The influence of BlackRock on the European Green Deal: Researching corporate influence on European policy making

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EXECUTIVE SUMMARY

This paper seeks to find an answer to the question:

"How does BlackRock interact with European industrial policies, such as the Green Deal, and what implications might this have for public objectives?"

Key findings suggest that BlackRock has a significant sphere of influence in and around the institutions that constitute the European Union. BlackRock hires strategically by employing former high-ranking government officials, people who have often overseen regulatory processes about BlackRock itself. Furthermore, BlackRock employees occupy strategic positions within several European bodies, such as the EFAMA. BlackRock is very pro-Green Deal to the outside world, but behind the scenes they actively lobby for policies that either delay or undo the Green-Deal policies. They don't do this using the name "BlackRock" however, they do this through many different Trade Groups which BlackRock dominates. The study concludes that we can speak of a "regulatory capture" of these bodies. However, it is unclear if there is a causal relationship between BlackRock's sphere of influence and European policy outcomes, and if there is, to which extent. To quantify that, we would need full access to insider information from BlackRock, something that is beyond the scope of this paper. BlackRock's influence, however, is undeniable.

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1. Introduction

This study delves into the relations between public and private institutions in Europe. Specifically, the influence of the largest investment firm in the world, BlackRock, on European industrial policies, with a special attention for the European Green Deal. Over the years, many online figures have spiked my personal attention by spreading the “revolving door theory”: a theory which claims that governments and private institutions are interlinked, shown by the fact that high-ranking public officials often receive jobs in the exact corporate field they used to regulate. A prime example of this is Dutch minister Cora van Nieuwenhuizen. As the Dutch Minister of Infrastructure she used to be responsible for the country’s energy supply. During her term however, she joined an organisation that lobbies to the Dutch government for major energy companies.

This is just one example, but it’s one of the many causes of this research. Are private and public institutions more interlinked than we think? Are the best interests of the populace being represented, or are other interests being prioritised? Since this is such a large subject, it’s impossible to research it to its fullest extent. Which is why this thesis will be specified to BlackRock and the European Union, specifically the Green Deal. This is a huge policy which is set to shake up the entire continent, impacting the day-to-day lives of over 448 million people.

BlackRock

In this evolving policy context, the role of major private financial entities like BlackRock becomes increasingly important. BlackRock, the world’s largest asset manager, holding over $7 trillion in assets under management as of 2020, stands as a titan in the global financial sector. Its investment decisions and strategies can have profound implications on global markets and industries. BlackRock's influence extends beyond mere financial transactions; it plays a pivotal role in shaping corporate governance and business strategies across the globe.
Given its enormous investment portfolio that spans various industries, BlackRock's actions and decisions can indirectly influence policy directions and outcomes, especially in sectors integral to the Green Deal, such as renewable energy, sustainable agriculture, and green technology. The firm's stance on environmental, social, and corporate governance (ESG)

issues, and its recent emphasis on sustainability, indicates its potential to significantly impact policy implementation and effectiveness.

Research Significance

Understanding the influence of a significant financial company like BlackRock on government policies is crucial for several reasons. BlackRock, since the last financial crisis, has emerged as a major player with extensive reach and influence over financial markets and governments (GVWIRE, 2018). It controls more assets than all other private equity funds and hedge funds combined, owning significant stakes in many publicly listed companies around the world (Ibid.). This control grants BlackRock substantial voting power, influencing management decisions in shareholder battles and raising concerns about common ownership across industries.

BlackRock's CEO, Larry Fink, has emphasised that companies should serve a social purpose, indicating a direct approach to influencing the companies in which BlackRock holds substantial stakes (Ibid.). Additionally, through its consulting unit, BlackRock Solutions, the company advises governments on monetary and financial policies, further illustrating its involvement in shaping public policy. Back in 2020, BlackRock Solutions worked together with the European Union to construct new financial rules for banks and financial institutions, raising concerns over the conflict of interests that may arise here: Blackrock, the world's largest financial institution, now advises the European Commission on regulations for financial institutions (The Guardian, 2020), is that how it's supposed to go?

Moreover, BlackRock's practice of hiring former government officials, regulators, and central bankers, known as the "revolving door," has given it unprecedented access to government circles. This includes hiring at least 84 such officials since 2004, extending beyond the United States to other global regions, further emphasising its influence in governmental affairs (GVWIRE, 2018.). This interaction and influence become particularly relevant in the context of significant policy initiatives like the European Green Deal, where financial and investment strategies play a crucial role.

The significance of this research lies in its potential to illuminate the ways in which private financial firms like BlackRock can sway public policy directions, by comparing documents published by BlackRock in relation to EU regulations with the actual final content of these regulations, highlighting the firms hiring strategy and the influence it asserts indirectly through companies it holds shares in, and more importantly, via trade-groups that submit feedback to European proposals, this study aims to uncover tangible evidence of BlackRock's influence in shaping policy. Such an analysis will provide a clearer picture of the extent to which private financial firms like BlackRock sway public policy directions. Given the increasing role of private financial entities in global governance, understanding this interaction is not only academically important but also has practical implications for policymakers, industries, the broader public and market authorities. Considering Blackrock holds more assets under management than all other financial institutions combined and considering it would be the third biggest economy in the world if it were a country, Blackrock poses a significant risk to anti-monopoly and anti-cartel (oligopoly) laws.

Current Academic Landscape

In the realm of European industrial policy, particularly in the context of landmark initiatives like the Green Deal, there exists a notable research gap concerning the influence of financial powerhouses such as BlackRock. While it's recognized that these entities wield significant clout in global financial markets, the specifics of their role in shaping policy frameworks, particularly in environmental and sustainability-focused agendas, are not thoroughly examined.

This gap is especially pertinent considering the transformative nature of policies like the Green Deal. These are not mere regulatory adjustments but represent a paradigm shift towards sustainable practices. Entities like BlackRock, with their vast financial resources and strategic influence, are positioned to significantly impact the direction and effectiveness of these policies. Therefore, this study is imperative to understand the depth and nature of BlackRock's involvement with European industrial policies, shedding light on how such financial giants can either propel or impede significant policy advancements.

Research question

In order to answer the questions that have arisen earlier and to define the scope of this research, this study will attempt to answer the following research question:

"How does BlackRock interact with European industrial policies, such as the Green Deal, and what implications might this have for public objectives?"

This question arises from the increasingly blurred lines between the operations of major private financial entities and public policy formulation, particularly in Europe. The focus on BlackRock, stems from its incredible influence in the financial sector, which could significantly sway policy directions. As for the operationalisation of the question, we define “interact” as public and private interactions of BlackRock or liaised entities with European institutes. This may entail reactions on European public consultancies, financial expenditures made public in lobbying records, and public statements by BlackRock. The second part, the implications, can be defined as actual policy outcomes in the European legislation.

In examining BlackRock's staggering assets under management (AUM), which exceeded $7 trillion as of 2020, one gains a profound understanding of its colossal stature in the global financial arena. This figure not only dwarfs the Gross Domestic Product (GDP) of major economies such as Germany and India, which were around $3.8 trillion and $2.9 trillion respectively, but also signifies a substantial portion of the world's economic output. To contextualise, the global GDP in 2020 was estimated at approximately $84 trillion, positioning BlackRock's AUM at about 8.3% of this total. Such a concentration of assets in a single entity is virtually unparalleled in modern economic history.

Drawing historical comparisons further accentuates BlackRock's magnitude. The Dutch East India Company, often cited as one of history's most valuable companies, peaked at a worth near $7.9 trillion in today's dollars. BlackRock's AUM is approaching this historic benchmark, marking it as an extraordinary entity in contemporary finance. Additionally, when juxtaposed with the assets of other financial giants like JPMorgan Chase and Goldman Sachs, which reported AUMs around $2.6 trillion and $1.8 trillion respectively, BlackRock’s financial dominance becomes even more pronounced. Its scale and reach far exceed those of traditional banking institutions, underlining its unique position in the asset management sector.

Through these comparisons, the scale of BlackRock's financial power becomes vividly clear. Its influence extends far beyond typical corporate boundaries, encompassing a significant sway over market trends and potentially influencing economic policies at a global level. This concentration of financial resources in a single institution not only highlights its dominance in the financial markets but also raises important considerations about its role and impact in shaping economic landscapes worldwide.

The inquiry aims to explore the nature and extent of BlackRock's involvement in these policy domains. It seeks to understand the mechanisms through which BlackRock exerts its influence, be it through direct policy consultation, lobbying efforts, investment strategies, or other means. Furthermore, it intends to scrutinise the impact of such interactions on policy outcomes, assessing whether BlackRock's involvement aligns with or diverges from public objectives and interests.

Objectives

1. Mapping the Interaction Between BlackRock and European Policy Initiatives:
The primary objective is to map out how BlackRock interacts with specific European industrial policies, particularly the Green Deal and CBDC implementation. This involves identifying and analysing the channels through which BlackRock influences these policies, whether through direct engagement, lobbying, strategic investments, or advisory roles.

2. **Assessing the Implications for Public Objectives**:
This study seeks to determine whether BlackRock's actions are congruent with the public interest, particularly in terms of promoting sustainable development and financial stability, or if they primarily serve corporate interests, potentially at the expense of public goals.

3. Evaluating the Role of Regulatory Frameworks and Governance: An essential objective is to evaluate the effectiveness of current regulatory frameworks and governance structures in managing the influence of private financial entities like BlackRock. This includes examining the checks and balances in place to ensure that private sector influence does not undermine public policy objectives or democratic processes. BlackRock may pose a significant risk to anti-monopoly laws, considering it has stakes in nearly every major player in every major industry. For example in the technology sector, where Blackrock owns significant stakes in Apple, Meta, Amazon, Google, Microsoft, NVIDIA, and Tesla (BlackRock, 2022). Should BlackRock be partitioned just like Rockefeller's Standard Oil once was?

4. Theoretical Contribution to the Study of Public-Private Dynamics: The research aims to contribute to the theoretical understanding of public-private sector dynamics in the policy cycle. It seeks to enrich the academic discourse by providing empirical evidence and analysis on the interaction between a major private financial entity and public policy-making in the context of major European policies.

5. Policy Recommendations and Future Directions: Lastly, the study aims to provide policy recommendations based on its findings. It seeks to suggest ways to enhance transparency, accountability, and alignment of interests between private financial entities and public policy objectives. Additionally, it aims to identify areas for future research, particularly in understanding the evolving dynamics of public-private interactions in policy-making.

By addressing these objectives, the research will offer a comprehensive and nuanced understanding of the relationship between BlackRock and key European industrial policies, contributing valuable insights to both academic and policy-making circles.

Methodology

In this study, the methodology adopted is tailored to thoroughly examine the dynamics between BlackRock and European industrial policies. We will make a case study about BlackRock and their involvement in the Green Deal. To operationalise the variables and to measure the influence BlackRock has on the European policy cycle, we will examine in which ways BlackRock tries to influence power and if they succeed in influencing the policy cycle. To maximise the validity of the findings, the steps laid out by Gerring (2016) will be followed.

Firstly, the relevance to the research question is an important consideration in Gerring's framework. This thesis, which investigates the interactions between private financial entities and public policy within the European context, finds an apt subject in BlackRock. As the world's largest asset manager, BlackRock represents a crucial node in the global financial network, with potential implications for public policy. Similarly, the Green Deal embodies a significant evolution in industrial policy, impacting the dynamics between public institutions and the financial market, aligning perfectly with the research's thematic concerns.

Secondly, the theoretical significance of the case studies is evident. BlackRock's involvement in European industrial policies, particularly the Green Deal, provides a fertile ground for examining theories around private-public sector dynamics and financial governance.

The feasibility of the study and access to data also align with Gerring's principles. The availability of extensive public records, financial reports, lobbying records and policy documents on BlackRock and The Green Deal ensures that a comprehensive and empirical analysis can be conducted, adhering to Gerring's emphasis on practical considerations in case study research.

Lastly, the contribution to existing literature is a critical element in Gerring's methodology. This thesis endeavours to bridge a gap in the existing body of research, particularly in understanding the role of major financial entities like BlackRock in shaping public policy. The examination of CBDCs contributes to the discourse on the digital evolution of currency and its regulatory implications.

The research begins with a comprehensive literature review, which is fundamental to contextualise the study within the existing body of scholarly work. This review delves into academic articles, policy papers, and previous research studies focusing on the influence of private financial entities like BlackRock on public policies, particularly in the European context. It helps in identifying gaps in current knowledge and sets the foundation for further investigation.

An integral part of the methodology is document analysis, which involves an in-depth examination of relevant documents. This contains legislation proposals by the European Unio such as the *Sustainable "finance – environmental, social and governance ratings and sustainability risks in credit ratings"* public consultation by the Commissions in 2022, but also financial records of company ownership, such as Ryanair Holdings plc, the voting history of BlackRock at shareholder meetings, the policy papers, lobbying records, and Larry Fink's annual letter to his CEO's. This analysis is pivotal in understanding BlackRock's involvement in European industrial policies and provides direct evidence of the nature and scope of its influence.

The research also incorporates detailed case studies to examine specific instances of BlackRock's interaction with European policies. These case studies, such as BlackRock's investments in green initiatives, will offer concrete examples of the firm's influence in practice. They provide practical insights and illustrate the direct implications of BlackRock's actions on policy outcomes and public objectives.

To ensure the reliability and validity of the research findings, the study employs triangulation by using multiple methodologies and data sources. This approach not only enhances the robustness of the findings but also helps in mitigating potential biases, ensuring a well-rounded and comprehensive analysis.

Each of these methodologies is chosen for its relevance and appropriateness in addressing the research question and objectives. The comprehensive literature review sets the academic context, while document and data analysis provide empirical and quantitative insights. Case studies offer practical examples, and triangulation ensures robustness. Critical analysis, meanwhile, allows for a deeper understanding of the broader implications of the findings. Together, these methods form a coherent and academically rigorous approach to exploring the relationship between BlackRock and European industrial policies.

Variables and Hypotheses

Defining Variables

In this study, the relationship between BlackRock and European industrial policies, particularly the European Green Deal, is analyzed through the lens of two primary types of variables:

1. **Independent Variables (IVs)**: These are factors believed to influence European industrial policies. In this context, the IVs include:

- **BlackRock's Investment Strategies**: This pertains to how BlackRock allocates its assets, particularly in sectors relevant to the Green Deal, such as renewable energy, sustainable agriculture, and green technology.
- **Lobbying and Advocacy Efforts by BlackRock**: This includes formal lobbying, informal networking, and other efforts by BlackRock to influence European policymakers.
- **Hiring Practices (Revolving Door)**: The practice of hiring former government officials, which may give BlackRock insights into and influence over policy-making processes.
- **Public Statements and Published Documents**: Reports, letters, and public statements from BlackRock, particularly those related to environmental, social, and corporate governance (ESG) issues.

2. **Dependent Variables (DVs)**: These are the outcomes that this study aims to understand or predict, namely the European industrial policies.

Specifically:

- **Policy Formulation and Implementation**: The creation and execution of policies related to the Green Deal and other relevant European industrial initiatives.
- **Policy Outcomes**: The real-world effects of these policies, including environmental, social, and economic impacts.

Formulating Hypotheses

Based on the theoretical framework presented, the following preliminary hypotheses are proposed:

1. BlackRock’s investment strategies significantly influence the direction and implementation of the European Green Deal. This hypothesis posits that BlackRock, through its vast asset holdings, can sway policy towards areas where it has substantial investments.

1. The lobbying and advocacy efforts of BlackRock have a notable impact on the formulation of European industrial policies. This suggests that BlackRock's interactions with policymakers are a critical factor in shaping policy.

2. The employment of former government officials by BlackRock leads to a more favourable policy environment for the company’s interests. This 'revolving door' hypothesis implies that personal networks and insights gained from former officials play a crucial role in policy influence.

3. Public statements and documents from BlackRock serve as indicators of the company’s influence on policy directions. This hypothesis suggests a correlation between BlackRock's public positions, particularly on ESG issues, and subsequent policy decisions in the European Union.

These hypotheses will guide the empirical investigation of the study, allowing for a structured examination of how BlackRock interacts with and potentially influences European industrial policies.

2. Theoretical Framework

In this framework, I will set forth the existing theories this thesis draws upon, beginning with the Theory of Regulatory Capture as extensively discussed by Carpenter and Moss (2013). Their seminal work, 'Preventing Regulatory Capture: Special Interest Influence and How to Limit It,' provides an essential foundation for understanding how regulatory bodies, intended to serve the public interest, may become influenced by the industries they regulate. This theory is crucial for examining the potential for entities like BlackRock to sway European industrial policies, including the Green Deal. Carpenter and Moss not only outline the mechanisms of this phenomenon but also explore strategies to mitigate such influence, offering a critical perspective on maintaining regulatory integrity.

In addition to regulatory dynamics, the nature of Public-Private Partnerships (PPPs) is also central to understanding BlackRock's interaction with European industrial policies. Hodge and Greve (2007) offer valuable insights in this regard. Their comprehensive analysis across various international contexts sheds light on the performance metrics and effectiveness of PPPs. This study is particularly relevant for its exploration of both the benefits, such as efficiency gains and improved service delivery, and the challenges, including issues of transparency and public accountability, inherent in PPPs. Hodge and Greve's findings underscore the importance of careful governance structures to ensure the success of PPPs and their alignment with public interests. This perspective is critical in assessing BlackRock’s involvement in European initiatives like the Green Deal, offering a framework to analyse the efficacy of these partnerships in achieving policy goals and addressing the complexities of aligning public and private sector objectives.

Lastly, Elite theory offers a compelling framework for examining the influence and role of powerful entities like BlackRock in shaping European industrial policies. This theory posits that a select group of influential individuals or organisations holds disproportionate power and influence over policy decisions and societal outcomes. In the context of BlackRock's interactions with European industrial policies, Elite Theory can be instrumental in analysing how this financial powerhouse may leverage its status and resources to sway policy directions and outcomes. It allows for a critical examination of the extent to which BlackRock, as part of the economic elite, shapes, conforms to, or diverges from the policy-making processes in the EU.

Through the application of these theories, this thesis aims to offer a comprehensive and multi-dimensional understanding of BlackRock's interactions with European industrial policies, highlighting the complexities and nuances of public-private dynamics in the contemporary policy landscape.

Regulatory Capture

The concept of regulatory capture was first systematically explored by George J. Stigler, a Nobel laureate in economics, in his 1971 paper, "The Theory of Economic Regulation". Stigler posited that regulatory agencies can become dominated by the industries they regulate, leading to decision-making that serves the interests of industry stakeholders rather than the public. This theory forms the foundation for understanding the interaction dynamics between regulatory bodies and large financial entities.

Carpenter and Moss (2013) expand on this theory. They delve into the mechanisms of regulatory capture, examining how regulatory agencies, established to serve public interests, may instead advance the interests of the regulated industry. They describe it as a situation where regulatory bodies, instead of serving as impartial arbiters in the public's interest, become influenced by the industries they oversee. This influence can manifest in various forms, from direct inducements such as bribes (material capture) to more subtle forms like a shared mindset or culture between the regulators and the regulated (cultural capture).

This distinction is critical in understanding the depth and complexity of regulatory capture, as it encompasses both overt corruption using cold-hard cash and more nuanced, often invisible, forms of influence.

One of the primary mechanisms facilitating regulatory capture is the "revolving door" phenomenon. This involves the movement of personnel between roles in industry and government, leading to a convergence of interests and perspectives. For instance, when former industry executives take up roles in regulatory agencies, they may bring with them biases and perspectives that favour their previous employers or the industry at large. This revolving door not only creates conflicts of interest but also fosters an environment where regulatory decisions are more likely to align with industry desires. An example of the revolving door theory in the real world is BlackRock itself, as mentioned in the introduction of this thesis.

Another aspect is the role of lobbying and political influence in regulatory capture. Industries invest considerable resources in lobbying efforts, including campaign contributions and direct interactions with policymakers. These activities provide industries with platforms to influence regulatory frameworks and policies. Through lobbying, industries can shape the legislative agenda, sway public opinion, and even influence the appointment of industry-friendly regulators. This process is not always overtly corrupt but can subtly tilt the regulatory landscape in favour of those with the resources and expertise to navigate the political system effectively.

The implications of regulatory capture are far-reaching. Carpenter and Moss highlight how captured regulatory agencies can lead to policy outcomes that favor specific industries or corporations, often at the expense of broader public interests. This can result in weakened regulations, reduced safety standards, and policies that inadequately address public needs. Furthermore, when regulatory agencies are perceived as being influenced by industry interests, it can lead to an erosion of public trust in government institutions. This loss of confidence can undermine democratic processes and the legitimacy of the regulatory system itself.

In response to these challenges, Carpenter and Moss propose several strategies to mitigate the impact of regulatory capture. They emphasise the importance of transparency in the regulatory process and advocate for greater public participation in decision-making. By ensuring that regulatory processes are open and accessible to the public, it becomes more difficult for industries to exert undue influence without scrutiny. They argue that by making regulatory proceedings more open and accessible to the general public, it becomes increasingly challenging for industries to wield disproportionate influence without being subject to public scrutiny and accountability (Carpenter & Moss, 2013).

Furthermore, they advocate for the expansion of public participation in regulatory decision-making. This approach not only democratises the process but also serves as a counterbalance to the influence of industry insiders. By involving a broader spectrum of stakeholders, including consumer groups and civil society organisations, the regulatory process becomes more reflective of diverse interests, reducing the likelihood of regulatory capture.

Additionally, Carpenter and Moss stress the importance of strengthening conflict of interest rules for regulators. By implementing stricter guidelines and more rigorous enforcement, the potential for conflicts of interest can be significantly reduced. This includes measures such as cooling-off periods for regulators before they can join industries they previously oversaw, thus mitigating the risks associated with the revolving door phenomenon.

Lastly, Carpenter and Moss recommend enhancing the oversight of the so-called 'revolving door' - the movement of personnel between roles as industry advocates and regulators. They suggest implementing stringent checks and balances to prevent industry personnel from transitioning into regulatory roles without proper vetting. This includes thorough background checks, mandatory disclosure of previous industry affiliations, and establishing clear rules that govern the post-regulatory employment of former regulators.

Public-Private Partnerships (PPPs)

Another theory that's important for this thesis is the concept of Public-Private Partnerships (PPPs). PPPs represent a framework where the public and private sectors collaborate to achieve infrastructural and service-oriented goals. These partnerships are important in modern infrastructure development, particularly in the context of resource optimization and risk-sharing. PPPs are characterised by their ability to harness the efficiency and innovation of the private sector while leveraging the regulatory and public welfare strengths of the public sector. Hodge and Greves (2019) explain that in the European Union (EU), this two-sector PPP model has been instrumental in addressing the growing infrastructure gap.

The EU context highlights a unique interplay where PPPs are not just economic instruments but also political entities, shaped significantly by regional policies and market dynamics. Hodge and Greve's analysis underscores the importance of these partnerships in meeting public needs through private means, especially in an environment where public resources are increasingly constrained. Their insights provide a foundational understanding of the role and structure of PPPs in the EU, marking a critical intersection between public policy, market forces, and infrastructural development. This model, while showcasing numerous benefits in

terms of efficiency and innovation, also brings to light the challenges and complexities inherent in blending public goals with private enterprise.
Conceptually, PPPs are grounded in the idea of combining the strengths of both the public and private sectors. The public sector usually provides the regulatory framework and oversight, while the private sector brings in investment and operational expertise. This model often involves long-term contracts, where the private sector is not only responsible for the construction of a project but also its long-term management and maintenance. The success of these partnerships often hinges on a well-defined legal and institutional framework that clearly outlines the roles, risks, and rewards for each party.

In reality, the collaboration between the public and private sectors in PPPs often faces significant hurdles. Misalignment of goals between public welfare and private profit motives can lead to conflicts. The public sector's focus on social and community outcomes may clash with the private sector's drive for financial returns. Furthermore, risk allocation in PPPs is a complex issue. While the intention is to share risks, it often falls unevenly, sometimes burdening the public sector with unforeseen costs. Long-term contracts, a hallmark of PPPs, must weather economic fluctuations and political changes, potentially leading to renegotiations or failures in meeting the original objectives. This dynamic environment necessitates a flexible and adaptive approach, yet such flexibility can be challenging to achieve within the rigid contractual frameworks typically used in PPPs (Hodge & Greve, 2019).

In their conclusion, Hodge and Greve critique the dominant approach in economics, likening it to 'mono-cropping', where a singular perspective - mainly neoliberal economics - overshadows other viewpoints. This critique extends to modern PPP policy, which often mirrors this narrow focus. The authors observe that the project finance school, with its capital asset pricing model (CAPM), has sought dominance in advising governments and influencing the economic and finance professions. Yet, they note, many governments are resistant to fully embracing this 'one-size-fits-all' approach.

Hodge and Greve propose an alternative: embracing a more pluralistic perspective on PPPs. They encourage both scholars and practitioners to consider a variety of viewpoints and methodologies. This approach aligns with the nature of politics, economics, and public policy as social sciences, which are inherently complex and vital. The authors argue that a broader, interdisciplinary approach is crucial for a deeper understanding of government behaviour, policy advocacy, and critique.

In writing this book, Hodge and Greve aim to broaden the discussion surrounding PPPs. They resist the temptation to outright reject existing PPP scholarship or CAPM ideas. Instead, they advocate for a tapestry of ideas that includes dominant theories but also encourages critical examination of contrasting arguments. Their goal is to pose challenging questions and explore cross-disciplinary themes, moving beyond narrow mathematical models like the Public Sector Comparator (PSC).

The authors emphasise the need for PPP policy debates to mature and recognize the political dimensions of these partnerships. They argue for a recognition of the nuanced and complex nature of PPPs, which are as much political tools as they are technical solutions. This perspective challenges the traditional focus on private finance and efficiency, urging a more comprehensive understanding of PPPs' societal and economic roles.

In summary, Hodge and Greve's conclusions in their book reflect a call for a more nuanced, pluralistic approach to understanding and implementing PPPs. They encourage moving beyond traditional economic models and incorporating a broader range of perspectives to better grasp the complex combination of politics, economics, and public policy in PPPs.

Elite Theory

We'll use Elite Theory to explore and examine how it works the other way around. Elite theory, a concept rooted in philosophy, political science, and sociology, offers a critical perspective on power structures within contemporary societies. This theory contends that societal power is predominantly held by a minority, composed of the economic elite and influential policy planners. These individuals or groups exert considerable influence, often independent of democratic electoral processes. This section will introduce the foundational aspects of Elite Theory, tracing its intellectual lineage and core principles (Witten, 2018).

At the heart of Elite Theory are several key attributes: the concentration of power, the unity within the elite group, the powerlessness and diversity of the non-elites, and the uniformity of elite interests due to shared backgrounds and institutional positions.These defining concepts of the theory can be traced back to the pioneering works of Italian sociologists Vilfredo Pareto and Gaetano Mosca, who, in the late 19th and early 20th centuries, laid the groundwork for this theoretical perspective. Pareto and Mosca, responding to the societal transformations of their time, sought to understand the true nature of power and governance beyond the apparent democratic structures.

Vilfredo Pareto's notion of the "circulation of elites" is a seminal concept in understanding the evolution and dynamics of power within societies, particularly regarding the emergence and establishment of new economic powerhouses like BlackRock. This theory, a major contribution by Pareto, posits that in any society, there is a class of elites characterised by their exceptional talent, intelligence, ability, and leadership qualities, enabling them to occupy positions of power. Pareto describes these elites as the strongest, most energetic, and capable of both good and evil, occupying the higher strata in various societal divisions, including economic, political, religious, and ethical spheres.

The circulation of elites refers to the process whereby one elite group replaces another, signifying a dynamic and non-static nature of the elite class. This turnover can happen either through the movement of individuals from non-elite to elite groups and vice versa, or through the replacement of one elite group by another within the power structure. This theoretical framework is particularly relevant in analysing how entities like BlackRock emerge and establish themselves within the existing power structures, not just assimilating into them but potentially altering the dynamics of power.

Pareto's theory highlights a division in society between the elite and the non-elite. The elite class, despite being a minority, holds significant power and influence over government decisions and societal norms. This elite dominance often results in a power imbalance, where the preferences and benefits of the elite take precedence over those of the non-elite, leading to societal divisions where the elite play a superior role, often overlooking the needs and rights of other class members.

Pareto also noted an inherent ambiguity in the notion of the elite, where elite positions may not always correlate with superior capacity. In an ideal, perfectly open society with unimpeded social mobility, elite positions would fully correlate with superior capabilities. However, obstacles like inherited wealth and family connections can prevent this free

circulation, leading to a divergence between those labelled as elite and those possessing the highest capacity . Pareto advocated for maximum social mobility and careers open to all, warning of the dangers of elite positions becoming closed off to more capable individuals from the underlying population. He argued that when the circulation of elites is impeded, social equilibrium is upset, leading to potential social decay and the eventual overthrow of an ineffectual governing elite by a new one capable of governing.
In applying Pareto's theory to the case of BlackRock, it becomes crucial to examine how this financial entity, as part of the modern economic elite, may influence and be influenced by the evolving power dynamics within the broader societal and economic framework. This involves considering not only BlackRock's position and influence within the current elite but also how it navigates and potentially alters these dynamics in its rise to prominence within the global economic system. This will be researched in convergence with the revolving door theory, which quite resembles the circulation of the elites.

Pareto wasn't the only Italian economist who believed the elites ruled the world. According to Mosca (1939), the ruling class, or the political elite, holds power through a systematic organisation and a strategic positioning within key societal institutions. This positioning allows them to influence and direct societal structures and policies. In the context of BlackRock's interactions with European industrial policies, this perspective is extremely important. As a leading financial institution with significant investments and interests in every sector, BlackRock epitomises the modern elite that Mosca described. The firm's influence extends beyond mere economic power; it encompasses significant sway in policy-making circles, think tanks, and global financial forums. For instance, its role in advising governments and institutions on investment strategies and policy directions underscores this elite status (Hendrickson & Galbraith, 2016).

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Applying Mosca's theory to BlackRock's case, it can be argued that the firm's influence in the financial sector provides it with an advantageous position to affect policies. This influence is not merely through direct lobbying efforts but also through a more subtle but pervasive presence in policy-shaping forums. As such, BlackRock's interaction with European industrial policies, such as the Green Deal and digital finance initiatives, may be seen as an embodiment of elite influence, where key decisions and directions are shaped, if not determined, by entities that hold significant power.

Furthermore, Mosca’s division of society into a ruling minority and a ruled majority (Mosca, 1939) offers a critical lens to analyse BlackRock's relationship with various societal actors, including policymakers, other business entities, and the general public. This dichotomy raises essential questions regarding the alignment of BlackRock's interests with those of the broader society. While the elite class, as Mosca posited, is primarily concerned with preserving and enhancing its power and position, the extent to which this pursuit aligns or conflicts with public interests is a subject of critical examination.

It can be argued that entities like BlackRock, while operating within the legal and regulatory frameworks, might prioritise corporate and shareholder interests, which do not always align with public welfare or societal needs (Vitali, Glattfelder, & Battiston, 2011). For example, BlackRock's investment decisions and advocacy might prioritise profitability and market stability, which may not always coincide with broader societal goals such as environmental sustainability or equitable economic development. To find hard evidence for such suspicions, thorough research is needed.

Banes & Hager: BlackRock’s position on ESG’s

Banes & Hager (2023) have analysed BlackRock’s voting history in the shareholder meetings of the most polluting companies in the world. We’ll use their article as a pretence and unique perspective from where we can gain deeper insights into BlackRock’s ulterior motives regarding pollution, climate and ESG’s. Environmental, Social, and Governance (ESG) investing represents a strategy that prioritises not only financial returns but also considers the broader impact on society and the environment. This approach integrates ethical and sustainability factors into investment decisions, focusing on companies that adhere to certain environmental, social, and governance principles. The role of asset managers in this paradigm is important. Firms like BlackRock have a significant influence on ESG investing due to their substantial capital and investment decisions. Their choices can direct market trends and set standards for corporate behaviour, making them key players in the promotion of sustainable finance. As such, understanding the impact and approaches of these asset managers is crucial in evaluating the effectiveness and authenticity of ESG investing initiatives.

Baines & Hager's article offers a critical perspective on ESG investing, challenging the often optimistic views prevalent in industry discussions. The authors argue that while ESG investing is framed as a significant contributor to sustainability and combating climate change, the reality is more complex and controversial. One key issue highlighted is the lack of a universally recognized definition for what constitutes an ESG fund, leading to vastly different interpretations and implementations. This inconsistency raises questions about the actual impact and effectiveness of ESG criteria in promoting genuine sustainability. Additionally, Baines and Hager point out that ESG funds, despite their sustainable label, often fail to substantially differ in their voting patterns compared to non-ESG funds. This gap between the professed goals of ESG investing and the actual practices of asset managers underscores the challenges and controversies in effectively integrating ESG principles into the broader financial system.

The concept of the "ESG shareholder engagement gap" is a critical aspect of understanding asset managers' roles in sustainable finance. Historically, large asset managers have shown a tendency to vote their funds (whether active, passive, or ESG) in similar manners, often not aligning with ESG shareholder proposals. This pattern indicates a disconnect between the proclaimed objectives of ESG investing and the actual voting behaviours of these managers. Recent research, however, suggests a gradual shift, with ESG funds beginning to vote differently from their non-ESG counterparts. This evolving landscape highlights the complexity and gradual progress in the alignment of asset management practices with ESG goals. Understanding this gap is crucial in assessing the genuine impact of ESG investing and the role of major financial institutions in driving sustainable change.

Banes & Hager discuss the influence of asset managers on ecological sustainability. The article highlights that the shareholdings of major asset management firms include carbon-intensive sectors and industries crucial to climate stability. The debate around the ability of investors to influence ecological sustainability has primarily focused on climate-change policies and fossil fuel companies. The influence exerted by these asset managers is substantial, given their significant shareholder status in these critical sectors.

Baines and Hager's analysis suggests that while there is a potential for positive influence, there is also a history of inaction or counterproductive actions by management companies. This complex relationship between investment strategies and climate-change policies underscores the need for a deeper understanding of the real impact of asset managers on (European) policymaking.

In comparing Baines' findings with BlackRock's role in the European Green Deal, it's important to examine both alignment and divergence. Baines' article highlights a general trend in asset management firms, including a gap in ESG shareholder engagement and a mixed record on ecological sustainability. BlackRock, as a major asset manager, similarly has a complex role in ESG investing. However, its specific involvement in the European Green Deal and stated commitments to sustainability might show a more proactive stance towards ecological issues. This comparison allows for an analysis of how BlackRock's strategies and practices in relation to the Green Deal align or differ from the broader trends and challenges in sustainable finance identified by Baines and Hager.

3. Research Methods

The research question has been formulated as: "How does BlackRock interact with European industrial policies, such as the Green Deal, and what implications might this have for public objectives?" This investigation aims to describe the characteristics of BlackRock's interactions with these policies, explore the under-researched domain of private financial entities influencing public policy, and potentially establish causal relationships between these interactions and policy outcomes. If these can indeed be established, this would have consequences for democracies all around the world.

The research problem at the heart of this thesis is multi-dimensional, requiring a nuanced understanding of both financial and policy domains. It requires an exploration of the methods and extent of BlackRock's influence over significant European policy initiatives and an assessment of the implications of such influences. To achieve these objectives, the research employs a case study approach using qualitative data.

Qualitative Data: Primary qualitative data is crucial for an in-depth understanding of the nature of BlackRock's involvement in policy formulation and implementation. This data will be primarily collected through document analysis, including policy papers, government financial records, lobbying records, and public statements from BlackRock and relevant European institutions. The qualitative analysis aims to uncover patterns, themes, and narratives that shed light on the nature of BlackRock's interactions with European industrial policies.

Validity and reliability are important to the credibility of the research findings. To achieve this, the study employs methodological triangulation, integrating diverse data sources and analytical methods. This approach effectively mitigates potential biases, particularly those that could arise from an over-reliance on a single type of data or source. By triangulating data and methods, the study enhances the robustness of its conclusions, ensuring that the findings are both valid and reliable.

Finally, preventing bias in qualitative analysis is of big importance. The research adopts a systematic and transparent approach to document analysis, which includes establishing clear criteria for document selection and an interpretation process. This methodology ensures that the qualitative analysis is not only thorough but also free from undue bias, thus lending greater credibility and integrity to the research findings.

Document selection process

The process begins with the establishment of clear selection criteria for documents. Primarily, documents are chosen based on their direct relevance to the central research question, focusing on materials that shed light on BlackRock's interactions with European industrial policies, particularly the Green Deal. Ensuring source credibility is important, giving preference to documents from authoritative and reliable sources, including official policy documents, financial records from esteemed institutions, and direct reports or statements from BlackRock and relevant European entities. Timeliness of the documents is also crucial, focusing on the most current and relevant materials in this dynamic policy and financial landscape. Moreover, the study prioritises documents that are publicly accessible or available through academic and professional channels, adhering to ethical standards of information usage.

Once documents are selected, the analysis process unfolds in a structured manner. An initial review of each document gauges its general content and potential contributions to the research objectives. A more in-depth analysis ensues, extracting specific, relevant information, and data that elucidate BlackRock's role within European industrial policies. The study then synthesises information across various documents to identify patterns, contradictions, or corroborations, thereby enhancing the depth and breadth of the analysis.

The interpretation process is key to understanding the data within a broader context. Each piece of information is carefully examined in light of the larger narrative of European industrial policy, critically evaluating its implications and significance in relation to the research question. This includes identifying potential biases or perspectives inherent in the documents. The study also integrates findings from document analysis with other research methods, such as quantitative data analysis and case studies, to develop a comprehensive understanding of the subject matter.

To gain a complete level of understanding of the documents, a literature review will ensue.

Literature Review

This serves as a foundational element of this research, aiming to contextualise the study within the existing academic discourse and industry insights. This review is crucial for establishing the theoretical and empirical groundwork necessary for a nuanced understanding of BlackRock's interaction with European industrial policies, particularly in relation to the Green Deal and the implementation of CBDC's. We will first set forth and expand upon the theories mentioned in the theoretical framework. This will result in falsifiable hypotheses. Once these have been established, the data from the document selection process will be used to test these hypotheses. This way, we can come to a logical conclusion about the existence of any kind of influence of BlackRock on the EU. For instance, if the theory of regulatory capture demonstrates that a major firm in a specific sector gains significant advantages when its former executive transitions to a regulatory body within the same sector, this conclusion can reasonably be extrapolated to our case study. The Literature Review will thus set forth hypotheses and existing theories which can be tested with our case study. Conclusions can be extrapolated from these theories.

Limitations

However, one must be careful when extrapolating conclusions. There are several traps one can step into when doing this. The more similar these contexts are in terms of regulatory environment, corporate culture, political landscape, etc., the more cautiously one can apply findings from one to the other. The validity of drawing parallels between different contexts depends significantly on the degree of similarity in aspects like regulatory environment, corporate culture, and political landscape. Even in contexts that appear similar on the surface, nuanced differences can profoundly affect the outcomes and dynamics of the interactions under study.

Crucially, theories should be employed as guiding frameworks rather than definitive answers. They offer valuable insights and predictions about behaviours in new contexts but are not absolute representations of reality. Thus, theories serve as interpretive tools, helping to navigate and understand the complexities of different scenarios. Critical analysis is essential in this process, requiring a careful examination of both the original context and the new application setting. This analysis should consider how variations between these contexts might influence the extrapolation of findings and their applicability.

An explicit acknowledgment of the limitations inherent in any extrapolation is also necessary. It should be clearly communicated that such conclusions are based on theoretical assumptions and may not account for all variables and dynamics present in the new context. Where possible, empirical data from the new context should be sought to support or challenge these extrapolated conclusions. This approach ensures that theoretical assumptions are grounded in real-world evidence, lending greater credibility to the study's findings.

Moreover, incorporating a range of theories and perspectives is advisable to avoid a narrow focus. Diverse viewpoints enrich the analysis, providing a more comprehensive and nuanced interpretation of the data. Engaging with the academic community through peer review and scholarly discourse is another crucial step. This engagement allows for the refinement of extrapolations and ensures they are anchored in solid academic principles.

In summary, while extrapolating findings from established theories to new cases forms an integral part of this scholarly research, it requires a meticulous and methodical approach. This approach includes understanding the intricacies of different contexts, using theories as interpretive tools rather than absolute truths, critically analysing data, and seeking empirical validation. Such thoroughness ensures the academic soundness and reliability of the research conclusions.

While recognising these limitations, it is still the best way to answer the question. Speaking to a BlackRock insider with loose lips who’s willing to tell the world about the business that’s going on behind closed doors is extremely improbable, and would be exposed to personal biases from that person. Only hard facts from financial statements, official statements from BlackRock executives and European documents will enable us to construct a definite answer to the question. So while this approach has its limitations, it is still the best move on the board.

Case Study

Secondly and most importantly: a case study. This method will build upon the Literature Review to collect data to test and possibly falsify the hypotheses formulated as a result of the literature.

Data

In this case study, the data collection strategy encompasses a diverse range of sources, each offering unique insights into the interactions between BlackRock and European industrial policies. This multifaceted approach is designed to provide a comprehensive and nuanced understanding of the subject matter.

One of the primary sources of data will be newspaper records and articles produced by investigative journalists. These sources are invaluable for their in-depth analysis and exposés on pertinent issues. For example, the work of the investigative journalism collective Follow the Money has been instrumental in uncovering and illuminating various aspects of BlackRock's operations and influence. Their articles often reveal behind-the-scenes dynamics and provide critical perspectives on BlackRock's strategies and interactions with policy frameworks.

In addition to journalistic sources, data directly from BlackRock itself will be utilised. This may include financial reports, statements, and press releases issued by the company. Such primary source materials are essential for understanding BlackRock's official stance, strategies, and responses to policy developments. Also, very sparsely a BlackRock employee makes a *slip-of-the-tongue* in an interview or talk they are giving to the media. They're only human after all. Sometimes, these accidental expressions can offer an unfiltered view of the company's perspectives and priorities, which is crucial for an objective analysis.

Data from the European Union, made public under transparency laws, will also be a key component of this study. This includes policy documents, regulatory filings, and official communications that shed light on the EU's interactions with BlackRock and the broader context of its industrial policies. The availability of such data is a testament to the EU's commitment to transparency, providing researchers with a wealth of information on policy development and implementation processes.

Lastly, lobbying records will be an important source of data. These records can reveal the extent and nature of BlackRock's lobbying efforts within the EU. They provide insights into the company's attempts to influence policy, including the specific policies targeted, the resources allocated for lobbying activities, and the key players involved. Lobbying records, therefore, offer a direct window into the intersection between corporate influence and policy-making, a crucial aspect of this research.

Together, these diverse data sources - journalistic articles, BlackRock's own publications, EU transparency data, and lobbying records - form a rich tapestry of information. This comprehensive data collection approach is designed to ensure a balanced, well-rounded, and in-depth understanding of how BlackRock interacts with European industrial policies and the implications of these interactions.

4. Analysis

To effectively analyse and understand BlackRock's operations within European political spheres, it's essential to explore the company's origins and its core values. This case study will delve into BlackRock's history, particularly its significant expansion into Europe following the 2008 financial crisis. It will investigate BlackRock's strategy for gaining a formidable position in European politics, achieved through an analysis of BlackRock's own publications and relevant European Union legislation, as well as insights from European Members of Parliament and esteemed journalists.

We will first dive deeper into BlackRock's background and rise to power. Then, we will analyse its strategies, especially regarding the hiring of new board members. Furthermore, we will take a deep dive into Blackrock's attitude regarding climate policies and discover it's actions and words regarding ESG investing. This will contain an analysis of existing literature as well as BlackRock's own publications. Then, a conclusion will be formulated.

BlackRock's Background Story

BlackRock was founded only in 1988 by current CEO Larry Fink, and seems a classic example of the American dream. Fink, son of a shoe shop manager and an English teacher, transformed BlackRock from a small venture into a global powerhouse in asset management.

The story of BlackRock's founding and rise to prominence under Larry Fink's leadership is a tale of strategic vision and adaptability. Fink, along with Robert S. Kapito, Susan Wagner, Barbara Novick, Ben Golub, Hugh Frater, Ralph Schlosstein, and Keith Anderson, founded BlackRock in 1988 to provide institutional clients with asset management services from a risk management perspective. Fink and his colleagues, who had previously worked together at First Boston, were motivated by their experiences in the mortgage-backed securities market to create a firm with a strong focus on risk management and fiduciary practices.

In the early years, the team received initial funding and support from Pete Peterson of The Blackstone Group, which initially owned a 50% stake in the bond business. This new venture was named Blackstone Financial Management. The business quickly turned profitable, and by 1989, its assets had quadrupled to $2.7 billion. However, by 1992, due to differing views on equity and compensation methods, Fink and Schwarzman of Blackstone decided to part ways. Following this split, Blackstone sold its mortgage-securities unit to PNC Financial Services, and the unit was renamed BlackRock Financial Management.

In 1999, BlackRock became a public company, selling shares on the New York Stock Exchange. The firm's strategy of both organic growth and strategic acquisitions allowed it to expand significantly. For instance, in 2006, BlackRock merged with Merrill's Investment Managers division, which marked a significant growth point for the company.

In the aftermath of the 2008 financial crisis, BlackRock's ascent to power was notably pronounced. The collapse of Lehman Brothers plunged Wall Street into chaos, with widespread uncertainty about the contents and risks of numerous financial portfolios. Amidst this turmoil, the true nature and risk of various financial instruments, including derivatives, were largely unknown. Recognizing an opportunity in this crisis, BlackRock utilised its proprietary risk management tool, Aladdin. This system had the capability to analyse investment risks in stocks, identify optimal bond-selling strategies, track transactions, and consolidate essential data for investors. As reported by the Financial Times, Aladdin's comprehensive abilities made it a valuable asset in these uncertain times.

Seizing the moment, BlackRock offered Aladdin’s services to other financial entities at a cost. Moreover, the firm extended its expertise to financial regulators in dire need of assessing the stability of major banks, such as Bear Stearns, American International Group, and Citigroup. BlackRock's role expanded to include the oversight of Fannie Mae and Freddie Mac, the government-backed mortgage institutions, post their federal rescue.

Already in 2009, BlackRock’s role as a “winner” of the 2008 financial crisis drew scrutiny in financial spheres (New York Times, 2009). BlackRock had been tasked to “carry out a Federal Reserve program to stimulate the moribund housing market, and it has been hired to help evaluate Fannie Mae and Freddie Mac, the government-created mortgage finance giants.” (Ibid.) This raised eyebrows on Wall Street and Capitol Hill, where concerns were being voiced by officials like Republican Senator Charles Grassley, who questioned the singular reliance on one company for managing assets acquired by the government. This dual role of auditing for the public sector and investing in the private sector, though seemingly contradictory, became a strategic approach that BlackRock replicated in European markets.

This would most definitely not be the only time BlackRock would draw attention to itself for at least creating the smell of a conflict of interest with government institutions. The list of American intrigues is endless and deserves a study in its own right, so this study will keep the focus on the European theatre.

Expansion into Europe

In the fall of 2017, BlackRock was selected by the French government to be a part of the "comité Action publique 2022" (CAP 2022), envisioned as a modern iteration of the Attali Commission, with the aim of delineating the French state's future direction. Within Europe, BlackRock actively engages in minimising the expansion of regulatory measures (Investigate Europe, 2019).

To those outside the finance sector in Europe, BlackRock may not be a familiar name. It operates in a world where asset management and complex index funds are primarily understood by industry experts. Yet, BlackRock's influence is undeniable. Inquiries about BlackRock's role in finance, whether as mere administrators, major influencers, or wealth custodians, often lead to a range of responses, some congenial, others less so.

Specifically in France, BlackRock holds significant shares, ranging between 5 to 10%, in numerous major companies through various subsidiaries. These include Eiffage, Danone, Vinci, Lagardère, as well as Renault, Peugeot, Société Générale, Axa, Vivendi, Total, Sanofi, Legrand, Schneider Electric, Veolia, Publicis, and more. It is a major shareholder in at least 172 of France's 525 listed companies and holds stakes in about 17,000 companies globally, always actively participating in their general meetings.

Journalist Grégoire Favet, a regular on BFM Business TV, highlights the prestige that BlackRock brings to a company once it becomes a shareholder.

He says that Larry Fink, BlackRock's CEO, wields enough influence to engage on equal terms with leaders of international financial institutions and heads of state. Fink has met with French President Emmanuel Macron at the Élysée Palace on multiple occasions, indicating his significant standing in global finance (Ibid.).

In 2011, during Ireland's banking crisis, the nation's central bank turned to BlackRock Solutions, the advisory division of the investment giant, to conduct an assessment of its six principal banks. This move came at a time when three of these banks were reeling from a state-funded bailout to prevent their collapse. Burdened by overwhelming debt, Ireland had to seek assistance through an 85 billion euro bailout package from Europe and the IMF. Part of this intervention included "stress tests" to determine the resilience of the Irish banking sector against potential future financial challenges.

Subsequently, the then Finance Minister of Ireland, facing questions from doubtful Irish lawmakers, explained that the decision to involve BlackRock was influenced by the demands of the international lenders, known collectively as the "Troika" - comprising the European Central Bank (ECB), the European Union, and the IMF. Larry Fink of BlackRock described this as a "massive undertaking," the largest government project ever assigned to them.

This engagement significantly boosted BlackRock Solutions' portfolio, leading to its subsequent re-engagement in 2012 and 2013 for further evaluations of Irish banks' capital needs. In a notable development on November 4, 2013, BlackRock acquired a 3% stake in the Bank of Ireland, by then managing assets worth 162 billion euros located in Ireland (Schuermann, 2014).

Another time BlackRock gave the EU a helping hand was later the same year as in Ireland, in 2011 as well. Under the influence of the Troika, the Greek Central Bank enlisted BlackRock Solutions' expertise to examine the loan portfolios of 18 Greek banks. This task was repeated in 2013 for the country's four largest banks. Operating discreetly under the pseudonym Solar and employing stringent security measures, BlackRock conducted these operations from unassuming offices in Athens. By 2015, Solar (So: BlackRock) had made significant investments in Greece, including a €300 million shopping centre in Athens, stakes in two banks, the primary energy provider, and the national lottery, which was undergoing privatisation (Investigate Europe, 2019).

An anonymous Athens-based investor conveyed that there was no evidence of BlackRock's evaluators leaking sensitive data to their investment teams (Ibid.). The investor expressed trust in BlackRock's ethical standards, but also raised concerns about potential conflicts of interest at higher organisational levels, where information from both consulting and investment divisions becomes accessible.

This dual role of BlackRock, particularly in high-level meetings involving Larry Fink, raises questions about which interests - audit or investment - are being prioritised.

Similar concerns of conflict of interest emerged in Spain. By May 2012, BlackRock had investments in the country's top real estate developers and major banks. Yet, it was also appointed by the state to assess the financial health of Spanish banks. This situation led Spanish lawmakers to pressure their economy minister, prompting a shift to a different firm for the evaluation (Ibid.).

In the Netherlands, a parallel situation unfolded. The Dutch central bank, which had assigned BlackRock Solutions the task of analysing the loan portfolio of ING and the real estate assets of Dutch banks, found itself in a predicament as BlackRock held significant shares in ING. The Dutch Finance Minister defended this choice, citing that BlackRock had a "Chinese Wall of security and divisiveness between its Financial and Consulting arms". Ironically, the Dutch central bank had previously entrusted BlackRock with managing its employees' pension funds, in an effort to avoid any conflicts of interest itself (Ibid.).

BlackRock's European Strategy and the "revolving door"

Besides collaborating with European institutions to gain desired nominations for government contracts, BlackRock uses an additional strategy to ensure the allocation of these contracts. This strategy becomes increasingly clear when studying BlackRock's employees in Europe's top offices.

In 2017, BlackRock appointed George Osborne, a former UK Chancellor of the Exchequer, as an advisor at the BlackRock Investment Institute. Osborne's key adviser, Rupert Harrison, joined him in this endeavour. Friedrich Merz, who leads BlackRock's operations in Germany, had previously vied for the leadership of Germany's CDU party, a position once held by Angela Merkel. In France, BlackRock is headed by Jean-François Cirelli, a former CEO of GDF and deputy CEO of GDF-Suez. Cirelli also served as an economic advisor to Jacques Chirac during Chirac's initial presidential term. Philipp Hildebrand, a Swiss national and top executive at BlackRock, was formerly the Chairman of the Governing Board of the Swiss National Bank. His career also includes a stint from 2006 to 2009 as a member of the Strategic Committee of the French Debt Management Office, and he was a recent candidate for the role of OECD Secretary General. And BlackRock's revolving door isn't just active in Europe. Recently, a number of BlackRock's employees in the United States transitioned to prominent roles within the Biden administration. Brian Deese has been appointed as the director of the National Economic Council, Adewale Adeyemo serves as the Deputy Secretary of the Treasury, and Mike Pyle holds the position of Chief Economic Adviser to Vice President Kamala Harris (Multinationales.org, 2021). These are just a few examples.

In their studies, Carpenter and Moss describe the phenomenon of a ‘cultural regulatory capture’. According to them, a regulatory body can already be seen as ‘captured’ when a ‘shared mindset’ or culture between the regulators and the regulated exists.

Another example of BlackRock’s capturing of several European agencies is the EFAMA, the European Fund and Asset Management Association. A member of the board of representatives is an employee at BlackRock, and another is the chairman of the Taxation & Accounting committee and the Vice-Chair of Fund regulation is on BlackRock’s payroll too. A similar situation occurs when looking into the ICMA, the International Capital Markets Association. Stephen Fisher, BlackRock’s Managing Director for global public policy, is the co-chair of its regulatory committee, and the asset manager also has a seat on its Sustainable Finance executive committee (Lobbyfacts.eu, 2021). Along with the former high-ranking government officials BlackRock employs around the continent, we may deduct that a ‘shared-mindset’ is a euphemistic way of describing the situation at hand. The following sub-chapters on climate policy and the introduction of CBDC’s will dive deeper into the shared mindset.

BlackRock and Climate Policy

Blackrock CEO Larry Fink sends out a letter each year to all the CEO’s of the companies in which BlackRock holds a share. This letter is highly influential and can merely decide the course of companies given BlackRock’s huge shareholder stakes in some. In this letter, Mr Fink sets the tone for the rest of the year and gives direction to ‘his’ CEO’s. The letter is a good barometer to measure which issues are high on BlackRock’s priorities list. However, BlackRock has only publicised them since 2022. So for the years before that, we depend on journalists obtaining the letter and leaking it to the outside world. For that reason, some years may not be present.

In 2014, the word ‘climate’ wasn’t mentioned at all (Fink, 2014).

In 2016, it was mentioned twice, within the context that the Paris **Climate** Accords had just been signed, and that **climate** could have an impact on business. However, he also mentions ‘ESG’ for the first time (Turner, 2016). Fink clearly hints at judging companies based on their ESG scores, and that BlackRock is now allowed to do so:

"At companies where ESG issues are handled well, they are often a signal of operational excellence. BlackRock has been undertaking a multi-year effort to integrate ESG considerations into our investment processes, and we expect companies to have strategies to manage these issues. Recent action from the U.S. Department of Labor makes clear that pension fund fiduciaries can include ESG factors in their decision making as well" (Ibid.)

Regarding our interest in BlackRock's climate influences, it's important to understand the concept of ESG (Environmental, Social, and Governance) scores and their growing influence in investment and corporate decision-making.

ESG Scores

ESG scores are a quantitative measure of a company's performance in key areas related to environmental sustainability, social responsibility, and corporate governance. These scores are increasingly used by investors, including asset management firms like BlackRock, to evaluate potential investments' risks and growth opportunities. The ESG criteria cover a wide range of issues, such as a company's energy use, waste management, labour practices, product safety, board diversity, and corporate ethics.

The integration of ESG considerations into investment processes, as mentioned by Fink, reflects a shift in the investment industry. This shift acknowledges that ESG factors can significantly impact a company's financial performance and long-term sustainability. Companies with high ESG scores are often perceived as better positioned to navigate environmental and social challenges, potentially leading to operational excellence and improved profitability. Conversely, companies with poor ESG performance may face higher regulatory risks, reputational damage, and operational inefficiencies, which can negatively impact their financial outcomes.

Recent regulatory actions, like the one mentioned by Fink involving the U.S. Department of Labor, underscore the legitimacy of including ESG factors in investment decisions, particularly for pension funds. This regulatory endorsement empowers institutional investors to consider ESG factors alongside traditional financial metrics when making investment decisions.

The influence of ESG scores on decision-making extends beyond investment choices. It also impacts corporate strategies, as companies are increasingly held accountable for their ESG performance by investors, customers, and regulators. This accountability can drive companies to adopt more sustainable practices, improve their social impact, and enhance governance structures to align with ESG criteria.

At first glance, ESG scores seem to be harmless. However, the system has gained a lot of critics over the years. In her article ‘A CRITICAL LOOK AT THE ESG MARKET’ (2022), Agnes Sipiczki lists out several weak points which can potentially harm the public interest it so desperately tries to protect.

One of the primary criticisms of ESG scores is the inconsistency in ratings due to diverse methodologies among rating agencies. This inconsistency stems from the lack of a standardised framework for evaluating environmental, social, and governance factors, leading to significant variations in how different agencies assess and score the same entity. Consequently, this can result in conflicting ESG scores for a single company, complicating the decision-making process for investors and undermining the reliability of ESG scores as a tool for assessing corporate sustainability and ethical performance. Besides, ESG scores are based on self-reported values from companies, which increases the risk for biases and ‘Greenwashing’. A possible consequence of these shortcomings is that wellwilling EU citizens who want to invest in Green initiatives, actually invest in companies that are not green at all (Sipiczki, 2022)

In Fink’s annual letter of 2021, he addresses these concerns and calls for “convergence of disclosure standards”, states that “we [BlackRock] support convergence under a single standard” and that “We also support the establishment of a global market for carbon offsets that provides market participants with confidence in their transactions, backed by clear standards and data” (Blackrock, 2021).

To revisit the analysis of the frequency of the word "climate" in BlackRock's annual letters, which serves as an indicator of the company's focus and priorities on this subject, we observe a notable evolution. In the 2014 letter, the term "climate" was not mentioned at all. By 2016, it appeared twice. Interestingly, in 2019, the count reverted back to zero. However, there was a significant increase in 2021, with the word "climate" being mentioned fifty times, reflecting a heightened emphasis on this issue. The word “standard” was mentioned no less than eleven times, highlighting a clear push for a more standardised version of the ESG scores by Fink and his company.

A year later, in April 2022, the European Commission proposed the ‘Sustainable Finance Regulation’ (European Commission, 2022). In the 77-page long explanatory memorandum, the commission calls for *"improving the ability of investors to make informed decisions regarding the sustainability of investments as well as by helping companies to understand their sustainability performance."*
As well as *”Divergent standards and market practices would make it difficult to have clarity over the construction of ESG ratings and allow for their comparison, thus creating uneven market conditions for users, causing additional barriers within the internal market, and risking distorting investment decisions.”*

Thus, the initiative aims to regulate ESG rating providers to enhance the quality and transparency of ESG ratings, enabling investors and rated companies to make better-informed decisions with regard to managing ESG risks and the impacts of their investments or operations (Ibid). The document further outlines how companies should move towards more ESG-based investing and that the commission aims to provide a more standardised ESG-ratings system. The Commission has not been chosen democratically, and thus often asks the European public for feedback on their proposals. They also asked for feedback for this proposal, and interestingly only 25 responses were submitted. Of all the responses, 15 were from citizens, of which 13 were negative, a 14% approval rate.

The other 10 responses came from companies, of which only one was negative (from the dutch company “SOMO”). All the others were positive, a 90% approval rate.

Interestingly enough, BlackRock appears to be an (indirect) shareholder of a share of the responding companies. For instance, the Polish branch of the dutch ING bank is owned for 75% by the dutch branch, whose biggest shareholder, according to their own website, is BlackRock (ING, 2023). Similarly, the Irish budget-airliner Ryanair expressed especially positive sentiments towards the Commission’s proposal. This can be deemed an odd move for an airliner, who’d get worse ESG scores were this system to be implemented, and would thus most likely get less funding and investment. A quick search for their shareholders reveals that HSBC is the largest shareholder of Ryanair Holdings, and the british branch of BlackRock is one of the top shareholders in HSBC (Marketscreener, 2023).

Of course, this is not conclusive evidence that BlackRock tells companies to submit feedback to legislation that furthers BlackRock’s own mission. It does indicate, especially the Ryanair example, that companies may be influenced by BlackRock’s sphere of influence hanging over them. Submitting feedback to legislation proposals is one of the key methods to practise power on European politics (Multinationales.org, 2021). BlackRock has mastered this art like no other, as highlighted in the December 2020 report "The BlackRock Model". It is part of no fewer than 23 lobbying groups active in Brussels, collectively declaring annual lobbying expenses ranging from €28.3 million to €31.9 million (Influencemap, 2020). These groups, employing 260 staff members (137 FTE) dedicated to lobbying activities, have secured at least 92 meetings with high-level officials of the European Commission since early 2019. Moreover, BlackRock employs the PR firm FleishmanHillard, known for its work with Monsanto, paying them between €300,000 and €400,000 each year (Ibid.)

While trade groups generally represent broader financial industry interests, not just those of BlackRock, the company is notably influential within many of these groups, especially concerning sustainable finance. According to InfluenceMap's study (as of September 2020), BlackRock ranks among the least environmentally friendly members in trade associations lobbying on European sustainable finance policy. Alongside other investors like UBS and Invesco, BlackRock seems to resist stricter sustainable finance regulations. BlackRock mainly lobbies for a “market-oriented approach”. And indeed, while the Commission's proposal at first glance seems to strive for more standardised ESG scores, the commission ackonwledges already in the introduction that:

“*This proposal does not intend to harmonise the methodologies for the calculation of ESG ratings, but to increase their transparency. ESG rating providers will remain in full control of the methodologies they use and will continue to be independent in their choice, to ensure that a variety of approaches are available in the ESG ratings market*” (European Commission, 2022). In other words, it does not really regulate or standardise anything, except for more transparency, which by definition cannot be checked by a judge, institution, public opinion or European Commission.

Discrepancy

This seems to be a trend for BlackRock, declaring to the public that the company is aware of the changing climate and is promoting ESG scores massively for investment products, while actually being one of the least-environmental companies in the world. According to Glowik & Chialkowska (2023), their study researching BlackRock's communications and its actions "empirically proves that there is a discrepancy between BlackRock's op-eds communication contends concerning sustainable finance and the reality". This can be underlined by BlackRock's contributions to European public consultations over the past few years.

There have been 22 public consultations by EU entities on sustainable finance since 2019 (European Commission, 2023), and BlackRock has provided feedback on each, either individually or via affiliated groups. For example, in the July 2020 consultation by DG FISMA on the Renewed Sustainable Finance Strategy, eight trade groups BlackRock is a part of responded, including ICMA, ISDA, IIF, Eurofi, AIMA & MFA (jointly), EFAMA, ICI, and AFME. In the June 2020 consultation on revising the non-financial reporting directive, five BlackRock-linked trade groups – EFAMA, AFME & ISDA (jointly), ICMA, and IIF – made submissions. BlackRock directly contributed to a DG FISMA consultation in December 2020 on the taxonomy and also indirectly through ICMA, apart from previously participating in a survey on the taxonomy's usability (EU Survey, 2023). Concurrently, ICMA, alongside ISDA, EFAMA, and AIMA, responded to another taxonomy consultation held by the European Securities and Markets Authority. Another important aspect of lobbying are Trade groups.
Trade groups serve a crucial yet less visible function, acting as a medium for more controversial advocacy efforts, such as resisting widely supported climate or ESG regulations. Direct opposition by a firm like BlackRock to these esteemed initiatives could lead to public backlash and reputational harm. Trade groups, however, largely operate under the radar of the general public, especially in the political theatre in Brussels. This obscurity allows them to lobby against regulations without attracting much attention. While BlackRock is often

outspoken about its positive lobbying efforts and climate commitments, it is considerably more reticent regarding its involvement in trade groups that are resistant to regulatory changes. Specifically, ICMA has been known to challenge recent legislative developments by seeking to dilute certain aspects, as seen in their responses to consultations on disclosure standards for asset managers, taxonomy-related criteria, the EU Ecolabel, and the EU Green Bonds Standards (ICMA Group, 2021).

BlackRock's hypocrisy becomes increasingly clear when looking at these proposals and legislations. Take for example the response to the proposed taxonomy for environmentally harmful activities.

While Blackrock did not openly oppose this taxonomy, and even proudly introduced a new product incorporating this green taxonomy (BlackRock, 2023), various federations of which Blackrock is a member, such as EFAMA, AFME, IIF, AIMA, and the French AFG, all did object to it. This taxonomy is widely regarded as a crucial instrument for establishing clear definitions of activities that negatively impact climate initiatives and for aiding in climate action and climate risk management. In the case of the Sustainable Finance Disclosure Regulation (SFDR), organisations like ICMA, EFAMA, and ICI have advocated for postponing its implementation and for less stringent requirements. As mentioned before, BlackRock is a very influential member of each of these opposing entities. BlackRock itself also publicly advocates for the swift and complete implementation of such policies. A form of cognitive dissonance, or intentional public relations?

Applying the theoretical framework to the findings

Carpenter & Moss

In the context of the revolving door theory and regulatory capture, BlackRock's strategic employment of former government officials and policy advisors in Europe is a textbook example. The hiring of figures like George Osborne, Friedrich Merz, and others brings a wealth of insider knowledge and connections, potentially facilitating BlackRock's influence over regulatory frameworks. This practice aligns with the revolving door theory, suggesting that BlackRock may be leveraging these connections to shape favourable policies.

Additionally, BlackRock's involvement in European agencies like EFAMA and ICMA, where its employees hold key positions, mirrors the concept of 'cultural regulatory capture' as proposed by Carpenter and Moss. This creates a symbiosis between BlackRock and regulatory entities, possibly leading to policies that favour its business interests.

Furthermore, BlackRock's public stance on ESG investing and sustainability, juxtaposed with its less environmentally friendly private lobbying actions, reveals a potential mismatch between its public commitments and actual practices. This behaviour could be part of a broader strategy to influence public opinion and policy for BlackRock's benefit, not necessarily aligning with wider environmental objectives. The firm's response to the European Commission's proposals, particularly the Sustainable Finance Regulation, and its indirect influence through companies where it holds stakes, exemplify its capacity to shape policy discussions. This involvement in regulatory development, while maintaining control over methodologies, is indicative of regulatory capture, where BlackRock influences policy to its advantage, maintaining a facade of supporting regulatory improvements.

Pareto

Applying Vilfredo Pareto's elite theory to the case study of BlackRock's operations within European political spheres illuminates the dynamics of elite power and influence in modern financial systems. The theory, which postulates that a small group of elites dominates society's power structures, is exemplified by BlackRock's strategic manoeuvres and influence.

BlackRock's rapid growth and expansion, particularly following the 2008 financial crisis, embody the rise of a new elite within the financial world. Pareto's theory suggests that elites are characterised by their adaptability and ability to capitalise on opportunities, traits that BlackRock demonstrated by leveraging economic turmoil to solidify its position in the global financial landscape. The firm's involvement in European government advisory roles and substantial shareholdings in major corporations across the continent reflect the elite's capacity to influence policy decisions and regulatory measures. This influence aligns with Pareto's concept of the elite's role in shaping societal and economic policies, highlighting BlackRock's ability to navigate and mould the financial and political environments to its advantage. The employment of former government officials and the movement of BlackRock executives into influential positions illustrate the 'circulation of elites' as described by Pareto. This practice ensures that the company maintains a close connection with policy-making processes, enhancing its capacity to sway decisions that align with its interests.

Moreover, the discrepancy between BlackRock's public declarations on environmental concerns and its actions exemplifies a strategy employed by elites to maintain and enhance their position. While publicly advocating for sustainable finance, the firm's involvement in lobbying groups resisting regulatory changes indicates a dualistic approach – conforming to public narratives while simultaneously protecting its interests through less visible means.

Banes & Hager

The findings of Banes & Hager appear to be consistent in regards to BlackRock’s influence on European Industrial Policies. In their article, they found that the firms Vanguard, BlackRock and State Street (other huge asset managers similar to BlackRock) often vote at shareholder meetings against the interests of fighting climate change and bringing the world to “net-zero”. Instead, they often oppose when those measures are proposed and often support when policies are introduced that actively diminish the effects of net-zero policies. Banes &

Hager found that this was not in congruence with the public image which BlackRock tries to purport in the media and in public statements, such as their annual CEO letter.

These findings are consistent in regards to the European Industrial policymaking cycle. BlackRock still maintains the public image of being pro-climate policies and trying to reduce the worldwide carbon footprint to net zero, while also actively using trade groups to lobby against these measures in a less visible environment.

Falsifying/ confirming the hypotheses

To falsify or confirm the hypotheses that have been formulated at the beginning of this research, we'll list them out and go one-by-one:

H1: BlackRock's investment strategies significantly influence the direction and implementation of the European Green Deal. This hypothesis posits that BlackRock, through its vast asset holdings, can sway policy towards areas where it has substantial investments.

The case study indicates that BlackRock, through significant investments in various sectors, potentially influences the direction and implementation of policies like the European Green Deal. This influence is not overtly direct but is exercised through substantial shareholdings, trade groups and the employment of former government officials in the field suggesting that BlackRock's investment strategies do indeed have a considerable impact on policy directions, confirming the first hypothesis.

H2: The lobbying and advocacy efforts of BlackRock have a notable impact on the formulation of European industrial policies. This suggests that BlackRock's interactions with policymakers are a critical factor in shaping policy.

BlackRock's involvement in numerous lobbying groups and its substantial influence in European trade associations align with the second hypothesis. The company's activities in these groups, especially concerning sustainable finance, demonstrate its capacity to shape policy formulation through advocacy and lobbying, although often in a manner that contradicts its public sustainability commitments. This is exemplified by the researched proposal of the European Commission, which seeks to harmonise and standardise the ESG scores. However, the proposal is only indicating a more transparent insight into these scores, without any actual controls or consequences. Companies in which BlackRock holds a significant stake all respond positively to the proposal.

However, there is no hard evidence that BlackRock has influenced this policy with its lobbying and advocacy efforts. Therefore, more thorough research is needed. Ideally by a European institution itself, which can also gain an insight into Blackrock's internal memo's, e-mails, phone calls, whatsapp chats and more. This would be a parliamentary enquiry into BlackRock's influence, something which goes beyond the scope of this paper.

H3: The employment of former government officials by BlackRock leads to a more favourable policy environment for the company's interests. This 'revolving door' hypothesis implies that personal networks and insights gained from former officials play a crucial role in policy influence.

This hypothesis posits that BlackRock leverages personal networks and insights of former government officials for policy influence. While the study identifies several instances of former officials joining BlackRock, the tangible impact of these hires on policy formulation remains elusive. The analysis fails to establish a direct linkage between these employments and specific policy decisions favouring BlackRock. Therefore, while suggestive, the hypothesis cannot be confirmed without additional evidence demonstrating how these personal networks have been utilised to influence policy. It must be said though, that the hiring strategy of BlackRock is extremely indicative towards confirming this hypothesis. However, without a clear smoking-gun piece of evidence such as a direct memo or conversation between any of these hires and a public official, the hypothesis cannot be confirmed

H4: Public statements and documents from BlackRock serve as indicators of the company's influence on policy directions. This hypothesis suggests a correlation between BlackRock's *public positions, particularly on ESG issues, and subsequent policy decisions in the European Union.*

The hypothesis suggests a correlation between BlackRock's public positions, particularly on ESG issues, and EU policy decisions. The research shows alignment in certain instances, but this alignment does not inherently imply causation. BlackRock's public statements often reflect prevailing policy trends rather than drive them. The lack of clear evidence linking these public positions to subsequent policy shifts means this hypothesis remains unconfirmed. A more detailed examination of the temporal sequence and content of policy decisions vis-à-vis BlackRock's statements would be required for confirmation.

Conclusion

This research embarked on a critical exploration of the intricate dynamics between BlackRock, one of the world's largest asset managers, and its influence on the formulation and implementation of the European Green Deal. The central research question that guided this inquiry was: "How does BlackRock interact with European industrial policies, such as the Green Deal, and what implications might this have for public objectives?" This question was rooted in the growing convergence of major private financial entities and public policy spheres, with a particular focus on BlackRock due to its unparalleled financial clout and potential to sway policy trajectories.

The objectives of this research were multifaceted. Firstly, to dissect the nature of BlackRock's interactions with European policy-making mechanisms, specifically the Green Deal, by examining its investment strategies, lobbying efforts, and employment of former government officials. Secondly, to assess the implications of these interactions for public policy objectives, particularly in the context of sustainable development and climate change mitigation. The aim was not only to elucidate these complex relationships but also to critically evaluate their broader implications for the efficacy and integrity of public policy formulation within the European Union.

The investigation into the first hypothesis revealed that BlackRock's extensive investment portfolio potentially positions it to influence the European Green Deal. Through substantial investments in sectors directly impacted by the Green Deal, there appears to be a strategic alignment between BlackRock's financial interests and policy directions. However, the evidence suggests this influence is more implicit, operating through economic leverage rather than direct policy intervention. Key findings include BlackRock's stake in renewable energy and technologies that align with the Green Deal's objectives, suggesting a confluence of interests rather than overt influence.

Analyzing BlackRock's lobbying and advocacy efforts, as posited in the second hypothesis, showed significant engagement in policy discussions, particularly around sustainable finance. The company's involvement in various lobbying groups and influence within European trade associations was evident. However, the direct impact of these efforts on specific policy formulations, such as the standardisation of ESG scores, remains ambiguous. While

BlackRock's positions often mirror policy proposals, a causal link between its lobbying activities and concrete policy outcomes was not definitively established.

The third hypothesis explored the implication of BlackRock hiring former government officials. Our analysis identified several such instances, which might suggest an attempt to leverage personal networks for policy influence. Nevertheless, the direct impact of these hires on creating a favourable policy environment for BlackRock was not conclusively proven. The study highlighted the challenge in establishing a clear linkage between these employments and specific policy benefits accruing to BlackRock.

Investigating the fourth hypothesis, the research examined the correlation between BlackRock’s public statements and EU policy directions. While there were instances where BlackRock’s public positions, especially on environmental, social, and governance (ESG) issues, aligned with policy decisions, the study could not conclusively demonstrate that these statements directly influenced policy. This finding underscores the complexity of discerning the influence of corporate discourse on public policy.

Across all hypotheses, the findings suggest a nuanced and complex picture of BlackRock's role in the European policy landscape. While there are indications of potential influence, particularly through investment strategies and lobbying activities, direct causal links are elusive. This complexity highlights the intricate interplay between large financial entities and public policy, where influence is often indirect and multifaceted. The study raises important questions about the transparency and accountability of such interactions in the realm of public policy.

BlackRok operates extremely discreetly. What is really missing from the data we found, is a hot smoking-gun piece of evidence.

Implications

The findings of this research contribute significantly to the existing theoretical frameworks regarding corporate influence in public policy, particularly in the context of large financial entities like BlackRock. At the heart of this thesis was the application of theories such as Regulatory Capture, Public-Private Partnerships, and Elite Theory to understand BlackRock’s role in shaping the European Green Deal. The results suggest a nuanced interpretation of these theories:

While the traditional notion of regulatory capture implies direct influence over policy by vested interests, the study's findings indicate a more subtle form of influence. BlackRock's strategic investments and advocacy efforts align with policy directions, suggesting an indirect form of influence that stops short of overt regulatory capture. This contributes a new dimension to the theory, proposing a more implicit form of influence that operates through economic and advisory channels.

The research highlights the complexity of PPPs in the context of sustainable development policies. BlackRock's involvement, particularly through lobbying and advisory roles, demonstrates an elite influence model, where policy directions can align with the interests of powerful financial entities. However, the direct impact of such influence remains hard to quantify, suggesting a need for a more nuanced understanding of how elite theory operates in modern policy-making environments.

The study, therefore, extends these theoretical frameworks, arguing for a more intricate understanding of corporate influence, one that transcends direct intervention and encompasses a broader range of strategic and indirect influences.

The practical implications of this research are substantial, particularly in terms of informing policy-making processes and understanding corporate influence:

The findings underscore the need for greater transparency and accountability in how large corporations like BlackRock interact with policy-making processes. The European Union, while formulating policies like the Green Deal, must consider the subtle influences of major financial players and ensure that policy formulation remains aligned with public interests.

Furthermore, more research containing an eventual casual relationship between the hiring of former government officials and BlackRock achieving its political goals should be endeavoured upon as soon as possible. Were this to be true, this might have massive implications, and eventually stricter regulations on the hiring of government officials. A longer and mandatory "cooldown period" should be researched by the European Institutions to make sure a revolving door is not possible.

Discussion of Limitations

In evaluating the rigour of this research, it is crucial to acknowledge its limitations, as they bear implications for the interpretation and generalisation of the findings.

One significant limitation pertains to the availability and accessibility of data. This research primarily relied on publicly available information, such as financial records, lobbying registers, and public statements. The inherent nature of this data means it may not fully capture the behind-the-scenes dynamics of BlackRock's influence. Internal communications, confidential memos, or detailed lobbying strategies, which could provide more direct evidence of influence, were beyond the scope of this study. Therefore, the conclusions drawn must be considered in light of this data limitation.

The focus on BlackRock, while providing an in-depth case study, also narrows the scope of this research. The findings, therefore, may not be wholly representative of other financial entities or applicable to broader contexts outside the European Green Deal. This specificity limits the ability to generalise the conclusions to other settings or organisations.

Given the qualitative nature of much of the research, interpretations of BlackRock's influence are subject to the researcher's perspective. While efforts were made to maintain objectivity, the analysis of qualitative data inherently involves a degree of subjectivity. This factor must be considered when evaluating the conclusions, as different interpretations may arise from the same data set.

In acknowledging these limitations, it is important to note that they do not invalidate the research but rather frame its context and define the boundaries within which the findings should be interpreted.

Recommendations for Future Research

The findings of this study not only contribute to our understanding of the interaction between large financial entities like BlackRock and public policy formulation but also open avenues for further research:

Future research could focus on gaining access to and analysing internal communications within BlackRock. This could provide more direct evidence of the company's intentions and strategies regarding policy influence, particularly in relation to the European Green Deal.

Furthermore, expanding the scope to include other major asset managers and their interactions with policy-making processes would offer a comparative perspective. This could help in understanding whether the patterns observed with BlackRock are unique or indicative of a broader trend in the financial sector.

Another possibility for future research is to employ a longitudinal study examining the long-term effects of BlackRock's influence on policy outcomes, especially in sustainable finance, would provide valuable insights into the efficacy and integrity of such policies over time. To achieve a clearer picture of the relation between the actors, incorporating quantitative methods to measure the extent of policy influence exerted by BlackRock could add an empirical dimension to the current findings, offering a more nuanced understanding of the company's impact on public policy.

Final remarks

To conclude, while this research failed to establish a clear causal relationship between BlackRock's political influence and European industrial policies, it does highlight the fact that major corporations like BlackRock actively influence policy making by using lobby groups, trade groups, reacting to public consultations and hiring former government officials. While BlackRock is extremely pro climate-policy, they have appeared to be hypocritical. They slow down and actively oppose net-zero initiatives and policies behind the scenes by employing their huge influence through trade groups and captured European agencies such as the EFAMA. I hope this research directs more attention to the influence of major corporations and how the influence can diminish democratic representation, and I hope this can be the cause for further, more thorough research, by people who are authorised to look into internal documents, memoranda, conversations and more within BlackRock and the relevant European agencies and institutes. A clear smoking gun would massively help this research, and improve the understanding of corporate influence on democratic processes.

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