

ECONOMICS

Lobbying impacts

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Political lobbying can obstruct adoption of environmental legislation. Climate change represents an excellent test case given that emission-abatement policies are socially desirable, but some firms are likely to lose out.

The Waxman–Markey bill is the only US climate-change regulation — including the implementation of a carbon market to abate emissions — that was close enough to become law. Kyle Meng of the University of California, Santa Barbara, and Ashwin Rode of the University of Chicago used data from US lobbying records to examine the effects of lobbying spending on the Waxman–Markey bill after it was passed by

the House of Representatives and up until it failed to pass the Senate. They found that firms expecting to lose from the legislation were more effective at lobbying than firms standing to gain from it. They modelled the effect of lobbying on the probability of passing the law and found it was reduced by 13%, equivalent to an expected cost to society of \$60 billion (in 2018 US dollars). The results remind us of the influence of corporations in politics.

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