

Are business interests more successful than citizen groups?

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How influential are interest groups? Which interest groups are most influential? These are key questions in research on interest groups, not least because they are of high importance for a normative evaluation of the role that interest groups play in democratic societies. Although much research has tackled these questions, conceptual, theoretical and methodological problems have meant that so far progress in responding to them has been limited.

In INTEREURO, we decided to take up these questions with the aim of contributing to our understanding of interest group influence in the European Union (EU). Among the many factors that possibly shape groups' opportunities to influence policy outcomes – the financial means or information they possess, the coalitions they can form, the amount of public attention an issue gets and so on – we chose to focus on the role of group type, namely the distinction between business interests, citizen groups that pursue interests other than those directly related to the vocations or professions of their members or supporters, and other types of interest groups.

A considerable body of research suggests that business interests are the most powerful non-state actors in capitalist democratic systems. Business interests may be particularly influential because they command a host of politically useful resources such as money and expertise, which can be traded for access to political decision-makers as well as for favorable policy decisions. Once they have the ear of a policy-maker, business actors may be able to influence public decision-making by virtue of their control of relevant information. While all interest groups may try to shape policy by means of strategic information transmission, business actors are particularly well positioned for this. In the course of performing their everyday activities, individual firms constantly accumulate knowledge relevant to public policy issues. Corporations and business associations are also very active in researching their political environment and the likely consequences of public policy for themselves and others. Lastly, business may enjoy a structurally privileged position in the political process. Because in capitalist systems major investment decisions are usually private, public officials have incentives to accommodate business preferences over policy.

These advantages should travel well to the political system of the EU, where political actors are highly reliant on the information provided by non-state actors. Because much decision-making in the EU is shielded from public attention, moreover, business interests may be especially influential in this political system. Indeed, a considerable number of observers suggest that business interests are more influential than other types of actors in the EU. Business interests have also been shown to enjoy better access to EU decision-makers than citizen groups. The EU's institutional bias in favor of policies promoting market efficiencies and a regulatory race to the bottom caused by capital market liberalization in the EU may further facilitate business success.

My co-authors and I cast some doubt on this view. We argue that business interests often lack a "natural ally" in EU legislative decision-making. The European Commission, which has the right of initiative with respect to much of the EU's legislative activity, has an interest in proposing new

legislation, as doing so is a means to expand its competences and to strengthen its position vis-à-vis the other EU institutions. As a result, the Commission actively seeks out areas in which it can put forward legislative proposals. Its scope for maneuver, however, is limited. Outside the field of agriculture it does not generally have the means to propose distributive or redistributive policies. The removal of many barriers to the internal market was either agreed upon in intergovernmental treaties or achieved in a relatively short time span in the late 1980s and early 1990s, when most of the Single Market Program was implemented. Therefore, if the Commission wants to remain an active player in EU legislative politics, it needs to focus on regulatory policies. On these policies, business interests tend to support the status quo with no or only very low regulatory standards at the EU level, which allows them to compete in relatively unfettered markets or to take advantage of regulatory competition between member states. By contrast, non-business interests often seek policy change with the aim of harmonizing regulatory standards across Europe at a high level.

Because of the Commission's interest in a high legislative throughput, the actors pushing for a change in the status quo – such as environmental NGOs and health NGOs – have a strategic advantage compared to business interests. The Commission can use its agenda-setting powers to propose legislation that produces greater change with respect to the status quo than preferred by the most recalcitrant member states. This applies not only to issues that are decided by qualified majority in the Council, but also to issues that require unanimity, because for a member state opposing a legislative proposal that receives nearly unanimous backing is costly.

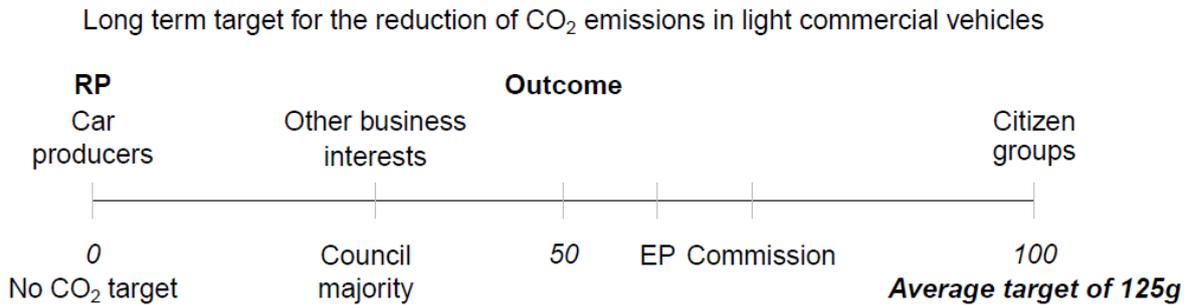
Whereas on market-creating issues business interests were the Commission's key allies in promoting policy change – and still are on trade policy, explaining the finding of business success in this policy area – on the regulatory issues that dominate EU legislative politics, the Commission is a natural ally of citizen groups in their drive for policy change. On those, therefore, we expect business actors to be less successful than citizen groups.

The empirical evidence

The dataset that we use to assess our theoretical expectations contains information on 70 EU legislative proposals put forward by the European Commission between 2008 and 2010. For this sample of legislative proposals, we conducted structured interviews with Commission officials. The interviews were used to establish conflict dimensions (issues) within the proposals as well as the policy positions taken by the various actors on the issues (on an issue continuum ranging from 0 to 100). In total, we found 112 issues, an average of 1.6 issues per proposal, and 1,043 non-state advocates lobbying on these issues.

Figure 1 provides an example of the 112 constellations that our respondents identified. On this issue, which concerned the reduction of tire rolling noise for passenger cars, the tire and car manufacturers were against the reduction of existing targets, which translates into an ideal point of 0. This is also the reversion point (status quo). Conversely, on the other extreme, environmental groups favoured a maximum rolling noise target of 71 decibel for all types of passenger car tires. In between were the positions of motoring associations, the Commission and the European Parliament. The effect of the legislative process was to shift the policy closer to the positions of the European Parliament, the Commission and citizen groups. The outcome were limit values between 70 and 74 decibel, depending on the tires' section width, which our respondent assessed to be three quarters towards the position of citizen groups.

**Figure 1: Spatial mapping of actor positions on a policy issue
(example: tyre rolling noise reduction for passenger cars)**



We use the data gathered in the interviews to calculate a measure of success that builds on the idea that an actor is more successful, the more it manages to pull the outcome closer to its ideal point relative to the reversion point (status quo). The larger the distance to the reversion point, and the smaller the distance to the outcome, the more successful should an actor be considered (and vice versa).

In our multivariate analysis, we tested for the effect of group type, while controlling for the number of actors pulling in the same direction, the actors' endowment with information, the distance between the actors' ideal positions and the European Commission's position and media attention (and in some variations also distance to the Council majority and distance to the majority in the European Parliament).

Citizen groups turn out to be substantially more successful than business groups. Business actors' success score is more than half of a standard deviation lower than that of citizen groups. This finding is highly robust to changes in the calculation of success. It is also not a result of lack of business unity. In fact, business was quite unified on most of the issues in our sample. Neither do we find that firms that lobby directly are more successful than business associations. Both types of actors tend to be less successful than citizen groups.

We also find, however, that business interests and citizen groups are equally successful on issues with very low conflict among interest groups and when the European Parliament does not have the right to co-decide (see Figures 2 and 3). Greater conflict among interest groups and the ordinary legislative procedure, therefore, are factors that help citizen groups relative to business interests.

Figure 2: Business success and interest group conflict

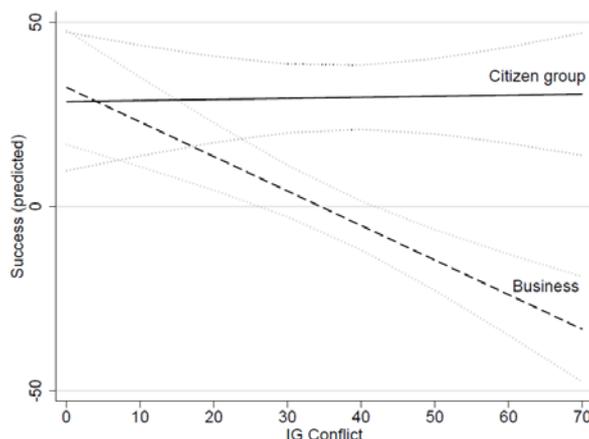
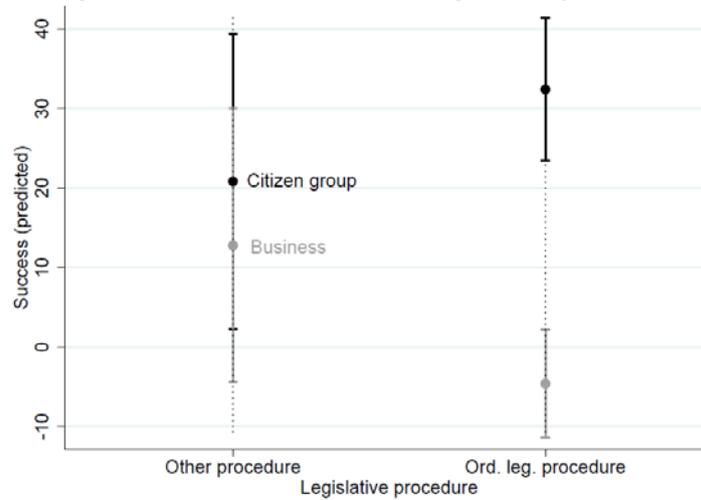


Figure 3: Business success and legislative procedure



Discussion

We found that business success is limited relative to the success of citizen groups. A possible caveat to this finding is that we only focus on the decision-making stage of the legislative process. If business is highly influential at the agenda-setting stage, our analysis would capture merely the struggle over the last chips on the table. Previous research suggests that business interests can indeed be quite successful at affecting the Commission's policy plans early on in the process. Yet, the Commission proposals in our data are often diametrically opposed by business interests, suggesting that the agenda stage too might be heavily influenced by interests other than business. Our focus on legislative proposals that enjoyed a certain amount of conflict and public attention points toward another limit of the present study. Just like an actor's ability to shape the agenda, the ability (or otherwise) to expand conflict is outside the scope of our analysis. However, given the capacity constraints of organized interests, in particular of citizen groups, we believe that in most cases these groups cannot choose to expand conflict at will. Like the agenda itself, the amount of conflict around its items is therefore a factor that enters our analysis exogenously.

For us the most plausible interpretation of the finding of limited business success is that the entire project of European economic and monetary integration has been a great political success for European business. The policies that led to the single market and currency union were strongly supported by business interests. Only the more recent focus on regulating the EU's single market is opposed by business actors. It is on newer process and product regulations that business often has to give way to consumer and environmental interests siding with the European Commission. Thus, while the EU might be seen as a project whose main effect has been to further the interests of business, when it comes to regulating the way in which business is done in Europe, business actors are substantially less influential than is often perceived. In this sense, the political fortunes of business affected by European policy decisions have undergone considerable fluctuation, with meagre years following fat ones.