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INFORMATION AND THE LEGISLATIVE PROCESS IN THE EUROPEAN UNION

by

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Abstract

This paper presents spatial models of policy making in the European Union and focuses on informational asymmetries and interest group lobbying. It determines optimal lobbying strategies under the EU's three principal legislative procedures: the consultation, cooperation and codecision procedures. Lobbying is modeled as a game of strategic information transmission as in Austen-Smith (1993). The paper studies agenda, amendment and vote stage lobbying. At the agenda stage an interest group can lobby the Commission. At the amendment and vote stages it can lobby the Council and the Parliament. The paper finds that at the amendment stage an interest group lobbies the institution whose preferences are closer to its own. It lobbies the institution whose preferences are further from its own at the vote stage.

1 Introduction

The institutions of the European Union (EU) play an increasingly important role in European political and economic life. Not surprisingly, interest groups have reacted to this evolution by establishing offices in Brussels and developing EU level lobbying strategies. The number of lobbyists active in Brussels has been growing steadily.¹

The ever more prominent role of EU institutions has also given rise to a substantial literature on EU institutions and on the EU legislative process. It includes theoretical analyses of the EU's principal legislative procedures, amongst others by Crombez (1996, 1997), Steunenberg (1994) and Tsebelis (1994).²

Surprisingly, studies of policy making in the EU have so far ignored the role of interest groups and lobbyists in the legislative process. Nonetheless, interest groups have received considerable attention in the political economics literature. This paper is a first attempt at introducing interest groups in a formal model of EU policy making.

There are different types of models of interest groups in the literature.³ In some models interest groups compete for goods supplied by politicians or bureaucrats. In other models, interest groups offer campaign contributions to politicians in exchange for services. In a third set of models politicians maximize a weighted sum of the utilities of different interest groups. A fourth set of models focuses on the informational role of interest groups. Interest groups are generally better informed on issues that affect them than policy makers are. They can thus play a role in the policy process by transmitting their private information to the relevant policy makers. The concerns of the interest groups are rarely identical to the policy makers' concerns, however. As a result, privately informed interest groups have incentives to behave strategically when transmitting information to policy makers.⁴

This paper builds on models of strategic information transmission by Gilligan and Krehbiel (1987) and Austen-Smith (1993). It studies interest groups' opportunities for strategic information transmission under the EU's three principal legislative procedures: the consultation, cooperation

¹There is a significant descriptive literature on lobbying in the EU. See, for example, Mazey and Richardson (1994), Pedler and Van Schendelen (1994), and Van Schendelen (1993).

²For an excellent descriptive analysis of EU institutions and procedures, see Nugent (1994).

³See Austen-Smith (1997) and Van Winden (1997) for an overview of theoretical models of interest group lobbying.

⁴See, for example, Becker (1983), Baron (1989), Grossman and Helpman (1994) and Potters and Van Winden (1992) for representatives of these four sets of models respectively.

and codecision procedures. EU legislative procedures consist of agenda and vote stages, and the codecision procedure also includes an amendment stage. At the agenda stage interest groups can lobby the Commission. At the vote stage they can lobby the Council and (under the cooperation and codecision procedures) the Parliament. At the amendment stage they can lobby the Council and the Parliament.

The paper is organized as follows. Section two presents the model. Sections three, four and five analyze the results under the consultation, cooperation and codecision procedures respectively. I formulate conclusions in section six. In equilibrium interest groups lobby the policy maker (the Parliament or the pivotal country in the Council) whose preferences are furthest away from its own at the vote stage. At the amendment stage they lobby the policy maker (the Parliament or the pivotal country in the Council) whose preferences are closer.

2 The Model

I present a spatial model of EU policy making focusing on informational asymmetries and interest group lobbying.⁵ An EU policy p is represented by a point in a unidimensional policy space. EU policy making can then be thought of as choosing a point in the policy space. Policy results are uncertain to EU policy makers, however. The EU policy makers are the Commission, the Parliament, and the countries as represented in the Council. The lobbyist L , by contrast, has perfect information on policy results, and can transmit information to the policy makers.

The result r of policy p depends on an exogenous parameter t . In particular, the result $r = p - t$, and t is uniformly distributed over the unit interval. Policy makers do not know the value of t , but the lobbyist does.

I assume that countries have Euclidean preferences over results, with ideal result r_k for country k , i.e., country k prefers results that are closer to rather than further away from its ideal result. Parliamentarians and Commissioners are also assumed to have Euclidean preferences over results. Since the Parliament and the Commission use simple majority rule and have no restrictions on amendments, they can be treated as unitary actors with ideal results r_p and r_c respectively.⁶ The lobbyist L also has Euclidean preferences and has ideal result r_l . Each actor i thus has preferences over results of the following form: $U_i(r) = -(r_i - r)^2$. Actor i 's induced preferences over poli-

⁵The modeling of information transmission is similar to Austen-Smith (1993). Policy making is as in Crombez (1996, 1997).

⁶In other words, Black's median voter theorem applies. See Black (1958).

cies are then: $u_i(p) = E[U_i(p - t) | \cdot] = -(r_i - p + E(t|\cdot))^2 - \text{var}(t|\cdot)$, where the expectations are conditional on all information i possesses.

The countries, the Parliament, the Commission and the lobbyist know each other's preferences, the location of the status quo q , and the sequential structure of the legislative process. An equilibrium consists of strategies and beliefs for each country, the Parliament, the Commission and the lobbyist. Strategies tell the countries, the Parliament, the Commission and the lobbyist what actions to choose in the relevant stages of the legislative process, given their beliefs about what happened in the prior stages of the legislative process. The equilibrium concept is sequential. In a sequential equilibrium, neither the lobbyist nor any policy maker can increase his utility by choosing another strategy, given his beliefs about what happened in prior stages of the legislative process and given the other actors' strategies. Moreover, the actors' beliefs about what happened in prior stages should be consistent with the actors' strategies in prior stages.

A lobbying strategy is informative if it changes the listener's beliefs about the value of t . It is influential if the listener's subsequent decision is different depending on the message received. A lobbying strategy is at least as influential as another lobbying strategy, if it elicits at least as many actions. In this paper I focus on most influential equilibria, i.e., equilibria in which the lobbying strategies are at least as influential as any other lobbying strategy.

I now look at the sequential structure of policy making and information transmission under the EU's three principal legislative procedures: the consultation, cooperation and codecision procedures.

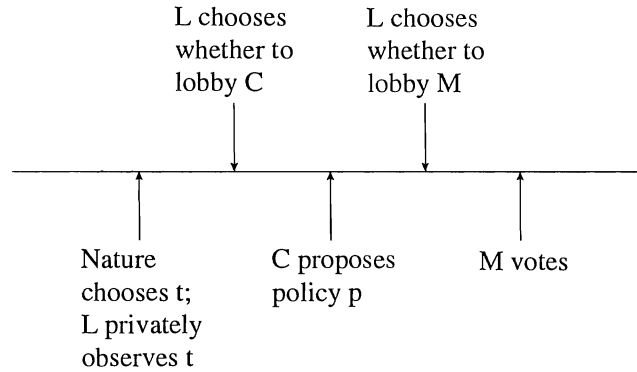
2.1 The Consultation Procedure

The sequence of events and decisions under the consultation procedure is shown in Figure 1. It is essentially a closed rule procedure. First Nature chooses the value of the parameter t . The lobbyist L privately observes this value. The policy makers know the distribution of t , and they know that L observes t .

The lobbyist L subsequently decides whether to lobby the Commission C at the agenda stage. Lobbying is assumed to be costless throughout the model. It consists of sending a message to the Commission. The message contains information on the value of t . The lobbyist cannot prove that the information he provides is correct, and thus has an incentive to behave strategically. I assume that the countries can observe whether the Commission is lobbied, but that they do not observe the content of the message.

Next, the Commission proposes a policy p . In the Council M the countries then compare the proposed policy to the status quo q . The Council can

Figure 1: Consultation.



accept or reject the proposal. Prior to the vote in the Council, the lobbyist can lobby the countries in the Council. The countries can observe which countries are lobbied, but they do not observe the content of the messages to other countries.

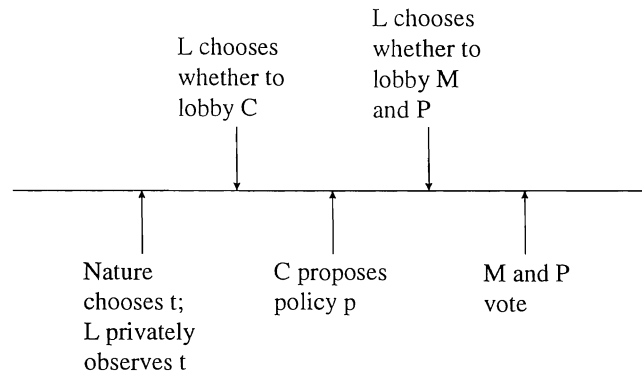
To defeat the status quo in the Council a qualified majority of 62 out of a total of 87 votes is needed.⁷ The country u that is pivotal for an upward move ($p \geq q$) thus has a lower ideal result than the country with the median vote. In particular, country u is the country with the 26th vote (from the bottom up). Country u and the countries with higher ideal results then have 62 votes, and the countries with higher ideal results do not constitute a qualified majority without country u . The country d that is pivotal for a downward move is the country with the 62nd vote.

2.2 The Cooperation Procedure

The structure of the cooperation procedure is shown in Figure 2. There is one difference with the consultation procedure. Not only the Council M , but also the Parliament P votes on the Commission proposal. Its approval is required for adoption. The lobbyist can also lobby the Parliament at the vote stage.

⁷France, Germany, Italy and the United Kingdom have 10 votes each; Spain 8; Belgium, Greece, Portugal and the Netherlands 5 each; Austria and Sweden 4 each; Denmark, Finland and Ireland 3 each; and Luxembourg 2.

Figure 2: Cooperation.



2.3 The Codecision Procedure

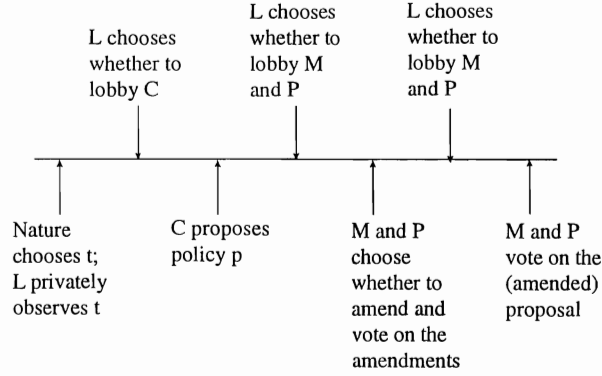
Under the codecision procedure, shown in Figure 3, the countries and the Parliament can amend the Commission proposal in a Conciliation Committee. I assume they can simultaneously propose one amendment each. Prior to the amendment stage the lobbyist can lobby the countries and the Parliament. I assume that the countries and the Parliament can observe whether a policy maker is lobbied, but that they cannot observe the contents of the messages to other policy makers. The Parliament and the Council subsequently vote on the amendments. An amendment is accepted if the Parliament and a qualified majority in the Council approve it.

At the end of the procedure the Council and the Parliament vote on the proposal. The Council uses qualified majority rule. Prior to the votes the lobbyist can lobby the Parliament and the countries. Again, I assume that the countries and the Parliament can observe whether a policy maker is lobbied, but that they cannot observe the contents of the messages to other policy makers.

3 The Consultation Procedure

The analysis of lobbying under the consultation procedure is similar to the analysis by Austen-Smith (1993). In this section, I discuss the results in an EU context. I make some specific assumptions concerning the location of ideal results. In particular, I assume that the interest group L and country d want to move up for all values of t . For example, they want more protectionism than the status quo provides, whatever the job losses of free trade.

Figure 3: Codecision.



As a result, there is no qualified majority for less protectionism whatever the value of t . Furthermore, I assume that the lobbyist wants more protectionism than the policy makers.

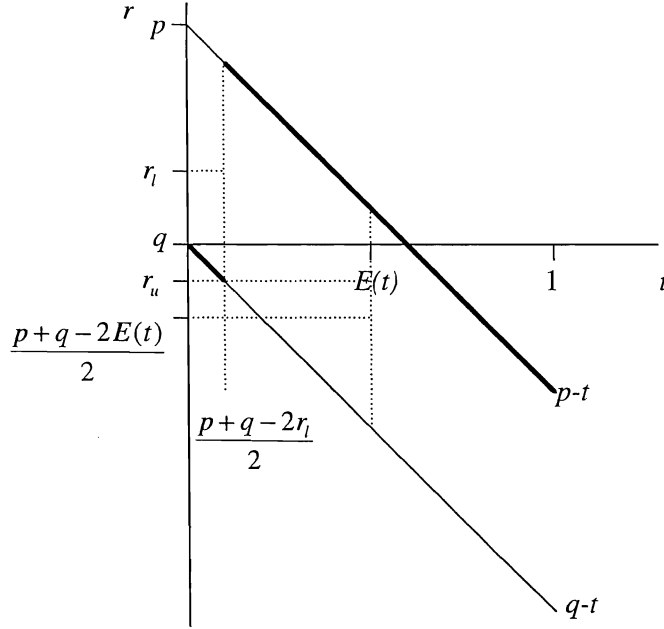
3.1 Voting

At the vote stage the countries compare the proposed policy p to the status quo q . Country i then votes in favor of the proposal if its induced utility $u_i(p)$ under the proposal is higher than its induced utility $u_i(q)$ under the status quo. Country i 's induced utility under the proposal is equal to its expected utility $E[U_i(p - t) | \cdot] = -(r_i - p + E(t|\cdot))^2 - \text{var}(t|\cdot)$. Similarly, country i 's induced utility under the status quo is equal to its expected utility $E[U_i(q - t) | \cdot] = -(r_i - q + E(t|\cdot))^2 - \text{var}(t|\cdot)$. Country i then votes in favor, if the expected result $p - E(t|\cdot)$ of the proposal is closer to country i 's ideal result r_i than is the expected result $q - E(t|\cdot)$ of the status quo. An upward move $p > q$ is thus accepted if and only if the following condition holds:

$$\frac{p + q - 2E(t|\cdot)}{2} \leq r_u. \quad (1)$$

This condition states that country u 's ideal result should be higher than the average of the expected results of the proposal and the status quo. A qualified majority in the Council then votes for an upward move. This is illustrated in Figure 4. In the Figure country u believes that the parameter t is uniformly distributed over the unit interval.

Figure 4: Vote Stage.



3.2 Vote Stage Lobbying

Vote stage lobbying can elicit at most two actions: “vote in favor” and “vote against.” Without loss of generality, I therefore focus on vote stage lobbying strategies in which the lobbyist only sends two messages: “vote in favor” and “vote against.” The lobbyist only lobbies the pivotal country u . Countries with higher ideal results than country u vote in favor. They know that a proposal is only accepted if country u votes in favor, and that they also prefer the proposal to the status quo if country u does.

Suppose that at the vote stage the countries believe that the parameter t is uniformly distributed over the interval $[\underline{t}, \bar{t}]$. Then, the lobbyist cannot credibly send the message “vote in favor” (“vote against”), if he prefers the status quo (proposal) for all values of $t \in [\underline{t}, \bar{t}]$. Lobbying can only be informative if the lobbyist prefers the status quo for some values of t and the proposal for other values.

If the lobbyist prefers the proposal for $t = \underline{t}$, he prefers the proposal for all $t \in [\underline{t}, \bar{t}]$, since the proposal is higher than the status quo. Thus, he can only engage in informative vote stage lobbying if he prefers the status quo for $t = \underline{t}$, i.e. if $r_l \leq \frac{p+q-2\underline{t}}{2}$. Similarly, the lobbyist prefers the status quo for all $t \in [\underline{t}, \bar{t}]$, if he prefers the status quo for $t = \bar{t}$. Thus, he can only

engage in informative vote stage lobbying if he prefers the proposal for $t = \bar{t}$, i.e. if $\frac{p+q-2\bar{t}}{2} < r_l$. Informative vote stage lobbying strategies consist of the message “vote in favor” if the lobbyist prefers the proposal to the status quo, and “vote against” if he prefers the status quo. Other vote stage lobbying strategies are not credible. In a most influential equilibrium the lobbyist thus engages in informative vote stage lobbying on an upward move if and only if:

$$\frac{p+q-2\bar{t}}{2} < r_l \leq \frac{p+q-2\underline{t}}{2} \quad (2)$$

$$\Leftrightarrow \underline{t} \leq \frac{p+q-2r_l}{2} < \bar{t}. \quad (3)$$

In Figure 4 the lobbyist engages in informative lobbying, because he prefers the status quo for low values $t \in [\underline{t}, \frac{p+q-2r_l}{2}]$, but prefers the proposal for high values $t \in [\frac{p+q-2r_l}{2}, \bar{t}]$. The value $t = \frac{p+q-2r_l}{2}$ is the value that makes the lobbyist indifferent between the status quo and the proposal. The lobbyist sends the message “vote against” for low t , “vote in favor” for high t .

Informative lobbying does not imply influential lobbying, however. For informational lobbying to be influential, it needs to be in the lobbied country’s interests to follow the lobbyist’s advice. Suppose country u receives the message “vote against.” It then votes against the proposal if $\frac{p+q-2E(t|\cdot)}{2} > r_u$. Country u knows that the lobbyist sends the message “vote against” for low values of t , if he can engage in informative vote stage lobbying. In particular the lobbyist sends this message in interval $[\underline{t}, \frac{p+q-2r_l}{2}]$. The expected value of t is then $\frac{\underline{t} + \frac{p+q-2r_l}{2}}{2}$. Having received the message “vote against” country u then votes against if $\frac{p+q-(\underline{t} + \frac{p+q-2r_l}{2})}{2} > r_u \Leftrightarrow \frac{p+q}{2} - \underline{t} > 2r_u - r_l$. Similarly, country u votes in favor, having received the message “vote in favor” if $\frac{p+q}{2} - \bar{t} \leq 2r_u - r_l$. Vote stage lobbying on an upward move is thus influential in interval $[\underline{t}, \bar{t}]$ if and only if both these conditions hold, i.e.,

$$\frac{p+q-2\bar{t}}{2} \leq 2r_u - r_l < \frac{p+q-2\underline{t}}{2}. \quad (4)$$

In Figure 4 informative vote stage lobbying is influential, because country u prefers the status quo when it receives the message “vote against” and prefers the proposal when it receives the message “vote in favor.”

The following proposition summarizes these results.

Proposition 1 *Lobbying the Council on a proposal $p > q$ is influential in interval $[\underline{t}, \bar{t}]$ if and only if the following two conditions hold: (1) the interest*

group L prefers the status quo q for $t = \underline{t}$ and prefers the proposal p for $t = \bar{t}$ i.e. $\frac{p+q-2\bar{t}}{2} < r_l \leq \frac{p+q-2\underline{t}}{2}$; and (2) country u prefers the status quo q in interval $[\underline{t}, \frac{p+q-2r_l}{2}]$ and the proposal p in interval $[\frac{p+q-2r_l}{2}, \bar{t}]$, i.e. $\frac{p+q-2\bar{t}}{2} < 2r_u - r_l \leq \frac{p+q-2\underline{t}}{2}$.

The first condition states that the interest groups should be able to credibly send different signals. It can send two signals: (1) vote for the proposal and (2) vote against the proposal. If the interest group prefers the proposal (status quo) for all possible values of t , the countries know it is always in its interest to signal “vote for (against) the proposal”. So, they do not update their beliefs and lobbying is not informative.

The second condition requires that having received the signal “vote for (against)” it should then be in country u ’s interest to vote for (against). Otherwise, lobbying would not be influential. The conditions thus require that the interest group be (1) not too extreme and (2) close enough to the pivotal voter in the Council.

Since the proposal consists of an upward move, influential lobbying leads the proposal’s defeat for small values of t , whereas it leads to its approval for large values. If in the absence of lobbying, the proposal were to be approved, influential lobbying allows the interest group to achieve the bill’s defeat for small values of t . If the proposal were to be defeated in the absence of lobbying, influential lobbying allows the interest group to secure its approval for large values.

3.3 Agenda Setting

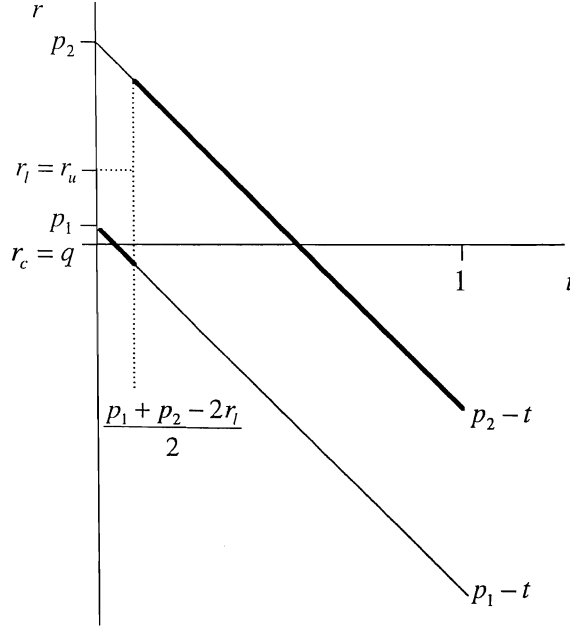
The Commission proposes the policy that maximizes its expected utility given its beliefs on t . These beliefs depend on the message that the lobbyist sends at the agenda stage. Suppose the Commission believes that $t \in [\underline{t}, \bar{t}]$. The Commission’s expected utility depends on whether the lobbyist engages in influential vote stage lobbying and whether a qualified majority in the Council approves the proposal. As seen above, an upward move needs approval by country u to be adopted. The interest group L lobbies country u at the vote stage if its preferences are not too extreme and close enough to country u ’s preferences.

To propose the policy that maximizes its expected utility without vote stage lobbying, the Commission solves the following problem:

$$\text{Max}_p u_c(p) = -(r_c - p + E(t|\cdot))^2 - \text{var}(t|\cdot) \quad (5)$$

$$\text{s.t. } p \leq 2(r_u + E(t|\cdot)) - q \quad (6)$$

Figure 5: Agenda Stage.



$$p \leq 2(r_l + \underline{t}) - q. \quad (7)$$

Equation 5 represents the Commission's expected utility as a function of policy p . Equation 6 is obtained from equation 1. It requires that the policy p be preferred to the status quo by country u . Equation 7 is obtained from equation 2 and states that the policy p should be low enough for the lobbyist to prefer the proposal over the entire interval. The Commission then proposes the policy such that the expected result is equal to its ideal result, unless country u prefers the status quo to this policy or the lobbyist prefers the status quo for $t = \underline{t}$. Then it proposes a lower policy.

In Figure 5 the Commission proposes the policy p_1 if he believes that t is low, otherwise he proposes the policy p_2 . Both policies maximize the Commission's expected utility in the corresponding intervals. The expected results are equal to the Commission's ideal result.

To propose the policy that maximizes its expected utility with vote stage lobbying, the Commission solves the following problem:

$$Max_p u_c(p) = - \left(\frac{\frac{p+q-2r_l}{2} - \underline{t}}{\bar{t} - \underline{t}} \right) ((r_c - q + E(t|\cdot))^2 + var(t|\cdot))$$

$$\begin{aligned}
& - \left(\frac{\bar{t} - \frac{p+q-2r_l}{2}}{\bar{t} - \underline{t}} \right) ((r_c - p + E(t|\cdot))^2 + var(t|\cdot)) \quad (8) \\
s.t. \quad p & \geq 2(r_l + \underline{t}) - q \quad (9) \\
p & \leq 4r_u - 2r_l - q + 2\bar{t}. \quad (10)
\end{aligned}$$

Equation 8 represents the Commission's expected utility as a function of policy p . Equation 9 is obtained from equation 2. It requires that the policy p be high enough for the lobbyist to prefer the status quo for $t = \underline{t}$. Equation 10 is obtained from equation 4 and states that the policy p should be low enough for country u to prefer the proposal to the status quo if it receives the message "vote in favor." The optimal policy with vote stage lobbying is higher than the optimal policy without vote stage lobbying. between the two optimal policies the Commission chooses the one that maximizes its expected utility.

3.4 Agenda Stage Lobbying

At the agenda stage the lobbyist sends the following type of message: " t is in interval $[\underline{t}, \hat{t}]$." If the lobbyist's preferences are identical to the Commission's, he truthfully reveals the value of t , and the Commission believes him. Since the Commission acts in its own self interest and the lobbyist's interests are identical to the Commission's, the lobbyist has no incentive not to reveal the value of t . As the lobbyist's preferences become more different from the Commission's, the lobbyist has an incentive to behave strategically. He can, therefore, not truthfully report the true value of t . He can only truthfully report intervals in which the value of t is.

Suppose, for example, that the lobbyist is sufficiently close to the Commission to send two different messages in the most influential equilibrium: t is low, $t \leq \hat{t}$, or t is high, $t > \hat{t}$. Having received the message " t is low" the Commission then chooses the proposal p_1 that maximizes its expected utility given belief $t \leq \hat{t}$. Having received the message " t is high" the Commission then chooses the proposal p_2 that maximizes its expected utility given belief $t > \hat{t}$. The equilibrium policy p_1 is lower than the equilibrium policy p_2 . The lobbyist prefers a higher policy than the Commission proposal for low as well as for high t . In equilibrium, he does not have an incentive to misrepresent the value of t , however. This implies that he is indifferent between the Commission's two proposals for $t = \hat{t}$ (or between the status quo and a proposal if one of the proposals is voted down at \hat{t}).

As the lobbyist's preferences become more and more different from the Commission's, the number of intervals is reduced and the intervals get larger.

If the lobbyist is too far from the Commission, he cannot credibly transmit any information at the agenda stage.

Proposition 2 *As the lobbyist is closer to the Commission, agenda stage lobbying is more influential. It is only influential if the interest group is sufficiently close to the Commission.*

The proposed policies become higher as the expected value of t increases, and the lobbyist is indifferent between two proposals (or between the status quo and a proposal if one of the proposals is voted down at the separating point) at the separating point between the two corresponding intervals.

Suppose now one of two proposals is voted down at the relevant separating point. If it were the higher one, this would imply that the policy proposed in the lower interval were lower than the status quo. In equilibrium this does not occur, as there is no qualified majority for a downward move for any value of t . If it is the lower one, this implies that the status quo prevails for all lower values of t . As a result, vote stage lobbying only occurs in the lowest interval.

Proposition 3 *Vote stage lobbying only occurs in the lowest interval, i.e. for the smallest values of t .*

4 Cooperation Procedure

Under the cooperation procedure the Parliament has veto power, as demonstrated by Crombez (1996). A Commission proposal thus needs to be approved by a qualified majority in the Council and by the Parliament to become EU policy. At the vote stage the lobbyist can lobby any of the countries as well as the Parliament. In this section I focus on vote stage lobbying, because the other steps of the procedure and agenda stage lobbying are similar to the consultation procedure.

Suppose both country u and the Parliament approve a proposed upward move in the absence of lobbying. Since the lobbyist prefers a higher policy than country u and the Parliament, he prefers the move to the status quo as well. The lobbyist can then engage in informative lobbying if he prefers the status quo to the proposal in a subset of the interval. Informative lobbying is then influential, because country u and the Parliament then also prefer the status quo. For the proposal to be rejected, it suffices that either country u or the Parliament reject it. So, the lobbyist can lobby either country u or the Parliament.

Suppose now country u approves a proposed upward move in the absence of lobbying, but the Parliament does not. This means that the Parliament has a lower ideal result than country u . The proposal is thus defeated in the absence of lobbying. It can pass in a subset of the interval, for high values of t , if the lobbyist can influentially lobby the Parliament. Lobbying country u , however, does not affect the adoption or rejection of the proposal. The lobbyist can engage in informative lobbying, if he prefers the status quo to the proposal for low values of t . Informatively lobbying the Parliament is then influential if the lobbyist's preferences are close enough to the Parliament's. The analysis is analogous if the Parliament approves a proposed upward move in the absence of lobbying, but country u does not.

Suppose neither country u nor the Parliament prefer the proposal to the status quo in the absence of lobbying. The proposal is then defeated in the absence of lobbying. It can pass in a subset of the interval, for high values of t , if the lobbyist can influentially lobby country u and the Parliament. As in the previous case, the further one is pivotal. As a result, the lobbyist need only pay attention to him. The lobbyist can engage in informative lobbying, if he prefers the status quo to the proposal for low values of t . Informatively lobbying the further one is influential if the lobbyist's preferences are close enough to his. If the Parliament (country u) is further and being lobbied, country u (the Parliament) has no incentive to reject the proposal. If the Parliament (country u) prefers the proposal to the status quo, country u (the Parliament) does too. If the Parliament (country u) prefers the status quo, the proposal will be rejected in any case.

Proposition 4 *Under the cooperation procedure a Commission proposal needs approval by the Parliament and the pivotal country in the Council. At the vote stage the lobbyist lobbies the Parliament or the pivotal country, whichever is further away from itself.*

5 Codecision Procedure

In this section I focus on agenda and amendment stage lobbying. Vote stage lobbying is as under cooperation, because the vote stage itself is as under cooperation.

5.1 Amendment Stage Lobbying

At the amendment stage an amendment needs the approval of the Parliament and a qualified majority in the Council. The Parliament and any country

can propose amendments. Prior to the amendment stage the lobbyist can lobby the Parliament and the countries.

Suppose the Commission proposal cannot be amended unless the Parliament or a country gets new information from the lobbyist. Amendment stage lobbying is then similar to agenda stage lobbying. The lobbyist can engage in influential amendment stage lobbying if it is sufficiently close to the Parliament or the countries. It can transmit more information if it is closer to the Parliament and the countries. Therefore, it lobbies the country that is closest to itself, if it is closer than the Parliament. Otherwise, it lobbies the Parliament. In equilibrium the lobbyist does not engage in amendment stage lobbying if the Commission is closer than the Parliament and all countries.

Suppose the Commission proposal can be amended even in the absence of amendment stage lobbying. A successful amendment would then be proposed. The Commission anticipates this and does not make such proposals.

Proposition 5 *At the amendment stage the lobbyist engages in influential amendment stage lobbying if he is close enough to the Parliament and the countries. The lobbyist then lobbies the Parliament or the closest country, whichever is closer. The lobbyist does not engage in amendment stage lobbying if the Commission is closer to itself than are the Parliament and all countries.*

5.2 Agenda Stage Lobbying

If the Commission is closer to the lobbyist than are the Parliament and all countries, agenda stage lobbying is similar to agenda stage lobbying under cooperation. If the Commission's ideal policy is further, the lobbyist does not engage in agenda stage lobbying. It prefers to lobby the Parliament or a country at the amendment stage.

Proposition 6 *The lobbyist only lobbies at the agenda stage if the Commission is closer to itself than are the Parliament and the countries.*

6 Conclusions

The spatial theory of EU policy making and lobbying characterizes optimal proposal strategies for the Commission, optimal amendment and voting strategies for the countries and the Parliament, and optimal agenda, amendment and vote stage lobbying strategies for an interest group.

The consultation procedure is essentially a closed rule procedure. Optimal lobbying strategies are then similar to the strategies characterized by Austen-Smith (1993). A successful Commission proposal needs to be preferred to the status quo by a qualified majority in the Council. The lobbyist then engages in influential vote stage lobbying if his preferences are not too extreme and close enough to the preferences of the pivotal country in the Council. At the agenda stage he engages in influential lobbying if his preferences are close enough to the preferences of the Commission. The closer his preferences are to the preferences of the Commission, the more information he can transmit.

The cooperation procedure is also basically a closed rule procedure. A successful Commission proposal also requires approval by the Parliament, however, in addition to approval by the pivotal country in the Council. At the vote stage the lobbyist lobbies either the Parliament or the pivotal country in the Council, whichever's preferences are further from its own.

In the codecision procedure the Parliament and the Council can amend the Commission proposal. At the amendment stage the lobbyist lobbies either the Parliament or the country whose preferences are closest to its own, whichever's preferences are closer to its own.

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