

The Lobbying in Post-communist Time: Bulgarian Case

Elena Stavrova

PhD, Associate Professor, Faculty of Economics, South-West University "Neofit Rilski", Bulgaria

Abstract

We are witnessing the pressure from public interest groups that take important business decisions. There are various discussions about what activities should be seen as lobbying and which do not meet the criteria for lobbying. This dilemma can be considered from a theoretical and practical point of view. The broad public does not look positively and perceives lobbying as an illegal and selfish activity very often strongly connected with or bordering on corruption. The experts have provided numerous definitions of lobbying as a transparent and legitimate way of representing the interests of minority groups.

The interest groups are trying to influence the decision-making process for their private benefit and therefore intervene in the legislative process in order to realize the asymmetric personal benefit. But the interests of society may be on the opposite side. These two principles may conflict in certain cases. The subject of our analysis is the behavior of groups or organizations that we can assume that they should serve the public interest. The theory of personal interest focuses on the individual's analysis as a promoter of his own goals, wishing to maximize his personal benefit. The boundary between the fulfillment of public or individual interest is the point of contradiction, particularly with regard to lobbying benefits or damage to society and the ethics of lobbying.

This paper summarizes the arguments and counterarguments within the scientific discussion on the ethics of lobbying as a beginning of researches of this problem in Bulgarian society.

The main purpose of the research is to analyze the lobbying 'phenomenon and lobbying case studies in Bulgarian practice. The systematization of literary sources and the approaches to solving the problem of lobbying ethics shows that the practice of lobbying in Bulgaria does not differ significantly from the world experience. In Bulgaria, as well as in countries with developed market relations, the business systematically attempts to influence directly on the process of business rules 'creating, thus distorting asymmetrically economic interests and motives in their favor. Very often, these interests are detrimental to the other participants in the economic system.

The importance of the solution to this scientific problem is the adoption of European rules of lobbying ethics by building an adequate legal basis, including a law on lobbying. The need for such a law is tangible due to the need to regulate relations between Bulgarian and foreign investors and their ability to influence the decision-making.

The study of the ethics of lobbyism in the article is done in the following logical sequence: first, the introduction analyzes the tasks and describes the methods to be used, secondly clarifying the semantics of the term, third a review of the literature, examples of the Bulgarian business practice where the business has managed to force the legislative bodies to make decisions exclusively for its benefit.

Due to the nature of the research question, the only possible option of the author is a quantitative analysis of digital data collected from secondary sources (daily, periodical press and internet sources).

The author faces the challenging problem of the limited availability of data on the analyzed cases, which hinders the overall review of the business practice. Most of the publicly available data are the result of discussions and own research of materials from the work of public institutions.

The study empirically confirms and theoretically proves that lobbying as a form of mediation between the state and interested parties is an opportunity to place the state and its institutions in a position of asymmetric justice in making important decisions for society. There may be suspicion or at least a threat to the weak or unsettled resilience of democratic societies.

The results of the survey may be useful for state institutions in determining the permissible level of influence of the business on the work of legislative and executive power.

Keywords: lobbying, interest group, regulation of lobbying, case study, lobbying practices.

JEL Classification: A14, L29.

Cite as: Stavrova, E. (2019). The Lobbying in Post-communist Time: Bulgarian Case. *Business Ethics and Leadership*, *3*(2), 18-28. http://doi.org/10.21272/bel.3(2).18-28.2019.

© The Author, 2019. This article is published with open access at Sumy State University.



1. Introduction

There are two business opportunities for government to influence. These are corruption and lobbying. At first glance, the two phenomena are very similar, but by their very nature, they are very different according to the object and the means used to achieve the intended purpose. The first is corruption, which includes all the actions taken to influence law enforcement. These actions are usually within the law. Lobbying includes all the actions taken to influence the makers of laws, rules, in order for these laws to acquire the type they want.

Therefore, a clear definition of lobbying as a semantics of the concept and its link with other benchmarking of stakeholder behavior is necessary.

This problem is old enough well known to the audience. As early as the Roman Empire, Roman Emperor Juvenal sums up the strength of the problem in the phrase: "Quis custodiet ipsos custodies" or "Who keeps watch guards" or "Who watched the watchers?" The Roman emperor's environment needs someone to defend the social situation in the society and the murder of Caligula and the placement of Claudius on the imperial throne is the necessary step towards maintaining the balance of power.

1.1 The scientific hypothesis and aims in the research

- > To analyze the achievements of scientific thought in exploring and delivering the area of the current state of lobbying as a practice, the basic theories of their main strategies and working methods; this part of the report is based on an analysis of the latest academic work on lobbying and representation of special interests:
- > To review the case study of the practice of lobbying influence from our national and European business practice based on empirical material.

The scientific hypothesis presented in the study is: if in one country the basic principles of civil society are not built up as: a functioning rule of law in the interest of the whole society, transparency and accountability about applied policies with a symmetrical effect for every citizen, this allows for violation of basic civil rights. The most important ones can be defined as: access to information, equality before the law and others.

1.2 Literature Review

We find the lobbying is an interest of many scientific researchers.

Table 1. Literature sources

Author (year)	Title	Contribution
Stigler, G. (1971)	The Theory of Economic Regulation. The Bell Journal of Economics and Management Science, 2(1), 3-21. Doi:10.2307/3003160.	The potential uses of public resources and powers to improve the economic status of economic groups (such as industries and occupations) are analyzed to provide a scheme of the demand for regulation. The characteristics of the political process which allow relatively small groups to obtain such regulation are then sketched to provide elements of a theory of supply of regulation. A variety of empirical evidence and illustration is also presented.
Alin Marius ANDRIEŞ (2009)	Theory regarding financial intermediation, financial intermediaries, a survey. The Annals of The "Stefan cel Mare" University of Suceava. Fascicle of The Faculty of Economics and Public Administration Vol. 9, No. 2(10), 2009.	The financial intermediation theory highlights the role of financial intermediaries in the economy, most of the studies performed highlight their role in achieving a durable economic growth, and the impact of regulations on Financial intermediation, accentuating the role of the central bank in the regulation, supervision, and control of financial intermediaries.
Ilona Bažantová (2016)	Moral hazard and its manifestation with regard to financial sphere. Journal of International Scientific Publications, ISSN 1314-7242, Volume 10.	Moral hazard is an important economic phenomenon. The article analyzed the concept of "moral hazard" including the analysis of situations that can be a part of this phenomenon, meaning the "too big to fail" problem and principal-agent problem including their typical manifestations.
Tetyana Vasilyeva and other (2019)	Institutional Complementary for social and economic development. VERSLAS: TEORIJA IR PRAKTIKA/BUSINESS: THEORY AND PRACTICE ISSN 1648-0627/e ISSN 1822-4202 http://btp.press.vgtu.lt2019 20: 103-115 https://www.researchgate.net/deref/%23	According to results of the panel data analysis, it has been defined that the impact on the institutional quality "Voice and Accountability", "Political Stability" and "Control of Corruption" is not statistically significant.
Beatty, Anne, Scott Liao, and Joseph Weber (2012)	Evidence on the Determinants and Economic Consequences of Delegated Monitoring. Journal of Accounting and Economics 53, no. 3 (June 2012): 555–576. http://dx.doi.org/10.1016/j.jacceco.20 11.12.002.	The paper suggests that cross-monitoring is not always beneficial to bondholders who delegate monitoring to banks. Our results indicate that cross-monitoring may lead to value-reducing borrower liquidation and may give banks an opportunity to shift wealth from bondholders. In addition, rather than focusing on this implicit cross-monitoring effect, we consider explicit delegated monitoring included in some public debt issues that directly tie their payment schemes to banks' monitoring.



Table 1 (cont). Literature sources

Rowland Curtis Stefano Harney Campbell Jones (2012)	Ethics in a time of crisis: editorial introduction to special focus. Business Ethics: A European Review Volume 22 Number 1 January 2013, doi: 10.1111/beer.12008.	The crisis returns in the disruptions that make possible some of the worst manipulations of others, but also to focus on the reason we would be looking for an ethical practice in the first place, in finance or elsewhere; a sense that however much capitalism remains unsurpassed in its powers of creative destruction, whatever is now or might become humanity, may not be able to survive it.
Z. Boda, L. Zsolnai (2016).	The failure of business ethics. Society and Business review, Voll 11, iss 1, pp 93-104	The paper investigate the failure of business ethics and suggest some possible remedies. The paper uses the model outside ethics.
A. Zimmermann, B.Zevenbergen (2019)	AI Ethics: Seven Traps, https://freedom-to-tinker.com/2019/03/25/ai-ethics-seven-traps/.	The seven traps which there have identified as the following: (1) the reductionism trap, (2) the simplicity trap, (3) the relativism trap, (4) the value alignment trap, (5) the dichotomy trap, (6) the myopia trap, and (7) the rule of law trap.
Cockfield, A. J., et al. (2010)	International Sustainable Development Law – Volume II.	Ethics of environmental law.
Simeonov, S., S. Zarkova, A. Peneva (2018)	Responsibilities between state debt and investment activity parallel analysis of processes in Bulgaria and Greece.	The ethical issues of decision-making to take on new sovereign debt in times of crisis.
Stavrova, E. (2017)	Conventional and shadow banking sector – comparative aspects of the post-crisis period in time of the currency board Bulgaria case.	The ethical issue of the shadow banking sector as the competitor of the conventional.
Pržulj, Zivka (2012)	Business, Culture and Ethics: The Case of Serbia in Transition.	Understanding of social environment has become important in business as much as understanding of economic principles. It is well-known that social reality is determined by cultural factors, which direct the activities of the participants in business from subconsciousness thus influencing their moral code. This book analyzes the impacts of business, culture and ethics in the example of a country that is undergoing a transformation of its society and economy. In this context, the cultural characteristics of Serbia have been analyzed in relation to the cultures of other European countries.
E. Stavrova (2013)	Annuaire de Luniversite de Sofia "St Kliment Ohridski.	The importance of ethical behavior of the financial intermediates and lobbying for the changes of the law rules.
Trifu, A. (2013)	Economics: Mechanics of Economy + Moral and Human Feelings + Political Challenges.	Economics is complex, multilateral, alive science and art, at the same time, being part of our lives and highlighting the human activity, skills, knowledge in the core of all components of the economic and social system. This enterprise leads to a solid endogenous unity of Economics, unity achieved by the interdisciplinary, osmotic overlap of system's components, proving that the whole is not, however, the sum of its parts. Unity in diversity, micro, macro, world levels, the mechanisms of functioning of the society and the diverse necessities to be satisfied, in a word a mix of Economics and Political Economy.
Roland Bardy (2018)	Rethinking Leadership: A Human Centered Approach to Management Ethics, Rutledge.	Leadership, corporate responsibility and management ethics underline the human centered paradigm in the complex world of today. One major issue in management impacts on people. This issue relates to the outcomes of human interaction within and beyond the borders of an organization. It discusses what motivates moral behavior at the individual and the collective levels, how morality is ingrained in markets and how it is deployed in business processes and stakeholder relations Rethinking Leadership covers ethics development from its origin to help managers understand and confront the 21st century's increasing challenges and disruptions.
Roland Bardy (2006)	Management control in a business network: new challenges for accounting. Qualitative Research in Accounting & Management.	This paper focuses on the implications for management accounting of "connectivity" amongst modern enterprises. It seeks to illustrate how practical guidance for management accountants who work in business networks can be gleaned from analogies out of traditional management accounting.
OECD (2014)	Lobbyists, Governments and Public Trust, Volume 3.	Focus efforts on the implementation of the Recommendation on Principles for Transparency and Integrity in Lobbying to strengthen confidence in the public decision-making process and restore trust in government.

Source: Author's work

2. Basic economic and behavioral theories to explain ethical way of lobbying as a phenomenon

A. Moral Risk Theory

The moral threat is a situation where countries isolated from risk behave differently than how they behave if they are fully exposed to the risk.



Paull Krugman (2009) describes the moral hazard in finance as every situation where a person decides how much risk he can take while someone else bears the cost if the events lead to losses. For example, financial guarantees from governments, central banks or other institutions can encourage risky lending in the future, if those who take the risk believe they will not bear the full burden of potential losses. A special case of information asymmetry is the situation where one party to the transaction has more information than another. This can happen if a country that is protected by risk has more information about its actions and intentions than the country that pays the negative consequences of the risk. In the banking industry, for example, information asymmetry and deposit insurance protect banks from disciplining control of depositors. This disregard for the cost of financing banks 'risk leads to banks' assuming moral hazard.

B. Agency Theory suggests that both parties – the agents and the principal – are interested in maximizing profits from their cooperation. A simple example of this is the relationship between the store manager and his owner – the store manager as the owner's agent, wants to get as much as possible for the minimum amount of store work. The storeowner wants a maximum job from the manager for a minimum payment. These conditions eliminate the idea of honesty and loyalty in the agent's relationship because of their incompatibility with the fundamental assumption of rational minimalism.

In "The bankers 'new clothes" the authors bring public attention to the unethical behavior of bankers in their quest for a quick profit and the importance of regulation to overcome crises (Admati, A. & Hellwig, M., 2013). They strongly question whether central banks could and whether they had to react more quickly to curb the effects of the crisis. Of course, as the root cause is the mistakes of securitization or the division of commercial and investment banking. In their book, the authors argue that large investment banks have attracted too much money while having at the same time too little equity in their balance sheets. Their own capital has not been triggered as a buffer against the market crisis due to the risk of trading on its own account in derivatives markets and the reckless lending of real estate. This was not possible if the lobby of the bankers at the Congress did not help them and give him the necessary laws.

A major agent-related problem arises when the principal cannot monitor the behavior and actions taken by the agent, but many system sources suggest the existence of information asymmetry. Information asymmetry concerns the difference in the awareness of both parties and the exclusive right of information that the agent possesses. In the functioning of the market as effective, 'reflecting all available information' when it is more conservative, less pro-cyclical than average, usually results in lower incomes than other market participants in different positions. However, the ethical attitudes of a group of people may not only affect its members but also those outside of that community. The displacement of the paradigm – from agency relationships, personal interest is the main motive for the assumption that human beings are loose and do not always care for the interests of others, opposing the assumption that there are times when people are honest and altruistic, initiatives not always with supposed power and power when they are stimulated and socially

C. Diamond Theory for Delegated Monitoring

Diamond (1984) develops the theory that intermediaries overcome asymmetric information issues by acting in the role of delegated supervisors (monitors). His theory is known as the financial intermediation theory based on delegated monitoring theory of financial intermediation. In particular, in this theoretical development, Diamond demonstrates why investors may be more profitable to delegate control to borrowers (monitors) to intermediary's\banks than they themselves do.

In the context of asymmetric information, it is clear that monitoring, in general, can be used as a method of enhancing efficiency. This is because it is not possible to design and construct complete debt contracts to specify all possible borrower actions and to substantially reduce the likelihood of moral hazard. In the Diamond' model, banks offer standard debt contracts on which they receive fixed returns and impose sanctions on their failure, thus providing adequate incentives. In terms of the term monitoring, however, there is a wider meaning, the following elements shall be included:

- ➤ Preliminary analysis, evaluation, and screening of investment projects in the context of a possible unfavorable choice;
- ➤ Prevention of undesirable behavior of the borrowers during the implementation of the project moral hazard;
- ➤ Auditing and punishing a borrower who does not fulfill contractual obligations this is in the context of the so- "Costly state verification".



Because monitoring actions clearly improve the effectiveness of lender-loan contracts with asymmetric information, they can be used by individual creditors themselves or by specialized companies: rating agencies, securities analysts or auditors. The theory of delegated monitoring carried out by financial intermediary's shows that banks have comparative advantages in the performance of these supervisory functions. In order to develop this theory, several basic conditions are needed:

- > Saving economies of scale, suggesting that a typical bank finances many projects;
- > Small capacity of investors compared to the size of investment projects, suggesting that each project needs the funds of several investors;
- ➤ Low costs: the costs of monitoring and controlling the intermediaries themselves should be less than the benefits of realizing economies of scale in monitoring and controlling investment projects.

3. Lobbying Features

The problem of the relationship between businesses – corporations and the state, as well as the possibility for businesses to directly influence the decisions taken by state authorities in their favor – is at the center of our attention today.

The complex structure of this system also initiates a complex of complex relationships and dependencies. The successful realization of these dependencies also determines its sustainable state and behavior. Christopher Wanamaker (2018).

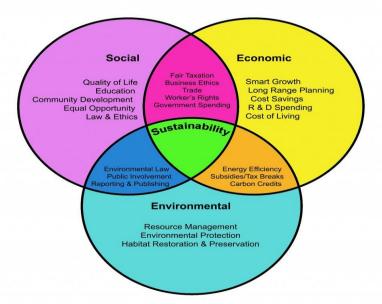


Figure 1. Business environmental

Source: https://soapboxie.com/social-issues/The-Environmental-Economic-and-Social-Components-of-Sustainability

In business, this is the role of the Agent, who is hired by the owners, the investors of the companies. They hire managers with management knowledge to manage prudently the money and savings they investments. Although it is the ability of these agents to do this in the best possible way, this is not always the case. This fact stems from the complexity of modern finance. Managerial agents know much more about market processes and where there are gaps or omissions from which they would realize the benefits themselves.

A major source of the ethical problem in the relationship between business and government is the fact that the state has a priority opportunity to influence because of a relationship of common interest and trust. This understanding is based on the fact that the state works for the best protection of the public interest. In order to realize this interest, the state stands in equal distances, symmetrically, by society and business because its expectations are to ensure effective and stable economic behavior of economic agents. In doing so, businesses are expected to secure tax revenues, new jobs places and return on economic investment.

The main ethical considerations arising from the situation are:

1. The problem of the legitimacy of business influence.



The lobbying effect may be geared to speeding up or blocking the law-making process in the legislature and work in favor of the lobbying party.

2. Issue of accountability to the public

The society can judge the extent to which the state works effectively as representing the interests of society, and it has the right to receive information about government decisions on whether or not they are in its favor. Government's responsibility will always be a problem when the influence of business on government is potentially illegal or contrary to the basic principles of law.

According to A. Crane & D. Matten (2007), the influence of business on government can be exercised in several ways:

- 1. The approach used in decision-making the impact can be directly or indirectly through the use of media influence.
- 2. Impact transmission scale influence can be public, visible and recognizable by all, and private or "behind closed doors" influence.
- Communication content here it is possible that the influence is purely informational in nature, focusing
 mainly on the content of communication or pressure-oriented content, which involves a higher degree of
 coercion.

OECD (2014) has developed the basic principles of lobbying that underpin the Confidence Strategy adopted in 2010 by member states. An overview of the achievements of individual countries in building a legal network for lobbying activities has been made: The United States has adopted its law as early as 1946, the German Bundestag passed a law back in 1951. Significantly later, the necessary steps have been taken by the Parliaments of Canada (2008), Italy adopted Ministerial Decree No. 2284 of 6 February 2012, France (2013) adopted a new regulation that restated the terms of relationships between députés and representatives of interest groups, Hungary introduced Act XLIX on Lobbying Activities in 2006, repealed it in 2011, then brought in an integrity management regulatory system for state administration bodies and lobbyists in February 2013, Poland – the first Act on Legislative and Regulatory Lobbying was passed by the Sejm (Lower House of Parliament) in July 2005.

Here are the basic principles for regulating lobbying actions, namely:

- 1. Legislation for determining boundaries of behavior;
- 2. Registers for entry, reporting, and recognition;
- 3. Monitoring systems through legal norms included in the legal system.

The international rules require not only a registration regime to work in the respective country, but also the responsibility for providing information about meetings with civil servants are on itself. Any employee conducting any conversations with a lobbyist is required to record:

- 1. The name of the lobbyist;
- 2. Information on whether the lobbyist has been identified in accordance with the provisions of the Counterfeiting Act and prevention of corruption;
- 3. The area of lobbying;
- 4. The name of the interest group or any other organization for which the lobbyist lobbies;
- 5. The date and place of the visit of the lobbyist;
- 6. The person's signature is lobbied.

The lobbying for a corporate politics 'purposes is a part of developing' strategy to the "big market players". There is an illustration of this claim we can see in Figures 2 and 3 for the parameters of gun ad tech firms spending for the market lobbying.



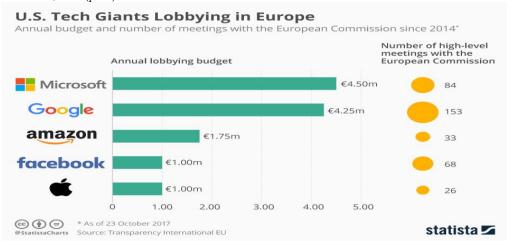


Figure 2. Lobbying spending of the "Bigs Tach"

Source: Transparency International.EU, Statista

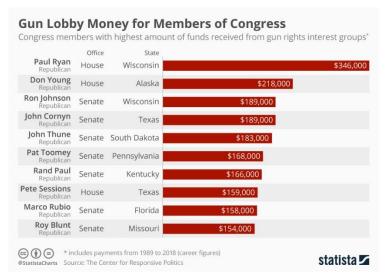


Figure 3. Gun Lobby Money

Source: The Center for Responsive Politics, Statista

4. A selected case studies of lobbying in Bulgaria and Europe

A. Event evolution control

The lobbyists succeed in having the conditions of debate to channel conversations away from those who cannot win and closer to those in which they can succeed. If the public discussion of the environmental impact of a company is undesirable, lobbyists will instead insist on a debate with politicians and the media about the hypothetical economic benefits of their ambitions. Once this narrow horizon of debate becomes dominant, disagreements will seem marginal and irrelevant.

Such controls are carried out, including lobbyists for fracking and nuclear power, public sector reform, or banking regulation. It does not matter whether the new framework depends on the possibility of implementing the change.

The referendum held in Bulgaria in January 2016 on a majority electoral system and a change in party funding, at which 2.5 million voted in two rounds. As everyone expected, the referendum gave a positive result. Quite naturally, governors have focused attention on the benefits of the proportional voting system by emphasizing its benefits in the recent past. They simply declared voter voting optional. The cost of running it remained at the expense of the state treasury.

B. Using the influence of the media

The point is to know when to use the press and when to avoid it. The more noise is lifted, the less lobbying. However, the media is crucial as a way of communicating with the government. Press releases are carefully



crafted. Even if the corporate goal is pure, interesting to make a profit, it will be dressed to look like a synonym for the wider national interest. At the moment it means economic growth and jobs.

A strategic site such as the Belene Nuclear Power Plant has begun research since the 1970s. The selection of Russian equipment predetermines not only the technology but also the investor and the level of safety. Since then, all governments have returned to it when they want to use this project as an instrument in their relations with Russia. A referendum held in 2013 failed due to low turnout. Different building activities were assigned to all governments. The amount invested in a constructed site and an already outdated nuclear reactor with a doubtful level of safety has risen to BGN 3 billion and the forecast to reach 20 billion by the end of the project. During 10 years of government with Prime Minister Boyko Borissov, completely contradictory solutions have been taken from a moratorium and a denial of nuclear power to threats in the press for a current regime.

C. Design changing

In order to make a change in tax legislation, the efforts of only one company or corporation are not enough. That would seem like a special request. There is a critical mass of voices that speak of common opinions and attitudes. All this can be designed.

The Sergei Stanishev's government ended fiscal 2009 with a surplus of 8.2 billion. This reserve must be left to the next use facility. The main reason for this is the upsurge of the business cycle and brought back by an economic upturn that has embraced the European economy, including the Bulgarian one, which is catching up with the rest of the former Eastern bloc countries. The active inflow of capital and imports make tax revenues reach such high levels that liberal parliamentarians alter the income tax paradigm by lifting progressive taxation and replacing it with a proportional income and profit tax of 10%. The mass audience is informed that a higher collection rate will be achieved without specifying that the main tax burden is imposed on people with the lowest income.

D. Three vices under one roof

Corporations are one of the least credible sources of information for the audience. Therefore, they need recognizable, memorable, seemingly independent people to convey their messages.

According to Bulgarian law, the advertising of gambling is prohibited in the mass media. Betting venues to schools and other kinds of childcare facilities are also under control.

With the launch of a chain of kiosks under the trademark "Lafka", all these norms were violated. The privately organized betting network advertises in television shows distributed profits, which the legislator did not designate as direct advertising and inducement to betting. In addition to these pavilions, cigarette products and alcohol are sold – "three vices under one roof".

The face of the ad campaign has been chosen as a popular actor who has gained popularity by participating in a successful TV series.

E. "Heat not burn"

Tobacco giant Philip Morris invests and develops IQOS – tobaccos containing processed tobacco. These considerably shorter cigarette-like articles heat up but do not burn their contents without smoke. The content of toxic substances is also lower. The European Commission accordingly imposes a lower excise tax. Bulgarian lawmakers are in a different opinion – harmonizing the amount of excise duties and so the price of cigarette giant products doubles. Considering the growing consumption, domestic manufacturers of conventional cigarette products are threatened. One such rule of the law indicates the high risk of introducing innovations in smoking in a country like Bulgaria, which is one of the leading positions in the use of tobacco products. The international image of the country as an investment destination has not been impeded.

F. Neutralize the opposition

The lobbyists see their battles with opposition activists as a war strategy. They require the government to listen to their message but ignore counter-arguments coming from campaign participants. As such, the ecologists, who have long been the curse of investors in hotel and holiday complexes on the Black Sea coast, are determined. The object of such attention are also the sites for construction of highways. In the action of coping with the enemy, all armaments are launched.



The lobbyists have developed a mobile tactic to neutralize such a threat. Monitoring of environmental associations and groups is common: what projects and what value they are funded, who has rated the projects and others.

The project to change the status of Pirin National Park, which is under UNESCO protection, has united the efforts of over 50 environmental associations, non-governmental organizations, and student councils. It is necessary that the SAC intervene for judicial resolution of the problem.

With administrative holdings and illegal substitutions during the rule of Sergei Stanishev's government, hard-to-reach forest areas have been replaced by coastline and agricultural land near the seashore. Although according to the Constitution of the Republic of Bulgaria, the sandy coastline is the subject of national wealth, the number of accessible beaches has reached a symbolic level.

G. Control on the network

As lobbyists say, today's world is the world of digital democracy. The old practice of taking decisions at noon with a deputy or a journalist has long been out of the agenda. This is a new challenge, but it is not insurmountable.

One of the key ways to control information on the web is to flood the network with positive information about a particular site. They create fake blogs for clients. Press releases with positive content that fool the search engines push the fictitious content before the negative one placed on critics in Google's ranking. Referring to the fact that few people click outside of the first page of search results, lobbyists make the negative content "disappearing" from the focus area.

H. May open the door

Undoubtedly, the lobbyists need access to politicians to implement their strategies. This is not always equivalent to influence, but deals can be placed one time at the table. And access to politicians can get a real estimate in figures. This may not be a cash deal, but an investment in the relationship. Lobbyists build trust, offer help, and accept to do the service.

The most effective way to shorten the process of building a system of contacts is to involve specific politicians or their friends, former employees or colleagues in turn.

In the Bulgarian justice system, no change is made to the Code of Criminal Procedure allowing for a quick legal proceeding in cases of intentional killing or alcohol use. Another scandalous change is a 1/3 sentence reduction for all who have made confessions. Thus, a relaxed procedure and a shortened period of forced stay in detention places receive killers in a particularly cruel way, rapists, and murderers of more than one person in a car accident after drinking alcohol. The Chair of the Legal Commission in Parliament Iskra Fidosova is the subject of the change.

The Minister of Health care in one of the Governments of Boyko Borisov made several attempts to pass a national health map through the Bulgarian Parliament. This procedure was aimed at limiting the emergence of new private health care facilities due to the uncontrolled and unregulated licensing of new hospitals. A prerequisite for the measure was the established number of defamatory contracts between state and private hospitals for the transfer of clinical paths, rental of premises and equipment for rent.

The efforts have not gone unheeded and the number of hospitals has been steadily rising along with real population decline.

I. Investing in the Future...

There is at least the notion that decisions taken in the government can be influenced by opportunities for remuneration for future employment. This is a concern expressed and solidly lined up in contracts that never see sunlight. Today, however, the number of people going out through the swinging door is considerably high.

A representative of the Bulgarian government in the negotiations for accession to the European Union was Meglena Kuneva, a lawyer in the profession and politician. In talks, Bulgaria was obliged to shut down nuclear reactors at the nuclear power plant under the pressure of the Republic of France. Immediately thereafter, France built a nuclear power plant in close proximity to the Bulgarian one and thus secured Romania's energy independence from the import of electricity from Bulgaria.

The expiration of the mandate of Meglena Kuneva as a former EU commissioner and acting adviser to the European Commission has been elected to the board of directors of the French bank BNP Paribas.



Conclusions

The lobbying as a business does not have a long history. It was not until the 20th century that the countries were developed rules for interfering and regulating this type of the influence. However, the practice requires to conclude that lobbying activities are at the heart of all identified concerns and risks that concern the population and business. The citizens and businesses have a right to know how and who is lobbying pressure on the decision-making process in the state and society. The process of ensuring transparency in lobbying would help ensure a level playing field informed participation and control over compliance. Respect for these basic principles is a particular challenge for post-communist countries that are now building the foundations of civil society when – for example, by increasing transparency – they seek to address the increasing risks of lobbying. The setting is clear, applicable rules and guidelines are necessary but not sufficient. The ensuring compliance and limiting opportunities, detection of violations implies a coherent spectrum of strategies and mechanisms that includes a well-developed system for monitoring and enforcing rules. Such a system would not only increase the adequacy but would also allow governments to carefully balance the costs and benefits of the lobbying system and to identify effective measures to address the problems.

All components of good government require assessment and availability of the necessary information base. In this context, lobbying is not excluded.

As countries increasingly decide to regulate lobbying practices, experience shows that rationalizing lobbying regulations in the wider integrity framework remains essential to effectively addressing the risks associated with lobbying. There is a general the consensus that, although two lobbying factors are needed, the primary responsibility for protecting the public interest and rejecting undue influence lies with those lobbying, and therefore a robust public-public integrity framework is needed.

The examples of the practice of the Bulgarian reality proposed in the paper seek to bring again to the attention of the competent authorities the need to establish a system of legal norms for regulating the lobbying business in Bulgaria. The Bulgarian state is obliged to its taxpayers because the practice shows that the lack of systematic control and supervision has already produced effects not only in Bulgaria but also beyond its borders. This makes the need for rapid intervention even more tangible.

References

- 1. Admati, A. & Hellwig, M. (2013). The Banker new clothes. ISBN 978-691-15684-2. Princeton University Press.
- 2. Bardy, R. (2018). Rethinking Leadership: A Human Centered Approach to Management Ethics, Rout ledge, pp. 42-55. ISBN 9780815364610.
- 3. Bardy, R. (2006). Management control in a business network: new challenges for accounting. *Qualitative Research in Accounting & Management*, 3(2), 161-181. https://doi.org/10.1108/11766090610670686.
- 4. Bažantová, I. (2016). Moral hazard and its manifestation with regard to financial sphere. *Journal of International Scientific Publications*, 10. ISSN 1314-7242.
- 5. Beatty, Anne, Scott Liao, and Joseph Weber (2012). Evidence on the Determinants and Economic Consequences of Delegated Monitoring. *Journal of Accounting and Economics*, 53(3), (June 2012), 555-576. http://dx.doi.org/10.1016/j.jacceco.2011.12.002.
- 6. Boda, Z., Zsolnai, L. (2016). The failure of business ethics. Society and Business review, 11(1), 93-104.
- 7. Crane, A. & Matten, D. (2007). Business Ethics. Oxford University Press, pp. 463-479. ISBN 978-19-928499-3.
- 8. Cockfield, A. J., A. F. M. Maniruzzaman, A., Schwabach, A. Dan Tarlock, John C. Dernbach, G., Kutting. (2010). International Sustainable Development Law, Volume II. EOLSS Publications. ISBN 1848264062, 9781848264069.
- 9. Diamond, D. (1984). Financial Intermediation and Delegated Monitoring. *The Review of Economic Studies*, 51(3), 393-414. Retrieved from http://www.jstor.org/stable/2297430.
- 10. Economist (2017). The problem that links business, finance and politics Who guards the guards? Feb 13th 2017by Buttonwood.
- 11. Krugman, P. (2009). The Return of Depression Economics. *Foreign Affairs*, 78(1), 56-74. doi:10.2307/20020239.



- 12. Marius ANDRIEŞ, A. (2009). Theory regarding financial intermediation, financial intermediaries, a survey. The Annals of The "Ştefan cel Mare" University of Suceava. Fascicle of the Faculty of Economics and Public Administration, Vol. 9, No. 2(10), 2009.
- 13.OECD (2014). Lobbyists, Governments and Public Trust, Volume 3. Implementing the OECD Principles for Transparency and Integrity in Lobbying.
- 14. Pržulj, G. (2012). Business, Culture and Ethics: The Case of Serbia in Transition. LAP LAMBERT Academic Publishing. ISBN-13: 978-3659282218.
- 15. Rowland Curtis Stefano, Harney Campbell Jones (2012). Ethics in a time of crisis: editorial introduction to special focus. *Business Ethics: A European Review*, 22(1), January 2013. Doi: 10.1111/beer.12008.
- 16. Simeonov, S., Zarkova, S., Peneva, A. (2018). Responsibilities between State Debt and Investment Activity, Parallel Analysis of Processes in Bulgaria and Greece, Almanac "Research", Volume 26/2018.
- 17. Stigler, G. (1971). The Theory of Economic Regulation. *The Bell Journal of Economics and Management Science*, 2(1), 3-21. Doi: 10.2307/3003160.
- 18.Stavrova, E. (2017). Conventional and shadow banking sector comparative aspects of the post-crisis period in time of the currency board Bulgaria 'case", International Scientific conference "Innovation in science and education" March 22-24, 2017 Prague, Czech Republic. http://ojs.journals.cz/index.php/CBUIC/article/view/1114/pdf, pp. 453-457.
- 19. Trifu, Al. (2011). Approach regarding the influence of business ethics on corporate governance. *The yearbook of the Gheorghe Zane Institute for Economic and Social Research (from The Romanian Academy, Jassy Branch)*, 20(1), 73-77.
- 20. Trifu, Al., Davidescu, R. (2006). A Mental Value Perspective in Risk Decision Theory. *Theoretical and Applied Economics, Asociatia Generala a Economistilor din Romania AGER*, 7(502), 101-104, September.
- 21. Trifu, Al. (2013). Economics: Mechanics of Economy + Moral and Human Feelings + Political Challenges, LAP LAMBERT Academic Publishing. ISBN-13: 978-3659400445.
- 22. Tormo-Carbó, G., Seguí-Mas, E. & Oltra, V. J. (2016). Accounting Ethics in Unfriendly Environments: The Educational Challenge. Business Ethics, 135: 161. Available at: https://doi.org/10.1007/s10551-014-2455-6.
- 23. Tormo-Carbóa, G., Seguí-Masa, O. E., Klimkiewiczc, K. (2016). How effective are Business Ethics/CSR Courses in Higher Education? Procedia. *Social and Behavioral Sciences*, 228, 20 July 2016, 567-574. https://doi.org/10.1016/j.sbspro.2016.07.087.
- 24.Zimmermann, A., Zevenbergen, B. (2019) AI Ethics: Seven Traps. Available at: https://freedom-to-tinker.com/2019/03/25/ai-ethics-seven-traps/.
- 25. Vasilyeva, T. and other (2019). Institutional Complementary for social and economic development. VERSLAS: TEORIJA IR PRAKTIKA/BUSINESS: THEORY AND PRACTICE. ISSN 1648-0627/e ISSN 1822-4202 http://btp.press.vgtu.lt2019 20: 103-115. Available at: https://www.researchgate.net/deref/%23.
- 26. Wanamaker, Ch. (2018). The Environmental, Economic, and Social Components of Sustainability. Available at: https://soapboxie.com/social-issues/The-Environmental-Economic-and-Social-Components-of-Sustainability.