clear. It is also impossible to know who answered the survey. And finally, there is a risk that data will be missing because the questionnaire was only partially completed (Bryman, 2008, p. 234).

6.4 Data Collection Choice: Self-Completion Questionnaire

In order to collect empirical data on lobbying access for both domestic and foreign-owned pharmaceuticals companies, a self-completion questionnaire will be sent out to in-house lobbyists who lobbied the DQSA for their respective companies. The names of these lobbyists will be obtained from the 2013 lobbying disclosure reports, and emails containing a link to the survey will be contained in the email. The self-completion questionnaire will be administered through Google Forms, which will aggregate the answers to the questionnaire. Due to the anonymity of the self-competition questionnaire, each lobbyist will be sent follow-up emails to remind and encourage participation.

There are many reasons this self-completion questionnaire was chosen over a structured interview. The first advantage is that they are much more convenient for the participant to complete. This research aims to contact lobbyists from 29 pharmaceutical companies as potential respondents. Therefore, it would be impossible, given the time allotted for this thesis, to conduct so many interviews. Secondly, lobbyists are very busy and are less likely to participate in research if they feel it is not conducive to their schedule. It is important to remember, any respondent is volunteering both their time and valuable insight; therefore, the data collection should be done in a way where their schedule is a priority (Bryman, 2008). The self-completion questionnaire, unlike the structured interview, allows the participant to answer the questions when it is opportune. Thirdly, they are cheaper to administer than structured interviews. The questionnaire software that was chosen is completely free, while any structured interview would have to take into account long-distance phone charges.

The most concerning issue that could arise is low response rates, which is one of the most damaging limitations of questionnaires. Lower response rates potentially increase risk bias unless it can be proven that those who do not participate do not differ from those that do, there is likely to be the risk of bias. However, this is only likely to be an issue with randomly selected samples. With samples that are not selected on the basis of a probability sampling method, response rate may be less of an issue because the sample would not be representative of a population even if everyone participated. While some feel anything lower than a 50 percent response rate is unacceptable, many published articles report the results of studies that are well below this level (Bryman, 2008, p. 235).

There are ways to improve response rates. The first tactic is to make the subject matter of the questionnaire interesting to the respondent. Secondly, the questionnaire needs to be easy to complete by having it be concise and easy to understand. Third, sending out

reminder letters and emails can increase response rates. And finally, a cover letter or email that clearly states the purpose and value of the research can help convince potential respondents to participate (Phellas, Bloch & Seale, 2011, p. 188).

Confidentiality is another important aspect to this research because guaranteeing it to potential questionnaire respondents may improve response rates. Singer, Von Thurn, and Miller's study on the effect of confidentiality assurances on response rates demonstrates that with regards to sensitive information, confidentiality can produce moderate increases (Singer, Von Thurn, and Miller, 1995, p. 74) Presently, there is a stigma in the U.S. that views lobbying as a corrupt way for organizations to get preferential treatment at the expense of the public good. In fact, a 2013 Gallup poll found that only six percent of Americans views lobbyists as having high or very honest and ethical standards (Swift, 2013). While Americans may assume that most major businesses are involved in lobbying, and there are lobbying reports that disclose information about a businesses' lobbying activities, companies still might be sensitive to any additional information about lobbying being released to the public. This could affect a company's public image in a negative way, which in turn could affect profits. Additionally, lobbying can be seen as a competition for political influence and access to policymakers. Companies who are successful may not want to reveal any sensitive information that could benefit competing companies (Drutman, 2015). This illustrates why information on lobbying is perceived as sensitive.

6.5 Survey Software Choice: Google Forms

There are plenty of effective online survey tools including: Survey Monkey, Typeform, Google Forms, Client Heartbeat and many others. Ultimately, Google Forms was chosen to administer the questionnaire because it provides the most features for free. As stated in early parts of this thesis to defend the research design and methodology, the amount of resources required heavily impacted decision-making for this thesis. Google Forms allows the user to design aesthetically professional surveys with a multitude of question types. Most importantly, responses to the questionnaire are automatically collected with response info and charts into spreadsheets. Additionally, there are unlimited surveys and respondents provided for free.

VII. Selection of Cases: Track and Trace Legislation: H.R. 3204, the Drug Quality and Security Act of 2013

The purpose of this section is to provide sufficient details about the cases that were ultimately chosen to satisfy the controls needed for COV. Section 7.1 gives information about the pharmaceutical industry and their lobbying reputation and tendencies. Following this, sections 7.2 and 7.3 provides information about the legislative issue being controlled, track and trace; and the specific bill being controlled for, H.R. 3204, the Drug Quality and Security Act. Section 7.4 will supplement knowledge about the lobbying positions of different stakeholders identified in the House Hearing on "Securing Our

Nation's Prescription Drug Supply Chain”. And finally, section 7.5 will validate the selection of companies used in the cross-sectional analysis.

7.1 “Big Pharma”

The incredibly powerful and influential pharmaceutical industry, and its trade group the Pharmaceutical Research and Manufacturers of America, or PhRMA, is better known as “Big Pharma” in Washington (Angell, 2005; Cohn, 2003; Seabrook & Overby, 2009). The global market for pharmaceuticals created more than \$1 trillion in sales in 2014, with the world’s 10 largest pharmaceutical companies generating \$429.4 billion of that revenue (Drugwatch, 2014). This equates to over one-third of the market, with several of these companies having sales of more than \$10 billion a year and profit margins of about 30% (World Health Organization, 2016). Five of these companies: Johnson & Johnson, Pfizer, Amgen, Merck and Eli Lilly, are based in the United States; and five of these companies: Novartis, Roche Holding, Sanofi, AstraZeneca, and GlaxoSmithKline, are based in Europe (Forbes, 2014). The World Health Organization predicts that North and South America, Europe and Japan will continue to account for 85% of the global pharmaceuticals market in the coming years (World Health Organization, 2016). The success of the industry has allowed it to spend significant financial resources to fund the over 1,100-plus lobbyists that have given the industry leverage on Capitol Hill. Since the late 1990’s, Big Pharma has spent more than any other industry in lobbying expenses, totaling over \$3 billion. Related to this, the pharmaceutical industry also spent significant amounts on campaign contributions, topping \$15 million during the 2013-2014 cycle (Drugwatch, 2014).

Pharmaceutical companies seek a balance when it comes to regulation of the industry. Drug disasters can cause degradation of reputation and financial losses from recalls and court settlements. Therefore, companies desire regulatory standards to be stringent and effective enough to avoid such a disaster. However, they do not want regulations to be so rigorous that they threaten commercial viability. A common issue that illustrates this is the significant loss of revenue that pharmaceutical companies face if the FDA delays market approval for a drug. As a result, when the government entangles itself in regulating the pharmaceutical industry, the industry ceases to be merely a commercial entity and becomes a political player to shape the standards and processes defining regulation (Abraham, 2002, p. 1498).

7.2 History of Pharmaceutical Supply Chain Security

In order to understand this policy issue, it is important that certain key terms are explained. The first term, supply chain security, refers to validating that the untainted, correct prescription medicines are delivered from the manufacturer to the patient. Second, drug pedigree, is defined by the FDA as a statement of origin that identifies each prior sale, purchase, or trade of a drug, including the date of those transactions and the names and addresses of all parties to them. Track and Trace refers to a system that utilizes mass serialization by printing a unique identifying code onto each product after it has been packaged. This allows for individual units to be tracked throughout its journey through

the supply chain, from production to the patient. Therefore, manufacturers can authenticate their products and prevent counterfeiting. And finally, interoperability refers to the ability for a certain aspect like a product code to be able to work with all stakeholders in the supply chain system.

The drug supply chain has two distinct parts: the upstream and downstream chains. The upstream chain represents the path of the active and inactive ingredients take to become the finished, pharmaceutical product. The downstream path involves the finished product of the drug manufacturer, and its path through repackagers, wholesale distributors, and storage and transportation companies, and finally, the dispenser. While usually the supply chain works effectively, there have been breaks in its operation that have led to counterfeit products containing no active ingredient, less-than-labeled dosage, or a dangerous substitution. Additionally, some products become expired or mishandling has made the drug super potent. Besides the obvious danger to consumer safety, these breaches in the chain can affect pharmaceutical manufacturer's reputation and financial bottom line (Thaul, 2013).

Since 1938, the Federal Food, Drug and Cosmetic Act (FFDCA) has been the legislative foundation concerning the pharmaceutical supply chain. In the last 20 years, Congress has made three amended changes to the FFDCA to strengthen it. The Prescription Drug Marketing Act of 1987, the Food and Drug Administration Act of 2007 (FDAAA), and the Food and Drug Administration Safety and Innovation Act (FDASIA) all were passed to strengthen the supply chain; yet, were not seen as comprehensive enough (Thaul, 2013).

The absence of a federal plan led to many states passing their own supply chain security and drug pedigree legislation. The California pedigree law is the most often referred to state law for supply chain security. It was initially passed in 2004 and then subsequently amended for its pedigree requirements to go into effect in 2015. The law required electronic pedigree to include every transaction from the manufacturer to the dispenser of the prescription drug. Included in the pedigree would be the identifying information and registration number of the seller, the drug name, quantity, dose, expiration date, lot numbers, and a unique identification number, and the size and number of containers, and invoice number. Another vital aspect would be that the pedigree data would have to be handled in an interoperable system. This means that the system would have to be able to ensure compatibility throughout all states of distribution (Thaul, 2013, p. 12). Complying with the California law alone would place exorbitant expenses on pharmaceutical companies. The retooling of a single packaging line can cost up to \$1 million, bringing the industry's compliance costs in California to as much as \$3.5 billion (Turner, 2013).

Although Congress, the FDA, and stakeholders agreed on an overall goal of increasing supply chain security, they disagreed about approaches and details. Some argued that the then-current system of state regulation was better and stronger than proposed federal changes. Others debated the implementation-timing requirement. For example, there was debate over whether to implement six months or 10 years after enactment, study and consider recommendations six months or 10 years after enactment, or implement in

clearly defined action and timing stages. And finally, there was deliberation over the scope of requirements, including types of drugs, types of facilities, time period covered, timing of activity (Thaul, 2013, p. 14).

7.3 H.R. 3204, the Drug Quality and Security Act of 2013

For many years prior to 2013, Congress and the FDA had introduced several measures focused on weaknesses in the U.S. drug supply. However, in the fall of 2012, a fungal meningitis outbreak, caused by unsanitary conditions at a compounding pharmacy, killed over 60 people and sickened hundreds in over 20 states. The resulting public outrage, along with rising concerns about counterfeit and unauthorized drugs entering the U.S., increased pressure for Congress to act. The Senate and the House initially addressed these problems with separate pieces of legislation. The Senate Committee on Health, Education, Labor and Pensions (HELP) reported S. 959, the Pharmaceutical Quality, Security, and Accountability Act, which aimed at strengthening the regulatory structure for compounded medications. The House passed its H.R. 1919, the Safeguarding America's Pharmaceuticals Act to strengthen the drug delivery system. The culmination of these two efforts led to the decision to combine aspects of both bills into H.R. 3204, the Drug Quality and Security Act. The bill was introduced on September 27, 2013, and signed into law by November 27 of that same year (Kennan, 2013).

There are two separate and distinct aspects of the DQSA. The first is the Compounding Quality Act, which creates a voluntary compliance regime where compounding pharmacies that voluntarily register as “outsourcing facilities” will be subject to oversight by the FDA, similar to the way traditional pharmaceutical manufacturers are monitored. The second aspect is the Drug Supply Chain Security Act, which requires the FDA to create and implement a national track and trace system by which manufacturers must attach product identifiers to each package or case of a pharmaceutical product intended to be introduced into the supply chain (Kennan, 2013).

Drug manufacturers were much more invested in lobbying the supply chain security aspect of the bill. The legislation states that no state or political subdivision of a state may establish or continue any requirements for tracing products through the distribution system that are inconsistent with, more stringent than or in addition to any of the requirements under the Drug Supply Chain Security Act. This preempted state pedigree laws, including the comprehensive and stricter California statute slated to go into effect in 2015. Pharmaceutical companies and wholesalers thus achieved their main goal of replacing the growing patchwork of state tracking and labeling requirements with a uniform federal system that promised to be more effective and less costly to implement (Welchler, 2013)

7.4 House Hearing on “Securing Our Nation's Prescription Drug Supply Chain”

The House Energy and Commerce Subcommittee on Health conducted a hearing on April 25, 2013 about securing the pharmaceutical supply chain, as well as a recently released draft bill on the issue. While the hearing included a diverse panel of stakeholders, it was Johnson & Johnson who represented the perspective of the pharmaceutical

manufacturers. In its testimony before the committee, Johnson & Johnson focused its remarks on the regulatory difficulty that was occurring by having various states administer separate track and trace legislation. In its view, the patchwork of state laws were burdensome, with some states requiring different forms of documentation and some starting the track and trace process with the primary distributor, while others started it with the secondary wholesaler. Johnson & Johnson argued that this created an inefficient regulatory landscape, where gaps in the process allowed for bad actors to introduce illicit drugs into the supply chain. The testimony specifically pointed to the California law that required manufactures to serialize and pedigree all pharmaceutical products sold by 2016. Johnson & Johnson concluded its remarks by supporting a federal serialization and track and trace legislation that would streamline the process and protect people who used the company's medicines (Securing Our Nation's Prescription Drug Supply Chain, 2013, p. 62-64).

Additionally, Johnson & Johnson emphasized the importance of a gradual implementation process that allows the supply chain to prepare properly and adopt the systems necessary. It argued that people would need time to establish the systems and workout the interdependencies between stakeholders. The California law, in its view, goes from "0-60" in terms of serialization to interoperability. And it does so without giving the necessary guidance about how an interoperable system will work (Securing Our Nation's Prescription Drug Supply Chain, 2013, p. 105).

Ranking Member Pallone also entered a letter from EMD Serono into the record, which presented a more forceful view than Johnson & Johnson. EMD Serono called for, "at a minimum, a federal approach to supply chain safety should maintain the standards that exist in the California law and, where possible, incorporate the work already being done in California into a nationwide framework" (Securing Our Nation's Prescription Drug Supply Chain, 2013, p. 122). It also suggests an accelerated timeline "that provides federal standards for unit-level tracking that would be effective in 2021 (Securing Our Nation's Prescription Drug Supply Chain, 2013, p. 122). EMD Serono's language was much more detailed and urgent than Johnson and Johnson's, and illustrated why pharmaceutical companies wanted to directly lobby the legislation. While the industry association, PHRMA, and all members agreed that there needed to be federal track and trace legislation with a phased in approach, they differed on the requirements. Pharmaceutical manufacturers wanted regulatory requirements that matched their current supply chain system as close as possible, to limit costs. Additionally, if a pharmaceutical manufacturer already had a sophisticated serialization system in place, asking for higher standards could be beneficial by negatively impacting competition.

7.5 Selection of Companies

The selection of similar cases, and in this case MNCs, is vital to the COV method. This section will validate why and how companies were selected to best satisfy the criteria for COV to limit confounding variables. The first goal is to select an industry that has a strong presence of foreign and domestic firms who have highly active lobbying operations in Washington D.C. Overall, the pharmaceutical industry spends more than other industry in

terms of amount spent on lobbying. However, it is also important that pharmaceutical companies were chosen that 1) lobbied H.R. 3204 or any legislation concerning supply chain security, and 2) spent at least a million dollars in 2013 on lobbying expenditures. This led to the selection of 29 pharmaceutical manufacturing companies who both lobbied this particular legislation, and spent at least \$1 million in lobbying expenditures during 2013.

While the million-dollar amount was chosen arbitrarily, the reasoning for setting a minimum spending amount was well thought out. As this thesis details, resources, relationships, and information are vital for any organization to gain access to policymakers. In order to be able to provide these three essential elements, a company must spend money on lobbyists who have strategic, preexisting relationships with policymakers and staff; as well as on a lobbying staff that can disseminate thorough and effective policy and political information. These cost significant amounts of money, and a company, foreign-owned or domestic, that is not willing to invest in their lobbying operation, should not expect the same amount of access. Figure 1 shows all 29 companies' 2013 lobbying expenditures and clearly displays the relatively even spending distribution between foreign-owned and domestic companies. Figure 2 further illustrates this point by comparing the average 2013 lobbying expenditure amounts between foreign-owned and domestic companies, and presents only a four percent difference between them. Finally, Figure 3 demonstrates that 53% of the 2013 total lobbying expenditures are from domestic companies, while 47% of expenditures are from foreign-owned companies.

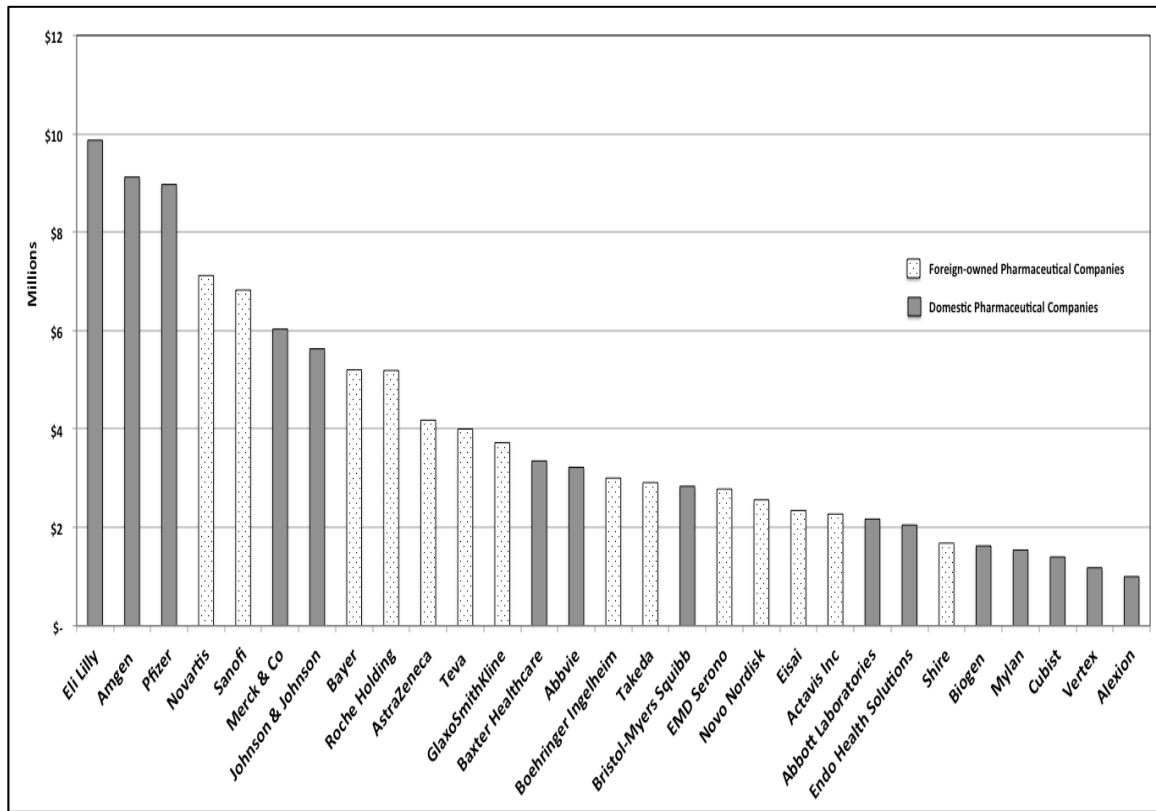


Figure 1. 2013 Total Lobbying Expenditures.
Adapted from data compiled from the Center for Responsive Politics' OpenSecrets.org, from <https://www.opensecrets.org/lobby/indusclient.php?id=H04&year=2013>

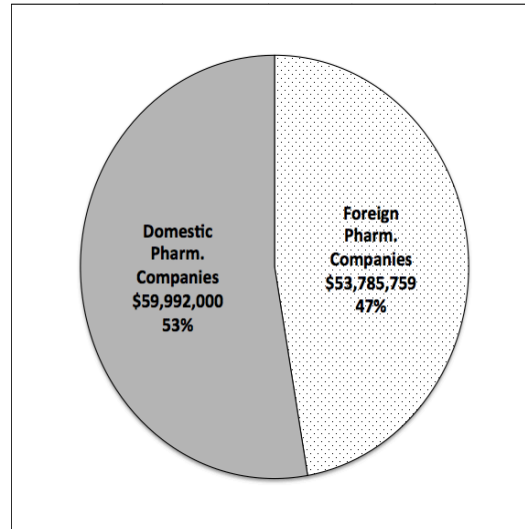
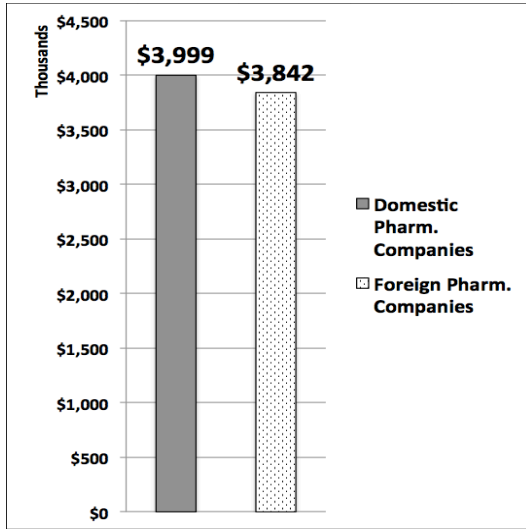


Figure 2. 2013 Average Total Lobbying Expenditures by Type of Company.
Adapted from data compiled from the Center for Responsive Politics' OpenSecrets.org, from <https://www.opensecrets.org/lobby/indusclient.php?id=H04&year=2013>

Figure 3. Percentage of 2013 Total Lobbying Expenditures By Type of Company.
Adapted from data compiled from the Center for Responsive Politics' OpenSecrets.org, from <https://www.opensecrets.org/lobby/indusclient.php?id=H04&year=2013>

Companies could have been chosen with consideration to other factors. The first factor could have utilized an economic metric like total sales, total revenue, or an economic ranking conglomerate like the Forbes 2000 list. However, just because a company is successful does not mean it is necessarily spending resources on lobbying. While many of the top-performing companies are also involved in lobbying, this trend is not universal. Additionally, no previous academic or theoretical research ties an economic metric to more or less access to policymakers.

The second factor, political contributions, does have academic and theoretical studies that establish it as connected with access. The issue with political contributions is that it has yet to be established how much needs to be spent for a company to gain access. Additionally, some companies spread their contributions out among a large group of policymakers, while others contribute the maximum amount to only a few strategic policymakers. Are we to assume that these differing strategies would result in the same amount of access? And finally, it is difficult to discern whether the 2012 or 2014 election cycle would be more important for access in terms of H.R. 3204. Would contributions made in the 2012 election cycle gain access until the next election? Or do contributions

continually have to be made to continue to receive access? Because the specifics on contributions and access are still relatively indeterminate, lobbying expenditures is the better metric to base the selection companies. And, most of the companies that spent significant amounts on lobbying also spent significant amounts on political contributions.

Figure 4 shows the average of all 29 companies' 2012 and 2014 PAC contributions to federal candidates. The graph illustrates that domestic companies, especially the more profitable companies, contribute more than foreign-owned firms. Figure 5 explains this more clearly by analyzing the difference in average contribution by type of company. Unlike Figure 2, which found that the average lobbying expenditures were almost identical by type of company, this graph shows domestic companies contributed an average of 42% more than foreign-owned companies. And finally, Figure 6 provides more support for this trend by showing the divide in total PAC contributions between the domestic and foreign-owned companies was 62% to 38%.

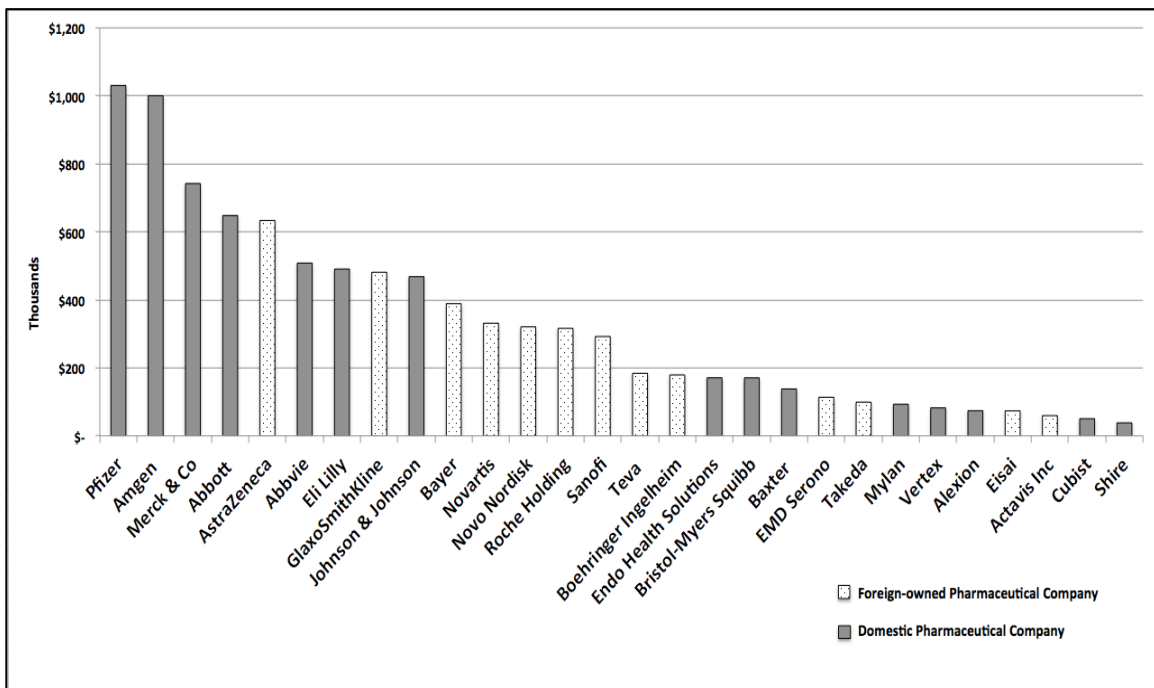


Figure 4. Average of 2012 and 2014 PAC Contributions to Federal Candidates.
Adapted from data compiled from the Center for Responsive Politics' OpenSecrets.org, from <https://www.opensecrets.org/pacs/industry.php?txt=H04&cycle=2012>

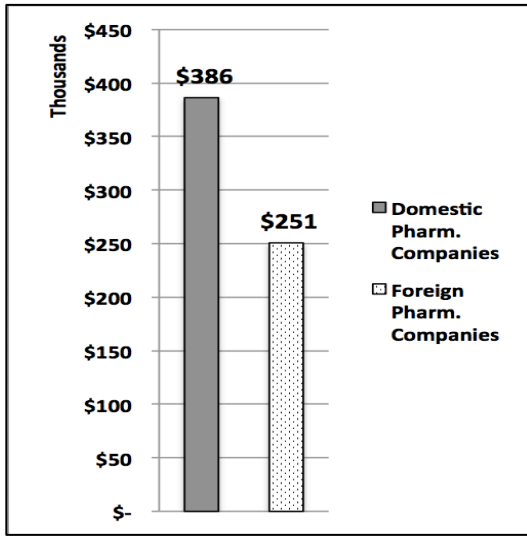


Figure 5. Average of 2012 and 2014 PAC Contributions to Federal Candidates by Type of Company. Adapted from data compiled from the Center for Responsive Politics’ OpenSecrets.org, from <https://www.opensecrets.org/pacs/industry.php?txt=H04&cycle=2012>

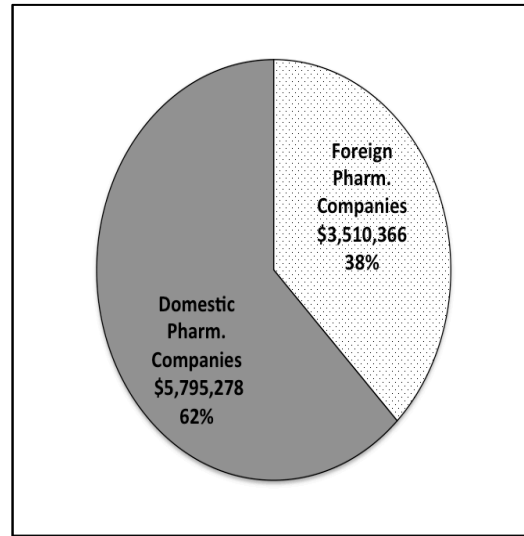


Figure 6. Percentage of 2012 and 2014 PAC Contributions to Federal Candidates by Type of Company. Adapted from data compiled from the Center for Responsive Politics’ OpenSecrets.org, from <https://www.opensecrets.org/pacs/industry.php?txt=H04&cycle=2012>

Table 3, created by the researcher, helps organize the relevant information about each pharmaceutical company with regards to the research. There were 15 domestic pharmaceutical companies that were selected for this research: Pfizer Inc., Amgen, Merck & Co., Inc., Johnson & Johnson, Eli Lilly and Company, Baxter International Inc., AbbVie Inc., Bristol-Myers Squibb, Abbott Laboratories, Endo International plc, Allergan plc, Cubist Pharmaceuticals, Vertex Pharmaceuticals, and Alexion Pharmaceuticals Inc. Alternatively, there were 14 foreign-owned companies/U.S. subsidiaries selected for this research: Novartis International AG, Sanofi S.A., Bayer AG, Roche Holding AG, AstraZeneca plc, Teva Pharmaceutical Industries Ltd., GlaxoSmithKline plc, C.H. Boehringer Sohn AG & Co. KG (Boehringer Ingleheim), EMD Serono, Inc., Novo Nordisk, Eisai Co., Ltd., Actavis plc, Shire plc, and Takeda Pharmaceutical Company LTD. Lobbying spending refers to the total amount each company spent, both in-house and to lobbying firms, on lobbying the federal government. The 2012 and 2014 contributions categories refer to the amount of money each company’s PAC contributed to federal election candidates. “Rx sales” refers to the total amount of pharmaceuticals each company sold in dollars. And the headquarters section refers to where each company’s global headquarters is located.

Table 3
American and Foreign-Owned Pharmaceutical Company Information

Company	Headquarters	2013 Lobbying Spending (\$)	2012 Political Contributions (\$)	2014 Political Contributions (\$)	2012 Rx Sales (In Billions \$)

Eli Lilly	Indiana	9,870,000	461,200	520,175	20.119
Amgen	California	9,120,000	1,002,000	998,750	18.192
Pfizer	New York	8,970,000	1,123,950	936,880	45.011
Merck Inc.	New Jersey	6,030,000	830,500	653,750	37.519
Johnson & Johnson	New Jersey	5,630,000	513,200	423,400	26.475
Baxter	Illinois	3,351,000	130,500	145,500	8.655
AbbVie	Illinois	3,220,000	N/A	508,250	18.790
Bristol-Myers Squibb	New York	2,836,000	134,500	145,500	12.306
Abbott	Illinois	2,170,000	743,750	551,975	4.974
Endo	Pennsylvania	2,050,000	204,000	137,500	2.600
Mylan	Pennsylvania	1,540,000	108,500	77,500	6.772
Cubist	Massachusetts	1,400,000	40,500	60,500	1.100
Celgene	New Jersey	1,260,000	29,000	77,000	6.359
Vertex	Massachusetts	1,180,000	42,000	122,400	1.210
Alexion	Connecticut	1,000,000	73,000	75,000	1.510

Company	Headquarters	2013 Lobbying Spending (\$)	2012 Political Contributions (\$)	2014 Political Contributions (\$)	2012 Rx Sales (In Billions \$)
Novartis	Basel, CH	7,120,000	330,200	332,250	46.017
Sanofi	Paris, FR	6,824,000	125,500	458,725	37.701
Bayer	Leverkusen, DE	5,581,000	470,000	307,500	15.594
Roche Holdings	Basel, CH	5,190,700	324,000	308,500	39.143
AstraZeneca	London, UK	4,180,000	640,452	626,548	24.523
Teva	Tikva, IL	4,000,000	204,500	163,500	17.563
GlaxoSmithKline	Brentford, UK	3,720,000	521,250	441,000	33.055
Boehringer Ingelheim	Ingelheim, DE	3,003,000	147,750	210,600	14.468
Takeda	Osaka, JP	2,909,469	86,000	112,200	13.591
EMD Serono	Darmstadt, DE	2,780,000	124,500	102,500	7.913

Novo Nordisk	Bagsvaerd, DK	2,560,000	232,042	408,938	14.886
Eisai	Tokyo, JP	2,345,000	82,500	64,160	4.821
Actavis	Zug, CH	2,271,590	93,000	26,000	7.206
Shire	Dublin, IE	1,680,000	70,117	6,500	4.827

Note. Lobbying and PAC data compiled from the Center for Responsive Politics' OpenSecrets.org, from <https://www.opensecrets.org/pacs/industry.php?txt=H04&cycle=2012> and <https://www.opensecrets.org/lobby/indusclient.php?id=H04&year=2013>. Rx Sales and Headquarter data adapted from PharmExec, from <http://www.pharmexec.com/pharm-execs-pharma-50-2014?id=&sk=&date=&pageID=3>

VIII Quantitative Analysis

8.1 Questionnaire Results

In-house lobbyists from 29 pharmaceutical companies were contacted and were sent a questionnaire with a total of 10 questions. Lobbyists from 10 domestic pharmaceutical companies and 9 foreign-owned pharmaceutical companies responded to the questionnaire. As explained in the research design, the names of the lobbyists and the companies they represented were kept confidential. Due to the fact that the sample for this analysis was a non-random sample, as well as the fact that the number of respondents was 19, advanced statistical metrics like regression analysis could not be performed.

8.2 Does Access Vary for Foreign-Owned and Domestic MNCs

As stated in Section 5.41, access will be defined in terms of whom a lobbyist met with (policymaker/staff), how often they were able to communicate policy positions, and he/she's perceived level of access compared to other companies. The independent variable is access and the dependent variable is whether a MNC is foreign-owned or domestic. Recall the three hypotheses that were derived from the informational lobbying, legislative subsidy, and institutional theories.

Hypothesis 1: Access for both foreign-owned pharmaceutical and domestic pharmaceutical companies will be similar. Specifically, foreign-owned pharmaceutical companies and domestic pharmaceutical companies will be able to meet with both staff and policymakers equally, will be able to communicate as often with policymakers and staff, and will perceive to have similar levels access in comparison to the other pharmaceutical companies that lobbied H.R. 3204. This will be due to the fact that government institutions lack expertise, and therefore must consider valuable information from all sources, no matter the origin of the parent company.

Hypothesis 2: Lobbying access of foreign-owned pharmaceutical and domestic pharmaceutical companies will be note similar levels of access. Specifically, foreign-owned pharmaceutical companies and domestic pharmaceutical companies will be able to meet with both staff and policymakers equally, will be able to communicate as often with policymakers and staff, and will perceive to have similar levels access in comparison to the other pharmaceutical companies that lobbied H.R. 3204. This will be due to the fact that they will each choose to lobby their allies in government.

Hypothesis 3: Foreign-owned Pharmaceutical Companies will have less access to policymakers than Domestic Pharmaceutical Companies because of their liability of foreignness, which refers to the fact that they are less likely to have the necessary legitimacy and credibility with policymakers. Specifically, foreign-owned pharmaceutical companies will only be able to meet with staff and not policymakers, will not be able to communicate as often with policymakers and staff, and will perceive to have less access in comparison to the other pharmaceutical companies that lobbied H.R. 3204.

The first aspect of access that this research analyzed was whether foreign-owned pharmaceutical lobbyists and domestic pharmaceutical lobbyists were able to meet with the same level of people. The questionnaire asked both types of pharmaceutical lobbyists whether they were able to meet with only staff, only policymakers, both, but mostly staff, or both, but mostly policymakers. The explanation around the potential answers for this question revolves around how a pharmaceutical company's lobbying operation could achieve the most influence on a piece of legislation. The optimal lobbying aspiration for any company would be to meet with both policymakers and staff. Both play a key role in the legislative process and by meeting with both, a company increases its audience for its message. As previous literature has indicated, policymakers can be incredibly busy, and therefore will pass meetings along to staff. This is not to say that staffs are not stretched for time as well; however, their job is to help manage the time of their bosses. Because of this dynamic, obtaining a face-to-face meeting with a policymaker would be the most difficult aspiration, and therefore the most valuable for a company to obtain. Additionally, while many policymakers give their staffs autonomy to work on various pieces of legislation, in the end, they are the final say in which direction the legislation will go. And ultimately, policymakers, not staff, will be able to vote for or against legislation

Every pharmaceutical lobbyist that completed the questionnaire, both from foreign-owned and domestic pharmaceutical companies, indicated that they met with both policymakers and staff, but mostly staff. Therefore, both foreign-owned and domestic pharmaceutical lobbyists had the same level of access with regards to this metric of access.

The second aspect of access that was analyzed was the amount of communication each type of company was able to have with policymakers and staff during the average week, from the introduction of legislation to its passage. For this particular legislation, that time period was from May 19, 2013, with the introduction of H.R. 1919, to November 27, 2013, and the passage of H.R. 3204 in both the House of Representatives and the Senate.

Communication could occur with policymakers or staff via phone calls, emails, or in person meetings.

Table 4 demonstrates that the amount of communication that both foreign-owned and domestic pharmaceutical company lobbyists had with policymakers and staff was very similar. The majority of lobbyists from both categories contacted policymakers and staffs 2-3 times per week. Only one foreign-owned pharmaceutical company lobbyist versus two domestic pharmaceutical company lobbyists communicated with policymakers or staff 4 to 5 times per week. However, three domestic pharmaceutical lobbyists were only able to communicate with policymakers one or less times per week versus lobbyists from two foreign-owned pharmaceutical companies. In an alternative way to analyze the results, if the categories “0-1”, “2-3”, and “4-5” were replaced with averages of the boundaries (ex 0.5, 2.5, 4.5), domestic companies would average 2.3 contacts per week versus 2.27 for foreign-owned companies. This indicates that access in terms of the ability to communicate with policymakers and staff for both types of lobbyists was similar.

Table 4
Calculating the Perceived Access of the Lobbyists to Policymakers

Origin of Company	Percent of companies that communicated 0-1 time per week	Percent of companies that communicated 2-3 times per week	Percent of companies that communicated 4-5 times per week	Percent of companies that communicated more than 5 times per week
Foreign-owned	22%	67%	11%	0%
Domestic	30%	50%	20%	0%

Finally, the research aimed to investigate whether domestic and foreign-owned pharmaceutical company lobbyists perceived that they had less, equal, or more access amongst each other while lobbying the DQSA. The results of the questionnaire show that domestic and foreign-owned pharmaceutical company lobbyists perceived they had above-average access to policymakers and staff compared to other companies while lobbying the bill. On a scale from 1-9, with 1 being less access, 5 being equal access, and 9 being more access, lobbyists representing domestic pharmaceutical companies rated their access as 5.9, versus 5.7 from lobbyists representing foreign-owned pharmaceutical companies. This is consistent with the results of the previous two questions that analyzed who lobbyists were meeting with and how often they were communicating with policymakers and staff. It shows that perceived access to policymakers is considered to be similar to the other companies lobbying the legislation.

8.3 Perceived Rationale Behind Granted Access

The section above established that foreign-owned and domestic pharmaceutical lobbyists had similar levels of access to policymakers and staff when they lobbied H.R. 3204. Each of the three hypotheses for this thesis aimed to explain why lobbyists would expect to have access. The questionnaire asked lobbyists how important certain factors were to be granted access to policymakers and staff. Table 5 shows that lobbyists representing both types of companies felt strongest that they were granted access due to the quality of the resources they provided. Importance of having an already established credible working relationship also scored very high between both groups, although it was higher among domestic pharmaceutical lobbyists compared to foreign-owned pharmaceutical lobbyists. Finally, the importance of sharing similar policy views were scored significantly lower by both groups of lobbyists. Both foreign-owned and domestic pharmaceutical lobbyists only considered this factor to be important, while the other two factors were much closer to very important.

Table 5
Determining the Perceived Rationale Behind Access

Origin of Company	Importance of Providing Quality Data and Resources (Scale of 1-9, with 1=not important and 9=very important)	Importance of having established credible, working relationship (Scale of 1-9, with 1=not important and 9=very important)	Importance of Sharing Similar Policy Views (Scale of 1-9, with 1=not important and 9=very important)
Foreign-owned	8.3	7.1	4.5
Domestic	8.2	7.9	5.3

8.4 Does Liability of Foreignness Exist

Institutional theory introduces the concept of liability of foreignness as a way to develop potential expectations. Foreign-owned firms risk appearing to interfere, rather than participate, in the national affairs of their host country. Also, the host country typically has less information with which to judge a foreign MNC. This could result in increased scrutiny of the foreign-owned MNC, leading to the use of stereotypical judgments. These stereotypes could arise from general assumptions about foreign-owned MNCs or about MNCs from a particular industry or a particular country.

Expectations based on institutional theory indicate that policymakers and staff would be more familiar with domestic pharmaceutical companies compared to foreign pharmaceutical companies. This is centered on the idea that domestic pharmaceutical companies have had a longer presence in the United States and Washington; therefore, policymakers would be more familiar with their domestic business and lobbying operations. Additionally, institutional theory would create an expectation that origin of

the company would be brought up more with foreign-owned pharmaceutical companies. Because policymakers and staff might be skeptical of the motivations of foreign-owned companies, it is expected that the origin of the company would be brought into communications more often than with domestic companies.

The results in Table 6 partially refute the expectations based on institutional theory. The first factor, familiarity, repudiates the expected result, as lobbyists for foreign-owned pharmaceutical companies perceived that policymakers were more familiar with the company they were representing compared to lobbyists of domestic pharmaceutical companies. Table 6 indicates that the averages of both types of companies equate to policymakers being only somewhat familiar with both. On the other hand, the results did indicate that origin was brought up in conversations more often with policymakers and staff for lobbyists representing foreign-owned pharmaceutical companies compared to lobbyists representing domestic pharmaceutical companies.

Table 6
Establishing Whether Policymakers Differentiated the Types of Companies

Origin of Company	Perception of Policymakers' Familiarity with the Company	How Often Company Origin Was Brought up in Conversations with Policymakers
	(Scale of 1-9, with 1=not familiar and 9=very familiar)	(Scale of 1-9, with 1=never and 9=always)
Foreign-Owned (N=9)	6.2	4.5
Domestic (N=10)	5.3	3.7

8.5 Discussion of Results on Access Between Foreign-Owned and Domestic MNCs

The results of the questionnaire indicate that foreign-owned and domestic pharmaceutical lobbyists perceived to have similar levels of access to policymakers when lobbying H.R. 3204. There were three different questions about access that aimed to evaluate whether foreign-owned and domestic firms met with the same level of people, communicated as often with policymakers and staff, and perceived to have similar levels of access as other companies. Both foreign-owned and domestic pharmaceutical companies scored similarly in all three categories. But why was this the case? Expert, semi-structured interviews were conducted to help provide more insight on the results of this questionnaire. Interviewee B, when asked whether he/she thought foreign-owned firms received the same level of access as domestic firms, he/she answered:

I think as a general rule of thumb, typically, when Congress is considering legislation, staffers and others are going to hear from the various stakeholders and impacted parties. So if you are a foreign-owned corporation, but you have a manufacturing facility or an office or a headquarters or something, they will

listen. Or if you are a key stakeholder in the healthcare community or whatever community, my experience for 20 years in this town is that they will hear you out. I've seen that definitely in pharma where there are a lot of foreign-owned companies, not just U.S. headquartered companies.

Interviewee A, when asked the same question, shared interviewee B's assessment; that both types of firms shared the same level of access to policymakers. And when asked whether this was the case across all industries and legislative issues, he/she answered:

There are some industries where foreign firms can't participate. But I think it will depend on some industries. However, I think policymakers have a huge bias towards firms in their district because it means more jobs in their backyard. So I think if foreign firms have that American footprint, they are going to have that access and the care and concern of policymakers, because at the end of the day, they are not a foreign firm, they are your brother-in-law's job.

Interviewee A elaborated that in order to gain access to policymakers and their staff, a company would need a footprint in a district or state. A foreign-owned firm most likely would lobby in Washington because it wants to do business in the United States, which equates to potential jobs for constituents, as well as various goods and services. If foreign-owned firms can establish a connection between their operations and how they directly impact the lives of Americans, they should expect access to policymakers and their staff. Generally, in her experience, Congressman and Senators "like the idea of the local plant and they don't really care who owns it. They love that it is employing a thousand people in their backyard."

Interviewee B iterated this same point of the importance of having an established presence in policymakers' district or state:

I think any time, and I wouldn't keep this specific to pharma, that having presence with constituents is absolutely helpful. And then there is the argument that 'Oh, it's not just a faceless, nameless foreign-owned company.' You have got Bob and Jim in the community who work for this company. How many tens of thousands of foreign-owned company employees are there in New Jersey, New York, Massachusetts or Texas? Think about companies like Siemens, like the German company Siemens. I saw a commercial on the other day that they have close to 60,000 Americans working in their facilities. That has an impact.

Both interviewees also answered questions on why they thought there was political rhetoric used against foreign interests, while at the same time still receiving fair access. Interviewee A explained that certain legislators on both sides of the aisle do not fully appreciate the benefits that foreign-owned firms provide. There are misconceptions about foreign-owned firms that unfairly blame them for job losses that are a result of trade, while not recognizing that foreign-owned firms are responsible for six million jobs in the U.S. And interviewee B said:

I think it's a fact of life. Where there is a way to put "Us versus them" in politics, it will be used. But in my experience, whether it is in the pharma industry or the energy industry or the transportation industry, foreign-owned companies

generally get a fair shake or a fair hearing. Now what happens behind closed doors or in that member's head is a different story.

8.6 Discussion of Results of Perceived Rationale Behind Granted Access

The next set of questions dealt with the perceived rationale lobbyists believed helped them get access to policymakers and staff. The importance of providing quality data and resources scored the highest among both foreign-owned and domestic pharmaceutical lobbyists and helped establish informational lobbying theory as the best of the three theories tested for explaining the results of the research. Importance of having an already credible, working relationship also scored high between both groups, but not as high as quality information. This aspect was derived from institutional theory, with the expectation being that there would domestic pharmaceutical lobbyists would score much higher in this category than foreign-owned pharmaceutical lobbyists. Finally, sharing similar policy views scored significantly lower from foreign-owned and domestic pharmaceutical lobbyists. Legislative subsidy theory specifically says that lobbyists will lobby their allies, who it defines as sharing the same policy objective. While the results showed that there was no difference of access, hypothesis 2 was not supported because neither type of lobbyists felt that lobbying allies was as important to them gaining access.

Interviewee B, when asked whether quality information, relationships, or sharing similar policy views was most important to access, he/she answered:

Information. I think years ago, relationships were a bigger thing. I think today having good information is important. You screw up and you are done. It is sort of like your word is your bond. So providing the right information and being a good resource is most important.

Interviewee A, when asked whether foreign-owned and domestic firms are seen as equally credible in providing reliable information, she/he responded:

I think they are. I know when I was an aide on the Hill, and you are right, it is frustrating that you have depend on so much outside. And people don't buy a plane ticket or work full-time as a lobbyist to give you the same information you would find in a library. I think also, as a Legislative Assistant or Legislative Correspondent or Legislative Director, I think you recognize that people have biases. I think everyone knows that. I know when I was working in the Senate, I would frequently try to, after I met with one group, if it was an issue we were really going to move forward on, not so much a courtesy stop, but something we were really going to introduce legislation on, I would always call the other side of the issue and ask them to come in as well, because I want to know what they will say before we introduce it. I want to know if there are ways to mitigate concerns without playing it out in public.

8.7 Discussion of Liability of Foreignness

The results of the survey indicated that foreign-owned pharmaceutical lobbyists actually perceived policymakers to be more familiar with their company compared to domestic

pharmaceutical lobbyists. A possible explanation for this familiarity difference is the nature of the pharmaceutical industry. Mergers and acquisitions of various pharmaceutical companies have been occurring at a rapid pace since the 1990's. Indeed, out of the 42 members of the Pharmaceutical Research and Manufacturers of America (PhRMA) in 1988, only 11 remained in 2011 (LaMattina, 2011). The constant rate of change in the industry could make it difficult for policymakers and staff to follow, which would lead to them being somewhat familiar with both types of companies. Lobbyists for foreign companies may have perceived policymakers and staff to be more familiar due to the fact that international lobbying is an undertaking that only the biggest companies can undertake. Consequently, the foreign-owned companies that lobby in Washington are more likely to be significant actors in the industry and have a global brand. Smaller domestic pharmaceutical companies may still spend significant amounts on lobbying due to the potential impact on business profits, however their size and brand may be less well known.

As for the difference of how often the origin of the company was brought up, one reason could be the nature of the bill. The DQSA was passed to protect the American people from ingesting counterfeit medicines as a result of faults in the pharmaceutical supply chain. Policymakers and staff would be interested in origin of the company as a means of understanding a foreign-owned company's role in the supply chain.

Additionally, interviewee A elaborated on the identity of U.S. subsidiaries. U.S. subsidiaries are legally an American business that pay taxes and comply with U.S. law like all other American companies. The only difference is that it happens to have foreign ownership through a parent company. He/She explained:

When I go lobby a member of Congress, the first thing I am going to start with is, 'Our members employ X number of people in your district or your state'. And normally, they are confused because they don't realize this company has a foreign parent. So they know the companies, they just don't know where the investment was coming from.

This might also explain why foreign-owned companies perceive policymakers to be more familiar with them, but also, why the amount of instances where their origin is brought up in conversations is higher.

IX. Conclusion

9.1 Summary of Research

The purpose of this research was to investigate whether the origin of a parent company was a factor that affected access to policymakers and staff when lobbying in Washington D.C. In the media, as well as through legislative proposals, policymakers have indicated that they want to curb the political influence of foreign-owned companies. Due to this, it would be expected that this rhetoric would lead to less access for foreign-owned companies versus domestic companies when their lobbyists were lobbying the same legislation. This expectation was solidified by institutional theory. Institutional theory explains the adaptation foreign companies must make to their host environment, and the

resulting skepticism, prejudice, and distrust that occur in the process. However, two different variations of exchange theory set different expectations. Informational lobby theory suggests that government institutions need credible, legislative resources, and will grant access to any lobbyists who can satisfy this need. Legislative subsidy theory states that policymakers subsidize their budget with the resources of lobbyists who share the similar policy objectives

The next step for the research was choosing an appropriate research design that would correlate with the time and resources of the researcher. It was for this reason that the hybrid large-N cross-section design with the COV case selection method was ultimately chosen. Case selection was vital to the success of the research. Cases had to be chosen that would control variables that could provide alternative explanations for access. The pharmaceutical industry was seen as preferable due to its large lobbying imprint in Washington, as well as the relatively even lobbying divide among foreign-owned and domestic pharmaceutical companies in terms of activity. While very few pieces of legislation, let alone pharmaceutical legislation, have passed through both houses of Congress and been signed into law in recent years, the Drug Quality and Security Act did just that. This bill had a drastic effect on the pharmaceutical supply chain, and also on the bottom-line of all pharmaceutical manufacturers. Finally, companies had to be selected to analyze their perceptions of access to policymakers and staff while lobbying this bill. Ultimately, 29 companies, 15 domestic and 14 foreign-owned, were selected who spent at least a million dollars in the same year that the bill was introduced and passed.

A questionnaire was sent to lobbyists from all 29 of these pharmaceutical companies. Representatives from 10 domestic pharmaceutical companies and 9 foreign-owned pharmaceutical companies completed the survey. The results indicated that origin of the parent company did not cause a difference in access to policymakers. Foreign-owned and domestic pharmaceutical lobbyists both were able to meet with the same level of people in government. Foreign-owned and domestic pharmaceutical lobbyists were able to communicate with policymakers and staff at similar rates. And foreign-owned and domestic pharmaceutical lobbyists perceived to have above-average access to policymakers compared to other pharmaceutical lobbyists.

These results rejected the hypothesis made from institutional theory which predicted that there would be less access for foreign-owned pharmaceutical lobbyists, and supported the hypotheses from both informational lobbying and legislative subsidy that predicted that access would be similar. Additionally, there were questions asked on why these lobbyists believed they were granted access. The highest scored response among both foreign-owned and domestic pharmaceutical lobbyists was providing quality information and resources. This result, along with the fact that access was similar between both types of companies, indicates that informational lobbying theory was the best among the three chosen to explain the results of this research. The fact that the sharing of similar policy objectives was rated so much lower suggests that informational lobbying theory may be superior to legislative subsidy theory, in explaining the exchange of access for information. And coinciding with the results that rejected our hypothesis based on institutional theory, the questions pertaining to liability of foreignness suggest that

perhaps foreign-owned companies, at least in this case, foreign-owned pharmaceutical companies, are not limited by their parent company's origin.

9.2 Limitations of the Research

Conducting any research on lobbying can be a difficult task, especially when that research depends on the accessibility of lobbyists and their willingness to disclose sensitive information. The original goal was to compare whether origin of the parent company was a factor when lobbying the same type of legislation in both the United States and the European Union. The motivation for this type of research was the lack of literature comparing lobbying in the two arenas, as well as providing an interesting comparison between the two systems institutional environments. It proved to be very difficult to find a similar legislative issue that was passed in both arenas at relatively the same time period, and that was directly lobbied by pharmaceutical companies of differing origins. However, the Falsified Medicines Directive (FMD), passed in 2011, was finally chosen as a strong foil to the DQSA. Unfortunately, the differing lobbying disclosure requirements in the European Union (EU) made it extremely difficult to discover which pharmaceutical companies lobbied the FMD directly. When pharmaceutical lobbyists were finally identified and reached, it was discovered that most pharmaceutical companies chose to lobby through the industry association, European Federation of Pharmaceutical Industries and Associations (EFPIA), instead of directly lobbying the European institutions separately. Without perceptions on access while directly lobbying, no data could be gathered on the EU side of the research. It was thus decided to focus the research only on the U.S. comparison.

The questions formulated for the questionnaire were both simplistic and unthreatening. There was much consideration about the type of questions that would potentially cause lobbyists not to complete the survey. As explained earlier, lobbyists are sensitive to revealing any information about their lobbying operations due to the negative stigma surrounding corporate lobbying. Therefore, specific questions that touched on the subject of lobbying strategy or political contributions were avoided. It was decided that getting strong turnout for the questionnaire should be considered the highest priority. Even with a simple questionnaire, it was still difficult to get lobbyists to complete it. Understandably, many lobbyists did not know who I was ahead of time, and lack of trust became a factor and inhibition. If this research was not conducted at such a far distance away, it may have been possible to meet with some of these lobbyists face-to-face to establish trust and get more completions.

Another limitation is the subject of quantifying access. While lobbying disclosure reports help to provide valuable information about lobbying activities, there are no laws where companies have to disclose information about who they met with, how many times they met with that person, and what was discussed in that meeting. This makes it so research is dependent on the perceptions of both lobbyists and policymakers instead of unbiased, non-objective data.

9.3 Ideas for Further Research

High external validity, or the extent to which the results of a study can be generalized to other situations and to other people, is a concern when conducting a large-N study. Unfortunately, due to the fact that there were not enough participants to utilize statistical analysis, the results do not have as high external validity. The results of this research can only be generalized to the pharmaceutical industry on this specific type of legislation. It is unclear whether a different type of legislation, or a different type of industry, would garner different results. Therefore, further research on origin of the parent company being a factor in lobbying should be conducted. A large-N study that utilizes stratified random sampling on parent origin should be conducted that surveys all companies lobbying in Washington. This type of study would be able to statistically control for potential compounding variables like industry and lobbying expenditures, and provide more generalizable results on the current lobbying climate in Washington. Finally, studies, like the one originally proposed in this research, should try and compare the origin factor in different arenas like the EU. While this is difficult and takes a large amount of resources, more research must be conducted to compare lobbying in the EU and Washington.

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Appendix 1: Questionnaire Form

Lobbying H.R. 3204, the Drug Quality and Security Act

The questions below relate to your experiences directly lobbying H.R. 3204, the Drug Quality and Security Act, on behalf of your client or the company you worked for at that time. Because H.R. 1919, the Safeguarding America's Pharmaceuticals Act of 2013, and S. 959, the Pharmaceutical Quality, Security, and Accountability Act, were ultimately combined to form H.R. 3204, any answers below should reflect lobbying those pieces of legislation as well. For the purposes of this survey, "policymakers" refers to members of Congress, or commissioners, deputy commissioners, or directors in the executive branch. Staff of policymakers refers to any staff who works either for a member of Congress, congressional committee, congressional leadership, or in a federal agency.

All answers to this survey will be kept completely anonymous

- 1) **Did you lobby on behalf of a domestic pharmaceutical company or a foreign pharmaceutical company/U.S. subsidiary?**
- 2) **Did you lobby as a member of a lobbying firm or an in-house lobbying operation?**
- 3) **How familiar do you believe the policymakers, and/or the staff of the policymakers were with the company/companies on whose behalf you lobbied?**

Not Familiar at all 1 2 3 4 5 6 7 8 9 Very Familiar

- 4) **From the introduction of H.R. 1919 and S.957, to the passage of H.R. 3204, during the average week, how often would you estimate that you communicated with policymakers or the staff of policymakers via phone calls, emails, or in person meetings?**

(H.R. 1919, Safeguarding America's Pharmaceuticals Act, was introduced May 19, 2013. S. 957, the Drug Supply Chain Security Act, was introduced May 15, 2013. H.R. 3204, the Drug Quality and Security Act, was introduced September 27, 2013, and passed in both houses November 19, 2013.)

0-1 times per week, 2-3 times per week, 3-4 times per week, more than 5 times per week

- 5) **During the average communication (phone calls, emails, or in person meetings) with policymakers or the staff of policymakers, how often was the origin of the company brought up?**

(For this question, origin refers to the location of the parent company at the time of lobbying the legislation. Any change in ownership, acquisition, or change in headquarter location that occurred after this legislation was passed does not apply to this answer.)

Never 1 2 3 4 5 6 7 8 9 Always

- 6) **How important was the quality of data and resources you provided policymakers and the staff of policymakers in order to gain continued access?**

Not Important 1 2 3 4 5 6 7 8 9 Very Important

- 7) **How important was the existence of an already established credible, working relationship to your choice of policymakers or staff of policymakers with whom you had communication?**

Not Important 1 2 3 4 5 6 7 8 9 Very Important

- 8) **How important was sharing similar policy views when choosing which policymakers or staff of policymakers to communicate with?**

Not Important 1 2 3 4 5 6 7 8 9 Very Important

- 9) **When meetings were scheduled, were they with policymakers, the staff of policymakers, or both?**

Staff, Policymakers, Staff and Policymakers but mostly Policymakers, or
Staff and Policymakers, but mostly staff

- 10) **Do you feel you were given less, equal, or more access to policymakers or the staff of policymakers as other companies' lobbyists were given with regards to H.R. 3204, the Drug Quality and Security Act, H.R. 1919, the Safeguarding America's Pharmaceuticals Act, and S. 959, the Pharmaceutical Quality, Security, and Accountability Act?**

Less Access 1 2 3 4 5 6 7 8 9 More Access

Appendix 2: Example Lobbying Report

Clerk of the House of Representatives Legislative Resource Center B-106 Cannon Building Washington, DC 20515 http://lobbyingdisclosure.house.gov	Secretary of the Senate Office of Public Records 232 Hart Building Washington, DC 20510 http://www.senate.gov/lobby
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LOBBYING REPORT

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

1. Registrant Name <input checked="" type="checkbox"/> Organization/Lobbying Firm <input type="checkbox"/> Self Employed Individual EMD SERONO, INC.			
2. Address Address1 975 F. Street, NW Address2 SUITE 330 City Washington State DC Zip Code 20004 Country USA			
3. Principal place of business (if different than line 2) City ROCKLAND State MA Zip Code 02370 Country USA			
4a. Contact Name Ms. LYNN TAYLOR	b. Telephone Number 2026262598	c. E-mail JKAUNE@NMGOWLAW.COM	5. Senate ID# 48736-12
7. Client Name <input checked="" type="checkbox"/> Self <input type="checkbox"/> Check if client is a state or local government or instrumentality EMD SERONO, INC.			6. House ID# 345580000

TYPE OF REPORT

8. Year 2013 Q1 (01 - 331) Q2 (41 - 630) Q3 (71 - 930) Q4 (001 - 1231)

9. Check if this filing amends a previously filed version of this report

10. Check if this is a Termination Report Termination Date _____ 11. No Lobbying Issue Activity

INCOME OR EXPENSES - YOU MUST complete either Line 12 or Line 13	
12. Lobbying INCOME relating to lobbying activities for this reporting period was: Less than \$5,000 <input type="checkbox"/> \$5,000 or more <input type="checkbox"/> \$ _____ Provide a good faith estimate, rounded to the nearest \$10,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).	13. Organizations EXPENSE relating to lobbying activities for this reporting period were: Less than \$5,000 <input type="checkbox"/> \$5,000 or more <input checked="" type="checkbox"/> \$ 530,000.00 14. REPORTING Check box to indicate expense accounting method. See instructions for description of options. <input checked="" type="checkbox"/> Method A. Reporting amounts using LDA definitions only <input type="checkbox"/> Method B. Reporting amounts under section 6033(b)(8) of the Internal Revenue Code <input type="checkbox"/> Method C. Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: LYNN TAYLOR, VP GOVERNMENT AFFAIRS Date 10/21/2013

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

15. General issue area code HCR

16. Specific lobbying issues
 IMPLEMENTATION OF PATIENT PROTECTION AND AFFORDABLE CARE ACT
 REAUTHORIZATION OF PRESCRIPTION DRUG USER FEE ACT

17. House(s) of Congress and Federal agencies Check if None
U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE.

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

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
DAVID	NICHOLS			<input type="checkbox"/>
LYNN	TAYLOR			<input type="checkbox"/>

19. Interest of each foreign entity in the specific issues listed on line 16 above Check if None

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

15. General issue area code TAX

16. Specific lobbying issues
 HR. 958 / S. 131: WOMEN VETERANS AND OTHER HEALTH CARE IMPROVEMENTS ACT OF 2013; ALL PROVISIONS OF THE BILL
 HR. 1851 / S. 881: FAMILY ACT OF 2013; ALL PROVISIONS OF THE BILL
 CORPORATE TAX REFORM; PROVISIONS REGARDING INTEREST DEDUCTIBILITY

17. House(s) of Congress and Federal agencies Check if None
U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE

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

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
DAVID	NICHOLS			<input type="checkbox"/>
LYNN	TAYLOR			<input type="checkbox"/>

19. Interest of each foreign entity in the specific issues listed on line 16 above Check if None

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

15. General issue area code PHA

16. Specific lobbying issues
 H.R. 1919: SAFEGUARDING AMERICA'S PHARMACEUTICALS ACT OF 2013; ALL PROVISIONS OF THE BILL
 S. 959: PHARMACEUTICAL COMPOUNDING QUALITY AND ACCOUNTABILITY ACT; TRACK AND TRACE PROVISIONS

17. House(s) of Congress and Federal agencies Check if None
U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE

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

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
DAVID	NICHOLS			<input type="checkbox"/>
LYNN	TAYLOR			<input type="checkbox"/>

19. Interest of each foreign entity in the specific issues listed on line 16 above Check if None

Appendix 3: List of People Contacted for Questionnaire

Company	Country	2013 Spending	Lobbyists	Date/Time of 1st Cont	Date/Time of 2nd Contact
Pfizer Inc	USA	\$8,970,000	John Halliwell	Sent 9:38 on 5/12	
			Mary Bridget Walsh		
			Angela Reimer	Sent 1:42 on 5/12	Sent 12:14 on 5/17
			Jennifer Swenson		
Novo Nordisk	Denmark	\$2,560,000	Christopher Porter	Sent 9:49 on 5/12	
			Christopher McGowen	Sent 9:52 on 5/12	
			Lauren Semeniuk		
			Sarah Nordstrom	Sent 9:57 on 5/12	Sent 2:49 on 6/10
			Amy Thienel	Sent 10:02 on 5/12	
			Tricia Brooks	Sent 12:17 on 5/17	Sent 2:52 on 6/10
			Brian Branton		
Amgen Inc	USA	\$9,120,000	William O'Brien	Sent 2:05 on 5/17	Sent 3:00 on 6/10
			Helen Rhee	Sent 10:36 on 5/12	Sent 10:49 on 5/31
AbbVie	USA	\$3,220,000	Michael Boyd	Sent 10:43 on 5/12	
			Andrew Kaplan	Sent 12:21 on 5/17	
			Adele Witenstein	Sent 9:21 on 5/18	Sent 10:49 on 5/31
			John Ford	Sent 1:48 on 5/12	
			Catherine Ferguson		
			Christopher Leibundguth	Sent 10:53 on 5/12	
Sanofi	France	\$6,824,000	Sean Callinicos	Sent 11:01 on 5/12	
			Timothy Clark	Sent 11:04 on 5/12	
			MaryAnne Dunlap	Sent 11:08 on 5/12	
			Patrick McLain	Sent 12:25 on 5/17	
			Edward Greissing Jr.		
			Patricia Knight	Sent 12:28 on 5/17	
			Sara Froelich	Sent 11:13 on 5/12	
			Kay Holcombe		
Vertex	USA	\$1,180,000	Rachel Mack radomski	Sent 11:20 on 5/12	Sent 12:36 on 6/10
			Samantha Ventimiglia	Sent 12:32 on 5/17	Sent 1:22 on 6/10
			Mike Mattoon	Sent 11:28 on 5/18	Sent 3:05 on 6/10
Cubist	USA	\$1,400,000	Mark Battaglini	Sent 11:26 on 5/12	Sent 10:03 on 6/10
			Ginette Elise Rhodes		
AstraZeneca PLC	UK	\$4,180,000	Carrie Harney	Sent 11:32 on 5/12	
			Theresa Jolivet	Sent 12:32 on 5/17	Sent 3:08 on 6/10
			Bela Sastry	Sent 11:36 on 5/12	
			Jacqueline Kirby		
			Heather Strawn	Sent 11:40 on 5/12	
			Andrea Wilkinson		
			Brad Rossin	Sent 11:42 on 5/18	Sent 3:10 on 6/10
Actavis (Watson)	Switzerland	\$2,271,590	James Fenton	Sent 11:44 on 5/12	
			Ashlie Van Meter	Sent 12:32 on 5/31	
			Ted Piper	Sent 11:46 on 5/12	
Bristol-Myers Squibb	USA	\$2,836,000	Ronald Miller		
			Chris Pernie	Sent 12:01 on 5/12	Sent 1:17 on 6/10
			Paul Williams	Sent 12:38 on 5/17	Sent 1:19 on 6/10
			Lane Penry	Sent 11:57 on 5/31	

Merck & Co	USA	\$6,030,000	Jerome Murray		
			Eli Joseph	Sent 12:20 on 5/12	
			Jason Van Pelt	Sent 12:17 on 5/12	
			Angela Stewart	Sent 12:14 on 5/12	
			Robert Filippone	Sent 12:12 on 5/12	
Johnson & Johnson	USA	\$5,630,000	Jane Adams		
			Gregory Aronin	Sent 12:28 on 5/12	
			Brian Burns		
			Lauryl Jackson		
			Darrel Jodrey	Sent 12:30 on 5/12	
			David Kavanaugh		
			Charles Nau		
			Mark Reese	Sent 11:35 on 5/17	Sent 11:26 on 5/31
GlaxoSmithKline	UK	\$3,720,000	William Schuyler	Sent 12:34 on 5/12	Sent 11:30 on 5/31
			Sarah Walsh		
			Kimberly Williams	Sent 12:45 on 5/17	Sent 9:19 on 6/10
			Gary Heimberg	Sent 12:37 on 5/12	Sent 11:26 on 5/31
			Stephen Scango		
			Jospeh McGowan	Sent 12:52 on 5/18	Sent 12:36 on 5/31
Bayer AG	Germany	\$5,202,000	Christopher Leahy	Sent 12:40 on 5/12	Sent 12:01 on 5/31
			Julie Corcoran	Sent 12:56 on 5/17	Sent 9:23 on 6/10
			Thomas Lilburn	Sent 12:47 on 5/12	Sent 1:11 on 6/10
			Donna Stephens	didn't go through	
Takeda	Japan	\$1,609,469	Deborah Walter	Sent 12:49 on 5/12	Sent 12:01 on 5/31
			Shelley Stewart	Sent 12:58 on 5/17	Sent 9:25 on 6/10
			Aarti Shah	Sent 1:02 on 5/17	
Novartis	Switzerland	\$7,120,000	Daniel Casserly	Sent 12:52 on 5/12	Sent 12:07 on 5/31
			Shawn O'Neail	Sent 1:05 on 5/17	Sent 9:30 on 6/10
			Brenda Luckritz	Sent 12:39 on 5/31	
			Katherine Solon		
			Sarah Haller	Sent 1:08 on 6/10	
Roche Holdings	Switzerland	\$5,190,700	Darin Gardner	Sent 12:46 on 5/31	
			Katherine Martin raab	Sent 2:44 on 6/10	
			Missy Edwards	Sent 1:16 on 6/10	
Teva Pharmaceuticals	Israel	\$4,000,000	Ginger Loper	Sent 1:05 on 5/31	
			Debra Barrett	Sent 12:55 on 5/12	Sent 12:10 on 5/31
			Robert Falb		
			Terri Stewart	Sent 1:11 on 5/17	Sent 9:33 on 6/10
			Grant Erdel	Sent 12:48 on 5/31	
			Susie Ahn		
Baxter International	USA	\$3,351,000	Jack Maniko	Sent 12:57 on 5/12	Sent 11:36 on 5/31
			Kelli Lester	Sent 1:00 on 5/18	Sent 9:35 on 6/10
			Mark Coin	Sent 1:16 on 5/17	
			Jed Perry		
			Joseph Schwan	Sent 1:32 on 5/12	
			Sarah Creviston	Sent 1:02 on 5/18	
Boehringer-Ingelheim	Germany	\$3,003,000	Amy Efantis	Sent 1:01 on 5/12	
			Alanna Temme		
			Jonathan McPherson		

EMD Serono	Germany	\$2,780,000	David Nichols	Sent 1:19 on 5/17	Sent 9:50 on 6/10
			Lynn Taylor	Sent 1:05 on 5/12	Sent 1:40 on 5/31
			Michael Ruggiero	Sent 1:05 on 5/18	
Eisai Co	Japan	\$2,345,000	Peter Norman	Sent 1:08 on 5/12	
			Stephen McMillan	Sent 1:26 on 5/17	Sent 9:47 on 6/10
Astellas	Japan	\$1,960,000	Jeremy Rabinovitz	Sent 9:59 on 6/10	
Alexion	USA	\$1,000,000	Heidi Wagner	Sent 1:11 on 5/12	Sent 1:08 on 5/31
			Vanessa Procter	Sent 1:29 on 5/17	
Mylan Inc	USA	\$1,540,000	Nimish Shah	Sent 1:02 on 5/17	
			Kimberlee Trzeciak		
			Daniel Lubowitz		
Eli Lilly	USA	\$9,870,000	Jeannie Salo	Sent 1:13 on 5/12	
			Bruce Artim	Sent 2:25 on 6/10	
			Sean Donohue	Sent 1:27 on 5/12	
			Jesse Price		
Abbott	USA	\$2,170,000	Elaine Leavenworth	Sent 1:16 on 5/12	Sent 9:46 on 5/31
			Kristen Morris		
			Anne Devlin		
			Cynthia Sensibaugh	Sent 1:20 on 5/12	
Shire	UK	\$1,680,000	Edward Buckley	Sent 1:23 on 5/12	Sent 12:13 on 5/31
			Mark Lenker	Sent 9:56 on 6/10	
Endo Health	USA	\$2,050,000	James Brian Munroe	Sent 1:20 on 5/31	
			Brent Fisk	Sent 2:32 on 6/10	

Appendix 4: Transcript of Lobbyist for Several Foreign-Owned Companies (Interviewee A)

Conducted June 3, 2016 over the phone

Q: In your experience, what things are necessary for companies to gain access to policymakers and their staff?

FL: Yeah, I would say a footprint in a district, or a footprint in the state. So foreign firms are probably lobbying Congress because they have some interest in doing business here. With that comes either employees, perhaps working for the foreign firm in the United States, or potentially they sell services or goods to Americans. So I think it is important that they develop that nexus between what it is that they do and how it is directly impacting the lives of Americans.

Q: In the past, there has been legislation that would, at least that has been introduced but never been passed, that would put more restrictions on foreign firms in terms of lobbying reporting and contributions. Why do you think legislators would introduce legislation like this?

FL: I think there is a misconception about the role that foreign firms have in the United States. So people are quick to point to reported job losses, like with the impact of trade, without at the same time recognizing all of the positive benefits that foreign firms bring here. Again, like I said, numerous jobs, over 6 million Americans are employed by foreign-owned businesses. It is also gets challenging to put restrictions on those because a lot of firms have U.S. subsidiaries. So company x USA or company b USA are American companies, they just have a foreign parent and are part of a larger group. But it still participates and pays taxes like an American company. It complies with U.S. law like a regular American company. It operates exactly like an American company except it happens to have foreign ownership through a parent company.

Q: Would you say there is a difference between foreign firms that have U.S. subsidiaries and those that don't have U.S. subsidiaries?

FL: Perhaps. If there were a small startup in Germany that is doing something innovative, we would want to encourage them to share that in the U.S. and make sure Americans have access with whatever they are doing. What if someone had an exciting healthcare development out of the UK or France or Switzerland, we would want to make sure they have the same ability to serve Americans as American startups are doing. Through that, everyone benefits. You also potentially can have, it's kind of an exciting thing about globalization. You can have a startup, maybe in Germany, and they can take their products and tag-team with someone in Silicon Valley and end up with an even better product that greater improves the lives of Americans. So I think it is important that they are still able to have access, even if they don't have American ownership or a large footprint here in the U.S.

Q: When you are dealing with legislators on the issue, I know most of the bills I had mentioned before were introduced by Democrats, do you think it is a cross-party issue in terms of access for foreign firms? Or do you think one party is a little bit more skeptical of it than the other?

FL: I think generally, people like the idea of the local plant, and they don't really care who owns it. They love that it is employing a thousand people in their backyard. The messaging gets particularly confusing, I think especially in this election cycle. People say they hate certain things, but they don't realize what all would disappear from their pantry if banned trade. So I do think there is a messaging challenge in helping people realize that a lot of the things that they love, like jobs in their backyard, are the results of foreign firms. So I think that that's a challenge, especially right now, with both sides of the aisle. I can't say historically, but I can say currently it's with both sides.

Q: Do you think that policymakers are pressured by the American public in terms of access for foreign firms? And is it because they just don't understand the benefits?

FL: I guess it is who you ask. An employee of a foreign-owned firm is probably going to have a different take on it than an employee of a domestic firm.

Q: Policymakers have to rely on interest groups and companies for information to do their job successfully. Do you believe that foreign-owned and domestic firms are seen as equally credible in providing this information?

FL: I think they do. I know when I was an aide on the Hill, and you are right, it is frustrating that you have to depend on so much outside. And people don't buy a plane ticket or work full-time as a lobbyist to give you the same information you would find in a library. I think also, as a Legislative Assistant or Legislative Correspondent or Legislative Director, I think you recognize that people have biases. I think everyone knows that. I know when I was working in the Senate, I would frequently try to, after I met with one group if it was an issue we were really going to move forward on, not so much a courtesy stop, but something we were really going to introduce legislation on. I would always call the other side of the issue and ask them to come in as well, because I want to know what they will say before we introduce it. I want to know if there are ways to mitigate concerns without playing it out in public.

Q: Do you think trying to find various stakeholders on all sides on an issue is universal in Congress?

FL: Sadly, I don't think it is. When so much is flying at you, so much can be reactionary than proactive. So I think that is a challenge that aides have on their time.

Q: Often times, aides will have "go-to" lobbyists if they need information on a certain issue. Do you think there is a foreign versus domestic divide on which lobbyists become "go-to" sources of staffers?

FL: Yeah a lot of our issues are issues that the business community in general addresses. So I will give you an example. So April 4th, the U.S. Treasury dropped new regulations that affect business. They were trying to stop inversions. So American companies buying a foreign company for a lower tax rate. So we have an interesting take on it because the foreign-owned companies are the ones being held hostage. So it's thought that someone from the White House said, "Inversions are happening, stop it." And someone from treasury was like, "Ok!". So it is like an ant is walking across your desk, let's hit it with a sledgehammer. These regulations were put out without considering the impacts. So take for example a like company A. Company A is from foreign country b, will always be from foreign country b, and it's never going to choose to locate in a state like Georgia. We are excited that they are doing research and development here. We are excited that they are a part of our community and that Americans love their products. So Americans love products from foreign company A. They are not an inverter, they are foreign firm that could have gone anywhere, but instead they chose to do business here in the United States and we are benefiting from it. The treasury regs that they are advertising as inversion regs majorly clamp down on foreign firms ability to invest in the U.S. They are not inverters. They are just trying to do pure Foreign Direct Investment in the U.S. but they are getting looped in with other people. And that's a challenge. But guess who else is getting looped? Major American multinationals firms. So there are tons of issues that effect foreign and domestic firms equally. And so we are all in the same pool. So when we go talk to someone, that becomes more of a tax issue. So we may get divided up on our policy on taxes or other regulations, but thats not necessarily a foreign specific issue. That's an investment specific issue.

Q: Do you see that if a company is more invested in the U.S., they might get more access?

FL: Yeah I think that is definitely the case. So when I go and lobby a member of Congress, one of the first things I am going to start with is that the companies i represent employ x number of people in your district, or x number of people in your state. And normally people say, "wait, you employ 12,000 of my constituents?" And they get really confused. And we say, " Yeah. Did you not realize that this company has a foreign parent and this company has a foreign parent?" They know the companies, they just didn't realize where the investment is coming from.

Q: Do you think that mergers and acquisitions leading to mixed companies have made it difficult for policymakers to identify companies has foreign or domestic?

FL: I don't think it makes it difficult. I think you can have a domestic company with a foreign parent. So take a well know American company X that is very involved in the Presidential campaign. I think it is majorly ironic that that are owned by foreign-owned company Y. And they act independently, but they never-the-less have foreign ownership. So is American company X not an American company? So the legal answer to that question is technically it is. It is American company with a foreign parent.

Q: Have you experienced any instances where foreign companies are reluctant to lobby

policymakers?

FL: Yeah, we see this a lot with Asian companies. Just culturally, they are very compliant. A lot of times it is in countries with smaller governments. So foreign executives might not realize the impact that the government has on every aspect of their lives. Lobbying is very tied into first amendment rights and the freedom of speech to petition our governments directly. It is a really cool thing that we have in the U.S. So a lot of times I try and tell executives, you know the Girl Scouts have lobbyists. You realize churches have lobbyists. The Girl Scouts have property and employ people and have estate trusts and there are all sorts of ways the government is involved in their lives and as a result, they want to engage the government in a conversation. Their people here in D.C. understand that. Their American executives understand that. I do think there is a challenge getting this idea back.

Q: You said you see that with Asian companies? Do you see that with European companies as well?

FL: Yeah some. I think people don't understand the level of engagement that Americans have. In Congressional offices, we have legislative correspondents whose sole job is to write constituents back. I've talked to Canadians, and they ask why they would ever need to write their MEP. Your member of Congress is your ally and your voice, why wouldn't you if given the opportunity.

Q: Would you say these companies who are more reluctant, lobby through the industry groups instead of directly lobby?

FL: Again I think there is a mix, but I do think there is some of that.

Q: Is there a certain amount of time that foreign firms have to spend in D.C. for policymakers to feel comfortable with them?

FL: I think there are two paths that they can typically take. So one, I think it is good to have relationships. You want people on the Hill know that they can call you if they have a question. You don't want to wait until something goes wrong. Again, if a constituent calls with an issue that a company can maybe help them with, you want that member to know who to contact to smooth things over with a constituent. On the other hand, there are a lot of consultants who already have preexisting relationships with certain pockets. So the consultant can vet the company, and the member whom they have a longstanding relationship with can get it straight. So you can come in that way as well. But I do think there is some of that, and there is some of that with American companies like startups. So startups grow quickly and regulations have significant impact on them and they probably didn't have the budget initially to have government affairs in-house.

Q: Do you feel that domestic firms have an advantage over foreign firms in terms of access?

FL: I don't think so

Q: Do you think that is consistent across industries and legislative issues?

FL: There are some industries where foreign firms can't participate. But I think it will depend on some industries. I think policymakers have a huge bias towards firms in their district because it means more jobs in their backyard. So I think if foreign firms have that American footprint, they are going to have that access and the care and concern of policymakers, who at the end of the day, they are not a foreign firm, they are your brother-in-law's job.

Appendix 5: Transcript of Interview with Anonymous Lobbyist (Interviewee B)

Conducted 6/28/16 over the phone

Q: Do you feel foreign-owned firms are given as much access to policymakers as domestic firms?

A: I think as a general rule of thumb, typical, when Congress is considering legislation, staffers and others are going to hear from the various stakeholders and impacted parties. So if you are a foreign-owned corporation, but you have a manufacturing facility or an office or a headquarters or something, they will listen. Or if you are a key stakeholder in the healthcare community or whatever community, my experience for 20 years in this town is that they will hear you out. I've seen that definitely in pharma where there are a lot of foreign-owned companies, not just U.S.-headquartered companies.

Q: What do you make of the political rhetoric and legislation that has been introduced that tries to lessen the influence of foreign-owned firms?

A: I think it's a fact of life. Where there is a way to put "us versus them" in politics, it will be used, but my experience, whether it is in the pharma industry or the energy industry or the transportation industry, foreign-owned companies generally get a fair shake or a fair hearing. Now what happens behind closed doors or in that member's head is a different story. Now I can't say that this would be the case for a Chinese owned firm though.

Q: Does having U.S. subsidiaries help a foreign-owned company in terms of access?

A: I think any time, and I wouldn't keep this specific to pharma, that having presence with constituents is absolutely helpful. And then there is the argument that "Oh, it's not just a faceless, nameless foreign-owned company. You have got Bob and Jim in the community who work for this company. How many tens of thousands of foreign-owned company employees are there in New Jersey, New York, Massachusetts or Texas? Think about companies like Siemens, like the German company Siemens. I saw a commercial on it the other day that they have close to 60,000 Americans working in their facilities. That has an impact.

Q: What would you say providing quality information, having strong relationships, or sharing policy goals is most responsible for a company gaining access to a policymaker?

A: Information. I think years ago, relationships were a bigger thing. I think today having good information is important. You screw up, you are done. It is sort of like your word is your bond. So providing the right information and being a good resource.