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**Associations matter:
reconsidering the political strategies of firms in the European Union**

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Since the completion of the Single Market, lobbying has become omnipresent in the European Union (EU). With an estimated 15 000 lobbyists and 2 600 interest groups (Kallas, 2005), Brussels is now the second largest industry after Washington D.C. (cf. Coen, 2007). About 350 firms have a European affairs office (Coen, 1999) and 267 consultancies propose public relations and legal services (Lahusen, 2003).

The rise of such a lobbying culture has challenged traditional forms of interest representation in Europe. National neo-corporatist relations with strong, hierarchically organized peak associations have not been transferred to the European level (Schmitter and Streeck, 1991). Instead, pluralist relations, characterized by a large number of competing groups, now dominate the EU-policy process (Mazey and Richardson, 2006). As a consequence, large firms have chosen to lobby outside of traditional associations and to establish themselves independently as political actors (Coen, 1997, Coen, 1998). Traditional associations are under much pressure to adapt to internationalization (Wilts, 2001) and several authors have confirmed their partial incapacity to meet these new challenges (e.g. Traxler, 2006). Indeed, the most formidable challenge of business association is to find ways to reinvent themselves to remain relevant in an increasingly complex political and economic environment no longer bound by the nation-state alone (Streeck et al., 2006). With firms acting on their own behalf, it looks as though lobbying through traditional associations will decline. A comparison with the United States (US) indicates that comprehensive business association might only play an increasingly marginal role and that firms will instead choose to lobby either individually or through *ad hoc* coalitions (Mahoney, 2007).

This paper tries to understand whether the EU system of interest representation is indeed Americanizing. How important are sector-wide groups at the European and at the national level for the political activities of their members? Are comprehensive business groups side-lined on salient issues, because firms choose to lobby on their own? How do firms

pursue their interests in a multi-level policy? To answer these questions, we have selected 14 recent EU policy issues that have been particularly salient to the firms in the sector to which the proposed legislation would apply. We have then studied the ten largest firms in each affected sector, their national business associations and the most relevant EU associations, a total of 136 firms and 115 associations, of which 80 are national and 35 are EU-groups. To gather information on the ways in which firms tried to represent their interests, we have conducted a newspaper search for each policy issue and surveyed all articles that associated the policy issue with the name of a firm or association to find information about lobbying activities. Such a newspaper survey certainly does not reveal all political activities of the firms in question, but it helps to distinguish when and how firms are becoming active on their own behalf and when they choose to remain less visible.

Our evidence shows that associations do remain central actors in EU interest intermediation, and that firms chose to bypass them only when their markets are highly internationalized. In all other cases, firms only mobilize when their national association do not. We explain this pattern by highlighting that associations act as interest aggregators that are highly relevant to European policy-makers, because they provide for the translation of information between public officials and their members. Through this particular role in the multi-level system of the EU, associations continue to be a pillar of interest representation in Europe.

The paper begins with an overview of the literature on business lobbying in the EU and on the transforming role of traditional trade associations. A second section presents the method and the data collected and discusses our empirical findings. A third section attempts to explain the continuing importance of associations by discussing the specificity of the European political system and concludes by formulating hypotheses about continuing

differences between the EU and the US-system of interest representations that should be explored in future research.

I. European business lobbying between Americanization and EU exceptionalism

Comparisons between the EU and other political systems are becoming common place and have helped to overcome the n=1 problem of European studies (Hix, 1994, Hix, 1998). Concerning lobbying and interest groups, the United States appear to be the most useful comparison (Mazey and Richardson, 1993). In particular, recent work has investigated the degree to which the two models of interest intermediation converge (Thomas, 2002, Coen, 2004, Woll, 2006). As the following discussion will show, the transformation process is not as linear as one may suspect: despite increasing resemblance, the role of associations clearly distinguishes European interest representation from the American model. Moreover, associations are not just sticky institutions dating back to the neo-corporatist interest intermediation at the national level. They also fulfil a particular role in the multi-level system and can be considered as the pillar of EU interest representation.

1.1. Different perspectives on the transformation of European interest intermediation

Informed by a variety of theoretical frameworks, several strands of research point to an increasing “Americanization” of lobbying in Europe. However, the terms of comparison vary considerably and it is helpful to distinguish between three strands of literature. A first strand deals with state-society relations within the EU and in Europe, a second one with domestic interest groups’ attitude towards European integration and a last one with business lobbying in Brussels.

The first group of authors seek to classify countries according to theoretical categories and ideal-types of state-society relations such as pluralism or neo-corporatism. In those

analyses, the EU's multilevel policy-making process is usually compared to the pluralist system in the US, characterized by a high number of groups and no hierarchically structured institutional forums for group participation. The EU seems to favour competition between interest groups, the professionalisation of lobbying and arms-length relations with public authorities. Despite some discordant voices (Andersen and Eliassen, 1991), this view of a "EU pluralism" quickly gains ground and is largely dominant today (Schmitter and Streeck, 1991, Falkner, 1997). A certain number of policy studies have tried to further specify state-society relations for particular sectors (Greenwood and Aspinwall, 1998, Greenwood et al., 1992) and many show that some sectors are less pluralist than others. Especially agriculture has long been considered as a fairly "corporatist" EU policy sector, even if the reforms of the 1990s have tended to change the landscape (Coleman and Tangermann, 1999). More importantly, this literature studies the impact of the emerging regime of EU state-society relations on national state-society relations. Schmitter and Streeck's (1991) account is particularly pessimistic. Looking at relations between employer organizations and labour unions over time, they conclude that the EU pluralism favours transnational business alliances which are unlikely to be matched by equivalent trade union alliances. Moreover, the EU may "insulate" national decision-makers against national societal demands, as Grande (1996) argues, with further weakens the role of the traditionally influential trade unions.

In line with these conclusions, a second group of authors has argued that the EU is extremely attractive to major economic interests, as it is viewed primarily as a huge market and promoter of market liberalization. EU policy-making has significantly reduced transactions costs, which facilitates intra-EU trade. This "exogenous easing", in turn, has led to ever greater pro-trade and anti-protectionist coalitions in the member states (Frieden, 1991). Major theoretical works on European integration echo this analysis. Both supranationalist and liberal intergovernmentalist accounts tend to explain the European

integration process with reference to economic interests. While liberal intergovernmentalism concentrate on domestic interest representation (Moravcsik, 1998), supranationalist accounts accept the possibility of multilevel strategies and direct lobbying by major economic actors (Stone Sweet et al., 2001). There is a “strange consensus” in those approaches concerning the necessarily pro-European attitude of economic interest groups and their contribution to European integration (Grossman, 2004). This, in turn, presupposes the prevalence of economic actors in state-society relations. Rather surprisingly, even institutionalist analyses do not consider the role of associations or any other pre-existing structures or strategies in any detail (Stone Sweet and Sandholtz, 1998).

Finally, a last strand of literature studies the strategies of large firms and the development of direct lobbying in the EU. In particular David Coen and Maria Green Cowles have pointed to the lobbying strategies of big firms. Green Cowles’ well-known analysis of the European Roundtable of Industrialists shows that an ad hoc transnational alliance of CEOs had a significant influence on the EU policy agenda (Cowles, 1995). Coen’s work has concentrated on the way in which large firms have developed individual strategies, often encouraged by the European Commission (Coen, 1998: 79). For both authors, firms have become political actors in their own right. Although much of this literature does not explicitly argue that there is an “Americanization”, however defined, Coen (1999, , 2004) shows that US-lobbying in Brussels has affected the strategies of EU lobbies.

Most of the descriptive studies of EU lobbying are strongly grounded in empirical work. Some of the theoretical work on European integration, by contrast, simply assumes that pluralist state-society relations observed in the US will function in a comparable manner in the EU and within European countries. This is problematic, because there is a great variety of state-society relations in Europe and pluralism is clearly the exception rather than the rule (Grossman and Saurugger, 2006).

1.2. Reassessing European distinctiveness: the role of organisations

One of the main reasons for this, as Greenwood and Young argue, is the lasting difference in state-society relations in Europe (2005: 276). The more consensual policy-making patterns in Europe may explain differences in mobilisation and organisation. Somewhat surprisingly, the 1990s witnessed a certain revival of neo-corporatism, after it had been declared dead at the end of the 1980s (Schmitter, 1989). As a consequence of the process of Economic and Monetary Union, many countries revitalized existing negotiation structures. In some cases, such as Ireland and Italy, entirely new forms of negotiation were set up from scratch (Schmitter and Grote, 1997, Rhodes, 2001). While the long- or mid-term consequences of this evolution are still unclear, this movement has been very significant (Regini, 2000, Pochet and Fajertag, 2000). As a general rule, the revival of neo-corporatist forums springs from a collective effort to attain the macroeconomic convergence goals fixed by the Maastricht Treaty. Those objectives ultimately required governments to tackle structural questions such as pension reform, unemployment benefits or health insurance. Since these issues are traditionally difficult to reform, concertation suddenly appeared – again – as the most appropriate policy tool, even in statist or “*dirigist*” countries with little or no experience in this area.¹ As a consequence, the story appears to be much more complex than the tale of “Americanization” of interest intermediation in the EU would admit.

Recent research tends to show that the demise of associations may have been announced prematurely. To be sure, national associations have had to face difficult challenges resulting from internationalization, which affects both their collective action incentives and their political strategies, which Streeck and colleagues (2006) refer to as the “logic of membership” and the “logic of influence” respectively. In a context of increasing economic

¹ One notable exception to this rule is France which has clearly not witnessed any « social pact » throughout the 1990s GROSSMAN, E. & SABINE, S. (2004) Challenging French Interest Groups: The State, Europe and the International Political System. *French Politics*, 2, 203-220..

interdependence and internationalization, many industrial sectors turn to international markets. This profoundly affected the attachment and demands of firms on their national associations (cf. Lehmkuhl, 2006). After the Single Market was created, national regulation was increasingly limited to transposing EU-level regulation. National associations understood that effective influence would require stronger lobbying of EU institutions. The case studies by Streeck and colleagues tend to show that they have often managed to adapt to internationalization, even though this movement profoundly affected all constituent elements of those associations. They have had to learn that they are no longer taken for granted by their members. This has created downward pressure on fees, but has also led to substantial change in political goals. As Eising (2004) has shown, business associations have had to adopt “multilevel” strategies, i.e. a combination of lobbying strategies across different levels of national and supranational government.

Yet some of this work probably underestimates the actual importance granted by individual firms to different levels of associational representation. Being a member of a European federation is not necessarily a strategic choice, but simply a way of limiting the potential costs of non-membership or “wearing the group disguise” (Jordan, 1998: 47), which is also often required by the European Commission. This does not prove that EU associations and national associations are equally important. Yet Streeck and colleagues work values national associations in their different dimensions as an arena but also as an actor in their own right.

Our argument tries to combine several of these insights. Along with Streeck and colleagues, we argue that associations continue to be a crucial form of interest intermediation. Nonetheless, it is undeniable that large firms have indeed internationalized their strategies of political representation and act more and more on an individual basis. This applies in particular to issues that concern international markets with few regulatory differences between

countries. Where European integration is well-advanced, learning processes are likely to have led large firms to devise new and more autonomous strategies. While large firms will not necessarily leave their associations, they will not feel constrained by them any more and may choose to bypass them, which severely hampers associational decision-making (Streeck and Visser, 2006: 257). In those cases, national associations tend to play a diminishing role, basically providing services to member firms, rather than aggregating interests.

For supranational regulatory processes in other contexts, associations continue to be the major “political asset” for European firms. Despite challenges, national associations have managed to adapt to European integration in most areas. They have done so through the development of various European resources: opening European offices, creating EU-affairs management structures, sometimes even buying the services of Brussels-based lobby firms. At the same time, they have helped their members to increase their own EU-related expertise and to keep them informed about eventual future policy developments. Moreover, many associations witnessed a change of the internal political economy in favour of small firms. These increasingly demanded strategies that were “less accommodating of trade unions and much more insistent with respect to reforms of the welfare state” (Streeck and Visser, 2006: 248).

Associations have hence been a way of smoothening internationalisation. They provide a bridge between national systems of interest intermediation and EU decision-making procedures. It comes therefore as no surprise that ad hoc coalitions are much rarer in the EU than they are in the US. And even when they come into existence, they tend to be longer-lived in the, eventually turning into association-like entities (Mahoney, 2007).

Our proposition is therefore that large firms will only resort to direct lobbying on very few occasions. As long as national associations become active there are few incentives for firms to mobilise on their own. As a consequence, immediate material interests should not be

a sufficient indicator for mobilisation, as national associations' mobilisation may substitute for individual mobilisation. National associations have undergone significant learning processes and while they may have changed in substance, they continue to be central players in the European political game. As to EU-level associations, they will tend mobilise frequently and thus sometimes replace national associations, especially when these do not want to be named themselves. All in all, however, neither euro-groups nor individual lobbying has entirely replaced national associations.

II. Testing large firms behaviour across policy areas

In order to investigate the trends in economic interest representation discussed in the literature, we have studied the behaviour of large firms on 14 recent policy issues. Looking at the ten largest firms in each sector and the associations they belong to, we try to explain how and when large firms chose international political strategies. Testing for several competing explanations, we specify the conditions under which large firms may prefer direct lobbying over more covert strategies. We use qualitative-comparative analysis (QCA) in order to compare different paths to international firm lobbying across the 14 case studies.

2.1. Research design

In selecting policy initiatives at the EU level, we have sought to include issues that had an impact on specific economic sectors and where we had information that some lobbying had taken place, so that we could study the form of interest representation that was most dominant. We relied on primary and secondary sources of EU policy analysis, in particular EurActiv.com, a European news and information portal that surveys EU politics, and recent academic literature on lobbying in the EU, above all Christine Mahoney's (Mahoney, forthcoming) database, for which she selected salient issues by interviewing a random sample

of lobbyists about the most important issues they had recently worked on. From an initial list of 33 cases, we eliminated cases that did not yield a sufficient number of newspaper reports to allow searching for lobbying activities noted in print. The final list of 14 cases comprise (1) the transatlantic open sky negotiations in international air transport (Open Sky) (2) the directive for the registration, evaluation, authorization of chemicals (REACH), (3) proposals for reduced value added tax in construction (VAT), (4) the services directive (Services), (5) the Clean Air for Europe initiative (CAFE), (6) the regulation of alcohol advertising (Alcohol), (7) the consumer credit directive (Credit), (8) the chocolate directive (Chocolat), (9) the EU's position on the WTO's Agreement on Textiles and Clothing (Textiles), (10) the software patent directive (Patents), (11) Television without Frontiers (Media), (12) Energy liberalization (Electric), (13) the regulation of generic medicines (Pharma), and (14) the capital requirements directive (Basel2).

We conducted the newspaper analysis in the Lexis Nexis Press Database, searching all world media unrestricted until mid-September 2006. For each policy issue, we developed a search term by entering the name of the initiative or directive, checking the results to verify whether the articles concerned the policy issues we were interested in and modifying the search terms until we obtained the largest possible number of relevant results.²

For rankings of the ten largest firms in each affected sector, we relied on the *Handelsblatt* listing of Europe's 500 largest companies.³ We have obtained 147 firm observations, but only 135 different firms, since some firms were active in more than one case. Relevant sectoral associations were most often mentioned in the EurActiv.com policy reports. At the national level, we included national members of the most active European

² The search terms which we ended up using are reproduced in the database, which is available upon request. The newspaper analysis and the search terms are in English language. For the activities of national associations, we systematically cross-checked whether reports appeared in national newspapers by searching in both French and German, but did not find significant deviation from reports in English.

³ See www.handelsblatt.com/pshb/fn/re/hbi/sfn/e500_start/logo/hbi/index.html. The ranking is in terms of revenue and can be searched by sector. For the textiles industry, we used the ranking provided by www.top500.de; for the media industry, we used information from the European Journalism Centre, www.ejc.nl.

federation, but also conducted searches for other domestic associations with similar sectoral coverage. We only included national associations that came from the country of origin of one of the ten largest firms in each sector. Of the 115 associations included, 80 are domestic groups from 17 different countries, 35 are EU-level groups.

Within each group of case study articles we then ran searches to determine whether particular firms or associations have been reported to lobby on the policy issue in question. For these searches, we included the firm or association name and the policy issue search term. After an initial attempt to include the word “lobbying” yielded insignificant results, we decided to simply associate the actor and the policy issue and to check each article to determine whether the article referred to political activities. Across cases, one third (1072 of 3172 articles) of association results reported actual lobbying activities, but the percentage was considerably higher for associations (69%) than firms (13%), which were often only cited as being affected by the proposed regulation.

The newspaper search thus provided information on the lobbying activities of each individual firm and their national and European associations. To compare the lobbying choices across cases, we furthermore constructed dependant variables by aggregating this information for each policy issue. INDIVLOB indicates that more than one company has lobbied on the issue individually. NATLOB reports that at least one domestic association has been active on the case. EUROLOB signals that European federations have engaged in a considerable amount of lobbying activities.⁴

We furthermore classified policy issues according to indicators that helped us to operationalize the theoretical assumptions discussed earlier. For perspectives focused on economic integration, the degree of internationalization of firms is highly relevant.

⁴ Euro-groups are almost by definition active on European policy issues that concern their sectors. To distinguish between regular and intensive activity, we have therefore taken the percentage of eurogroup lobbying articles over the population of articles on a given policy issue to construct EUROLOB. Cases under 4% were considered as 0.

INTMARKET therefore classifies sectors as highly internationalized markets (1) and predominantly national markets (0). To analyze the incentive structure, we furthermore evaluated whether a proposed regulation will inflict concentrated costs (CONCOST) or provide concentrated benefits (CONBENF). Turning to the political context, we distinguished between issues that aim at correcting market failures in existing markets (1) or measures that concern the harmonization and integration of markets across countries (0) in M-CORRECT. Finally, policies marketed by cleavages between member states were considered as potential “battle of the system” cases and classified under BATSYS.

Since our analysis of lobbying is based on newspaper sources, an epistemological note is necessary. One may assume that firms will most of the time be interested in confidentiality, which may lead us to suspect a bias in lobbying reported. Finding a public trace of lobbying activity might indicate that only firms that have called upon the media will appear in our sample. Since the use of media is considered an “outsider lobbying” strategies, employed by structurally weak actors, we would risk missing the more relevant “insider” activities. However, insider and outsider lobbying are not necessarily mutually exclusive (Goldstein, 1999, Kollman, 1998). In fact, outside lobbying may be a welcome complement to inside lobbying (Kriesi et al., 2007). It is often a way to remind the legislator of the lobby’s electoral weight and the potential damage it may produce. Moreover, the low salience of EU politics in general somewhat protects lobbies to a large extent from a public opinion backlash. This is a major difference to the national arena, where lobbying by individual firms may be very bad publicity and therefore counter-productive. These considerations lead us to believe that newspaper reports on EU lobbying indicate only consciously chosen outsider strategies.

This is largely confirmed by the kind of media coverage that we found for most of the issues in our sample. Most of the references to lobbying by individual firms were found in the specialised press, i.e. magazines with small circulation either on EU affairs (*European Report*,

European Voice, *EUobserver.com*, etc.) or specific policy sectors (*Aviation*, *Chemical Week*, *Utility Week*, *Petroleum Economist*, etc.). Those magazines and journals are largely restricted to highly specialised readers, who will hardly take offence at the fact that chemical firms throughout Europe have tried hard to contribute to the evolution of the REACH directive, for example. As there is no Europe-wide public sphere, lobbying in the EU is not necessarily reported in national newspapers. There is only very few cases when European lobbying has led to any kind of public opinion reaction. For the time being therefore, “outside” lobbying in Brussels can hardly be compared to outside lobbying at the national level. For all of these reasons we argue that our reliance on media reports does not pose serious problem for the interpretation of our data.

2.2. Qualitative comparative analysis

Provided the small number of cases, we have chosen to compare information on each case by means of qualitative comparative analysis (QCA) (Ragin 1987, 2000). QCA is a method which reduces information on individual cases into dichotomous categories (absent/present) in order to identify patterned similarities or differences between cases. An extension of the comparative case-study approach, QCA is interested categorizing cases into “sets of membership” (Ragin 2000: 120), where each set is marked by a particular equilibrium of absent or present factors. Unlike inferential statistics, QCA is not interested in probabilities, but considers all variables in a case in a holistic manner. Taken together, which factors present in the cases studied correspond to a given outcome? Rather than “proving” causal relationships, we test the existence of different combinations of factors that correspond to lobbying strategies and try to account for these combinations (Rihoux and De Meur, 2002, Ragin, 1989). QCA is a logical tool that helps to reduce information on a number of cases that

is too large for a descriptive comparison, but too small for quantitative analysis. It thus seems like the perfect fit for a comparison across 14 cases.

To analyze the sets of membership, we have used the software program Tosmana 1.25. Compared to other available software on QCA, Tosmana is more user-friendly and ensure a greater compatibility with other software. Moreover, Tosmana allows for “multi-value QCA”, where independent variables no longer have to be coded dichotomously. The truth table below summarizes the coding of the different variables presented earlier and ranks the cases as a function of the dependent variable, the activities undertaken by individual firms.

III. Data and findings

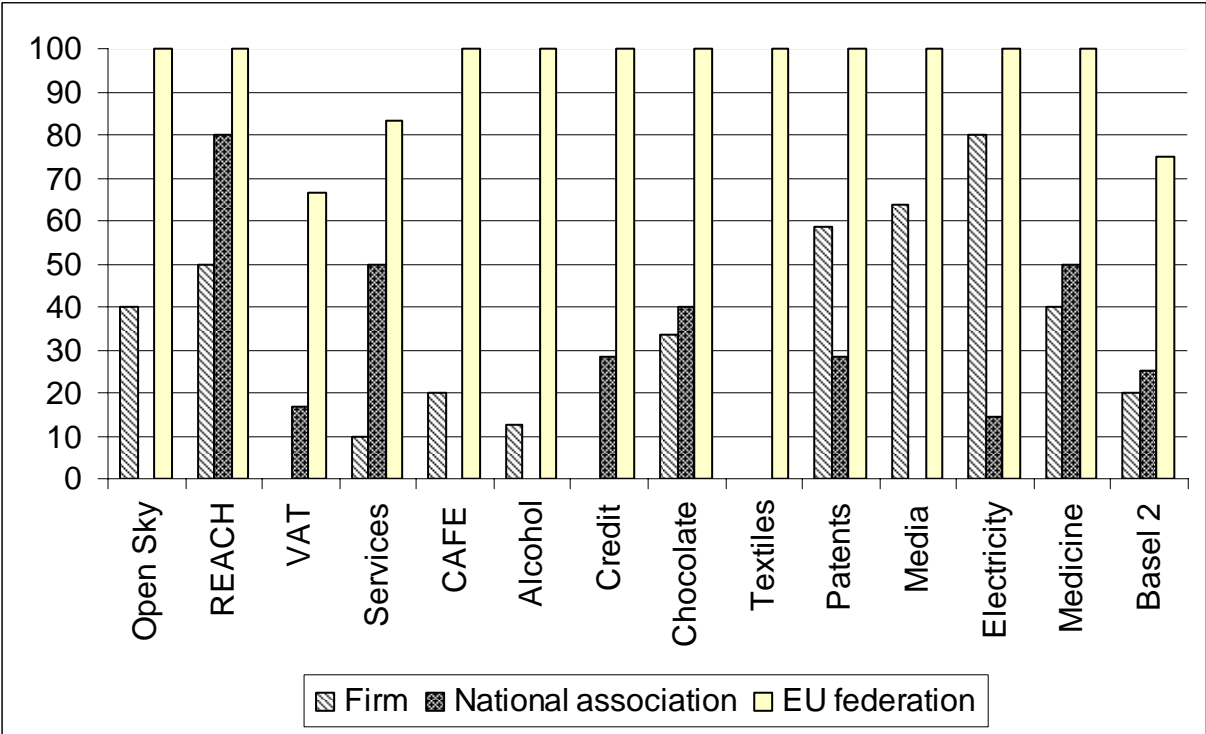
The findings overall confirm that lobbying by individual large firms will be determined by the type of regulatory context and the behaviour of national associations, more than anything else. Before looking into the results of our qualitative comparative analysis, we briefly discuss some characteristics of the data.

3.1. Data

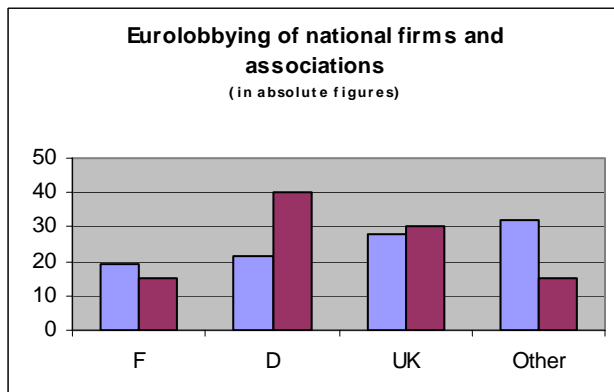
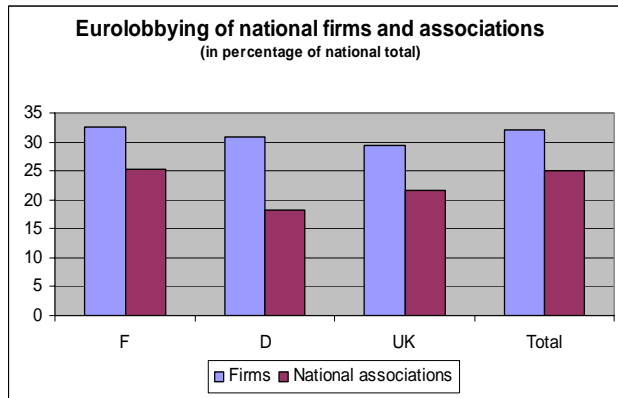
Our 14 cases are the result of a random selection with a “salience” bias, as we explained earlier. This bias is distributed over all levels of lobbying as figure 1 shows. Furthermore, we find a great variety “lobby mixes” between the individual, the national and the European level. A first striking element is that “eurolobbying” is always present. In fact, it seems quite logical that euro-groups will mobilise on all important issues. However, it is also true that the exact role of euro-groups is rather subordinate to lobbying by actors from other levels (Jordan and McLaughlin, 1993). In fact, very often, European umbrella organisations will be limited to monitoring EU legislative developments and informing their individual and associational members. When they become very active on particular issues, this is often the result of the mobilisation of particularly important members. Put differently, lobbying by

euro-groups appears to be at best complementary to other forms of lobbying. This also due to the fact that EU federations are best used to defend “general interest”. If individual firms manage to frame their demands this way, then EU associations will be the privileged venue (Coen, 2007: 339). For all of these reasons, the variable EUROLOB does not have a lot of explanatory value in itself, as we will see in the next subsection.

Figure 1 - Lobbying by level and case



Lobbying by national associations occurs in only eight of the fourteen cases. By looking at the descriptive statistics alone, it appears to be very strong in cases where a “battle of systems” takes place, i.e. where national associations try to move EU-harmonizing measures as close as possible towards their national model to avoid adaptation costs or potential competitive disadvantage. This is clearly the case for the Services Directive or the Chocolate Directive, where national lines of divide clearly dominated political negotiations. Unfortunately our small sample does not allow for the use of correlation coefficients. Inversely, the total absence of national association lobbying in the Open Sky case, the Clean



Air for Europe case, the alcohol advertisement case, the textile and clothing trade issue, and the Television without Frontier case correspond largely to the absence of battle of systems.

The figures breaking down the strategies along national lines do provide another interesting piece of information. There are typical national “mixes” of lobbying strategies⁵ and the role of national associations is not equally central

everywhere. To put it simply, the more corporatist Germany has more associations dealing with the EU than Britain or France, which confirms Eising’s earlier work (2004). Yet, it appears that differences are not very significant among the three major countries in our sample. In all the three countries a significant share, i.e. around one third of the largest firms – all the firms in our sample are top-ten firms in their respective sectors – are reported to have engaged in EU-level lobbying. A smaller share of national associations are reported to have engaged in EU-level lobbying. In fact such lobbying usually takes place through a limited number of peak organizations. These are more numerous in Germany than in the two other countries. Hence, the smaller relative share of German associations has to be understood as the result of stronger resource mutualisation in the most corporatist of the three countries. However, it is important to underline, that national associations remain very significant in all three countries, no matter which is the historical state-society relationship.

⁵ These differences are not statistically significant.

3.2. Results

A first fundamental result is that there is no a priori contradiction between lobbying by national associations and lobbying by individual firms. The following “truth table” presents the data we worked with for the fourteen cases. As we explained, for half of those cases, we found evidence of individual firm lobbying, in the other half we did not. We applied QCA to both outcomes, i.e. looking for the logical combination of factors explaining firm mobilisation, as well as on the factors explaining the absence of firm mobilisation.

Table 1 – Truth table

Case	intmarkt	concbenef	batsys	natlob	eurolob	Indivlob
Chocolate	1	1	1	1	1	1
Software patents	1	1	1	1	1	1
Reach	1	0	0	1	1	1
Generic medicine	1	0	0	1	1	1
Television WF	0	0	1	0	0	1
Energy	0	1	1	0	1	1
Open Sky	1	1	0	0	0	1
Services	0	1	1	1	1	0
Consumer credit	0	0	1	1	0	0
Basel 2	1	0	1	1	0	0
VAT	0	1	0	0	0	0
Clean Air	1	0	0	0	0	0
Alcohol	1	0	0	0	0	0
Textiles	1	1	0	0	1	0

3.2.1. Explaining firm mobilisation

The reduction formulas produced by our QCA provide insight in the importance of the different explanations developed in section one and operationalised in section two:

$$\text{BATSYS} * \text{natlob} + \text{INTMARKT} * \text{CONCBENEF} * \text{eurolob} + \text{INTMARKT} * \text{NATLOB} * \text{EUROLOB}$$

This formula decrypts different “worlds of lobbying”. According to the first explanation ($\text{BATSYS} * \text{natlob}$) if there is a battle of systems, but no mobilisation by national associations, then the major actors in the sector will mobilised on their own. The two examples on our sample are fairly straightforward: television without frontiers and energy. In both cases, the

major actors are former public monopolies and again, actors are so large that they do not directly need national associations. Put differently, in the absence of representative associations, those actors are ready to take the lead to defend national distinctiveness, as the latter more or less coincides with the interests of that particular firm.

The next explanation (INTMARKT * CONCBENEF * eurolob) points to well-known and widely dominant explanations in the international political economy (IPE) literature (Frieden, 1991). Large firms will mobilise individually when the markets targeted by a given legislative proposal are highly internationalised and when the concentrated benefits (and/or costs) of the given measure are highly concentrated. This applies in our sample only to the cases of the Open Sky agreements. Airlines work in a clearly internationalised market, where actors have got used to international regulatory procedures for a long time and where a small number of global players dominate the market.

The third explanation (INTMARKT * NATLOB * EUROLOB) is the most “powerful”, as it is explains four out of the seven cases in our sample. Again we are in a context of internationalised markets, but there is national as well as European-level lobbying. This illustrates that large firms are likely to complement the associations’ strategies through individual lobbying. This may be due to the market structure in the two corresponding cases in our sample: REACH and Generic medicine. In both cases, again, a small number of large firms dominates the market and are likely to have access to high level civil servants and policymakers at all levels. Moreover, the interests of the dominating firms may, again, be specific, compared to smaller firms in the sector. Finally, the capacity to pursue multilevel strategies is precisely a sign of their specific strength.

The situation is similar for chocolate and software patents. Yet here, the presence of a battle of systems may somewhat prevail over the opposition of small and large firms. In fact looking at the two cases, large firms are situated in only a few countries – Ireland for software

patents, Belgium and the UK for chocolate. Hence the explanation is more based on the battle of systems than of transnational alliances of large vs. small firms.

All in all, the seven cases of mobilisation by individual firms in our sample point to the conditions under which lobbying by national associations will not be considered efficient or representative enough. These are markets with very large actors, as well as highly internationalised sectors. Finally, in some cases, individual actors may take up the role of the functional equivalent of national associations.

3.2.2. *Explaining non-mobilization*

Maybe even more important for our argument, we now switch to the explanation of non-mobilisation. What explains when individual firms do not appear as political actors in their own right? Unlike in the first case, our QCA has yielded *two* explanatory formulas. These are largely identical, except for the last group of actors which may be based on three different explanations:

intmarkt * batsys + intmarkt * NATLOB +	INTMARKT * concbenef * eurolob +	INTMARKT * natlob * EUROLOB
intmarkt * batsys + intmarkt * NATLOB +	INTMARKT * concbenef * eurolob +	CONCBENEF * batsys * EUROLOB
intmarkt * batsys + intmarkt * NATLOB +	INTMARKT * concbenef * eurolob +	batsys * natlob * EUROLOB

The first explanation confirms and mirrors the IPE-based explanation of the first explanation above (intmarkt * batsys). In the absence of an internationalized market and if there is no battle of systems going on, individual large firms will not mobilise. This is fairly straightforward and does not require long explanations. Moreover, the bias in our sample limits the number of cases in this configuration. Only the VAT-case combines those two conditions. Yet, this is probably a very common situation. Simply, by definition, those areas are not particularly relevant to European integration. Therefore, ambitious legislation in those areas should be seldom and thus not visible for our kind of approach and methodology.

The next explanation is more interesting (intmarkt * NATLOB). It underlines the importance of mobilisation by national associations. The two cases in our sample are all in services (services directive, consumer credit), i.e. all cases which are also characterised by a battle of systems. Individual large firms chose not to lobby, first, given, that national associations do this instead and that they still DO feel represented by them. The absence of an internationalised market and of a battle of systems appear to strengthen this feeling. The absence of lobbying by European federations may here be as much a dependent as an independent variable. If the market is not internationalised and there is a battle of systems, EU feds are probably weak and if they are not they have no interest in mobilising on an issue that is very controversial among their members. One may consider all in all, that this explanation confirms both IPE-based explanations and explanations underlining the importance of particular styles of state-society relations and the importance of national associations.

The third of explanation is probably less straightforward, but accounts for three out of our seven cases of non-mobilisation (INTMARKT * concbenef * eurolob). An internationalised market is combined with the absence of concentrated benefits (or costs) and the absence of mobilisation by EU federations. In our sample this concerns classical industry (alcohol), a services sector (Basel 2) and the initiative on Clean Air for Europe (CAFE). In a way complementary to the preceding explanations, here, the absence of both a material interest and of the mobilisation of EU-level associations may also explain non-mobilisation, despite an internationalised market. The reasons may be particular reliance on the national government. In all three cases, a visible mobilisation does not appear to be useful from the point of view of both individual large firms and associations. Alcohol is a “state interest” especially in the big wine-producing countries and individual firms may trust state officials with the representation of their interests. Clean Air is different in the sense that firms will not usually mobilise *against* environmental protection. This may thus be due to a bias in our methodology, but it

also means that firms prefer to “hide” behind other actors such as state officials. Finally, Basel 2 was negotiated by national regulators. Firms had no interest in appearing to challenge those beyond existing consultation procedures at the national level. This may thus point to third or final major situation, where governments fulfil the major representational work. The fourth “explanations” are very diverse and all concern just the case of textiles. A possible explanation may be that this sector is quickly losing political support and that most textile producers are themselves relocating production to East Asian Countries, which means that they will not be ready to mobilise strongly on EU-level legislative initiatives.

3.2.3. *Summary*

To summarize, three major constellations follow from the above analysis. A first constellation appears to be governed by classical economic interests as modelled in IPE approaches. They explain the mobilisation of individual large firms, independent from associational behaviour. These explanations appear to be stronger in the explanation of mobilisation than of that of non-mobilisation, however, even if this may be due to the biases in our sample.

For a second group of cases the persistence of national cleavages appears to be more determining. The presence of a battle of systems along national lines appears as a structuring element. Individual large firms will then mobilise only when national associations choose not to. One may speculate the inaction of national associations in such cases could be due to discord among its members, for example if the association is dominated by small- and medium-sized companies which defend interests that do not correspond to the goals of the larger firms in the sector.

Finally, there appears to be a last category of cases, where state mediation may evict both associations and individual actors. Here, again, further research would be required in order to specify the conditions under which such situations emerge.

IV. Why the EU is not becoming the US

Although large firms lobby on their own behalf in highly internationalized markets, our findings indicate that old patterns of interest intermediation, in particular national economic associations continue to be important in many areas. It is possible that the inactivity of large European firms in some of our cases is merely due to slow learning processes. Since one may expect more and more market integration, maybe national associations are simply sticky institutions that are nonetheless doomed to decline.

By developing some of our more qualitative impressions from the study of these policy issues, we would like to counter this hypothesis with some reflections on the institutional reasons for European distinctiveness. The peculiar nature of the European multi-level system, we argue, conditions the role associations can play in the representation of economic interests, even in the case of large firms. By acting as interest aggregators for their members, associations act as bridges and information providers solicited by European decision-makers and simultaneously inform their national members about policy developments at the supranational level. We therefore suggest that national associations have successfully re-invented themselves to provide this interest translation and policy communication services, which makes them a valuable asset to both their members and European policy-makers.

Interest group intermediation in the EU tends to centre around the European Commission, which is responsible for the drafting of legislative proposals, the European Parliament, which modified proposals and decides on their passing jointly with the Council of

Ministers under co-decision procedures. Pieter Bouwen (2002, 2004) has shown that this division of labor explains the types of actors that public officials will most likely be in contact with: while the European Commission prefers to talk with firms and groups that can provide technical expertise, the European Parliament prefers to gain insight into European-wide interests and tends to consult with euro-groups. The Council of Ministers, finally, requires information about national economic interests and therefore consults with national business associations. National associations can provide an aggregate view of all of their members' objectives and are therefore the most legitimate private partners for those seeking to act on behalf of a country's economic sector. But this information is not only relevant to national governments. Since the Council of Ministers has the potential to block pending legislation, the European Commission has a strong incentive to anticipate the position of individual countries, to avoid proposing a legislation that will rally member states against each other and therefore block the proposed directive. In seeking to prevent such stalemates, even European officials will solicit the information that national associations can provide.

Inversely, national associations translate information about EU policies from the European to the national context. By doing so, they provide valuable information for firms that can or do not want to commit resources to monitoring European policy-making by themselves. The capacity to pool resources for monitoring and translating EU policy-making is therefore a key component of national associations' activities. To be sure, not all national associations respond to these new opportunities and many continue to struggle with the challenges highlighted previously (Beyers and Kerremans, 2007). Those that have succeeded in re-inventing themselves, are less threatened by the pressures on old neo-corporatist forms of interest intermediation and have increasingly become part of a specifically European way of governance (Kohler-Koch and Eising, 1999).

To sum up, associations appear to be a substantial characteristic of interest intermediation of EU member states and they are here to stay. They appear to have strong internal organisational resources that have allowed for adjustment to changing contexts. Thereby they have maintained alive this classical distinction between the US and the EU. As a consequence, firms are more unlikely to engage in direct lobbying and even less to build ad hoc coalitions with other firms (Mahoney, 2007). Finally, this also shows that European distinctiveness may be stronger than expected (or feared) by the tenants of the Americanization of EU state-society relations. The specificities of the EU arena do not automatically translate into national arenas and the former appears to be able to accommodate great variety among the latter.

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