Business Interest Associations: A Misfit in European Public Policy?

Justin Greenwood
The Robert Gordon University, Aberdeen, UK
j.greenwood@rgu.ac.uk

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Abstract: It is all too easy for those who are interested by private and public interest intermediation/representation to overstate the role of such factors in EU public policy outcomes. Through a focus upon the mainstay of EU interest representation, EU business interest associations, this analysis considers whether the role of non-state interests has been overplayed.

Where is the bogey man?

There is a well-established literature on the role of private and public interests in the EU, by now too numerous to do justice to with a passing summary citation or three. The sheer size of this literature derives from the significance of these actors to debates about the integration process, wider debates about sources of political behaviour, and the established utility of these tools to the study of business-government relations in comparative politics. It may also be because authors are just attracted to the study of non-state interests per se. These reasons may by themselves produce a tendency to look to such actors for answers, even when these actors, in animation, might stare back blankly. Some analyses have of course questioned the significance of the role of interests in European integration (Streeck and Schmitter, 1991; Grande, 1996), although at least one of the authors involved has at a later stage to some extent qualified their original contribution (Schmitter and Grote, 1997).

Analysis centred on actions by private interests have strayed somewhat beyond the tried and tested ground of explaining policy outcomes, to become contributory explanations of even some of the 'history making' decisions of European integration. 'New' institutionalist based accounts of the integration process usefully mix the cocktail of interests, ideas and institutions by asking questions about the source of interest construction and/or political behaviour, and here private/public interests are one type of actor among states and institutions, both as cause and consequence. That is, in such accounts private and public interest actors contribute to explanations of the beliefs and behaviour of others, as well as providing analysis of the range of influences upon their own beliefs and behaviour. This balanced analysis provides for a more diluted role of non-state interests than in neo-functionalist accounts of the integration process. In neo functionalist based accounts, such interests are cast in a much more direct role through the process of political spillover, including a starring role in explanations of (indisputably) 'high politics' arenas such as the single market project. The clearest example of this latter usage concerns the role attributed to the European Round Table of Industrialists (ERT), whether in scholarly analyses (Cowles, 1995; van Apeldoorn, 2001), crusading campaign manuals (Balanyá, 2000), self propaganda (http://www.ert.be/pg/eng_frame.htm), or journalistic folklore (Betts, 2001). Indeed, somewhat unusually among interest organisations, the ERT's own public web site pages (cited above) contain a section dedicated to listing its 'achievements' in public policy events. The journalistic item, a *Financial Times* article, cites in support of its 'ERT rules OK' analysis a recent description of the ERT by the UK *Guardian* national newspaper as 'a shadowy lobby group that has, for the past 15 years, exerted an iron grip on policy making in Brussels' (Betts, op. cit., p.16). Similarly, a report entitled 'Misshaping Europe', claiming that 'the political agenda of the EU has to a large extent been dominated by the ERT', is also quoted (ibid).

Although a good journalist won't let accuracy get in the way of a good story, evidence taken from friend, foe and propaganda alike do provide a powerful case for the strength of the ERT. This strength was particularly evident in the 1980s, when it supported some of the Delors social policy agenda in return for some favours, including those with a protectionist orientation in electronics and automobiles. But it is also easy to over egg the case, and the simple connection should not be made between private interest demands, and public policy outcomes. The ERT participates in the rarified atmosphere of 'high politics', in which its voice is just one of a number seeking influence upon public policies, alongside forces such as national governments and the international environment. Undoubtedly, it contributes to the climate of debate, and to the influences upon some decision making forces, but it would be stretching the case somewhat to see its reach extended to political spillover accounts of, for instance, political union, pillars 2 and 3, or enlargement. Whilst the ERT claims some of the credit for the latest ten year EU economic strategy to make Europe 'the most competitive and dynamic knowledge based economy in the world, capable of sustaining economic growth with more and better jobs and greater social cohesion' (ERT, 2001), the fashionable rhetoric has been doing the rounds for some time. Such claims to influence at the highest level do not square with the decision of some members to leave the ERT in very recent years, either on the grounds of lack of time[1], or by allowing their membership to lapse through a lack of participation[2]. And it is nowhere on the radar of credits for the latest big idea to hit the EU agenda, the White Paper on Governance, among the Commission's top priorities in its work programme for this year (European Commission, 2001a). And what of it's role, or any private interest actor for that matter (outside of member state positions), in recent issues on other 'high politics' topics as fundamental to the business bottom line such as electricity liberalisation? where the story so far[3] has been dominated by the Commission and particular member states, rather than by industry (whether association or firm) as either producer or consumer (Schmidt, 1997; Conant, 1999; Eising, 1999; Eberlein, 2000; Greenwood, 2001a).

Case study collections do highlight the role of private and public interests upon policy outcomes. To some extent, this might be expected. But they also show variation, in both the role of such interests, and in the capacities of collective actors that represent them (Pedler and van Schendelen, 1994; Greenwood, 1995; Pedler, 2001). In any event, case study research is notoriously problematic, with methodological problems of generalisability, the difficulties of matching inputs with outputs, and because of the danger that authors become captured by their source(s). It may be all too easy to report the claims that the actors themselves have made about their own role, without the use of other sources of confirmatory evidence being apparent. Just because a certain manufacturer claim they wrote the motorcycle noise directive to suit them doesn't mean that it quite happened this way.

EU Business Associations in Profile and Caricature,

Whilst any half decent description notes a diversification of the type of actors (e.g. large firms[4] and their networks etc), formal associations remain the mainstay of EU interest representation, and business associations still dominate the landscape of these. An analysis of the context in which these actors operate raises some challenging questions for this literature.

The author offers a current figure of 1357 EU level groups, of which 918 (68%) are business associations, compiled from a composite database of EU level groups derived from 6 Directory sources (Butt Philip and Gray (1996); Union of International Associations (1998); Euroconfidentiel (1999); European Commission (2001b), EurActiv (2001), Landmarks (2001). 62% (571) of the 918 EU business associations are based in Belgium, mostly in Brussels, with the remainder highly disbursed throughout the member states. Many operate on a low level of resources in comparison to their national counterparts because they are charged with a more specific remit, a point of some consequence that is developed later. Whilst many have changed in response to the political activities of large firms directed at the EU level, the majority of EU associations still organise national associations[5].

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[1] Cited by Jürgen Schrempp, of Daimler Chrysler

[2] Franck Riboud, of Danone. See Betts (2001)

[3] 'so far' includes both the recent decisions of the 2001 Stockholm Council on accelerated liberalisation, and the initial programme of liberalisation culminating in the 1996 Directive (96/92/EC)

[4] Notwithstanding the notorious methodological difficulties involved in counting them, figures from successive editions of the European Public Affairs Directory (Landmarks, 2001) reveals that the number of firms active in EU public affairs outside of formal associations has reached a plateau of around 350, of which around 250 are in Brussels.

[5] The most common type is the association of national associations (57% - 114), followed by associations that organise both national associations and companies direct (25% - 50), followed by the direct company membership only format (18% - 36). See Greenwood (2001b).

The literature is not short of the 'weak Euro groups' caricature, although much of this is by now somewhat dated (Sidjanski, 1967; Caporaso, 1974; Kirchner, 1981; Butt-Philip, 1985; Grant, 1990). The weaknesses this literature describes may in turn have been the cause of other contributory factors. Coleman notes a 'chicken and egg' question, whereby 'states' may be reluctant to provide weak associations with patronage or public status. This issue is apparent from a presentation by a senior Commission official, David White, who reflected that

> "when we are looking at technical and legislative problems we are more interested in getting a rich position than in getting a unique position. I think we understand that a European trade association is representing a very wide range of different interests and they do not invariably speak with one voice and have a single view. Some opinions that we have received have worked on the lowest common denominator principle, so that by the time they reach us they are of precious little use; they do not say anything. It would be much better to say 'well some of our members think this and some think that', because this builds up the picture and helps us to understand what is going on" (in Bennett, 1997, p.10)

In this account, the principal role of EU associations is to highlight the differences between members, acting as an early warning indicator of potential differences when issues reach decision making in the Council of Ministers.

Much of the source of the weakness of Euro groups is attributed to the fragmented architecture of the EU political system, its absence of stateness, and its corresponding lack of ability to 'licence' associations (Streeck and Schmitter, 1991; Grande, 1996). The EU is not a corporatist system of organised interest intermediation, but, like Washington, a pluralist competitive system of interest representation. The multi level governance system of the EU, with its dispersal of powers and multiple access points, creates bargains that lack durability, and a lobby 'free for all', in which associations can be, and are, routinely 'by-passed' by their members. The growth in powers of the European Parliament relative to other institutions has only served to increase this tendency over time. Given that the characteristics of state interlocutors are the most important influence upon associational start ups (Schneiberg and Hollingsworth, 1991), and capacities, the outlook is none too promising. Nonetheless, much of the literature on EU business associations has been overly dominated by broad brush caricatures, sometimes over generalised from single sector case studies (see, for instance, McLaughlin et al's 1993 study of the automobile sector). The essential point is that there is variation in the capacities of Euro groups, although the causes of this (while no doubt of wider interest - see Greenwood, 2001b) lie outside of this particular paper. Here, the purposes of debate in this panel brings a focus upon limitations upon the role of non-state interests in explanations of European integration, and to examine the limiting factors common (and specific) to all EU business associations, rather than variation between them.

One of the features common to business interest organisation in pluralist systems where associations are not 'licensed' by state authority is specialism (for a comprehensive literature review, see Bennett, 1998). The greater the decentralisation and dispersion of political power, the greater is the incentive for the formation of many voluntary associations (Wilson, 1995). Whilst the 'logic of influence' demands encompassingness, the 'logic of membership' demands a narrow membership constituency from which cohesion can be drawn. In Olsonian cost/benefit terms, small number associations increase the rewards of one's participation, such as influence or a share of the lobbying victories obtained (Olson, 1965). Specialism enables associations to define their membership boundaries, and assist an organisation to monopolise its boundary, i.e. to exist without having to compete with other associations for members. Consequently, the landscape of EU business interest associations is fragmented around these specialisms, with some amusing examples, such as the European Natural Sausage Casing Manufacturers Association, or the European Commercial Ostrich Farming Association. The overall effect of such specialisation is however a deadly serious effect for the wider impact of associations - one of competition. While this may be a stimulus to organisation and provide some coherence to those associations organised around a particular specialism, the net effect is an overall weakening of the role of private interests.

EU Business Associations, Market competition, and Transaction Cost Economics

In the main, EU business associations exist to serve the political needs of their members in EU public affairs. In part this is by design, and in part it is a consequence of the straitjacket placed upon them by European competition policy. These factors make them quite different from associations in national contexts, which typically have a much wider range of functions. Hollingsworth, Schmitter and Streeck record that

> "In all modern economies, companies have associated with each other to collect information about production levels and prices, to conduct joint research and development, to promote standardization, to engage in technology transfer and vocational training, to channel communication and influence to state agencies, to formulate codes of conduct, to negotiate with labor, and even to decide on prices, production goals, and investment strategies." (1994, p.7)

For instance, in 1938 nearly 50% of Germany's industrial output was subject to price and production controls which were devised and managed by trade associations acting through the devolved authority of government (Schneiberg and Hollingsworth, 1991). Such a role is by now completely outlawed by EU competition policy. EU business associations never undertook such functions, while national associations that did have modified their historic roles, although some (such as those in the pharmaceutical sector) still join with states in creating the parameters within which competition arises.

When in Madison, do as Madison does. It somehow seems appropriate in the setting of this conference to draw upon the work of Hollingsworth et al in their attempts to apply transaction cost economics (TCE) to understand the world of business associations. This work is derived from the wider work of Williamson, one of the 'four gospels' of New Institutional Economics that modify some of the assumptions of classical economics (Williamson, 1996). In this work, Williamson draws attention to the importance of transacting, the costliness of information required to transact (such as placing a value on the goods to be exchanged), and the costliness of monitoring transactions, including a legal system to define and protect property rights. Indeed, transaction costs can be broadly defined as the costs of contracting (Williamson, 1996), or in an even broader sense employed by Arrow, of running the economic system (ibid). Associations seek to reduce these costs on behalf of the constituencies they represent[6], often stimulated by changes to the structure of competition, such as the de-regulation to re-regulation of the European single market. Some of the most important ways in which associations can reduce these costs are grounded in transaction cost economics, and include the behaviour of business in:

- seeking regulation from the state in order to shield them from competition, or respond to the threat of 'burdensome regulation' (EURELECTRIC, for instance, was formed to oppose Commission proposals for EU electricity liberalisation).
- responding to sudden problems of overcapacity, often in conjunction with high fixed asset costs (Schneiberg and Hollingsworth, op. cit.), by forming associations to help them manage the problem.

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[6] Whether they increase or reduce aggregate welfare in doing so is, of course, hotly contested. For a review of the debate since Olson see Doner and Schneider, 2001.

- responding to the organisation of, and threat by, a 'common enemy', sometimes in the product chain, sometimes by workers, and sometimes by a public interest group[7].

EU associations can and do undertake some of the functions of regulating transaction costs identified in the above list from Hollingsworth, Schmitter and Streeck. Most are involved with attempts to influence state authority, interventions in the process of regulation, and the collection and dissemination of information. Some are involved with limited variants of self-regulation, negotiation with labour; and a co-ordinating role in input to product standardisation institutes. Very few undertake the occasional extra, such as brokering R&D between members, technology transfer and vocational training. Prices and production output are strictly outlawed. Transaction cost economics therefore has limited capacity to explain the world of EU associations, because of their limited ability to regulate competition for their members. Associations have featured in a number of European competition policy cases. Those that have reached the Courts have included cases involving national associations in the wood pulp sector (Court of Justice, 1993)[8], and in the domain of EU associations, the European Broadcasting Union and its monopoly over sporting broadcast rights (Court of First Instance, 1996)[9]. In three separate cases in the mid-late1990s, the European Competition handed out hefty fines to industry operators in the print, steel and cement sectors, with the two EU associations concerned in the steel and cement sectors, EUROFER and CEMBUREAU, implicated in the findings of cartel like behaviour. In a number of other cases known to the author, the Competition Directorate of the European Commission has intervened to demand changes in the statutes of the association to prevent anti competitive behaviour.

The core assumptions of TCE predict that competition provides a stimulus to business collective action. The mainstream literature on competition is well summarised by Doner and Schneider, who, citing Adam Smith's famous remark about reaching for your wallet whenever two businessmen get together, note that capitalists have always attempted to prevent 'ruinous competition' in product and factor markets (Doner and Schneider, 2001). Yet competition can also be disruptive for associability. In the EU context, changes to the structure of competition brought about by the European single market produces its own distinctive dynamics upon associational politics. Crouch notes how adjustment to deregulation leads to a change from corporatist type systems to pluralist pressure politics, particularly where interests diverge on the impact of deregulation (Crouch, 1998). De- and re - regulatory politics can distribute benefits and costs in different ways. Where costs and benefits are distributed narrowly (such as large firms standing to gain from open markets and smaller firms likely to lose from the enhanced competition that liberalisation brings), competitive interest group politics results (Wilson, 1995). As well as producing competition between interest groups, it can also result in stasis within associations in which these different interests are represented.

One of the more obvious features of the changes to competition brought about by the single market has been the tendency to make large firms larger. There is certainly an established literature describing the role of large firms as individualistic actors in EU public affairs (Coen, 1997, Cowles, 1995), and some pockets of speculation about the impact of intensified competition upon firm behaviour, such as Traxler's early analysis about enhanced individual action in industrial relations (Traxler, 1991). Undoubtedly, there are aspects of the increase in unit size of large firms that might facilitate collective action, including the provision of resources (provided this does not result in an over-dependence by an association upon the resources of a particular large firm). On balance, however, large firms with

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[7] It is recognised that where the 'common enemy' is not a producer interest, such as a campaigning environmental group, the stimulus to organisation is not grounded in transaction cost economics.

[8] Joined Cases C-89/85, C-104/85, C-114/85, C-116 & 117/85, C 125-129/85

[9] Joined Cases T-528/93, T-542/93, T-543-93, T-546/93

sufficient resources to dedicate to their own EU public affairs management infrastructure are disruptive to EU associations, because they use their infrastructure to by-pass them. Among other factors which can also make EU associability and consensus building in EU associations difficult are the grounding of EU competition in mutual recognition, which can unleash competition between national standards (Schmitter, 1997). Competition can also be managed without the use of associations, and there are European structures, such as product standardisation (Schneiberg and Hollingsworth, 1991), which can help business do this. In all these respects, the EU environment of competition can be disruptive to associability.

Competition tends to be fiercest at early stages of the product cycle, where rival firms struggle to bring research downstream, to establish markets, and to get key technologies adopted as common product standards. Typically, this process is disruptive to collective action. In very early stages of the product market, where entrepreneurial start-ups have played a significant role in seeking applications for the research, collective action is extremely difficult. Later, there is a process of concentration, where those SMEs that have delivered promising technologies are acquired by larger firms, or enter into strategic alliances with them. At this stage of the product cycle, it may be typical for firms to clusters around rival technologies, where the intensity of competing interests is so great that the collective association is unable to take sides. In this situation, the task of firms is to keep the association from being hijacked by the competing interest, and an informal settlement emerges to keep the association neutral, and quiet. The competing interests then cluster around rival ad-hoc coalitions. Pijnenburg describes such a scenario in the early 1990s, where the information technology sector split into two rival camps around an EC directive on the legal protection of software[10] (Pijnenburg, 1998). The formal EU association concerned, caught between the directly competing interests of these member camps, could do nothing but keep a low profile. These camps became established into issue alliance networks to the extent that they acquired characteristics such as names. The alliance each firm joined (SAGE[11], or ECIS[12] respectively) depended upon the process from which its technology derived, which in turn dictated its interests as in favour, or against, the directive. In the automobile sector, similar divisions between the interests of firms in lean burn engine technology, and catalytic converters, lead to paralysis of EU representative associations, and became a significant change agent for collective action (McLaughlin & Maloney, 1999).

The Consequences of the Restricted Scope of EU Associations

Earlier, it was identified that EU associations are involved with neither the breadth, nor often the depth, of functions undertaken by national associations, but instead have a narrow range of functions geared around the needs of their members to manage their political environment, and to network. There are a number of consequences to this:

1. The range of 'collective action problems' are fewer than those of national associations, because members who are already politically active (either national associations or large firms) have established these organisations to undertake a specific function for them, and they do not require any special incentives to participate. The membership constituency (a relatively small number of national associations, or large firms) is much narrower than is often sought by national associations, who often need to appeal to a large constituency of potential (often SME) members. Whilst 'reasons' for participating in these organisations can be identified, and classified as 'incentives', these 'incentives' play a less significant role in the dynamics of EU business associations than they do in national associations, because the exist to perform a narrow range of functions. Participation and continued membership is a mixture of normal political behaviour and habit for their members.

[10] Directive 91/250/EEC of May, 1991.
[11] Software Action Group for Europe
[12] European Committee for Interoperable Systems

Typically, threat of exit is generally low. The author's recent interviews undertaken with 150 members of EU business associations indicate that evaluation of membership 'benefits' is typically non-existent, there is little resembling a decision 'window' for membership renewal, and almost none could imagine a scenario that would cause them to leave the association. It became apparent that many were being asked to articulate 'reasons' for their membership for the first time. When pressed for a 'reason', those members who found it difficult to identify hard 'benefits' to their membership were likely to identify the costs of non-membership, such as loss of ability to influence the positions of the association, or the loss of one potentially valuable future information source. That is, where 'habit' is insufficient to explain associational membership, the balance of incentives can be more towards *the costs of non-membership* rather than *the positive benefits of membership*. But the costs of non-membership orientation may result in associations that are kept inactive or low key. One large aviation company told me that 'our association does no harm, and we make sure it does no harm.'

2. The narrow function of EU business associations means that they have a low level of resources. My own data taken in the mid 1990s, drawn from a postal questionnaire among 224 associations indicated a median secretariat size of 3-3.5 full time equivalent staff, with a majority having a turnover in excess of €100,000. 7% (15) of this sample had no staff at all, while 20% (30) had a turnover of less than €20,000. At the other extreme, 13% (30) had more than ten staff (Greenwood, 1997). These include the European Chemicals Industry Council (CEFIC) which, together with a 'family' of specialist chemical associations under its umbrella structure, employs in excess of 120 staff. These are followed by COPA/COGECA (Committee of Agricultural Organisations in the EU)/General Committee of Agricultural Cooperation in the EU), with a secretariat size in the mid 50s, followed by UNICE (Union of Industrial and Employers' Confederations of Europe), with 48 staff. Next come a clutch of associations with a secretariat size ranging between 20-35, including EFPIA (European Federation of Pharmaceutical Industry Associations), EURELECTRIC - Union of the Electricity Industry, CIAA (Confederation of the Food and Drink Industries of the EU), EUROFER (European Confederation of Iron and Steel Industries), CEMBUREAU (European Cement Industry Association), EuroCommerce (representing retail, wholesale and distributive trades), AMCHAM-EU, and ACEA (European Automobile Constructors Association).

3. This low level of resourcing means that EU business associations tend to be over dependent upon their members for resources, and in consequence lack autonomy.

> "Effective associations need to be resourceful and autonomous to define and sustain a course of action over the long run that is neither linked exclusively to the immediate preferences of their members nor dependent on the policies or partners and agencies external to their domain" (Schmitter, 1992, pp. 438-9).

A senior Commission official in DG Enterprise recounts how one EU business association manager came to a meeting and said he couldn't talk with them as he had been mandated not to co-operate (White, 1997). An association needs to have autonomy from its members to be able to bring value to them, and act as a useful partner to political institutions in EU policy making. Those that are too closely controlled by their members become a mouthpiece for their short-term demands, making them too rigid to be long term governance partners. Those that have acquired some autonomy from their members' short-term demands have the flexibility to participate in policy making with EU institutions, and in acquiring this property are able to bring value to their members. A key measure of autonomy is the ability of an association to resist the short-term demands of its members, while constructing a sense among them as to what their long-term interests are. That is, the association is constructing the preferences of its members, rather than being a prisoner of them. It may withstand short-term member pressures in order to undertake their long-term interests. For leaders of associations, this is a very exposed, task, and those leading associations that are over dependent upon their members for resources become risk averse in favour of higher goals of organisational maintenance, and captive to short-term demands. In Coleman's terms, they become 'policy weak' associations (Coleman, 1988). Coleman sketches a vision of a 'policy capable association':

> 'as a participant in policy-making, it is more that the sum of the interests of one or the other. It takes on a life of its own and is able to rise above the short-term, particularistic interests of its members. It not only can see beyond, to the medium and longer term, it can define for its members what their interests are within this broader perspective.' (Coleman, 1988, p.).

To be able to undertake this delicate task, an EU association needs to avoid capture by any one specialised interest, to exceed its members appreciation of EU public affairs, to have an independent supply of resources of funding and expertise, a decision-making structure which provides insulation from control by any one member, and highly skilled leadership. In general, their low levels of resourcing, and lack of independence of resources, mean that EU associations struggle to have all of these qualities. The process of mergers and acquistions may reduce the available resource base to associations, while the resulting concentration may make an association too dependent upon a particular member. Hence, associations representing mustards, mayonnaise and condiments, dehydrated fruits, vegetable proteins, fruits and vegetables in brine, cider and fruit wines, tomato processors, and dessert mixes, all operate from the same address in Brussels as the frozen food products association, and the fish processors association. They each have identical constitutions, and annual general meetings all held on the same day. Each of these associations are constructed as an association of national associations, although in most cases the same multinational company dominates the national association. The high degree of specialism means that they are too closely tied to the interests of their member(s), whereas associations with a more encompassing reach across different types of interests are more insulated from the demands of any one specialised constituency. This is one advantage that cross sectoral organisations, such as UNICE, have over narrow, highly specialised associations representing the interests of, say, vegetable protein, or natural sausage casing, manufacturers.

Sharing the public affairs space in Brussels alongside their large firm members, and among members with multiple points of access to decision making, severely restricts the ability of EU associations to be able to monopolise the tasks they undertake. Because their functions are narrowed to those of political representatives, they are dependent upon membership subscriptions for their incomes, and do not tend to have an independent supply of 'own resources' from the sale of other services that might commonly be found among national trade associations. Many EU associations are also young in comparison to their national counterparts, and have not built up substantial reserves or property interests in their own premises; rather, as relative latecomers to Brussels, many are victims of high property rents, rather than owners of property which acquired later value through booms. Worse still, some are dependent upon facilities provided by their members.

A consequence of this low level of resourcing includes the common place practice to use secondments from members. In turn, this may undermine the key quality of trust that other members are prepared to invest in their association, such as handing over potentially sensitive information. As well as needing an independent and secure supply of financial resources, they need the related ability to develop their own independent source of expertise, including staff, in order to increase the dependence upon them by others. Once this independence is acquired, associations can draw upon the information from their members to supplement their own resources, rather than to rely upon them (Coleman, 1988).

Where EU associations are able to develop autonomy, it stops short of the extent to which it can be developed in national associations. Continuing the quote above, Coleman argues that

> 'Within this degree of autonomy, the association may even assume responsibility for directing and in some cases controlling and sanctioning the behaviour of its members' (Coleman, op.cit).

National associations have frequently developed these capacities in return for 'licenses' to undertake the lion's share of regulation through self-regulatory schemes. These sanctions range from 'naming and shaming,' through to fines, or even expulsion. Pestoff describes a scheme of 'direct debit fines' with Swedish associations, in which members are required on joining to provide their full banking details together with authority for the association to levy fines direct from the account without further recourse to the member (Pestoff, 2000). There is a dispute in the literature about the impact of deregulation upon self-regulation, between the positions that it is disruptive (Crouch, 1988), and provides new opportunities for associations to seize functions previously undertaken by governmental authority (Gosman and Forman, 2001). At the EU level, business self-regulation through EU associations remains the exception rather than the rule, and where it exists, is a rather pale shadow of the full-blown variants to the found at the national level. Part of the reason for this concerns the highly fragmented powers of the EU, and thus the limited degree to which it is able to patronise and 'license' EU associations. This inability of EU institutions to 'licence' their associations deprives them of a key source of autonomy. Associations that have the visible approval of state authority have the ability to keep their distance from their members. By the other token, associations also need to keep a distance from their 'state' interlocutors in order to preserve their autonomy, a problem in highly corporatist systems such as Austria. Few EU associations ever get close enough to the EU institutions to run this risk. Those that do undertake self-regulation face a threat to these capacities through the current debate on 'co-regulation' initiated by the work programme leading to the White Paper on Governance, expected in July 2001.

The depth of the concept of autonomy can be gauged from its link to 'institutionalist' theories of integration, in that these concepts focus on the ways in which the perceptions of those who participate under their umbrella are constructed by these institutions. In this usage, the associations are the institutions that 'socialise' the preferences of their members, constructing a sense of what these interests actually are, and in the course of this alter member behaviour. If associations can do this, they are in a uniquely powerful position. Few EU associations really can as a result of the structural constraints reviewed above.

Conclusion

The focus of the above review has been to examine factors in common (and specific) to EU business associations that limit their contribution to the broader environment of 'EU public affairs' - whether in terms of particular policy outcomes, or as a wider mechanism of European integration. The variation in capacities of EU associations has been acknowledged - undertaken elsewhere by this author (Greenwood, 2001b) even - but falls outside of the scope of this analysis, which is to examine factors limiting the contribution of non-state interests. Has the role of these actors been overdone? A reading of this analysis suggests that sometimes it has. Once a reputation has been made on making the case for, colours are nailed to the mast and it is very difficult to take a step backwards. If the focus of interest are non-state interests per se, it is difficult to maintain interest in unproductive lines of enquiry. The methodological snares on the way are many, and tempting to leave on one side.

It is, of course, quite possible to overdo things the other way by underplaying the role of non-state interests, and to a certain extent there is a concentration in the agenda of this paper upon a very selective agenda in order to make a wider point. But due regard remains to be paid to the limitations of explanations for public policy outcomes and European integration grounded in the roles and actions of non-state interests, including the factors reviewed in the opening section of this paper that may exaggerate the impression of influence. EU business associations remain the largest segment of actors, and these actors are subject to some common limitations. In summary, these are:

- the multi level architecture of the EU, its multiple access points, and the ability of members and potential members of associations to 'by-pass' associations. The lack of 'stateness', and the inability of EU political institutions to 'licence' associations, contributes to a pluralist, competitive system of interest representation rather than a corporatist system of interest intermediation. The resulting 'lobby free for all' and the specialisation arising from the triumph of the 'logic of membership' over the 'logic of influence' weakens impact of non-state actors in the integration process.

- a high degree of specialism resulting from the triumph of the 'logic of membership' brings low membership numbers, and frequently an over dependence upon a small number of members, which reduces associational autonomy.

- the generally negative impact of large firms in by-passing EU associations, and in producing resource dependencies. Dependence upon a particular member will reduce the trust that others hold in the association - yet trust between members is a key glue which helps reduce transaction costs. Associations that are unable to reduce transaction costs have limited utility.

- the narrow scope of functions of EU associations, which produces a low level of resourcing comparative to national associations, the consequent over dependence upon members, and the lack of autonomy to resist short-term member demands in favour of leading identity about long-term interests.

- the restrictions placed upon EU associations by both narrow function, and EU competition policy, in their ability to reduce transaction costs for their members. Potential members also have alternative routes to the management of transaction costs, such as standards institutes; whilst some EU associations play a co-ordinating role, they do not provide a gatekeeper role.

- factors in the competition environment of EU associations. Whilst the traditional literature places emphasis upon the stimulus to associational start-up and development provided by changes in the structure of competition, there is much in the EU environment of competition that weakens the role of associations. These include the ways in which narrow distribution of costs and benefits can result in competitive associational politics, the stimulus to large firm size, the process of mergers and acquisitions, and the stimulus to competition provided by grounding in mutual recognition.

- the emphasis upon collective action by the costs of non-membership, such as the need to be able to influence associational positions, which may keep associations inactive or low key.

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