

Specialization pays off: Interest Group Influence on EU Pre-negotiations in four Member States¹

1 Introduction

When Chancellor Gerhard Schröder single-handedly blocked the adoption of the End of Life-Vehicle Directive in the European Union (EU) in 1999, carmakers celebrated the non-adoption of an environmentally friendly piece of legislation as a major success. Most observers quickly concluded that Germany profited from the machinations of its powerful automobile industry. The accusation that the CEO of Volkswagen and President of the European Automotive Manufacturers' Association, Ferdinand Piëch, had personally intervened particularly fuelled this interpretation. According to widespread rumours, Piëch had urged Schröder, a former supervisory board member of Volkswagen, to stall the passing of this piece of legislation. The German blockade came as a major surprise because the Council of Ministers had already agreed on an environmentally-friendly position that the German minister of the environment, Jürgen Trittin, had strongly supported (Wurzel 2000). Piëch's intervention was only successful in the short run, however, as the carmakers could not prevent the acceptance of a slightly watered-down directive in the end.

Although peddling for influence undoubtedly backfires on some occasions, we have strong grounds to assume that interest groups are powerful in European legislation. Obvious reasons for their possibly disproportional role are the absence of EU-wide discussions on legislative proposals and the lack of scrutiny to which the deliberations of the Council of Ministers, still the most important legislative actor in the organisation, are exposed. In this chapter, we study the influence that competing interest groups are able to exert at the domestic level in four EU member states. Because most of the 15 legislative proposals that we examine activated both producer and consumer organisations, our analysis mainly highlights this cleavage. We compare the relative power specialized and more general consumer and producer groups possess in Germany, Finland, the Netherlands and the United Kingdom.

Analytically, we follow the footsteps of Olson (1965) and analyse whether or not specialized interest groups possess an advantage over public interests in the domestic pre-negotiations on legislative proposals by the European Commission. We find especially for Germany and the Netherlands that privileged interests groups are key actors in these domestic pre-negotiations, while the asymmetries are not as pronounced in Finland and the United Kingdom. Our analysis thus contradicts the expectation of some pluralist and neo-corporatist interpretations that the European Union is likely to move towards a balance of

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power between contending interests (e.g. Falkner 1998, Gorges 1996, Grote and Schmitter 1999, Schmitter and Streck 1992). We argue against this backdrop that the lack of transparency in EU decision making will most likely aggravate the asymmetries between “private” and “public” interest groups. The counter-measures the European Commission (2001) outlined in its *White Paper* on European Governance are, in our view, not sufficient to overcome these mounting problems.

Our article is structured as follows: Section 2 introduces the relevant literature from which we will derive our hypotheses. Next, we will present the research design and the data set on which we rely. Section 4 presents the statistical analysis as well as some illustrative evidence from the cases under examination. We offer a critical summary of the results in the conclusion.

2 *Interest Group Influence in the EU: Review and Hypotheses*

Interest groups can use, by and large, two main channels to influence legislative outcomes within the European Union. Many studies contend that the supranational access path has grown in importance over the past few years (e.g. Andersen and Eliassen 1993). The number of studies that analyse the interactions between EU actors and interests groups in a rigorous fashion has grown in line with this development at an accelerating rate. While Crombez (2002) offers a succinct analysis of the optimal proposals interest groups can make in European legislation, Broscheid and Coen (2003) focus on the attempts by the European Commission to garner useful information from the interest groups through the creation of “fora”. The second channel through which interests groups can influence European legislation are the national pre-negotiations on the legislative proposals that the European Commission formally makes. Because the Council of Ministers is arguably still the most influential collective actor, the lobbying of member state governments remains important for our understanding of EU lobbying. Coen’s (1997) massive survey of the lobbying activities of large European firms confirms that most multinationals simultaneously use both routes to influence legislation. Adshead (1996: 599) similarly writes in a case study of lobbying in Ireland that “(I)n seeking to influence policy, Irish interest groups do not rely exclusively on either national or EC level policy, rather, the two approaches are seen to be mutually reinforcing.”²

While we do not want to downplay the importance of the supranational access path, we focus in this application on the interactions between contending interest groups and government actors in the domestic setting. Studies that examine the system of interest group intermediation are rare.³ Most of these analyses remain largely descriptive, reflecting a general trend in the literature on the role interest groups and lobbying play in European integration (e.g. Greenwood 1992, 1992, Mazey and Richardson 1993). Because we do not know of any systematic comparative study in this realm, a wide gap between theoretical aspira-

2 Practitioners support this point of view. Jean-Marc Lepage, the former general secretary of ACEA, stated in the beginning of the 1990s “that lobbying at Commission-level was twice as effective if you already had national support and had lobbied at the national level.” (Forum Europe 1993: 11)). In an interview, a representative of a member country of the EU emphasizes: “From our point of view, policy is not made in Brussels, but in the capitals of the Member States. If you want to influence policy, you must look first of all at the Ministers and ministerial officials in the Member States. They produce policy positions” (Stern 1994: 131)).

3 The edited volume by van Schendelen (1993) offers for instance some country-specific studies.

tions and empirical evidence exists. The main scientific challenge to which we attempt to live up in this article is thus to move ahead and to test extant arguments.

To assess the power of the lobbies, we follow the spatial model of politics and assume that interest groups try to move a legislative proposal towards their own ideal points. It is accordingly our assumption that interest groups and other relevant actors evaluate the utility of a legislative proposal. The smaller the loss, the larger is the influence of an interest group. This definition obviously begs the question, famously raised by Barry (1980), whether or not taking a pivotal position amounts to “luck” rather than “power”. This problem is, however, not as large as it could be because we explicitly rely on a comparative research design. Hence, it seems quite unreasonable to expect that some actor type is generally luckier than another one in placing itself in a pivotal position, especially considering that many of the interest groups included in our sample lobby on different legislative proposals.

While economists have dealt with the question of interest group influence largely from a theoretical viewpoint,⁴ some applications in political science have tried to estimate the power of interest groups (for reviews see Potters and Sloof 1996, Baumgartner and Leech 1998). Because only few studies use recent advances in the theory of interest groups (e.g. Sloof (1998), Grossman and Helpman (2001)), the canonical starting point for most empirical studies remains Mancur Olson’s (1965) pioneering analysis on the difficulties of collective action. In this study, Olson introduced the important dichotomy between “specialized” and “general” interest groups or, to use his terminology, “privileged” and “latent” interests. Because specialized (or “private”) interests face smaller collective action problems than general (or “public”) interests, we should expect influence asymmetries between the two types of interest groups.⁵

Political scientists and economists have tested the empirical relevance of this hypothesis both experimentally and quasi-experimentally. In a critical survey of Olson’s work, Green and Shapiro (1994) try to point out that neither branch in the social sciences supports the hypothesis sufficiently.⁶ Although there is often more collective action than one could predict from the collective action models, a host of studies confirms that the severity of the political organisation is a positive function of the number of individuals that could profit from the provision of a public good (Ostrom 1999). Marwell and Oliver (1993) (see also Sandler 1992) argue that the individual decision to contribute to the provision of the public good does not depend primarily on the size of the group but rather on the heterogeneity of resources and preferences among its members. Be that as it may, we assume in the following that public interests are at a disadvantage in the legislative process of the European Union.

At the level of the European Union, the empirical evidence in favour of the Olsonian hypothesis is equally scant. Some studies have found evidence for asymmetries between capital and labour, while other studies assume that governments play an active role in interest intermediation and partly offset the influence of sectoral interests. Falkner (1998, see also

4 For a recent survey see Ursprung (2000).

5 The literature on collective action is large. Sandler (1992) offers a useful survey, while Schmidt-Trenz (1996) extends the analysis to account for principal-agent problems.

6 The two authors treat the research program Olson initiated consequently as one of the “pathological” cases of rational choice reasoning.

Gorges 1996) for instance expects that the European Union will move towards a corporatist system of interest intermediation in which state actors help labour and capital organisations to come up with consensual solutions. Others assume that the EU is instead developing into a pluralist system in which the competition between contending interest groups will grow (Schmitter and Streeck 1992). The common denominator of both attempts to classify the system of interest intermediation in the European Union is, however, that the influence asymmetries between contending interest groups are not exceedingly large.

We will test in the remaining part of the paper whether the Olsonian hypothesis or rather the convergence hypothesis finds empirical support. Our statistical analysis will rely on the detailed information that we have gathered with structured interviews in four member states of the European Union. Our data set particularly includes information on the preferences that domestic stakeholders had on 15 legislative proposals that the European Commission initiated. We will analyse the utility loss that four types of interest groups experienced during these domestic pre-negotiations: 1) specialized producer interest groups; 2) general producer interest groups; 3) specialized consumer interests and 4) general consumer interests. We expect in line with Mancur Olson that specialized interest groups possess an advantage over general ones and that producer interests are more influential than consumer interests.

We also assume that the influence of interest groups will vary across the four member states under examination. In line with a large bulk of literature, we have included one state that allegedly follows the pluralist tradition of interest intermediation (Great Britain) and three states that have, to different degrees, adopted corporatist patterns of interest intermediation (Finland, Germany, the Netherlands). According to Siaroff's (1999) survey of 23 rankings, the Netherlands are the most corporatist country, followed by Germany, Finland and the United Kingdom.⁷ The states under examination differ additionally in their institutional structure. If we also take the institutional characteristics of a country into account, the dichotomy between majoritarian and consensus democracies seems to be most useful. Lane and Ersson (1997) use four rankings by Lehmbruch, Schmidt and Lijphart and establish that Finland can be considered to be the most consensual country of the four states under examination and the United Kingdom the most majoritarian one.⁸ The institutional structure makes in so far a difference as the access of some interest groups to decision makers should vary across them. We will test in the following whether public interest groups are better represented in Finland than in the two continental countries. Although his argument is historical rather than institutionalist, Katzenstein (1985) argues that Scandinavian corporatism favours labour, while continental systems of interest intermediation are biased in favour of capital interests.

3 Research Design and Operationalisation

This chapter examines competing theories of what kind of actors influence the bargaining stance of the member state government in the Council of Ministers. Our empirical analysis is based upon the National Decision Making in the European Union data set (NDEU). The

7 The overall rank out of 15 countries examined, the mean scores and the standard deviation of these four countries are as follows: Netherlands: 4th, 4.0, 1.0; Germany: 6th, 3.5, 0.9; Finland: 7th, 3.3, 1.0, United Kingdom 12th, 1.5, 0.8

8 The scores established by Lehmbruch, Schmidt, Lijphart 1984 and Lijphart 1991 are as follows: Finland: 1, 1.65, 1.49, 1.47; Netherlands: 2, 1.58, 1.69, 1.40; Germany: 1; -0.11; -0.68; -0.07; United Kingdom: 0, -1.3, -1.16, -1.25.

15 proposals included in our analysis are based on a sample of around 70 proposals that have been selected within a larger research project.⁹ This larger set of cases represents a stratified sample of the legislative proposals of the European Commission from 1997 to 2000 (Bailer and Schneider 2002a, 2002b, Schneider and Bailer 2002). The proposals had to be controversial enough in order to be included and the sample had to represent the variety of legislative procedures within the European Union and the policy areas within which the European Union is active. The 15 proposals are the set of cases that have been attributed to a research team at the University of Konstanz to collect further information. The topics covered a wide spectrum from health onto consumer and fisheries issues and most often activated the cleavage between producer and consumer interest groups.¹⁰

The indicators used in this article are based on the standardized interviews which four collaborators conducted in the EU member states under examination. The interviewers asked experts which issues within a proposal were controversial. Next, they inquired about the relevant stakeholders, the location of the reference points and the ideal points of the participating actors. The reference point applies to the scenario given when no agreement is reached in the course of the European legislation process. We also obtained information on the saliency attributed to an issue, the use of threats and promises, and the power of every stakeholder.

As previously indicated, we expect that interest groups evaluate how much they will possibly gain or lose from a certain proposal. The direct influence of an actor is accordingly operationalised through the utility loss that the final negotiation position of the government generates. The utility loss measures the difference between two absolute differences, namely the difference between the ideal point of an actor (POS) and the initial position of the leading ministry (IP) and the difference between the ideal point and the final national position (NP), i.e. $L = |POS-IP| - |POS-NP|$. Similar measures have been used by Mokken et al. (2000), Bailer and Schneider (2002a, b) as well as Schneider and Bailer (2002).¹¹

To make the proposals comparable, we normalized the possible outcomes on a scale between 0 and 100. Our analysis evaluates the utility loss an actor endures on a specific issue

9 This larger project is the project on Decision-Making in the EU (DEU) and evaluates the relative merit of competing game-theoretic models of EU decision making. It unites researchers from the Universities of Groningen, Konstanz, Leiden, Michigan (Ann Arbor), Nijmegen and Turku. For some interim results see Bailer and Schneider (2002 a, b) and Schneider and Bailer (2002).

10 The proposals included are: Com (97) 358 End-of life vehicles; Com 98 (295) Taxation on savings income; Com (98) 320 Taxation of cigarettes and manufactured tobacco; Com (98) 320 Supervision of electronic money institutions; Com (98) 546 Notification of vertical agreements; Com (98) 586 Legal aspects of electronic commerce; Com (98) 623 Prevention and control of TSE; Com (99) 130 Limits of veterinary medical products in foodstuffs of animal origin; Com (99) 348 Jurisdiction in civil and commercial matters; Com (99) 382 Dialogue with industry and groups affected by common fisheries policies; Com (99) 456 Health problems related to trade in bovine animals and swine; Com (99) 565-7 Equal treatment in employment and occupation irrespective of racial or ethnic origin; Com (99) 577 Toys made of PVC containing phthalates.

11 We also used the median position instead of the ideal point of the leading ministry as an alternative reference point. This operationalisation did, however, not lead to convincing results because many legislative proposals activated only one type of interest group. The median, thus, reflects the asymmetry in coming up with a position rather than the domestic consensus on what should be adopted.

under contestation.¹² The important explanatory variables used were several dummy variables summarizing different actor groups. The most important distinction is the one between specialized and general interest groups. If an interest group formulated an opinion in less (more) than 40 per cent of all issues raised in its own country, it belonged to the former (latter) type of interest group. As indicated, we also distinguished between consumer and producer interest groups. We identified what kind of interests an organisation represents through country-specific lists of interest groups and the corresponding secondary literature on interests groups.¹³

Our analysis also controls for the possible variation of interest group influence across the four countries under examination. Using the United Kingdom as the reference category, we include country dummies for the other three states in some of our statistical results. We employ an OLS regression to account for the impact actors have on the change from the initial proposal to the final negotiation position. Because the positions actors take on an issue possibly correlate among each other, we controlled for the clustering of positions within an issue. It should, however, be noted that the results of the reported fixed effect models and of the unreported standard OLS models only differ marginally.¹⁴

4 Actor Groups and their Influence on the domestic Pre-negotiations

This section offers both qualitative and quantitative support in favour of the Olsonian thesis that specialized interest groups possess an advantage over public interest groups. We start the analysis by first comparing the proposals and then move on to a descriptive analysis of the different actor types.

To assess the influence of interest groups, it is first necessary to assess whether or not the proposals induce serious conflict in the domestic pre-negotiations. As the evidence presented in Table 1 (Appendix) demonstrates, day-to-day decision making in the European Union is much more consensual than case studies suggest that only focus on what their authors consider to be landmark events of regional integration (e.g. Moravcsik (1998)). Even if we focus on Commission proposals that created a minimum level of controversy, many cases did not involve a shift between the initial and the national position of the leading ministry. Furthermore, several of the proposals were only contested in some of the countries under examination.

Table 1 (Appendix) shows for the 15 proposals under examination how many controversial issues they raised, how many actors expressed an opinion on the proposal and how large the variance between the positions of the actors was.

The table reveals that the level of controversy a legislative proposal by the European Commission creates varies greatly between proposals and between countries. Among the most controversial proposals seem to be the attempts by the Commission to regulate electronic

12 The alternative would have been to calculate the utility loss over the whole proposal and not only over the different issues. The results that we obtained for this unit of analysis are similar and can be obtained from the authors upon request.

13 Other coding rules for the interest groups were not practicable for the purpose of classifying them in relation to our research question.

14 If actors were behaving strategically rather than sincerely as assumed in this paper, the positions they take within a proposal would correlate among each other. This would violate the requirement that cases should be independent of each other.

money institutions and electronic commerce. Both proposals score high on the number of contested questions and activated stakeholders. The proposal to harmonize taxation on savings income led to a fierce reaction by interest groups in the United Kingdom in particular. 18 stakeholders formulated a position and tried to influence the Blair government which finally supported the successful attempts by Luxembourg to stall or at least to delay this decision making process. Other proposals – especially the one regarding the control of the North-East Atlantic Zone - are, however, so minor that it only induced three stakeholders in the Netherlands to formulate their own opinion. A further indication of this trend towards non-controversial pre-bargaining is that explicit strategic action is the exception rather than the norm. According to the interviews conducted in the capitals of the four member states, explicit threats are a very rare event.

Two reasons can obviously account for the non-controversial nature of many of the decision making processes: a low saliency of the contested issues or the formal or informal agenda setting power of the leading ministries. Table 2 provides summarized information on different actor types and shows how large their average loss is over all proposals under consideration. We also include aggregate data on how many times a specific actor type was activated, how much the positions varied and how large the average attributed power to an actor is.¹⁵ The analysis also allows us to compare how the interest groups scored in comparison to two types of government actors and another state actor: the leading ministry, which officially is in charge of the domestic pre-negotiations, other ministries involved in the decision making process and the national parliaments.

Table 2: Summary information on different actor types

	Number of actors	Standard dev. positions	Attributed power*	Utility loss*
Leading ministry	117	41.63	88.88 (18.37)	-12.04 (14.56)
Normal ministry	110	38.75	63.45 (24.92)	-3.22 (17.48)
Parliament	37	43.63	47.70 (32.33)	-1.92 (19.57)
Spec. consumer interests	51	45.97	42.05 (29.95)	+4.51 (14.60)
Gen. consumer interests	36	36.68	49.72 (20.77)	-3.33 (22.45)
Spec. producer interests	154	43.40	43.47 (23.14)	+4.54 (22.44)
Gen. producer interests	109	38.99	50.50 (23.25)	+1.56 (16.83)

**Note: Numbers in parentheses are standard deviations.*

The findings in Table 2 show that producer interest groups become active more frequently than consumer interest groups. This is a first indication that private interests possess a strategic advantage over public ones and become more easily involved in the domestic pre-negotiations. The average attributed power of producer interest groups, however, is not much larger than the one of the corresponding consumer interest groups. The marginal difference is, in our view, to a great extent a consequence of the unequal capacity for collective action. Because producers are more often present in the political scene than consumers,

15 We asked the experts how large the capabilities of an actor were in the policy field under consideration. The range spans from 0 (negligible actor) to 100 (very powerful actor).

our sample also includes a disproportional number of producer organisations with relatively little power. Furthermore, the results that we obtained for our influence measure – the average utility loss – demonstrate that “power” remains an elusive concept. In considerable contrast to the power measure, general consumer interests lost at the average in the domestic pre-negotiations and the general producer interests only turned out to be marginal winners. Specialized interest groups, however, were able to gain more from these domestic negotiations.

The most important actors, however, seem to be the government ministries. While the leading ministry as the agenda setter must accept losses during the domestic negotiations, it is typically considered to be the most powerful actor. It would therefore be misleading to conclude that the ministries lose most from the domestic pre-negotiations because the utility loss measure is not very conclusive in this case. Baltz, König and Schneider (2003) argue based on this finding that interest intermediation still largely follows an *étatiste* rather than a pluralist or corporatist tradition, as is often claimed. The results also indicate that governments often do not act unitarily, but that ministries fight over the negotiation stance that the government should adopt in Brussels.

Although the descriptive evidence yields some indications on the structure of interest intermediation in the European Union, it does not provide a real assessment of the Olsonian hypothesis and the competing pluralist and corporatist convergence thesis. To test the competing claims, we conducted multivariate regressions. In contrast to Baltz, König and Schneider (2003), we focus on the four interest group types as the main explanatory variables. The first model considers only the interest group types and the possibility that actors’ strategic positions influence the individual performance in the pre-negotiations. We measure the possible strategic positioning through the distance of an actor’s position from the median position. The second full model also controls for the different countries under consideration. Table 3 only illustrates the estimations with the cases where the negotiation stance did not correspond to the initial position of the leading ministries. The inclusion of the issues in which the two positions coincide and in which the leading ministry was accordingly a perfect agenda setter does not change the results substantially.¹⁶

16 These results can be obtained from the authors upon request.

Table 3: Fixed-effect OLS regression models on the influence of interest groups on domestic pre-negotiations

	(1)	(2)
Actors:		
Specialized producer interests	17.27*** (2.73)	19.06*** (2.66)
General producer interests	11.91*** (3.37)	11.36*** (3.26)
Specialized consumer interests	16.87*** (5.08)	18.11*** (4.90)
General consumer interests	5.27 (4.37)	5.25 (4.27)
Finland		13.96*** (4.83)
Germany		21.79*** (4.43)
Netherlands		24.83*** (4.62)
Difference to Median	0.16*** (0.04)	0.15*** (0.04)
Constant	-14.34*** (1.74)	-34.24*** (4.36)
N	437	437
Adj. R ²	0.14	0.20

Note: Entries are regression parameters. Standard Deviation in parentheses. Significance levels are denoted as follows: *= $p < .1$, **= $p < .05$, ***= $p < .01$.

The results in Table 3 reveal that with the exception of the general consumer organisations all other interest group types are able to move the negotiation outcome towards their preferred direction. But the impact they have on the negotiation stances differs considerably. Specialized producer interest groups are, in general, the clearest profiteers in the domestic pre-negotiations on EU legislations, while specialized consumer interests are also moving the outcome in the direction they prefer. The legislative gain of the general producer organisations is smaller by comparison. These results are all in line with the Olsonian conjecture that private interests are more influential in public policy making than public ones.¹⁷ The expectation that there is a balance of power between different types of interest groups only receives some support. While specialized consumer interest groups exert an influence, the general ones do not. Further, the influence of the producer organisations is larger than the one of the corresponding consumer groups. A further result is that the negotiation process favours those actors with an extreme position. This indicates most likely that at least some of the positions seem to reflect strategic considerations rather than the sincere preference of an interest group.

Table 3 also leads us to assume that lobbying success will vary across the four countries under examination. We test the hypothesis that the Finnish system of interest intermediation differs from the continental ones with a country-level analysis of the impact that interest

17 Note again that the parameter estimates are comparable because the interest groups are coded as dummy variables and because the dependent variable is normalized on a scale from -100 to +100.

group types have on the government negotiation stance. Table 4 reports the results of four fixed effect OLS models.

Table 4: Statistical models on the influence of interest groups in four member states

	Germany	Netherlands	Great Britain	Finland
Special producer interests	27.07*** (3.50)	22.69*** (4.81)	-10.29 (8.09)	13.94** (7.09)
General producer interests	2.19 (4.23)	22.96*** (5.28)	4.59 (19.73)	24.02*** (8.67)
Special consumer interests	15.97** (6.68)	10.48 (8.08)	8.01 (15.34)	27.91** (12.04)
General consumer interests	5.75 (4.58)	5.62 (8.04)	-10.38 (12.06)	-
Difference to Median	-0.12** (0.05)	0.30*** (0.06)	0.82*** (0.14)	0.23** (0.09)
Constant	-6.52*** (2.11)	-16.30*** (2.77)	-34.51*** (5.44)	-22.92*** (5.08)
N	196	132	29	80
Adj. R ²	0.25	0.33	0.56	0.14

*Note: Entries are regression parameters. Standard Deviation in parentheses. Significance levels are denoted as follows: *= $p < .1$, **= $p < .05$, ***= $p < .01$.*

Table 4 shows that specialized interest groups possess an advantage at the national level of EU legislation. Whereas in Germany and in the Netherlands the overall pattern of influence exertion remains stable, we can observe differences for Great Britain and Finland. Because many issues were not controversial at all in the former country, we should not exaggerate the largely insignificant results. It is interesting, however, that taking an extreme position pays off in all countries with the exception of Germany. In Finland, consumer organisations exert the strongest influence while specialized producers remain a relatively marginal political force. This result supports the observation of Katzenstein (1985) that the Scandinavian system of interest representation favours interest groups of the political left rather than the right. In Germany and the Netherlands, exactly the opposite seems to be the case although specialized consumer interests are a force to reckon with in the former country. We will illustrate in the following the differences between the four countries in comparative case studies focusing on the attempt of the European Commission to introduce the End-Of-Life Vehicle Directive (Com 97 358). The aim of this proposal was to reduce the amount of waste from cars.

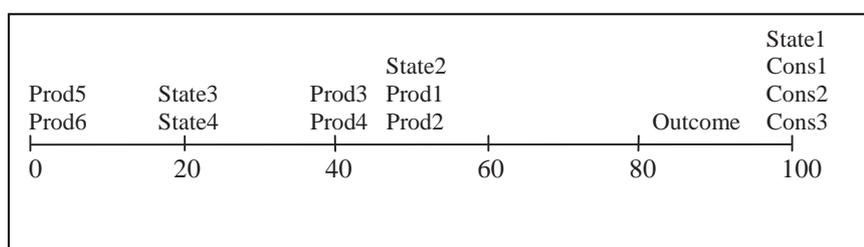
Germany: The end-of-life vehicle directive was heavily debated between the representatives of the car producing industry¹⁸, the consumer organisations and environment protection groups like BUND and Greenpeace. The proposal also activated representatives of the recycling and shredding industry as well as waste management companies. The most important issues that emerged in the public debate were the responsibility for the waste management of old vehicles and the proposed ban of some metals that were used in the process of car construction. The representatives of the car industry argued that many jobs would be

18 The most active interest groups on the producer side were the Association of German Automobile Producers (VDA) and the Association of Car Importers.

lost if the European Union would adopt the position of the “environmentalists” headed by Jürgen Trittin.

Figure 1 illustrates the domestic conflict and the relative positions of the relevant actors in Germany on this proposal on a one-dimensional continuum.¹⁹ Although the final outcome, the national position of the leading ministry resulting from the domestic pre-negotiations, is still near the position of the consumer and environmental organisations, the producers have been largely successful in moving the position away from the proposal of the ministry of environment. It was furthermore helpful that other state actors like the Ministry of Economics supported this decision. It should also be noted that this move to the right was not sufficient for some carmakers. Once the pre-negotiations were completed and the proposal was about to be adopted in Brussels, the chairman of Volkswagen personally intervened. The u-turn by Chancellor Schröder forced his Minister of Environment to fight for a position in complete contrast to his original proposal.

Figure 1: Relative actor positions in Germany on the End-of-life-vehicles-directive (Com 97/358)²⁰



Netherlands: In the Netherlands, the national stakeholders agreed on the scope of this regulation mainly because the proposed EU-Directive copied the Dutch regulations on the question of producer responsibility. Understandably therefore, the Dutch government lobbied hard at the EU-level when the European Commission drafted this directive.

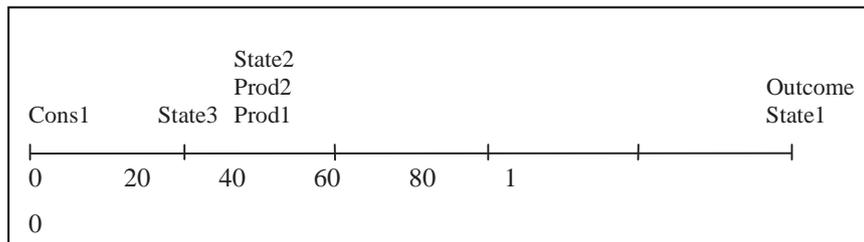
Only one issue was debated in the national context. The debate concerned question whether or not old-timer cars should be included in the directive. The extremes in this debate were set by the association of old timer collectors, favouring an exemption on the one side and the Ministry of Environment on the other side, which wanted to include them in the directive. The other stakeholders, mainly comprised of other state actors like the Ministry of Economic Affairs and the Ministry of Transport and Traffic and producer interests of the car recycling and dismantling companies were stuck in between, but remained closer to the position of the association of the old-timer fans. Although this private interest group fought hard, the Ministry of Environment was able to withstand this opposition. As the general statistical analysis has shown, it is the exception rather than the rule in the Netherlands that

19 Because every actor and the final outcome had the same numerical position on each of both issues, we can represent the conflict on one dimension.

20 State1 = Ministry of Environment (=leading ministry); State2 = Ministry of Transport; State3 = Economics Ministry; State4 = Federal Chancellor’s Office; Cons1 = BUND; Cons2 = consumer organisations; Cons3 = Greenpeace; Prod1 = German Automobile Club (ADAC); Prod2 = car dismantlers (IGA); Prod3 = shredding industry (BDSV); Prod4 = waste disposal company; Prod5 = association of car importers; Prod6 = association of German automobile producers (VDA); outcome = national position of leading ministry after domestic negotiations

private interests are not more successful in their lobbying for a policy change. Figure 2 summarizes this bargaining process.

Figure 2: Relative actor positions in the Netherlands on the End-of-life-vehicles-directive (Com 97/358)²¹



Great Britain: This member state was insofar an exception as the environment directorate within the Department of Trade and Industry (DTI) held the responsibility of negotiating the directive. In all other member states the department of the environment was the leading ministry.

Domestic stakeholders were at loggerheads over five issues, two of which were of minor importance. The first issue was similar to the Dutch case the wish of the old timer fans to exclude historic vehicles from the directive. Although this fight seemed superfluous since no one wants to get rid of an old-timer, the Association of Historic Vehicles Owners nevertheless demanded such an exemption. The private interest group feared that Denmark could win its fight for another definition of end-of-life vehicles, which would extend to some historic vehicles. The lobbying effort was ultimately successful because the member states conceded to mention this exception. A similar problem occurred with motorcycles. The Commission proposed to include them in the directive while the motorcycling industry opposed this wish for obvious reason. In Great Britain, the government and all domestic stakeholders agreed with the wish to define the scope of the directive narrowly.

Two other proposals by the Commission targeted heavier interests. They consequently experienced a fiercer domestic discussion than the issues involving the old-timer lovers and the motorcycling industry. The first controversy arose over the question of a ban on the use of heavy metals. The Commission and environmental groups were in favour of this proposition, while the steel and the automotive industry supported by the industry directorate of the lead department, the Department of Trade and Industry (DTI), opposed this. The position which the British government finally adopted on this issue was based on a compromise proposal by the DTI environmental directorate. It suggested to ban heavy metals but to allow for exemptions if no alternative is available. These exemptions will be reviewed regularly.

Even more contentious was the question on who should pay for the recycling of end-of-life vehicles. The Commission proposal foresaw that the producers pay for all costs after the directive takes effect. This would also include cars already produced and sold. The environmental groups supported this position; the industry was, conversely, only prepared to

21 State1 = Ministry of Environment (=leading ministry); Prod1 = association of car dismantling companies; Prod2 = association of car recycling companies (ARN); Cons1 = association of old timer collectors; State2 = Ministry of Economic Affairs; State3 = Ministry of Transport and Traffic; Outcome = national position of leading ministry after domestic negotiations

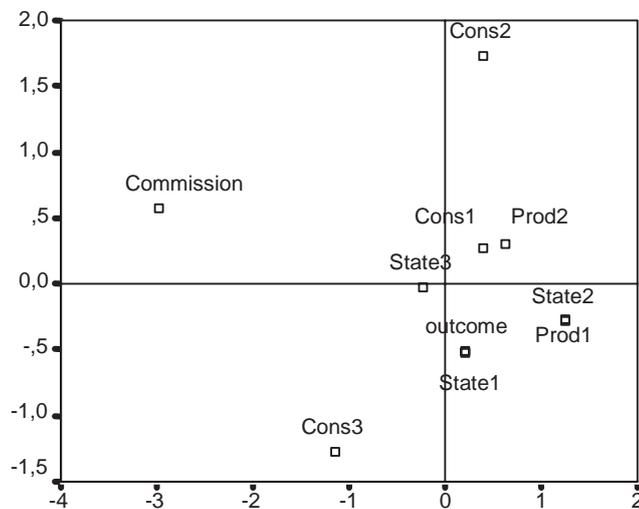
pay for all the cars produced after the directive comes into effect. The lead department suggested a somewhat different approach. Influenced by the automotive industry's position, it favoured to give member states the discretion to decide on the amount to which the industry should pay. Although this approach was rather flexible, it was disputed within the DTI because the industry directorate supported the automotive industry.

Another problem was how the solution to the producer responsibility should be implemented. This issue was only a matter of controversy between the Commission and the domestic stakeholders. The government favoured an approach which allowed for voluntary agreements between governments and industry on the implementation of some of the provisions of the directive. Even the British environmentalists supported this approach which is rather unusual given the opposition and scepticism of most environmental groups in other member states towards the tool. In the end the Commission failed in its defence of its position and voluntary agreements were allowed, but only for a limited number of articles.

This proposal is a fitting example for the attempts of the British government to find solutions that represent the interests of all or at least the most important stakeholders. We used multidimensional scaling in Figure 3 to reduce the dimensionality of the conflict space to two rather than five dimensions.²²

22 Note that not all actors had positions on all issues under contestation. Such actors were thus interpreted as being indifferent between the initial position of the leading ministry and the reference point. Their position on such an issue thus represents the mean of the distance between the reference point and initial position of the national ministry. The reference point would be the outcome in case that the proposal would not pass the Council negotiations, in this case with no prior European legislation thus meaning the prevailing national status quo.

Figure 3: MDS plot of relative actor positions in Great Britain on the End-of-life-vehicles-directive (Stress = 0.02)²³

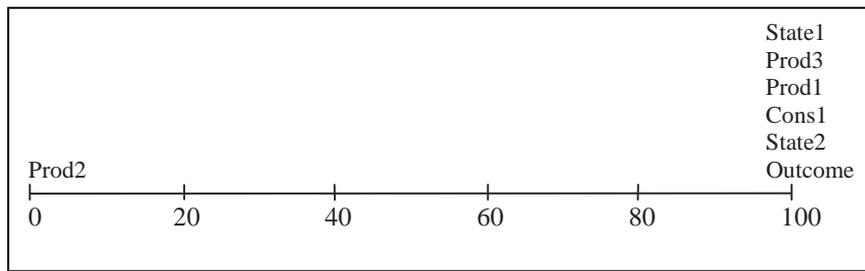


Finland: As Finland has no car-producing industry, the directive was not heavily disputed. The main state actors were the Ministry of Environment and the national parliament. The proposals also activated the car importers association, the Finnish Federation of Nature Conservation, the recycling industry and the Finnish federation of car dismantlers. Although there were some other state actors involved (e.g. Ministry of Trade and Industry), their position did not markedly differ from the ones of the other governmental agents. The Finnish discussion on the Commission only boiled down to the question of who should be responsible for an old vehicle.

The extant Finnish legislation held the last owner of a car responsible for the final recycling of the car. Car importers favoured this solution and only wanted to see the new principle of producer responsibility applied to newly sold cars. The Federation of Nature Conservation, supported by the Ministry of Environment and Parliament and also tacitly by the recycling and dismantling industry, favoured the more consumer-friendly proposal of the European Commission. This coalition was broad enough to convince the government that producer responsibility should be the new principle.

23 State1 = Initial Position of Environment Directorate (leading ministry); State2 = Car Division (Industry Directorate); State3 = Department of the Environment, Transport, Regions; Prod1 = motor industry; Prod2 = steel industry; Cons1 = motor cycle group; Cons2 = historic vehicle group; Cons3 = Friends of the Earth; Commission = EU Commission; Outcome = National position of leading ministry after domestic negotiations

Figure 4: Relative actor positions in Finland on the End-of-life-vehicles-directive (Com 97/358)²⁴



Comparison and European negotiations: Although most governments were rather accommodative in the domestic pre-negotiations, the End-of-life vehicle directive was one of the rather controversial pieces of legislation in the European arena. As we have initially indicated, the producer interests were successful with the last minute lobbying in postponing the date for the obligatory take-back of old cars until 2007. Yet, the more environmentally conscious countries were more or less able to convince the producer-friendly states to prohibit the usage of lead, mercury, cadmium and hexavalent chromium in vehicles that were put on the market after July 1st2003.

The case studies on the end-of-life vehicles directive resemble more or less the pattern from the statistical analysis (with the exception of the rather consensual intermediation in the Netherlands). In Germany the specialized interest groups of the auto industry heavily lobbied on this proposal and had some influence on the bargaining position of the leading ministry although they did not succeed in pushing through their maximum position of stopping the introduction of the directive and its more or less consumer- or environmental-friendly result in the end. The domestic negotiations in Finland and the Netherlands were, by contrast, much more consensual. This is largely due to the fact that both states do not possess an important car industry and that the EU largely followed the Dutch example in its attempt to “europeanize” this field of legislation. Although the decision making process in Great Britain seems to have more in common with the German case, the leading ministry nevertheless adopted an intermediate position between the extremes rather than giving in to one side.

5 Conclusion

While a multitude of models analyse the possible influence of interests groups on public policy, only few systematic tests of the theoretical propositions exist. The discrepancy between the theoretical aspiration and the scarcity of empirical results is particularly pronounced for the field of European Union politics. In this article, we tried to close this significant gap with an analysis of the Olsonian hypothesis that specialized interests are better represented and are more influential than public interests. Our analysis of the domestic negotiations of “average” Commission proposals confirms the existence of severe asymmetries in EU lobbying. Although we can observe strategic advantages of specialized interest

24 State1 = Ministry of Environment (=leading ministry); State2 = Parliament; Cons1 = Finnish Federation of Nature Conservation; Prod1 = recycling industry; Prod2 = car importers; Prod3 = Finnish Federation of Car Dismantlers; Outcome = national position of leading ministry after domestic negotiations

groups in all four member states under examination, the gains that private interests can make in Germany and the Netherlands exceed the influence of specialized interests in Finland and the United Kingdom.

Our results partly contradict the pluralist and (neo)corporatist expectation that the process of European integration leads to a balance of power between contending interest groups. Although government actors play an important role in the formation of a negotiation stance, they frequently give in to one side and do not always counter-balance the influence of other member states. Only the Finnish consumer interest groups seem to be as powerful as the producer organisations.

Sectoral interests will remain superior in the European Union as long as the decision making processes in the Council remain intransparent. An intensification of the public discussions on EU legislation would probably also loosen the firm grip that distributional coalitions exert on public policy making in the European Union. The Commission has tried to develop some instruments which would strengthen the public involvement and participation in the EU decision making process. Yet, the White Paper does not guarantee that the organisation will sincerely try to move away from these anomalies. It is quite conceivable that the governments of the member states rather prefer to continue their tradition of backroom door policy making. As long as this unhealthy habit is allowed to prevail, we can expect sectoral lobbying to pay off in the domestic as well as in the European arena.

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Appendix

Table 1: A comparison of the proposals across four countries

Proposal	Number of Issues					Number of actors*					Standard deviation				
	D	Fin	NL	GB	Ø	D	Fin	NL	GB	Ø	D	Fin	NL	GB	Ø
End-of-life vehicles Com (97) 358	2	1	1	5	2.3	13	6	6	7	8	37	41	34	47	40
Taxation on savings income Com (98) 295	3	3	3	5	3.5	5	6	5	18	8.5	39	44	46	44	43
Taxation of cigarettes Com (98) 320	2	1	2	1	1.5	5	2	4	5	4	46	71	47	45	52
Supervision e-money Com (98) 461	1	3	3	0	1.8	4	5	5	-	4.7	50	42	48	-	47
Notification agreements Com (98) 546	3	3	5	2	3.3	6	8	8	10	8	40	42	43	40	41
Legal aspects of e-commerce Com (98) 586	3	4	2	2	2.8	17	9	7	11	11	30	39	32	43	36
Prevention/ Control of TSE Com (98) 623	1	1	3	0	1.3	9	13	6	-	9.3	38	8	39	-	28
Limits vet. medical products Com (99) 130	0	0	4	0	1	-	-	9	-	9	-	-	39	-	39
Establishment of "Eurodac" Com (99) 260	1	0	3	1	1.3	3	-	6	6	5	53	-	49	41	48
North-East Atlantic Zone fishing Com (99) 345	0	0	1	0	0.3	-	-	3	-	3	-	-	50	-	50
Jurisdiction comm. matters Com (99) 348	3	1	3	1	2	11	4	5	7	6.8	31	50	43	50	44
Dialogue common fisheries Com (99) 382	1	2	2	1	1.5	10	6	3	3	5.5	42	34	49	58	46
Bovine animals/ swine Com (99) 456	0	0	1	1	0.5	-	-	5	5	5	-	-	46	45	46
Equal treatment employment Com (99) 565-7	1	2	3	1	1.8	11	4	8	7	7.5	31	40	35	34	35
Toys made of PVC Com (99) 577	3	3	3	1	2.5	10	12	8	8	9.5	33	31	41	39	36
Aggregate value	24	24	39	21	108	220	155	230	169	774	39	40	40	44	41

* Highest number of actors per issue taken in case that the number of actors varies within a multi-issue proposal