

Abstract

We consider how the shape of the decision maker's objective affects the pay-to-play lobbying model with the decision maker as a discriminatory price setter. First, we summarize the important characteristics of two instruments of lobbyists, contributions and information. We then place the theme of pay-to-play lobbying with endogenous access fees within the context of general lobbying literature as well as the narrower access-lobbying literature. Next, we augment the model used in Cotton (2012) and Gregor (2015) and introduce a new policy function to the model, which allows us to analyze the robustness of the main conclusions from the two papers, i.e. the curse of the ex ante advantage and the destruction of the lobbying industry as a result of endogenous private devaluations. We test the robustness of both phenomena with regard to decision maker's objective and find that (i) the relative sizes of the ex ante utilities do not always completely determine the ex post expected utilities and (ii) the introduction of endogenous private valuations can produce equilibria where the destruction of private values does not occur. In the last section we generalize our findings and introduce a necessary and sufficient condition for the existence of equilibrium devaluation.

JEL Classification D72

Keywords access fee, lobbying, pay-to-play, policy function

Author's e-mail prause.michal@gmail.com

Supervisor's e-mail martin.gregor@fsv.cuni.cz