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by

Henry J. Jacek Department of Political Science
McMaster University

Hamilton, Ontario L8S 4M4 Telephone (905) 525-9140, ext. 24557

EMAIL: jacekh@mcmaster.ca

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After the Second World War and through the 1970's and early 1980's, American corporations were excluded from many European business interest associations (BIAs). State officials and European business leaders alike seemed determined to keep American business out of any important role in the development of the European Community. Yet, by the 1990's, American business had become one of the most influential policy actors in Europe. This is especially evident in the impressive organizational infrastructure and policy capability of the E.C. Committee of the American Chamber of Commerce in Brussels (AMCHAM-ECC).

Why did this happen? There are various possible explanations for the policy effectiveness of American business in the face of European opposition. Although most of these explanations contribute to an understanding of this phenomenon, I will argue that the development of the structures of the EC institutions themselves and their compatibility with the political organization and experience of American business provide the most convincing answer.

The public policy implications of the structures of the EC have been outlined clearly by Wolfgang Streeck and Philippe Schmitter. ' They argue that the EC now has "an American-style pattern of 'disjointed pluralism' or 'competitive federalism'..." Thus, American business feels right at home in a political sense.

At the same time, American BIAs have a number of characteristics that suit the EC institutional environment. American firms contribute large resources to their lobbying efforts and have a habit of multi-lateral thrusts. Their BIAs have shown themselves highly resilient and adaptable to changing circumstances. They have looked upon the European market as one market rather than viewing Europe as one home country attempting to penetrate eleven others. In a sense they are often more European than the Europeans. They have moved quickly to staff their BIAs with Europeans or Americans with a substantial European education.

The analysis of this argument will be based on data collected from American Euro-business associations and large American corporations. Clearly, this research has an actor-centred approach. How American business explains its own policy success will be at the forefront of this analysis.

The Public Policy Characteristics of the European Union

The central argument of this research is that public policy-making in Europe has developed a number of characteristics that are compatible with increased political influence for American business.

One of the first characteristics of the Europeification of modern public policy-making is its increasing complexity. Second, the policy system process is constantly changing. Third, the number of policy actors is increasing.

In contrast to national systems of policy-making, the system at the European Union (EU) level is complex. It is a mixture of the liberal/pluralist tradition of Anglo-Saxon based polities, the corporatist traditions of Northern Europe, and systems that attempt to combine both parliamentary/pluralist and bureaucratic/corporatist traditions. It is not clear what interests are legitimate and for any interest which some see as legitimate, the mandate of any particular organization to speak for and represent that stable legitimate interest is open to dispute. In addition, there are many new interests, often crosscutting and all with an unclear issue agenda.²

The nature of the public policy process in Europe is constantly changing as well. The evolution is rapid, uneven and unpredictable. No one knows what type of policy process will emerge in some period of stability that is bound to emerge. Yet, for the present, constant evolution is the only certainty and the definitive mature process cannot yet be deciphered.³

Third, the number of policy actors is increasing. Interest groups and particularly business interest associations have increased over tenfold over the past 25 years? The spontaneous uncontrolled growth of policy actors marks the typical pluralist form of policy-making.

While there are many other characteristics of the public policy process of The European Union, the three characteristics mentioned above seem most relevant to understanding how American business as an outsider was able to migrate to a basically insider role within 20 years. The pluralistic turbulence of the EU policy community was fertile ground for American efforts to shape European policy to their liking. The increasing complexity and the constant changing of the rules could not help but benefit organizations nurtured in such an environment at home.

An Actor-centered Approach

The goal of this paper is to understand how American business was able to manage the transition from outsider to insider in the European public policy process. The approach to be used is one that sees the obstacles and opportunities through the eyes of American business itself. How did American business organize itself and in what ways? The approach is an actor-centered one with American business as the actor.

In the context of this research the American business actor-centered approach can be contrasted with alternative possible paths of explanation. For example, we will not consider some calculation of overriding national interests or the rules of the European public policy game as leading to an appropriate explanation. Thus, we do not see American business as some "object" of historical processes. As well we reject the overwhelming importance of ideas, ideologies or laws, as well as economic or cultural determinism.

In particular our approach turns our attention towards the specific political forms of organization adopted by American business and its characteristics of concentration and coordination. We ask what are the forms of structural interpenetration between the fora of the European Union and American business? What we want to know is to what extent should we attribute to American business the adoption of self-conscious strategies and tactics to break their way into the centres of European decision-making.

Understanding actual collective action and behaviour is crucial. In particular, this method of political analysis requires a close, detailed micropolitical examination of actual choices. Ideology and its explication is not enough. There are a number of significant dimensions here.

First, what has American business considered as the strategic organizational and policy options over the recent past? In looking at these possible alternatives, American business was faced with two basic possibilities. It could act as if it were an outsider or foreigner. In such a role its policies would be reactive and its stance towards European public policy would be as a policy-taker. The American business firm would rely on commercial decisions to achieve success in the modern Europe.

In contrast, American business took the position that firms headquartered in the U.S. were not policy outsiders. They took the stance that through their European investments they had a stake in European Union public policy. Initially they began by emphasizing their

investment advantages to national governments where these involvements already existed. Rather than having American officials defend these investments, American business looked to domestic European officials. After all, these investments created European jobs, and they paid European taxes and transferred American technology to Europe. To ignore the policy interests of American firms would be unfair and unwise for all concerned. Above all American firms tried to argue from a position of strength, namely by cultivating an image as a good corporate citizen in Europe.

The choice of such a strategy was not difficult. This was exactly the same type of advice that American business gave their European counterparts at home. Underlying this strategy at home and abroad was the proposition that business investment always confers public policy and citizenship rights.⁶

Second, what did American business see as the significant limitations and opportunities in pursuing its strategy as an active influence of European public policy? The major constraint was in clear view to all, American business was American, and as such it needed to shed its alien face and compensate for its exclusion from the privileged access of European firms. Its major advantage, on the other hand, was its lack of national identification with one European country and thus its playing field was level although low throughout Europe as a whole.

Third, how did American business assess the benefits and costs of the various possible behaviours open to them as they pursued their pan-European investment image while downplaying their Americanness by projecting themselves as good European citizens? One might have expected the large American firms to act as free booters, that is, an enterprise that feels that its resources, knowledge, political connections and market power allows it to defend and promote itself without the help of interest associations.⁷ This attitudinal stance by American business at home has been noted by Graham Wilson.⁸

Yet faced with a politically hostile environment in the 1960s, a choice was made to follow a collective course of action. The core of this collective strategy was the development and utilization of the already existing complex web of The American Chamber of Commerce and its international network. On the domestic side the coordinating body is the United States Council for International Business in New York City. One of its units coordinates the European effort of the Council, namely the United States Industry Coordinating Group on European Community Affairs (USICG). This Group, in turn, coordinates the work of the National Association of Manufacturers (NAM), the Washington office of the domestic US Chamber of Commerce (AMCHAM), and the National Foreign Trade Council on the American side of the Atlantic with the EC Committee of the American Chamber of Commerce in Brussels (AMCHAM-ECC).

In 1963 a choice was made by American business to organize collectively in Europe with Paris as its headquarters. The original organization was called the Council of American Chambers of Commerce in Europe. Later it changed its name to the Council of American Chambers of Commerce-Europe and Mediterranean. Now it is known as the European Council of American Chambers of Commerce (ECACC).

From the beginning its primary goal was to coordinate the policy position of the various American Chambers of Commerce in various European countries such as the ones in Austria, Belgium, France, Germany, Greece, Italy, the Netherlands, Portugal, Ireland, Spain and the UK with the U.S. Chamber back home in Washington. Its main tactic for putting their coordinating positions into effect was to find European interest groups that shared the same policy position. Over time the ECACC found itself delegating more and more responsibilities to the EC Committee of the American Chamber of Commerce in Brussels. In time AMCHAM-ECC became more and more the lead policy organization because of its strategic political location. This was similar to the transference of business public policy leadership in the United States from the corporate capital of New York to the political capital of Washington. Originally, AMCHAM-ECC was only a very small committee of the American Chamber of Commerce in Belgium.

AMCHAM-ECC was started in 1965. With a full-time staff of approximately twenty people it represents over 600 corporations of American parentage. Especially important in its policy communications are the research and policy publications which often are used by EU decision-makers in the drafting of official documents? So effective had this collective effort become by the 1980s that Japanese corporations in Europe decided to model their political action on the American business model.¹⁰

Thus, American business clearly opted for organized, collective action. The fear of discordant policy voices in a politically hostile environment ruled out a free booter strategy. Policy coordination was critical. As these coordinating efforts proceeded the locus of effort moved from Washington in the 1950s to Paris in the 1960s and finally to Brussels. American business increasingly spoke with one voice and got closer and closer to the seat of European Union policy-making authority.

Yet in order to coordinate effectively so many American corporations over such wide geographical area in both Europe and America required a careful blend of incentives and tactics. What inducements did these collective organizations have to offer their various members in order to bring about such effective coordination? On the other hand, what tactics did these organizations have to use in order to influence their major policy interlocutors, the EU policy, the EU member states, and the major European business interest associations (BIAs)?

The first problem of policy coordination was met in two ways. First, the complex net of the American Chamber of Commerce system pulled together the various business associations. This was especially critical in the case of the Chamber units in the individual member states.

The second dimension of public policy confrontation involves the blending together of the specific public affairs offices and activities of the American firms in Europe. The European operations of American corporations, their European staff and their American consultants in Brussels have considerable autonomy from the company headquarters in the United States. Partially this is the result of geography, but American corporate officials generally recognize that European laws, business practices and industrial relations differ significantly from domestic patterns and that it is best to have European officers make decisions on the spot.

The basic decision made is that collective action is more efficacious than firm-led initiatives. The first place to begin collective action is AMCHAM-ECC. What incentives does it have to offer?

AMCHAM-ECC offers goods that we may define as both public and categorical. These include the channelling of information or assistance to state organizations such as the European Parliament and the political groups within it, the European Commission, the directorates general (DG), the Council of Ministers and the Economic and Social committee (ESC). As well, these goods include the standardization of products and services or as is also known, harmonization across EU member states.

One organizational problem for AMCHAM-ECC is that any success it has in these areas cannot be denied to nonmembers. This, of course, is the classic free rider problem. Mitigating against this is the lack of alternatives for American firms. By themselves they would find it sometimes difficult to influence EU policy-making. They are excluded from such powerful groups as the European Round Table of Industrialists (ERT). In addition any standardization or harmonization decisions may disadvantage the free rider firm's products or services in the absence of AMCHAM-ECC representation. 12

AMCHAM-ECC develops its representations in working subcommittees which are composed of American corporate officials. One of these is selected to compose a draft position paper and then the draft is circulated among the subcommittee members for changes, additions and deletions. The author is then expected to write a second draft which once again circulates among the subcommittee members. If the subcommittee is more or less happy with the revised draft, it now goes to the full EC committee for examination. If the draft passes this stage it is then sent on to all members of the European Commission and top-level officials of the DGs plus other possibly influential officials in the EU.

On the other hand, AMCHAM-ECC has important resources to influence its interlocutors in the EU officialdom. The high technical quality of AMCHAM-ECC position papers means that EU officials pay careful attention to their substance. This emphasis on high quality technical research is a trait carried over from Washington politics. The information, generalizations and recommendations often find their way into EU proposals and regulations. 13

AMCHAM-ECC is effective because it recognizes it must get in early on any policy question, indeed it recognizes that it needs to help set the agenda of the EU itself. This is easier at the EU level than at the member state level because there are a broader range of public policies and policy choices available. Thus, this more open field gives American corporations more freedom to influence EU public policy. With the fragmentation of public policy authority comes policy opportunities. Closed questions at the member state level become open questions at the EU level. More policy alternatives are possible?

American corporations do not forget another important set of interlocutors, the Council of Ministers and the member EU states. They are especially useful to American firms when their policy

goal is primarily to stop EU decision-making in a policy area. These firms are careful to point out their national investment and the jobs created. Also, their influence often is amplified by membership in national BIAs. 15

The fifth and final dimension of the actor-centered approach that we will consider here is how American business in Europe responded to the consequences that flowed from the public policy choices that it made at various times. Some of these consequences were anticipated because they were intended or at least expected. However, some of the impacts of these choices were neither intended or expected, and when they were negative, these strategies necessitated an adaptation.

American business and AMCHAM-ECC have been especially effective in affecting EU technical standards. This is because they have been able to develop integrated, cohesive positions across all EU member states and as well they have generally been able to define harmonization issues as merely technical and not political. In general, when national standards clashed, the Americans argued in favour of the lowest national standard often in the guise of mutual recognition.¹⁶ They viewed the race to the bottom as generally favorable to U.S. business interests.

We can see a change in political strategy when the usual collective action doesn't produce the hoped for results. The colorful battle over EU banana imports is an interesting case. In this fruit subsector, deregulation and open markets, that is no banana standard, favour American companies. However, after 1992, standards in the guise of quotas and tariffs were raised. These raised barriers penalized American sources in Columbia, Costa Rica, Guatemala, Honduras, Panama, Ecuador and Brazil. At the same time, they privileged commercial interests in Britain, Italy, France, Portugal and Spain. These interests have ties to former colonies and protectorates in Belize, Jamaica, Suriname, the Windward Islands, Sorealia, Camcroon and the Ivory Coast, as well as EU overseas territories such as Guadeloupe, Martinique, Madeira and the Canary Islands.

The consumers of Northern continental Europe were the big losers, especially Germany, but also Belgium, the Netherlands and Denmark. American firms joined an ad hoc Alliance¹⁷ with the German Fruit Importers and Wholesalers Association, an organization with approximately 550 firms, and its large affiliate, the Bavarian Fruit Importers and Wholesalers. Nonetheless, their combined efforts failed.

At this point, Dole Food Company Incorporated and Chiquita Brands International Incorporated began vigorous individual corporate action. As the two main traditional suppliers to Northern Europe, they were especially hurt by the increased common barriers to trade. They turned to U.S. Trade Representative, Mickey Kantor and asked him to threaten the use of trade sanctions if the barriers to American banana imports were not softened.¹⁸ Clearly, this is a highly unusual tactic and is only invoked when usual collective action fails.

Success and Limitations

Certainly there are many reasons for the public policy success of American business. The compatibility of American institutional culture with EU institutions plus American experiences in pluralist collective organizations is only part of the story albeit an important part. The U.S. experience is a large, regionally diverse market also stands American business in good stead. U.S. firms have a long history of accommodation to a large domestic market, which despite its regional diversity, is both accessible and familiar. 19

The ability of organizations to organize effectively along the spatial dimension is one of the most important resources an organization can have. In the U.S. case, market-building has been going on for over 200 years as American business has attempted to create a highly integrated national economy in the face of subnational, cultural, regional and economic barriers. American firms have expanded freely to capture markets throughout the U.S. These firms have used constitutional rule-changing to break clown subnational barriers. From the Articles of Confederation to the initial drafting of The U.S. Constitution, and as amended by the legal consequences of the American Civil War and Supreme Court decisions, the American central government has been used to develop a pan-American commercial focus. This same stance has merely been transported by American business to Europe in form of its collective action and public policy positions.

Figure 1 provides some overall visual context for the two dimensions of politics and markets. They are presented as orthogonal to each other and thus produce different types of cases in the four quadrants. Case 1 represents a loose system which some aspire to as an integrated system, such as Europe between the two world wars of the twentieth century, yet for the most part, markets were Balkanized and politics was decentralized along national lines. Case 2 is one of two intermediate cases. Because of constitutional interpretations, judicial decisions and conventions together with concentrated ethnic and religious loyalties based on long-standing historical regional identities, the would-be integrated political system remains decentralized and regionalized, yet market forces are responding to a logic of business production that favours those firms that expand their market reach.²⁰

Figure 1

The Political and Market Dimensions for the Organization of Business

Case 3, also an intermediate case, is the mirror image of the previous situation. Because of historical political experiences usually because of a long-term military campaign, the central organs of state in the political system have become strongly centralized yet production of goods and services and sometimes consumption continue older patterns of regional markets. Business historically has developed informal regional arrangements and pacts that bring order to production, labour, wholesale and retail markets despite a strong political centre. Business and politics in Spain seem to fit this pattern.²¹

Finally, Case 4 represents the end state of market and political centralization. How a system gets to this end state may vary. In the case of the United States, the markets followed centralizing political institutions. If the EU follows the same path, then the political institutions seem to be following the lead of large business as organized domestically in the European Round Table of Industrialists (ERT),²² the AMCHAM-ECC for U.S. business and the Electronics Industry of Japan Association (EIJA) or the Japanese Automobile Manufacturers Association (/AMA) in the case of Japanese business.²³

In examining the success of organized American business in Europe we need to note two major problem areas for these firms. First, American companies do not understand well or feel comfortable with European industrial relations, especially Continental ones. Rather than adjusting to European traditions in this area, they have tried to get the EU to adopt the American tradition of employer supremacy, a chronic battle these American firms have clearly lost.²⁴

Second, American firms prefer EU corporate law, management principles and the definition of shareholder rights to be based on the common law traditions of the Anglo-Saxon countries rather than Continental Europe's civil code and Germanic boardroom practices. American corporate managers prefer rules that make corporate takeovers easy and increase the influence of shareholders in day-to-day operations of corporations. In general, American business has lost this battle. As in the case of industrial relations, the limitations on American political success are cultural, not ones based on organizational or structural conditions of either interest associations or state forms.

Endnotes

1. "From National Corporatism to Transnational Pluralism: Organized Interests in the Single European Market", *Politics and Society*, Volume 19, Number 2 (June 1991) 131-64, especially p. 159.

2. For a good flavour of this policy-making complexity, see Svein S. Andersen and Kjell A. Eliassen, Chapter 3, "Complex Policy-Making: Lobbying the EC", pp. 35-53 in their edited, *Making Policy in Europe: The Europeanization of National Policy-making* (London: Sage Publications, 1993), and "A Complex Pattern of Exchanges", pp. 248-51 from Justin Greenwood, Jürgen R. Grote and Karsten Ronit, Chapter 8, "Conclusions: Evolving Patterns of Organizing Interests

- in the European Community", pp. 238-52 in their edited, *Organized Interests and the European Community* (London: Sage Publications, 1992).
3. Franz Traxler and Philippe C. Schmitter, "Prospective Thoughts on Regional Integration, Interest Politics and Policy Formation in the European Community/Union", paper presented for the Panel on Organized Business and the Democratic State, Research Committee 38, Committee on Politics and Business, XVIth World Congress of the International Political Science Association, August 22, 1994, Berlin.
 4. See Alan Butt Philip, "pressure Groups in the European Community", (London: University Association for Contemporary European Studies, 1985), Working Paper Number Two; his edited, *Directory of Pressure Groups in the European Community* (Harlow, Essex: Longman Group UK Ltd., 1991) and Justin Greenwood, chapter 1, "Introduction" in Justin Greenwood (editor) *European Business Alliances* (Hemel Hempstead, Herts.: Prentice-Hall, 1995).
 5. For an excellent exposition of the importance of these dimensions in an actual research project see Philippe C. Schmitter, book review of Peter Lange, George Ross and Maurizio Vannicelli, *Unions, Change and Crisis: French and Italian Union Strategy, 1945-1980* (London: George Allen and Unwin, 1982) in the Newsletter of the Conference Group on Italian Politics, No. 15 (August, 1984), pp. 40-45.
 6. See Gene E. Bradley, "Building Understanding for Your Business", *Columbia Journal of World Business* (Spring, 1994), pp. 50-61.
 7. See Philippe C. Schmitter, Chapter 10, "Interest intermediation and regime governability in contemporary Western Europe and North America" in Suzanne Berger (editor), *Organizing Interests in Western Europe: Pluralism, corporatism, and the transformation of politics* (Cambridge: Cambridge University Press, 1981) p. 291.
 8. "Corporate political strategies", *British Journal of Political Science*, Vol. 20 (1990) pp. 287.
 9. Federiga Maria Bindi, "Eurolobbying: The Actors, The Strategies, The Results", a paper presented to the 9th International Conference of Europeartists, Chicago, March 31-April 2, 1994. AMCHAM-ECC has also become a focal point in the meeting of high-level American officials responsible for international commercial relations and EU officials with similar responsibilities, See Caroline Southey, "US reaches out for new trade relationship with Europe", *Financial Times*, April 26, 1995, p. 6.
 10. Andrew M. McLaughlin, "Outsiders Inside? Japanese Lobbying in the European Union", a paper presented to the 9th International Conference of Europeartists, Chicago, March 31-April 2, 1994. Also see Chapter 15 by Dan Morrison on the "Japanese Organization of Firms" in Greenwood, *European Business Alliances*.
 11. There may be independent organizations representing the common interests of both American companies and European parliamentarians. One such group is the Transatlantic Policy Network. This coalition, founded in 1993, is chaired by a member of the European Democratic Group in Strasbourg. Currently its major goal is to develop a new commercial treaty between the United States and the European Union. See Lionel Barber, "Europe steps up efforts to strengthen ties with U.S.", *Financial Times*, February 20, 1995, page 1.
 12. This discussion of the characteristics of public/categoric goods and the free rider problem as it applies to business interest associations (BIAs) draws on Philippe C. Schmitter and Wolfgang Streeck, *The Organization of Business Interests: A Research Design to Study the Associative Action of Business in the Advanced Industrial Societies*, (Berlin: International Institute of Management, 1981) pp. 220-225.
 13. Cecelia Andersen, *Influencing the European Community*, (London: Kogan Page, 1992)

pp. 97-98.

14. See B. Guy Peters, "Agenda-setting in the European Community", *Journal of European Public Policy*, Volume 1, Number 1 (June, 1994) pp. 9-26.

15. For some examples, see Henry Jacek, Chapter 14, "The American Organization of Firms" in Greenwood, *European Business Alliances*, pp. 199-209.

16. This strategy flows from a long political and business experience in the United States. The basic purpose of the present American constitution was to form an internal market, "a more perfect union" in order to facilitate business activity. The problem was different regulatory regimes in the 13 original American states. The language adopted was the "full faith and credit" clause of Section 1, Article IV, the prohibition of state action in laying "imposts or duties on imports or exports" of goods in Section 10, Article I and the positive grant for regulation of all "Commerce" to the common legislature, Section 8, Article I of the United States Constitution. See Edward S. Corwin, *The Constitution and What it Means Today* revised by Harold W. Chase and Craig R. Ducat (Princeton, New Jersey: Princeton University Press, 1978), pp. 46-86, 142-144, 246-255.

17. For a definition of this form of horizontal interassociational relations, see Henry L Jacek, "Public Policy and NAFTA: The Role of Organized Business Interests and the Labour Movement", *Canadian-American Public Policy*, Number 19 (October, 1994) pp. 3-5.

18. Madelaine Drohan, "German banana importers seek Kantor's aid in battle: Hope U.S. trade czar will retaliate against EU protectionists", *The Globe and Mail*, February 21, 1995, p. 134.

19. David Mitchell, *Reorganizing for Europe* (London: The Economist Intelligence Unit, 1993) p. 5.

20. In North America this process has been going on for over sixty years, although only now has it reached a dramatic milestone. See Henry J. Jacek, "Public Policy and NAFTA: The Role of Organized Business Interests and the Labour Movement", *Canadian- American Public Policy*, Number 19, (October 1994).

21. See Carlota Solé, Chapter 6, "Regionalism and the Organization of Business Interests in the Spanish Textile Industry", in William D. Coleman and Henry J. Jacek (editors), *Regionalism, Business Interests and Public Policy* (London: Sage Publications, 1989) pp. 113-126. The problem of regional labour markets in Spain can inhibit the solution of international business disputes as in the case of this year's fishing dispute involving Spain, Canada and the European Union.

22. For an outline of this process see Maria Green Cowles, "The Rise of the European Multinational", *International Economic Insights*, Vol. IV, No. 4 (July/August, 1993) pp.15-18. For a more in-depth description, see her "The Politics of Big Business in the Single Market Program", paper presented to the European Community Studies Association, May 27, 1993, Washington, D.C.

23. McLaughlin, pp. 22-23.

24. See David Gardner, "EU states agree law to set up works councils", *Financial Times*, June 23, 1994, p. 18 and "EU Agrees on European-Wide Workers' Councils, Harmonization of Youth Labor Regulations", *The Week in Germany*, July 1, 1994, p. 4.