"BUSINESS ALLIANCES, NETWORK CONSTRUCTION AND AGENDA DEFINITION: RECENT DEVELOPMENT IN LOBBYING ACTIVITIES IN BRUSSELS AND STRASBOURG"

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Outline

With the political role of the firm as a focus, the paper begins by analysing briefly recent developments in the numbers and types of all organisations seeking to influence, directly or indirectly, the decisions of the EU institutions. Their numbers continue to increase, as do the diversity of their types and spheres of activity, with all the implications that has for theorists of European integration.

In a context in which so many organised interests (governmental, para-statal, socio-economic and academic) are now seeking to influence the decisions of the EU at its various levels (regional, national, EU and international), the authors argue that the notion of an “influence organisation” should replace more conventional definitions of “pressure group” which have become difficult to sustain. A key factor in this is the greater role of individual firms in influencing the EU policy process.

The paper then analyses new evidence on how large firms in particular are seeking to influence the EU. This confirms that individual firms are becoming more active in a variety of EU lobbying media. As well as having dedicated government affairs offices in Brussels and employing consultants to press their interests, many are members of relatively new EU-level direct-membership Euro-groups and various ad hoc alliances. Their channels of access are further broadened by representation in national associations and, via these, more ‘traditional’ Europ-groups. The multiple opportunity structures they have created mean that on occasions they may be co-operating with market competitors on one issue while simultaneously seeking competitive advantages over then in other fora.

A complex pattern of overlapping membership and shifting tactical alliances in different advocacy coalitions means an apparent diversity of interests often conceals more restricted and privileged participation in EU policy networks. Loose EU policy networks may hide tighter policy communities whose membership is very likely to include representatives of such firms. Unsurprisingly, the corporate agenda for change in the EU is often skewed to the large firm perspective, as is the policy of EU policy-making, such as the advocacy coalition approach should take account of these issues. Also, the implications of these developments for the governance of the EU means that attention should remain focused on issues such as transparency and access.

1. Introduction

In recent years, much critical attention has been paid to what one might call the “EU
lobby” and its activities. This renewed academic interest, which developed from the mid 1980’s, sought evidence to contribute to somewhat polarised theories on European integration (inter-governmental versus neo-functional) and interest representation (pluralist versus corporatist) (1). The research revealed a dynamic situation of considerable and growing complexity which neither wholly proved nor wholly disproved any of the theories. However, it provided some important building blocks of the new “actor-centred” approaches to understanding the EU policy process. Hitherto, however, the political role of individual firms has received relatively little attention. As a new feature of the EU political landscape, such large firms, most often Multi-national Companies (MNCs), clearly deserve a close academic scrutiny, as Coen (1997) clearly demonstrates.

This paper will briefly situate the emergence of the large firm as a political actor at the EU-level in the context of the overall evolution of the EU lobby. Developing points made by David Coen (Coen, 1997), it will then examine recent examples of the political activities of large firms in the EU, which confirm the importance of this type of "influence organisation" in both business collective action and in EU decision-making itself. We pay particular attention to the relationships and interlinkages between large firms in different action arenas. The evidence is then relation to current thinking on the EU policy process and found to fit well with many aspects of the “advocacy coalition” concept. We conclude with some thoughts about how these developments relate to practical concerns of EU governance, such as transparency and accountability.

2. The firm and the EU lobby

The importance of the development of the political role of the firm in EU policy making only becomes apparent in the context of the evolution of the EU lobby as a whole. The most recent evidence on the development of the EU lobby confirms that growth and diversification witnessed in the 1980’s as a result of the Single European Act (Butt Philip, 1991; Andersen and Eliassen, 1991; Mazey and Richardson, 1993) has continued well into the 1990’s. The number of organisations claiming to represent European-wide interests and seeking to influence EU policy and decisions has grown from 300 in the 1960’s to 750 in 1990 (Butt Philip, 1991) to 1200 today (Butt Philip and Gray, 1996). Although declining in relative importance, agricultural and food interests still number about 150, illustrating the link between a strong EU remit in a particular policy area and the presence at EU level of affected interests seeking to influence it. Indeed, the extension and deepening of EU activity following the SEA and the Treaty on European Union (TEU) must also account for the growth in the number of commercial and industrial organisations in areas such as telecommunications, information technologies, environmental services, utilities and transport, for example (Butt Philip and Gray, 1996).

This link also explains the huge increase in the late 1980’s and early 1990 in the number of non-economic interest groups organising themselves at EU level to influence consumer, animal welfare, environmental, development, human and civil rights, peace and a myriad of social policy issues. However, growth in such groups

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has slowed in most recent years as their coverage of the issues has reached almost saturation point. By contrast, the numbers of offices representing regions or groups of regions continues to grow, again probably in reaction to institutional and policy deepening. In addition to collective organisations representing, for example, EU local authorities, peripheral and maritime regions or even conference towns, there are also eighty for individual EU regions. There are also 12 American states represented and a growing number of offices representing regions from more than one country (e.g. Essex and Picardy, Basse Normandy and Hampshire-Dorset). The alliances may also involve industrial or academic interests, as is the case with RETI (Regions of Industrial Technology) or East Sussex (which has the involvement of Sussex and Brighton Universities). Such 'para-statal' organisations add an interesting further dimension to the EU lobby.

The diversity apparent in regional representation is mirrored in business representations. The new EU-level economic interest groups cover not just new sectors, but nee sub-sectors, such is the degree of specialisation occurring. Thus, the situation documented by Grant (1989) which saw the chemical industry represented by CEFIC and, in addition, over sixty sub-sectoral organisations, may be developing, to a less extreme extent, in other industrial and service sectors. Organisations representing elevator manufacturers, regional airlines and leisure parks now all have Brussels offices, for example. Perhaps more significantly, there are also a number of issue-focussed organisations which bring together actors from different business sectors to address common concerns. At the macro-level, these have been evident for some time: in addition to UNICE, for example, the ERT, has a long tract record of involvement. Coen (1997) also notes several Commission drive sector 'forums' on telecommunications, transport and maritime issues. At a different level still, a number of waste management issues in particular have provided the focus for the formation of new groups dealing with recycling, incineration or energy conservation. Sometimes formed in order to exploit market opportunities, sometimes to respond to a challenging environmental agenda, the prominent role played by individual industry associations is striking, as will be illustrated below.

Our latest figures indicate that there are now more than 250 firms which are known to have Brussels co-ordination centres or dedicated EU government affairs departments. Anecdotal evidence suggests that it is very likely that this number is an underestimate. Moreover, the number of firms which play a role in the EU policy process not via representative channels such as trade associations but via the considerable number of law firms, public relations firms and political consultancies, is very probably the same number over again. The burgeoning numbers of these, following a tapering off in the early 1990's recession, may also be evidence of the role of individual companies in the EU policy process where trade association routes fail to provide all the answers for them. As Coen (1997) has observed, the political sophistication of large firms especially is considerable and they have available to them a large number of potential avenues for political action.

In fact, in addition to the various channels of political action which Greenwood et all. (1992) outlined as available for individual firms, one might also add a financial or other
participation in one of the growing number of policy think-tanks or other research institutes which now concentrate on EU matters. These can provide some of the detail and expertise which many EU decision-makers crave and their forward-thinking can also have an important agenda-setting role. They also have important networking roles to play by bringing together key players to discuss policy in relatively informal settings. While some of these institutes are unashamedly the initiative of particular companies, the Philip Morris Institute being the most obvious example, others which may appear independent are largely or wholly funded by commercial interests. The sponsors of the European Centre for Infrastructure Studies (ECIS), the European Policy Centre (formerly Belmont) and the International Life Sciences Institute all include large numbers of the biggest MNCs among their sponsors. While such institutes may justifiably claim that their work is rigorous and the conclusions independent of vested interests, their research agendas may equally be driven, or at the very least significantly influenced, by member interests. Clearly the companies involved see value in supporting their work.

2. Pressure groups by any other name.

The various channels, including participation in such think tanks and research centres, available to large companies keen to play a political role in the EU policy process highlight a definitional problem that now confronts political scientists working in this area. The multifarious forms of non-governmental or parra-statal organisation which seek to influence in one way or another EU policy or decisions would under usual academic terms be described as “pressure groups” as they are all seeking to influence public authorities without seeking elective office themselves (see e.g. Richardson, 1993). However, the term pressure group suffers from several disadvantages in the European context. In the first instance, a reference to “seeking elected office” runs into difficulties in the EU institutional context because the unique roles of the Council and Parliament do not fit with usual models of parliamentary democracies. Para-statal organisations such as regional offices are themselves extensions of public authorities, for example. The ‘undemocratic’ nature of the Council exacerbates this problem. In a similar vein, Grande (1996: 321) comments that “we cannot simply adopt the concepts and theories appropriate for interest intermediation in national policy-making to analyse the role of interest groups at the national level”. The term must be adapted to the particular institutional context.

Secondly, the term “pressure group” is rarely if ever applied to individual firms or para-statal organisations, even though they should normally fall within the scope of the term. This may be because the term “pressure group” is not infrequently understood by both academics and practitioners in an uncomplementary way. This creates a reluctance on the part of many organisations to use the term to describe their own activities (which they see as more ‘subtle’) and has often led to the term being used in a more restricted sense to refer to social or public interest groups. However, it appears both unfair for such organisations to be saddled with such ‘negative’ perceptions and academically unsatisfactory to arbitrarily distinguish between analytically similar organisations. As firms and policy think tanks also seek to influence public policy, it now seems necessary to include them also within the ambit of the organisations to be described.
For these reasons, the authors would suggest that the term “influence organisation” could be employed to cover in a generic way all those organisations described by the authors as playing a role in the EU lobby. An “EU influence organisation” would denote any non-institutional organisation seeking to influence, directly or indirectly, the policy or decisions of one of the EU institutions. One could then further distinguish between those influence organisations which, by their constitution, are profit-making or not-for-profit-making. Within the non-and-not-for-profit-making category, therefore, there would be sub-categories of trade association, professional association, public interest group, and so on, including most research institutes and regional offices. On the other hand, the other group would include individual firms, purely ‘commercial’ research organisations and professional lobbying companies (political consultants, law firms, etc.). Although still “influence organisations”, as the latter act for commercial gain they should be distinguished from other categories. While both of these categories of “influence organisation” approach their role using a range of methods, the profit-making category concentrates its efforts on ‘insider activities’ replying upon superior expertise, data, policy analysis and access as opposed to ‘outside’ activities dependent upon the mobilisation of public pressure from the outside.

The following comments concern the way in which various profit-making influence organisations, in particular large (often multi-national) firms seek to use non- or not-for-profit ‘influence organisations’. It then seeks to understand what impact this has on the EU policy process itself and on our understanding of it.

3. Large Firms: hostile brothers?

Coen (1997) notes how the EU has become such a competitive political market place that large firms have had to develop into more sophisticated political organisations. The result of this has been a reassessment of the various options for political action and an exploration of the different ‘voices’ to be used for each. This has lead to the development of “new issue linkages and alliances with traditional economic rivals” (Coen, 1997: 95). It is the extent and nature of these new issue linkages which the following will examine.

One result of the re-assessment by large firms of the ‘traditional’ routes for the representation of interests was the move away from a reliance on the Euro-federation (and its national member associations) as a means of securing influence at the EU level. As many academics had also long observed (Caporaso, 1974; Kirchner, 1981; Butt Philip, 1985), these suffered from the same decision-making inadequacies as the EU itself, frequently being slow to react and only achieving a lowest common denominator solution if they did. As a result, there was considerable pressure exerted by MNC’s in several sectors for these organisations to become more effective and politically influential. To this end, they sought to make representative organisations more responsive to both fast-moving EU developments and to their own agendas. Inspired by the success of the American Chamber of Commerce EU Committee, which comprised only representatives from companies (Cowles, 1996), the re-organisation of the CEFIC was perhaps the first major example of reform. CEFIC created a joint
membership organisation which gave companies similar rights to national associations and moved away from unanimous decision-making. Subsequently, the car industry reformed its representative organisation, although not without some internal conflict, in ACEA (McLaughlin et al., 1993). This organisation now comprises solely car manufacturing companies and has no national trade association membership.

This is now evidence that such direct membership organisations are becoming increasingly common. Of the business organisations listed in the 1996 Directory, there are 52 which now have joint membership and 60 which have solely corporate membership. For example, the Association of European Airlines (AEA), the Association of European Co-operative and Mutual Assurers (ACME) comprise just companies. COLIPA (cosmetics and toiletry) and APME (plastics) have both corporate and national association members. These few examples reveal a trend for the large companies in each sector to play a more major role in the decision-making of representative organisations, the result of which has been not only an upgrading of the pan-European perspective but the downgrading of the interests of smaller businesses which may also be represented by the organisations.

Although there are now several long-established business-orientated influence organisations which have reformed into solely corporate membership bodies, it is also apparent that new organisations tend to be formed by companies alone rather than through national associations. The companies concerned are already pursuing a co-operative strategy with would be market competitors and the common agenda and objectives is most frequently a desire to avoid barriers to trade. As companies with manufacturing bases or service industry interests in numerous EU Member States (and often beyond), there is much less chance of a national veto preventing a strong policy position being adopted quickly on a particular issue. The trend does still have to be examined on a sectoral basis, however, as Greenwood et al. (1993) illustrated in the cases of pharmaceuticals where the companies still tend to be small operators without substantial international or pan-European interests themselves, the established national trade associations will still often be the most viable component part of EU-level representative organisations.

New associations are especially evident in the environmental services sector. Here, the companies involved seek to ensure that a developing EU policy (e.g. energy or research) takes into account their business preferences and will often seek to justify their formation on environmental grounds amongst others. COGEN Europe, which seeks to promote the practice of energy production from so-called co-generation is one example, as is Euro-ACE which represents companies which produce energy saving technology or have an interest in promoting policies which promote the policy. Given the substantial EU funds that may be available to such sectors, as well as the scope to ensure the development of a large single market, there is clearly considerable incentive for the companies involved to collaborate and co-operate in political action.

Perhaps more striking are organisations which have been formed in recent times in order to respond to the environmental agenda and to seek to influence the way in which its evolves in future. Grant (1993) hints at the political role of companies in EU
environment policy, but does not elaborate. The role of large companies is paramount in organisations (all very recently established) with 'environmentally-friendly' names which seek to influence specific aspects of the EU's waste management policy, for example. One thinks, for example, of the European Recovery and Recycling Association (ERRA), the European Organisation for Packaging and the Environment (EUROPEAN), the Alliance for Beverage Cartons and the Environment (ACE), the European Energy from Waste Coalition (EEWC) and the European Organic Reclamation and Composting Association (ORCA). Most of these have played important roles in the industry lobbying of the packaging and packaging waste Directive, for example (Porter, 1995; 1997), and all are either dominated by certain large member companies or have significant corporate membership. More striking still, is the way in which some companies are members of several of the above organisations: Tetra-Pak is a member of ACE, ERRA, European and EEWC; Coca-Cola, Proctor and Gamble, Carrocaud-Metalbox, Heineken, Mars and Nestle, among others, are all members of at least two of the above. Given that most of the above collective organisations were also members of the ad hoc industry alliance the Packaging Chain Forum, it is not surprising that the influence of the companies mentioned was also significant in the lobbying and hence outcome of EU policy on packaging and packaging waste. This came to reflect Single Market concerns as much as environmental concerns as a result of the lobbying and political compromises necessary for agreement in the Council (Porter, 1995a). The way in which some large companies are using new 'voices' clearly illustrates their developing sophisticated. The research conducted by, and/or information supplied by such organisations is often valued by policy-makers because it is otherwise unfortunately lacking and it is in the main of a good quality. However, their research agenda clearly seeks to position certain waste management solutions as environmentally acceptable and politically viable and the organisations themselves are increasingly skilful at presenting such research. This is all part of the practice of issue management in which the professional lobbyists specialise in an authoritative and therefore influential manner. To the unsuspecting public, indeed the names of the organisations may indicate that the organisations are even "environmental pressure groups" even they business interests and almost all have as one of their main objectives the removal of barriers to trade in the Single Market. The existence of these organisations is nonetheless a far cry from corporate invective inveighing against the excessive costs of strict environmental policy without offering alternatives. The corporate involvement in wider environmental initiatives such as the European Partners for the Environment also demonstrates their strategy of seeking co-operative solutions which may in the long term also bring a more favourable agenda for them. EPE was originally sponsored by the commission but is now self-financing.

As the profile of companies involved in the above organisations indicates, the wide scope of an individual corporate interest in diversified conglomerates means that many "voices" must be used at different times. There are several other examples of individual companies with such wide portfolios of interests. Mars, for example, is a member of EUROPEAN, ERRA and AIM directly, while Mars employees represent national associations in FEDIAF (pet foods), CIAA (food and drink) and CAOBISCO (chocolate and confectionery). Competitor companies such as Cadbury-Schweppes,
Danone and Nestle have similar if not even more ‘voices’ and all will also employ the services of political or legal consultancies in addition. More diverse interests still are apparent from a cursory glance at companies listing such representations in the Directory of Pressure Groups in the EU (Butt Philip and Gray, 1996). The Group Montedison, an Italian conglomerate, has a Brussels’ representation staffed by five public relations experts and is a member of ten Euro-groups (CIAA, CEFS, CEFIC, AAC, ASPEC, API, ECAMA, FEDIOL, FEFAC and FEDOLIVE). Hydro AS, part of the chemical and fertiliser group Norsk Hydro, has only two full-time staff but is represented on AMCHAM’s EU Committee, the British Chamber of Commerce EU Committee, EFMA, CEFIC, APME, E&PF Forum and UNICE. Likewise, Philips is a member of ten, BP Europe six Euro-groups. Because most companies have a reluctance to reveal the extent of this influence, one can be sure that the number of companies with similarly diverse “voices” is extremely large.

The diversity of these voices means that at any one time, some market competitors may be co-operating in one organisation, while lobbying privately for a very slightly different outcome through its hired political consultants and even publicly at war in another context. One thinks, for example, of Mars and Unilever, who have been pitted against one another in a competition policy issue concerning contracts with retailers to use freezers to store and display only one brand of ice-cream; at the same time, they have been co-operating within ERRA, AIM and EUROPEAN over broader environmental and single market issues. The highly publicised “soap war” between Unilever and Prator & Gamble was also playing itself out while they were co-operating in the same forums. While in some cases the tension can spill over from one forum to another, it appears that in many cases there is a judgement that the benefits of co-operation inside several organisations outweigh any immediate competitive battles.

By nationality, it is not surprising perhaps that American firms have lead the way in establishing dedicated EU government affairs operations in Brussels. With their experience of the US lobbying scene and (often) membership of AMCHAM’s EU Committee, they not only treat the EU as one market far more easily than many of their EU competitors, they also have political experience in such operations. They also outnumber by far the Japanese and South East Asian political corporate presence, even though companies like Hitachi, Matsushita, Mitsubishi, Toshiba and Toyota all now have a Brussels lobby presence. As this selection indicates, Japanese representation is primarily in automobile and hi-tech industries. American interests, by contract, are far more diverse, including food, telecommunications, entertainments, environmental services, and chemical interests in addition to a considerable automobile and high-tech presence. However, the majority of companies listed in the 1996 Directory are of European origin which indicates that, perhaps belatedly, they have woken up to the potential (or need) to act in a politically independent manner at EU level, too.

4. Some Conclusions

This evidence suggests that there has been a major change in recent times in the scale and direction of political activity for large firms. Initiated by the SEA and re-enforced by the Maastricht Treaty institutional and policy developments, large firms in particular
have prompted a significant evolution in the way in which organisations claiming to represent European wide interests have structured themselves. This has increased the type and number of avenues of political activity for many such firms and confirms broadly the conclusions of Coen that the new European public policy system displays "a new interest behaviour logic based on the sophisticated and simultaneous usage of a number of political channels by firms." (1997: 106).

This logic had led to a large number of firms to direct resources to direct political action and to the establishment of new and imaginative collective organisations. The impact and effectiveness of these leaner, meeker organisations has had repercussions for the EU lobby as a whole, as pre-existing organisations have had to respond to the competitive challenge. The limited evidence examined here also suggests that where they operate, these organisations have a significant influence on the outcomes of the EU policy-making process, both at the broader level (i.e. in raising the issue of "competitiveness", for example) or at lower levels (such as in environmental policy, for example). There is clearly scope for much more investigation into the operation, structure and impact of the new collective organisations or ad hoc alliances, as well as the logic driving firms to participate in these.

Although the evidence here has been presented to illustrate the role of the firm in the public policy process, it is important not to exaggerate its influence either. Grande (1996), for one, thinks that his work "contradicts conventional wisdom which maintains the heavy influence of organised interests in European politics". However, while his work is primarily concerned with how the institutional structures serve to check interest group influence per se, where that influence is evident, on the basis of our evidence it should not be at all surprising if the EU institutions respond to the exigences of a relatively small group of large firms which have taken an active political role. In this context, the evidence also has a useful contribution to make to approaches to the analysis of the EU policy process which may fall within the "advocacy coalition" label and which combine new-institutional with actor-centred models.

One of the first applications of Sabatier’s (1987) notion of an advocacy coalition to the EU was by Richardson (1994) in his analysis of EU water policy networks. Noting that such analyses need to take account of the institutional setting of the process, this work then concentrates on an examination of the various actors involved in the development of various EU water policies. While this revealed some very interesting networks, shifting alliances between non-institutional and institutional protagonists and ultimately ‘advocacy coalitions’, it does not analyse any interest representation at the level of individual firms, or seek to dissect whether any corporate collective action reflected the organisational shifts towards direct firm membership witnessed in this paper. At one point only does Richardson mention that EUREAU was given authority to decide who would attend a conference on behalf of the water industry and the six organisations which attended, four of which were company rather than association representatives.

While concluding that a particular advocacy coalition shaped much of early water policy, Richardson (1994: 157) states that “today, at the core of the non-governmental
actors, is of course, the water industry itself. This would imply that a change occurred, much as occurred in the case of packaging waste where an initial network of actors was more 'environmental' than the one which had most influence over the Directive agreed finally in 1994. Indeed, in the case of packaging, because particular company representatives were present in so many different corporate collective action fora, as well as being large enough to lobby in their own right, Porter (1996) concludes that a much more limited group of policy actors, more akin to a policy community than an issue network was discernible. At the heart of this community were obviously firm actors.

As several authors have argued, the advocacy coalition work certainly needs refining (Schlager, 1995) definition of, especially in order to account for specific policy outcomes at EU level (Porter, 1997). However, it certainly has much to commend it, especially at the more general level. However, even at this level, one important way in which new work within this framework can be improved is to take more fully into consideration the own account of actions of such large firms. Their actions may often explain the emergence of new, often temporary coalitions which are increasingly evident in many areas of EU policy making. Although one should repeat the need to consider their actions within the broader policy-making context, it appears clear that they warrant consideration in their own right as a category of 'influence organisation' which often plays a key role in EU policy making.

One final comment that should be made in the light of these remarks concerns the way in which the EU is regulating the activities of lobbyists. Both the Commission and the Parliament have sought to ensure that access is regulated and that as far as possible such lobbying is transparent (see e.g. McLaughlin and Greenwood, 1995). Where a number of firms in particular are able to provide representatives who may wear a different hat on different occasions, there may be even more need to re-focus attention on how transparency is ensured. Without this, even those involved in the process in some detail could be left unaware of the true extent of the linkages between organisations. With an image problem in the wake of the Maastricht Treaty ratification and the difficulties in reaching the criteria for EMU, the last thing the EU needs is public disaffection and loss of confidence in its procedures in this area, too. Transparency and accountability requirements do not only stop at the door of the EU’s institutions. They are now extending to firm actors in the EU policy-making process too (see Butt Philip 1996).

(1) Much of the work on interest representation has sought to address both issues. Butt Philip (1993; 1985); Mazey and Richardson (1993), and Streeck and Schmitter (1991); Greenwood and Ronit (1992); Greenwood et al., 1992).
References


