

**Interest Groups in the EU:  
the Emergence of Contestation Potential**

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## 1. Introduction

According to Dahls fundamental definition (1971: 6), two central dimensions characterize democracy: the right to public contestation and the right to participate. Conceptually, both dimensions can be thought independently, in empirical terms their interaction indicates the chances of public contestation. Political competition combined with broadened participation, i.e., competition and inclusiveness together, characterize to which degree public contestation is possible (Dahl 1971: 20). With the project of European integration a political order emerged at the supranational level for which this was - and still is - a critical point. Discussion about the democratic deficit indicates that the special feature of the Euro-political system missed at least until recently some central elements essential for democratic processes. Probably the most critical point was the absence of a government that could be held accountable. Recent changes in the "constitution" of Europe have improved the situation. Today one might speak of some kind of government control given the increased competencies of the European Parliament with regard to the recruitment of the Commission. Another critical point is how to hold members of national governments in the Council accountable. With regard to this the standpoints range from the opinion that accountability is guaranteed by means of nation states' democracy to doubts whether this is sufficient.

A lot attention among the topics in this context have found those which deal with political institutions and actors in a strict sense. There is already a vast literature on European elections (van der Eijck, Franklin, et al. 1996), the European party system (Hix and Lord 1998, Hix 1996), the working of European institutions (Rometsch and W. Wessels 1996) and political representation (Thomassen and Schmitt 1999), and the changes due to changing decision rules (König 1997). There is clear indication that there is political competition in European elections - with which implications for accountability, however, is not so clear. There is also a very inclusive election law, extending voting rights beyond national citizenship. But it is also clear that European elections are not equal elections, given the differences in individual voting weights of the voters across member states (Schmitt and B. Wessels 2000) as well as in the proportionality of national electoral systems for European elections (Marsh and B. Wessels 1997).

This is not the place to discuss whether the ambiguous implications of competition for accountability in European elections and the inequalities with regard to the inclusiveness of European elections challenge the quality of contestation. This paper rather wants to draw attention to another dimension of inclusiveness, i.e., the broader participation in interest intermediation and representation. In terms of democratic process, this paper deals with what Rokkan called the second tier (Rokkan 1966) and Offe the second circuit (Offe 1981) of political representation, i.e., the role of interest groups in the political process. It could be argued that in the EU context it might be even more important than at the national level that interest groups are on the scene, for the "number problem of representation" is even more pronounced there (B. Wessels 1999). It could also be argued that in any polity the existence and presence of interest groups is of crucial importance in order to "empower the many" (Rueschemeyer, Stephens, Huber and Stephens 1992) and to back up political cleavages present in the party system (Boldt 1981).

The aim of the paper is threefold: after a brief discussion of the role of interest groups in the political process and an adaptation to a EU perspective, *first*, a model of the genesis of interest groups at the European level will be outlined and empirically tested. The crucial question here is, whether the emergence of the European system of interest groups follows the patterns of anticipation or reaction in the context of state-building. Both hypotheses can be found in the literature. From the underlying pattern one might speculate about the character of contestation of interest groups in the EU context. *Second*, some hypotheses in analogy to the population ecology approach will be tested. The major question here is to which degree there is imbalance between or a special motivation in interest group participation of countries. This leads, *thirdly*, to the question of encompassiveness and sectoral as well as country-based fragmentation of the European system of interest groups. Finally, some tentative conclusions are drawn about contestation in the EU.

Analyses are based on a data base of almost 900 European level interest groups—self-registered at the European Commission—and their national members.

## 2. Interest Groups and Political Contest

The importance of group theory has been highlighted in interest group research ever since. In particular, traditional pluralistic approaches emphasize that politics are the result of the competition of different organized interests (Bentley 1908; Truman 1951). However, this view neglects at least partly the importance of politics for the genesis and role of interest groups. Fraenkel, representing a modified approach to pluralism, has pointed to the fact that the state cannot be subsumed under the competition model of pluralism since the state performs a special role because of the monopoly of legitimate power (Fraenkel 1968: 45-46). For political contestation this is a very important point since it makes clear that interest groups act *vis-à-vis* the state. Even more, one can argue that many interest groups came into existence just because there is a state.

The notion of political contestation in connection with interest groups is clearly related to *functional* in contrast to *territorial representation*. Interest groups are generally defined as organizations separate from government which attempt to influence public policy. They provide institutionalized linkage between government or the state and major interests in society (Wilson 1990: 1). This is why many authors have pointed to the fact that structures of interest organizations and representation add a "second circuit" to the "machinery of the democratic representative polity" (Offe 1981: 141). Already in 1966 Stein Rokkan put forward the interpretation of a "two-tiers system" in which "votes count but resources decide" - with the vote potential constituting "only one among many different power resources in ... bargaining processes" with associations being part of them (Rokkan 1966: 105). For political representation this has the implication of "corporate pluralism" limiting the importance of the plurality principle. But it does not limit the importance of representative institutions more than it complements the "system of public contestation" (Dahl 1971: 11).

From a general perspective it is neither theoretically nor empirically clear which role interest groups do or can play in political contestation. From case studies of lobbying and law-making it is clear, however, that they do play a role. Given the assumption that interest groups are concerned with functional representation, one might argue that their contest is rather of a specific than a general nature. That is, they interfere with specific legislations and policies affecting their interests or those of their

clientele. In terms of cleavages, they represent a particular interest in one of the conflict dimensions, whereas the generalized representatives of the conflict dimensions are the political parties. This is the situation in nation state polities. That is not to say, that interest groups do not influence the political order. If, for example, they demand regulations which guarantee equal competition between economic actors, this does affect the order. However, they do it rather in terms of operationalizing general principles fitting them to institutional settings.

In the context of European integration, this might be different. According to Hix and Lord (1998: 209), the cleavage system in the European Parliament is defined by the traditional left-right dimension and an anti- and pro-integration dimension. Hooghe and Marks (1999) explicitly argue that contestation in the EU is defined by social democracy vs. market liberalism and nationalism vs. supranationalism. This indicates that the European party system is embedded in a two-dimensional cleavage space. If one can assume in analogy to the nation state situation that European interest groups back up the European party system, then the question arises whether they do this only in the traditional dimension of political conflict, i.e., left-right, or whether they also contest in the integration process. This would give them a function different from those of their national counterparts. Later in the paper this point will be taken up, though in a very limited way. The implications of this question for the meaning of contestation of interest groups in the European Union are obvious.

Another question, in analogy to Dahls fourfold table on opportunities available for contestation in nation states (Dahl 1971: 13), is how to understand contestation in the two-level regime of the EU. Opportunities for contestation are available at the national and supranational level. Participation can take place at these two levels as well. The level of interest group organizations active on contest is the crucial variable here. Articulation of national interest groups in the national polity is the traditional way democracy works. For contestation at the European level two routes are available: the national and the European. The national is characterized by activities of national interest groups to influence European decisions, either directly at the European level or via their national government. The European route, that is European level interest articulation and intermediation can only exist if there are effective interest groups at the European level (figure 1).

Figure 1: Alternative Routes for Contestation

		Contestation	
		National	Supranational
Participation	National	<i>Traditional</i>	<i>"National Route"</i>
	Supranational	(European)	<i>"European Route"</i>

A second distinction refers to the character of contest, depending on the structure of interest group systems. Taking up Dahls dimension of inclusiveness, interest group systems can be inclusive or exclusive. This, however, characterizes whether more or less interests are represented but not how. How they are represented depends on the degree of fragmentation of the interest group system. Provisionally, the following typology might capture the problem (figure 2):

Figure 2: The Scope and Character of Contest

		Interest Group System	
		Fragmented	Concentrated
Interest Group System	Inclusive	<i>Pluralism</i>	<i>Encompassing Corporatism</i>
	Exclusive	<i>Oligarchic</i>	<i>Selective Corporatism</i>

The analytical questions concerning the role of interest groups for political contestation in the European Union that result from these considerations are the following:

1) To which degree did a European system of interest groups emerge; when and why? Only if there is a sufficient number of effective interest groups at the European level, direct contestation is possible. Furthermore, the answer to the question when and why interest groups had been established might have implications for the character of contest. These can be formulated as the following hypotheses: if the emergence of European interest groups is bound to already implemented policy competencies, the likelihood that contest is primarily concerned with particular

policies, i.e., in the left-right dimension of political cleavage, is high. If interest groups form in anticipation, the likelihood that they also interfere with the future institutional development is higher than in the case of reaction.

2) The second analytical question refers to the quality or scope of contestation. It can be described in empirical terms with regard to inclusiveness and the structure of the interest group system that has emerged. However, it can be judged only in normative terms. Since contestation is possible only by participation and participation without the means of interest groups is rather limited even within the boundaries of nation states, interest groups seem to be even more important at the European level. The sheer number of people being represented by members of the European Parliament, for example, compared to the numbers within the European nations, makes clear that collective linkage between citizens and decision makers seems to be even more important for effective articulation than at nation state level (Wessels 1999). It is obvious that European democracy cannot be based on political institutions alone. As Alois Pfeiffer, member of the Commission of the European Communities put it: „It would indeed be condemned to superficiality were it not supported by representative socio-political forces...“ (foreword to Barnouin 1986).

### **3. Anticipation or Reaction: the Co-Evolution of State and Interest Groups**

The history of interest group systems in nation states shows that in many cases the competencies of the state have been the primary motive for founding interest groups. Trade associations, for example, have been founded to protect national capital against foreign capital (see Feldman, Homburg 1977). Other examples show that the state invited social interests to organize as an interest group in order to have a counterpart to speak to (British employers in the 60s). Many further examples illustrate that increasing competencies of the state have brought about interest groups. And even in cases where this seems to be not so obvious, for example in the case of labor unions, it can be argued that unions have been founded in order to receive legal recognition of workers interests and to implement bargaining structures where the rules of the game are protected by the state (see for example Armingeon 1992). In this case, the pattern of interest group formation obviously is *reaction*. The implication is that only if there is something to be contested a motive for organization arises. But this is obviously just half of the story of democracy. At least of the same

substance and relevance have been organized movements fighting for the right to contest – the bourgeois and labor movements in the first wave of democratization, civil rights movements in the most recent wave.

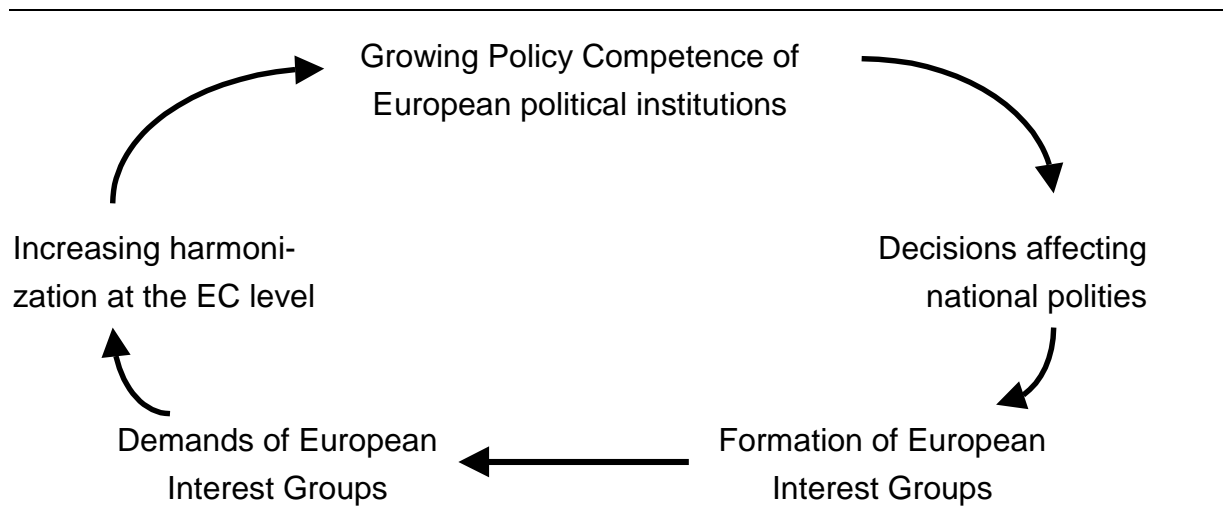
Another possible pattern is that interest groups form in *anticipation* of increasing competencies of the state or expected regulations by the state. In this case, one motive for organization is to influence scope and intensity of state interference, another to be early prepared to react to policy proposals as outcomes of general competence increase. For this pattern many historical examples exist, too.

The product of both patterns, anticipation and reaction, can be a kind of co-evolution of interest groups and the state. For example, the fatal explosions of steam engines in the late 19th century in Germany brought about a kind of self-governance of manufacturers to organize technical standards and regular checks of the engines. They formed a union that set the standards they had to comply with. The state transformed these standards into binding law and privileged the union to be the only one with regulatory competencies regarding steam engine technical security standards. This interaction process of interest group formation and the increase of state's regulation capacity can be regarded as *co-evolution*. Both processes reinforce each other and base on reciprocity. Co-evolution often includes division of labor between state and interest groups of different kinds: one is subsidiarity, i.e., self-governance, another delegation, i.e., formal powers of the state delegated to interest groups, a third corporatism and concertation (Glagow and Schimank 1984: 541).

Whereas reaction and anticipation relate to the timing of foundation as underlying dimension, co-evolution has one of the two processes as pre-condition. Its main character is not definitely related to time but to specific ways of interaction.

It is obviously not too far-fetched to assume that these processes that can be observed in nation state-context might also underlie the processes of interest group formation at the European level. A simplified model which could take care of all three interaction processes of European interest group formation and state development was early developed by Kirchner (1978: 4), who calls it „the circle of institutionalization“ (figure 3).

Figure 3: The “Circle of Institutionalization” of Interest Groups at the Supranational Level



Adopted from Kirchner 1978: 4.

For the question whether increasing state competencies are the driving force for interest group formation it is not so important whether community policies directly influence groups' exercise of demand and pressure or whether organizational strength of one actor provokes another set of interests to counter this influence (Kirchner/Schwaiger 1981: 5). Whether growing competence of the European level or growing competition between interests on the European scene, both developments are two sides of the same coin - the growing competence of the (supranational) state.

The “reaction-hypothesis” was probably put forward earliest. Most authors on European interest groups would agree with Sisjanski's hypothesis that „the development of the power of the European Economic Community has given rise to reaction from those interests, which are most directly affected.“ (Sisjanski 1972: 401). However, Kohler-Koch (1994: 171) believes to have also found evidence for the opposite hypothesis. She observed that interest group formation did not parallel an increase in the EC's competencies but that “the anticipation of a growing importance of the EC in a rather vague sense ... stimulated the establishment of transnational organizations” and not the actual transfers of powers.

Since the implications for the character of contest of both processes differ, the two hypotheses—reaction and anticipation—will be tested against each other. This

requires to identify the points in time when interest groups formed at the European level. If the anticipation hypothesis is correct, interest groups should either form close to a change in competencies of the European level, but in advance of it; or formation is erratic and diffuse accompanying European integration in a rather vague sense. If the reaction hypothesis is correct, interest group formation should mainly take place in conjunction and directly after a competence increase of the European level.

However, periods have to be identified which are characterized by increasing “stateness” of the EC/EU. Sidjanski (1972) separates several phases of interest group formation at the supranational level, each caused by the emergence of a new center of political decisions. The first wave started when the Marshall plan and the OEEC (Organization for European Economic Cooperation) were launched. „They were mostly groupings with a very loose structure, mirroring in this sense the loose power“ with which European institutions were vested. The next and already community related wave started from 1951 on with setting up of the ECSC (European Coal and Steel Community), bringing up about ten new major organizations, most of them specialized. 1958, the EEC commission (European Economic Community) was launched and this had the most profound effects in the early periods of European integration.

Following events increasing the institutionalization of a European level polity were the fusion of ECSC, EAEC (EURATOM), and EEC in 1967, the enlargement of the communities by Denmark, Great Britain, and Ireland in 1973, the first direct elections to the European Parliament in 1979, the Single European Act in 1987, the first level of the currency union in 1990, the Maastricht Treaty in 1992, its implementation and the introduction of the second level of the currency union in 1994. It is not so easy to formulate differentiated expectations with regard to the effects of these events. But it is not unlikely to expect that principal changes in the institutional architecture matter more than changes due to institutional fusion, enlargement, or policies. For the first direct European elections, two competing interpretations are possible: on the one hand, an EP with growing legitimacy and importance might be regarded as a new arena of lobbying and therefor facilitate interest group formation; on the other hand, the first direct elections had only symbolic relevance although later MEPs used their status of being directly legitimized to increase the powers of parliament.

The competing hypotheses of anticipation and reaction have been tested in two different ways: First, by using numbers of all interest groups founded in each year since 1945 as the dependent variable, second, on a stacked data matrix of 24 different domains of interest groups in order to test whether sector makes a difference. The reaction hypothesis has been modeled by introducing dummy variables for the year of institutional change and the two years after, the anticipation hypothesis by introducing dummy variables for the three years prior to institutional change as independent variables.

Turning first to the simple models, i.e., no differentiation of interest domains, results of regression analyses show that indeed principal changes in the institutional architecture correlate with interest group formation. They also show that the anticipation hypothesis cannot gain empirical support. The “reaction model” indicates major shifts of numbers of interest groups after the launch of the EEC in 1958, the Single European Act in 1987, the first level of the currency union, and the Maastricht Treaty. Effects are highly significant and differ strongly of those of the other events introduced in the model. In the “anticipation model” none of the coefficients is statistically significant, except two, that is, the signing of the Maastricht Treaty and its implementation. But in these periods, the dummies cannot separate between reaction and anticipation due to overlap. Since neither 1987 nor 1958 show significant effects in the anticipation model and almost all coefficients have the wrong sign, empirical evidence strongly supports the reaction hypothesis (table 1).

Table 1: Anticipation or Reaction? Founding of European Interest Groups

Variable	Annual:				Stacked:			
	"Reaction"		"Anticipation"		"Reaction"		"Anticipation"	
	B	SE B	B	SE B	B	SE B	B	SE B
P1951	2,27	3,53	-6,74	4,72	0,25	0,60	-0,86	0,78
P1958	<b>19,94</b>	3,53	-5,74	4,72	<b>2,99</b>	0,53	-0,98	0,76
P1967	1,61	3,53	-3,16	3,93	-0,49	0,61	<b>-1,17</b>	0,57
P1973	4,61	3,53	-2,74	4,47	-0,37	0,55	-0,89	0,64
P1979	1,28	3,53	-0,08	4,47	0,37	0,66	-0,37	0,60
P1987	<b>10,94</b>	3,53	-2,41	4,47	<b>1,40</b>	0,55	-0,70	0,64
P1990	<b>24,19</b>	3,71	1,89	4,70	<b>1,92</b>	0,47	0,38	0,58
P1992	<b>11,26</b>	3,84	<b>17,11</b>	4,86	0,93	0,51	<b>1,09</b>	0,50
P1994	-3,14	3,71	<b>15,55</b>	4,70	-0,32	0,65	0,87	0,49
AGRAR					<b>-3,45</b>	0,53	<b>-3,56</b>	0,54
INDUS					<b>-4,46</b>	0,46	<b>-4,53</b>	0,47
SERVI					<b>-2,89</b>	0,46	<b>-2,97</b>	0,47
POLSO					<b>-3,42</b>	0,54	<b>-3,69</b>	0,56
(Constant)	11,06	1,07	14,41	1,38	7,16	0,42	7,85	0,42
R Square	0,69		0,51		0,25		0,21	
R Square (adj)	0,63		0,41		0,23		0,18	
N	53,00		53,00		497,00		497,00	

Annual: based on all interest groups founded in the respective year.

Stacked: based on stracked data matrix of foundation by 24 interest group domains.

"Reaction"-assumption: interest groups founded in reaction to competence shift. Period dummies therefore are coded 1 for the respective year and the two after.

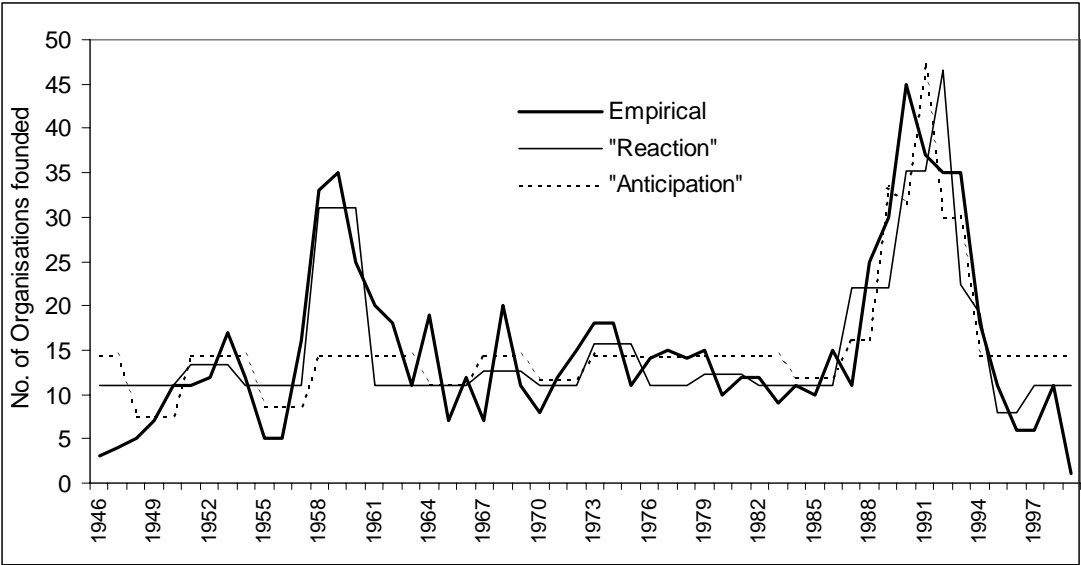
"Anticipation"-assumption: interest groups founded in anticipation to competence shift. Period dummies therefore are coded 1 for the three years before.

Most illustrative with regard to the two hypotheses is the plot of estimated and empirical numbers of organizations founded each year since 1946. There is a little peak in 1953/54, a rather large one in 1958/59, and an even larger one in 1988/89 which does not drop before 1993. The curve of the estimate according to the reaction hypothesis follows the empirical curve closely whereas the anticipation curve is not at all close to the empirical until 1988 (figure 4). As already mentioned, in this period of dense institutional change, dummies for anticipation and reaction overlap and effects cannot be disentangled. Regressions based on the stacked data matrix constructed from data for 24 specific domains do not challenge these results. Sectoral differences with regard to the impact of institutional changes are rather minor.

In general, the institutionalization of an intermediary system at the European level appears to have much in common with the development of interest groups at the nation state level. As in national boundaries the formation of interest groups can be regarded as a correlate of the growing competence of the „European state“.

Supranational interest organizations seem to come into being with the growing power of European political institutions.

*Figure 4:* The Dynamics of European Interest Group Formation: Empirical Values and Estimates of “Reaction-” and “Anticipation-”Hypotheses



The conclusion to draw with respect to the likely character of contest by interest groups in the European Union is quite straight forward: since waves of interest group foundations follow principal institutional changes, the major motive for interests is to have a say with regard to policy proposals in the enlarged area of competencies of the European state. This would mean that specialized functional representation rather than contest of the political order as such prevails in interest groups’ actions. With regard to cleavages this would also mean that the left-right (Hix and Lord 1998) or social democracy-market liberalism dimension (Hooghe and Marks 1999) dominates in the interest group arena.

But this interpretation must be taken carefully. Empirical evidence is based on foundation patterns alone. The policy perspective is neglected. In principle, results do not exclude the possibility of co-evolution nor the possibility of contest of the order in general. Later we will return to this point.

#### **4. Nations: Diversity and Inequality in Interest Group Participation at the European Level**

Most interest groups organized at the European level do not have direct memberships, but are umbrella organizations. As at the national level, where the umbrella organization represents regional organizations, European level interest groups are often umbrella organizations of national interest groups. Thus it might well be that the countries' interests group participation differs. This might be due to differences in resources available to participate or due to different interest profiles of societies or economies. Whereas the first indicates inequality at least to a certain extent, the latter is a matter of free choice.

But it may also be that national interest groups' participation at the European level reflects the highly diverse national patterns of organizational cultures. Membership rates in interest groups vary from a low 20 percent in Spain to more than 80 percent in Sweden (Wessels 1997). Diversity is even stronger with respect to structures of organizational systems. Union systems and systems of organized business vary, for example, between high internal and external power as well as between high and low fragmentation (Wessels 1996). Visser and Ebbinghaus (1992), Streeck (1996), and others have pointed to this fact and discussed the implications for interest groups representation at the European level. The message is similar in these studies: national patterns persist and define clear constraints for the formation of European interest groups. In this case, inequality would arise and lead to an unequal distribution of chances in contest.

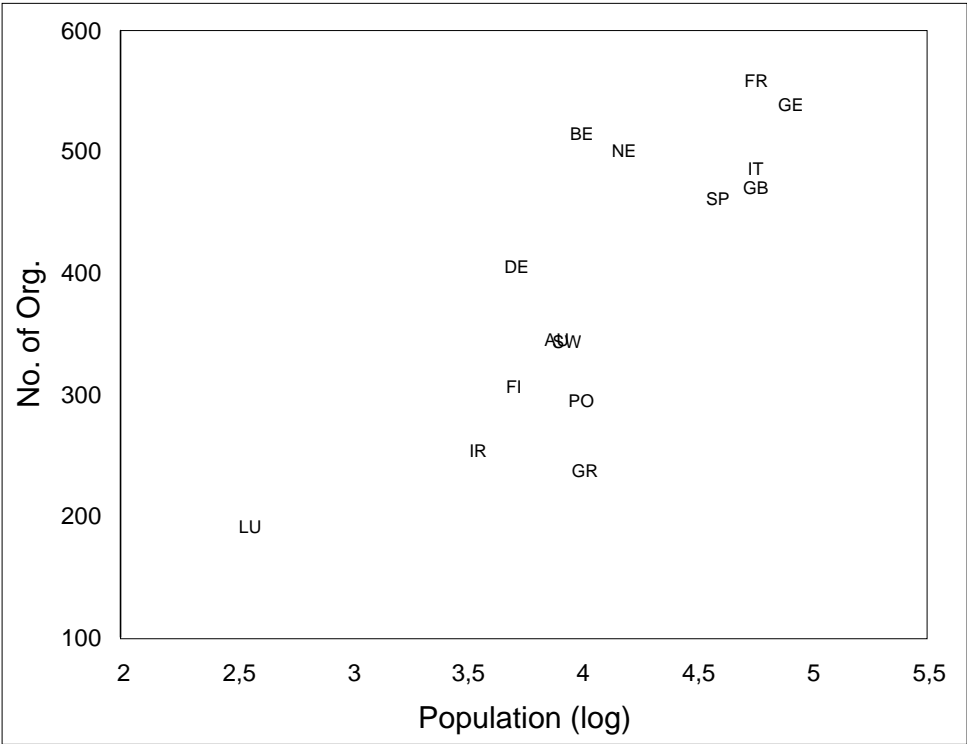
Turning to the resource aspect first, from organization research it is well-known that national interest group systems vary with population size and size of the economy. Whereas this does not pose problems within the national context, the situation is somewhat different at the European level. If different sizes of societies or economies do result in different participation rates this would mean inequality between interests under the assumption that there is no justification that one and the same interest should have a different chance of articulation depending on the country where it comes from. Another consideration would come to the opposite conclusion by using the analogy to territorial representation. In this case, one would argue similar to election rules that votes have to have equal weight. Thus a smaller country's

electronic industry should have a smaller chance for participation than a larger country's electronic industry, for example.

What is known as population ecology approach of organization research for the national context can be applied to the European level. There is a quite strong correlation of the number of European level organizations that countries are represented in and population size (R squared .65), an even stronger one for size of the economy measured by GNP (R squared .81) and again a stronger one for size of export (R squared .89) (figures 5-7). France's and Germany's organized interests rank highest and are present in about 550 European interest groups, followed by Belgium, the Netherlands, Italy, Great Britain and Spain (between 550 and 620). Further down on the scale comes Denmark (ca. 400), Austria, Sweden, Finland, Portugal, Ireland, and Greece (between 220 and 340), last is Luxembourg with about 200 memberships in European umbrella organizations.

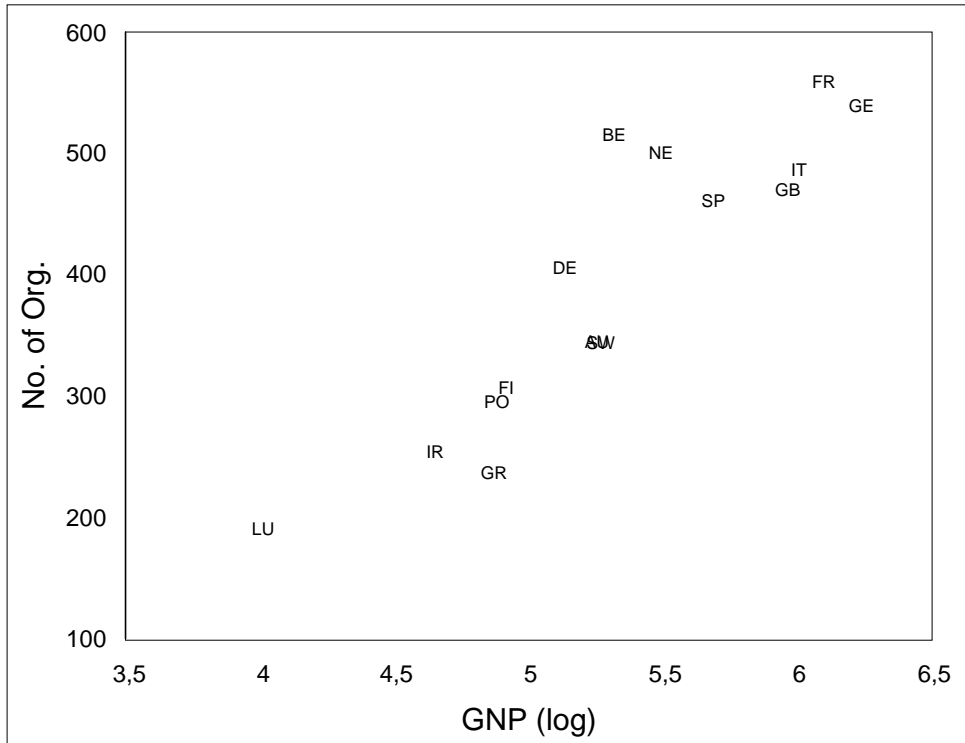
Figures 5-7: Population Size, Size of the Economy, Size of Export and Number of Countries' Member Organizations in European Umbrella Organizations

Figure 5



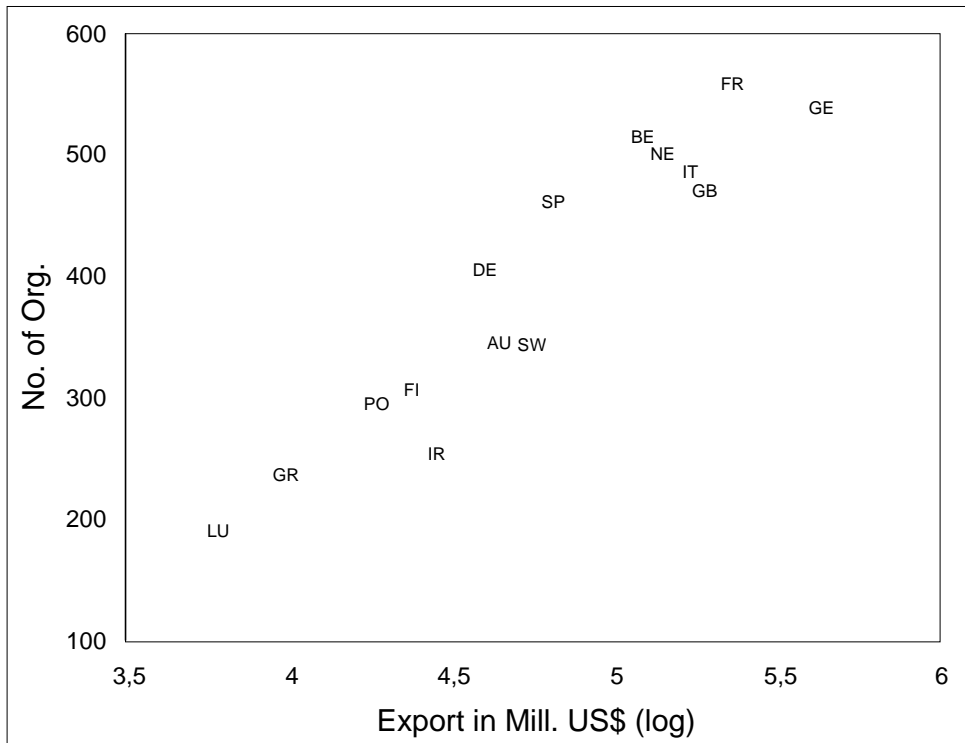
R Squ. 0,65, T 4,87

Figure 6



R Squ. 0,81, T 7,56

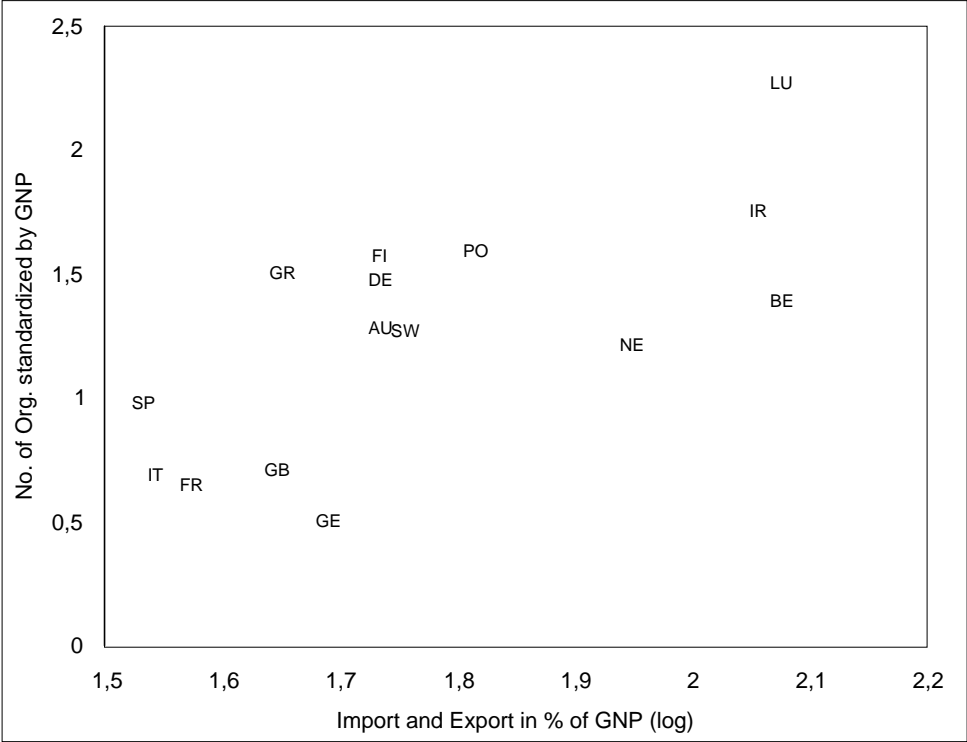
Figure 7



R Squ. 0,98, T 10,48

There is clear indication that countries' interests do have different chances of articulation. This, however, might not necessarily mean inequality in representation even if one would assume that there is no justification to weight the same interest from different countries differently. The scope of interests in smaller societies and economies might be smaller. Some interests just might not exist due to different degrees of functional differentiation. Functional differentiation is difficult to measure. More easily to measure is the portfolio of an economy. Empirical results, however, show no relation between the size of economic sectors and the relative proportion of numbers of national interest group members of a country.

*Figure 8:* Trade Dependency and Standardized Number of Countries' Member Organisations in European Umbrellas



R Squ. 0,50, T 3,62

Standardizing the number of national organizations present in European umbrella organizations for the size of the economy shows that the number of organizations is quite closely related to trade dependency of a country. Standardizing for the size of an economy even indicates that organized interests from smaller economies are more present than would be proportional (figure 8). This result indicates that the

degree of participation at the European level and the differences in participation could be a mere consequence of different interest structures in the societies and economies of the member states. In this case, unequal participation would not mean unequal representation and thus not unequal chances to contest policies or institutions. However, results also show that the emerging system of European interest groups is quite diverse and probably far from being “encompassive”.

## **5. Sectors and Domains: Diversity and Fragmentation of the European Interest Group System**

How interests are organized is of importance for their success. But the way of organization is not only relevant for their success but sometimes also important for the success of the state. The hypothesis of the co-evolution of interest groups and state stresses this aspect. Co-evolution in this sense means to organize in a mutual way steering capacities for the implementation of regulations or other kinds of policies. Results presented here validate to some extent what has been called „spill-over“ in functionalist integration theories (Haas 1964). Co-evolution, however, is a different process. It requires interest groups which are close to a representation monopoly in their field and quite highly centralized organizations with the ability to bind their members. In this regard, prior research results seem to be not too promising except for particular policy fields (for example technical harmonization, see Eichener and Voelzkow 1994). It is rather emphasized that European interest groups lack the capacity not only to bind their members but even to act on behalf of their members. Schendelen argues that, given the problem to create representative linkages at the national level, „it is clear that these problems are even bigger at the transnational level of the European Community“ (Schendelen 1991: 359).

Some interest groups, however, have increased their powers vis-à-vis their members considerably during the recent years. ETUC started a reform of its internal structure in 1991 and succeeded in amending the ETUC constitution in 1995, so that now the executive committee can determine who is with which mandate in the delegations negotiating with employers. UNICE changed its statute in 1992 and became responsible for representing its members in the negotiations about the Social Agreement. Supported by selection criteria of the Commission for organizations to be

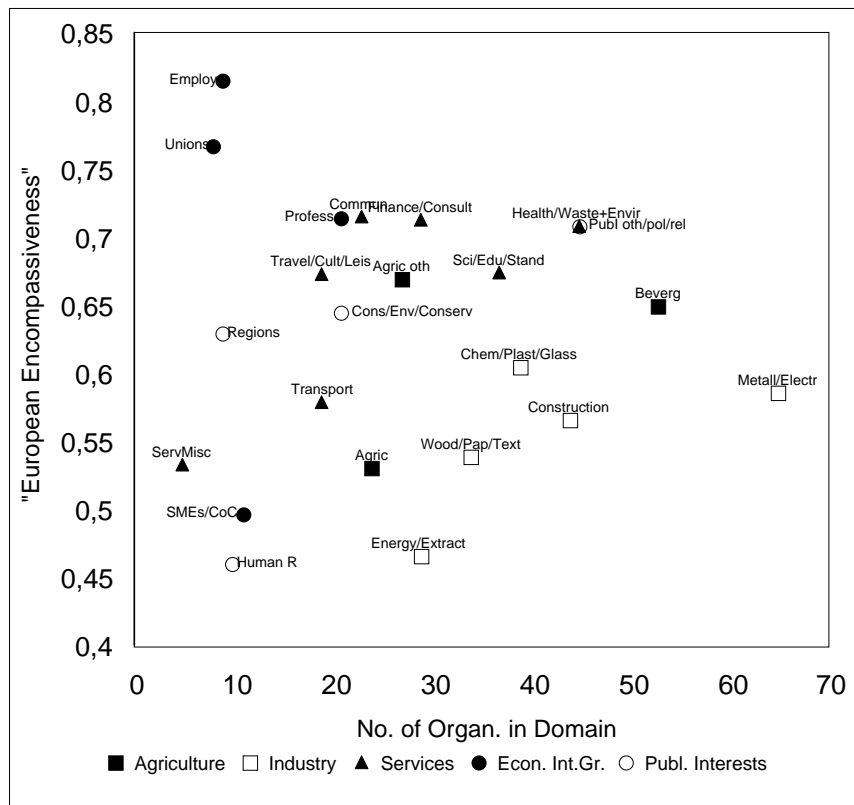
included in the consultations, the respective interest groups became partly monopolists in their area (Falkner 1997). The Social Agreement which was implemented in 1995 was the collective agreement signed by the peak organizations of employees and employers. This might quite an ideal type of co-evolution of interest groups and the state: the interest groups gaining more power internally and externally, the state gaining more regulatory capacity.

The example shows that generalization is problematic—at least today. Neither could be claimed that interest group pluralism and diversity at the European level inhibit interest articulation and contest, nor could be claimed that meanwhile organizational help by the state, i.e., the EU, is so developed that divergence and fragmentation have disappeared and an effective intermediary system has already emerged. The problem of generalization is on the one hand one of variety and complexity, on the other hand one of observation and criteria. Intense research of interest groups' action is possible only with a limited sample of organizations and thus with a limited generalization potential. Eyeballing the degree of pluralism and diversity does not help either.

The data available for self-registered interest groups is also rather limited with regard to the characteristics of the organizations. But nonetheless, with two empirical informations it is possible to capture the degree of differentiation of interest group domains, the degree of “encompassiveness” and in consequence the degree of fragmentation. The underlying assumptions are quite simple and straight forward:

- The *degree of differentiation* of an interest domain like the communications sector or agriculture is expressed by the number of European interest groups being engaged in the field.
- *Encompassiveness* is harder to define. This concept, introduced by Olson (1982), characterizes organizations that more or less completely represent a particular relevant segment of interest. At the European level, complete representation means—in line with what European integration is about—representation of the interests of all member states. It can be measured as the proportion of interest groups in a domain representing all 15 member states. This measure is not the same as what Olson had in mind but rather an application to the European context. It measures “European encompassiveness”.

Figure 9: Differentiation and Degree of “European Encompassiveness” of Interest Domains

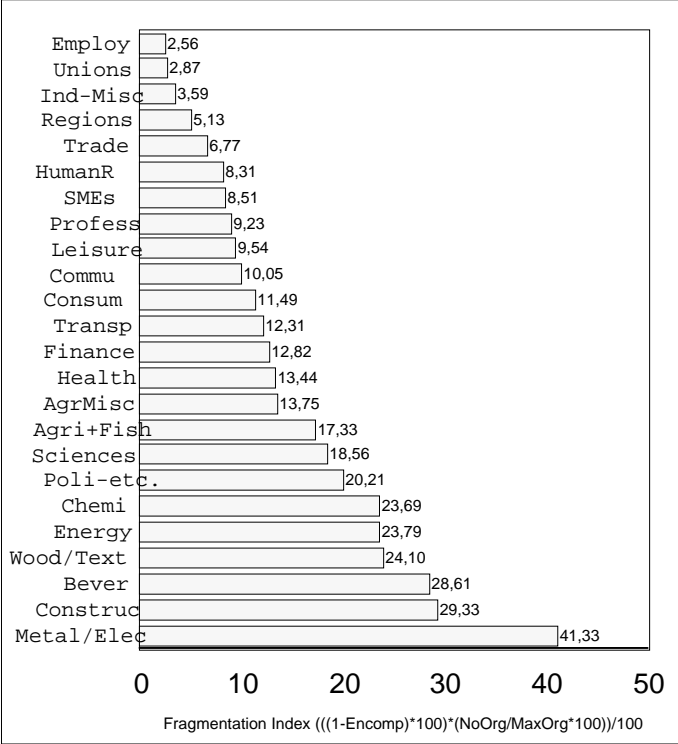


Plotting interest group domains against these two measures shows that there is great variation with regard to the degree of differentiation and European encompassiveness of interest domains. Most differentiated are the metall and electric industries, least employers’ organizations, labor unions, and part of the service sector. Least encompassive from a European perspective are human rights interests and the domain of energy and extractive industries. European encompassiveness is highest among unions and employers (figure 9).

Looking somewhat closer at sectors, industry shows on average the largest degree of differentiation and the lowest degree of European encompassiveness. Less differentiated and more encompassive is agriculture, followed by services, public interests, and economic interest groups. With respect to representation and contestation this might indicate different degrees of specialization. The potential for most specific and least general contest is highest in the industrial sector, the potential for least specific and most general contest is highest with the socio-economic interest

groups. This also translates in fragmentation as a product of non-encompassiveness at the European level and the degree of differentiation of a domain (figure 10).

Figure 10: Fragmentation of Interest Groups Systems of Different Domains



### 6. Interest Groups and Political Contestation in Europe

The development of contestation potential in the European Union as expressed in the degree of inclusiveness and participation of interest groups at the European level was highlighted in this paper. Several tentative conclusions can be drawn. For some relevant aspects, however, some more work has to be done. One very simple, although not unimportant finding is that indeed a contestation potential of interest groups has emerged: from some ten organizations existent in 1945, the number of interest groups has risen to more than 900. The pattern of emergence of interest groups follows rather a pattern of reaction than one of anticipation.

One possible implication is that European interest groups are more concerned with specialized contest of policies than with the political institutions or the political order.

But there are counter-examples that show interest groups also contested the European integration process, for example the unions (see Kirchner 1978).

Another aspect dealt with was whether there is inequality in contest potential of interest groups between countries. Countries are the main subject of integration. Thus inequality between them would clearly reduce democratic contestation potential and increase selective, probably oligarchic, contest. However, it is hard to draw conclusions from the findings. First of all, differences in participation of countries' interest groups in European umbrella organizations are huge. Differences are clearly related to the size of societies and economies. Whether this means that there is a resource gap between nations indicating inequality in participation is not easy to judge. Evidence provided here suggests that different participation rates are a product of different degrees of functional specialization or scope of economies rather than an indication of inequality. Indirectly, this conclusion is supported by the finding that the number of national interest groups engaged at the European level standardized to the size of the economy is highest for the smallest countries. Furthermore, standardized interest groups' involvement in European umbrella organizations co-varies with trade dependency of a country.

But these results as well as the results with regard to the differentiation and European encompassiveness of interest groups of the diverse domains also indicate that the degree to which one might speak of a European system of interest mediation and contestation is a matter of normative judgement. Obviously, socio-economic interest groups like unions and employers are most European in this regard, industries least. The pattern and degree of fragmentation of interest groups between sectors indicate that economic interest arenas in a strict sense are more concerned with highly specialized contest, more political interest groups rather with general contest that might also include contestation of the political order.

If this is true, the implication would be that contest of interest groups at the European level is more concerned with conflicts related to left and right than with those concerned with supranationalism vs. nationalism. However, this conclusion must be taken carefully. More research on the policies of interest groups is necessary.

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