Deepening by Logrolling: European Commission’s and Large Firms’ Bargaining Strategies as an Instrument of Achieving Transnational Competencies

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1 Introduction

There are several policy areas in which the European Commission (EC) successfully acts without any formal competencies. This is usually described as a weak form of vertical governance. Though we can find many descriptions of this form of governance by social scientists (cf. Jachtenfuchs/Kohler-Koch 1996), we still lack a more satisfactory explanation why the EC is quite successfully engaging in it.

While the Commission possesses neither financial resources nor legal responsibilities in some specific policy fields—e.g. energy or transport—there are other fields in which the Union has gained important competencies—e.g. agriculture, technology, trade, anti-trust and liberalisation policy. In the present study we will argue about the existence of a strong relationship between the enlargement of competencies for the Commission in some fields and the increase of influence of the EC governance in others. The success of the EC's weak vertical governance is a result of its application in connection with ‘hard’ horizontal bargaining procedures. This relationship has not yet been the subject of neither the theory of multi-level-governance nor of normative research. Our study of the logrolling-mechanisms between the EC and large firms is an approach to fill this gap.

In order to proof our hypothesis we will compare the two policy-fields biotechnology and energy policy. We have chosen these two fields, because they show some important differences: Biotechnology on the one hand is a policy area with supranational companies as main actors, increasing competencies of the Commission and a high level of horizontal co-ordination among all departments of the Commission involved. Energy companies on the other hand are mainly nationally or subnationally organised. The EC has no formal competencies in the quite narrow field of energy policy and yet there are no indications of horizontal co-ordination structures within the Commission.

We will assess the welfare effects of logrolling using the lens of recent public choice theory. Our theoretical and empirical results will have consequences for the evaluation of the process of enlargement and democratisation of the Union. Finally, we will present a conclusion, how to prevent the reduction of welfare by logrolls and how to use the increasing welfare potential of logrolling.
2 A logrolling lens on Commission's policy

The quick and uncertain process of institutional changes within the European Union calls on its political and economic actors to endeavour to gain influence on policy outcomes and to engage in the formation of new institutions. Within this struggle each actor tries both—to maintain its decision-making powers and to gain a higher influence (Schumann 1993). The connection of policy-making and institutional change has led to highly complex politics. Furthermore, the EU-decision-making process is supposed to be hampered by the so-called "joint decision trap" (Scharpf 1988). It means that decisions cannot be reached by simple majorities or through the existence of hierarchical structures but instead must be reached by negotiations that require unanimity votes or at least qualified majorities. Such negotiation systems are assumed to be unable to contribute to the progress of positive integration of the Union because of actors using their veto right. We see reason to suppose that, ceteris paribus, these blockades will be strengthened by the enlargement of the Union because then there will be even more actors representing even more different interests and cultural backgrounds. Consequently, the public choice literature states that within complex political settings and joint decision sets negotiation is often modelled by logrolls. Logrolls can be defined as the exchange of loss in some issues for benefits in others resulting in mutual overall gain between actors with different interests and beliefs. The basic idea of these arrangements is to establish links between issues which are of different value for the trade partners. Actors accept loss in some fields to gain larger profit in others. In sum, we can state that these arrangements allow traders to express different intensities of preferences which are ignored by separate decisions under the majority rule (Stratmann 1995). Hence there is a high probability of package deals—if there is a win set—to enlarge overall profit (cf. Mueller 1989; Stratmann 1997).

The logrolling strategy is particularly necessary for actors in a pluralistic and competitive environment. In the extreme, an actor is at the short end of an n-1:1 vote, so s/he needs to win over at least half of her/his opponents to get what s/he wants (this is what Shepsle and Weingast 1994, 154 call "heterogeneity"). This may often be true in the EU, because each single actor has specific interests while natural partners are rare. Therefore, the only possibility to reach positive integration is to combine different features. This phenomenon is strengthened by the enlargement of the Union. Consequently, the main advantage which is offered by logrolls is the surmounting of blockades of decisions, which possibly increases the
welfare of the whole policy-net, while it decreases the profit of single actors, who are also needed to pass decisions.

Logrolls also require traders to have resources desired by their logroll partners: Each trader has to assess the partner’s resources more valuable than her/his own. Empirical investigation has shown that it is often difficult to agree upon joint decisions, which include symmetrically benefits and losses for both partners.

Package deals including different policy-areas between corporate or collective actors can lead to several problems. Public choice theory points to the problem of the internal distribution of benefits and losses within each set of individual actors. If collective actors lack hierarchical control, logrolling agreements are less likely to occur since they will be blocked by the disadvantaged subactors. Nonetheless, public choice models mostly assume equal institutional backgrounds and stable belief systems among traders (Benz/Scharpf/Zintl 1992).

Empirically, the idea of logrolling was first adopted in order to qualify a specific form of decision-making procedure within the US Congress, where it is used in a more narrow sense, as the exchange of votes (Ferejohn 1986; Shepsle/Weingast 1994; Stratmann 1992). US-American literature provides a wide outlook of majority rule legislature in different contexts (i.e. Baron/Ferejohn 1989, for an overall theoretical view of Congressional politics see Shepsle/Weingast 1994). The mathematical theory of voting claims that logrolling can even be profitable if actors have the necessary majority to get their desired decisions through. This thesis is based on the following argumentation: On the assumption that two competing vote buyers move sequentially, the costs for constructing a minimal winning coalition can be much higher than buying a supermajority coalition. If a vote buyer has bribed more than a minimal winning coalition s/he can decrease the bribes because s/he does not need each voter. The savings from this decrease of bribing can be higher than the costs for bribing more voters (Groseclose/Snyder 1996). So policy leaders need to find as wide a majority for their propositions as possible. This shall always apply, even if leaders seem to win co-operation by arguments and not by bribery.

We claim that politics following a logic that is comparable to the logrolling within the US Congress can also be found on the European level. Although logrolling is mostly used for analysing legislation (but see Stein 1980; Sebenius 1983; Benz/Scharpf/Zintl 1992) we do not apply this model to the decision-making procedures within the European Council or Parliament but to the decision-making process in the Commission. We assume that the Commission is still the most important actor within legislation. Each proposal starts with an
initiative of the Commission. Normally, the Commission’s proposals are not fundamentally altered by the Council or the Parliament. Furthermore, we assume that logrolling processes are more likely to happen in the first phase of a decision-making process than in a later one: as soon as actors have made official statements about proposals they can hardly change them, especially when they depend on regular election confirmations.

Another reason for choosing the Commission in our analysis is the extensive role it plays in negotiations with organised interests. While in Washington the most important point of access for interest groups is the Congress, in the EU this role is mainly played by the fragmented Commission. We decided to investigate logrolling procedures between the Commission and large firms because the latter have emerged as an important actor in the EU. So far their cooperation with the European Commission has only been observed by few studies, which pointed out the emerging mobilisation in different policy fields. Direct influences of large firms emerged in the early 1980s. This phase witnessed the creation of the EU Committee of the American Chamber of Commerce (AmCham) and the European Round Table of Industrialists (ERT), one of the most influential interest groups in Brussels (Coen 1997a, b, Greenwood 1997, Cowles 1998). We consider it worthwhile evaluating the development of co-operation between large firms and the Commission as a result of the Commission’s increasing competencies and the presence of large firms in Brussels.

Furthermore we have chosen the Commission and large firms as our main focus because of the assumed vertical (not horizontal!) homogeneity of these actors which does not advocate the interests of Member States. An investigation of the Council or the Parliament would lead to the problem of "nested" and "two level" games, so one would have to pay more attention to the building of attitudes within the corporate actors (cf. Behrens/Meyer-Stumborg/Simonis 1997). The concentration on the Commission avoids additional empirical problems and makes it possible to see well-known problems through a new lens.

The concentration on these two very special types of actors will give us the chance to enhance the existing empirical evidence for logrolling. Though the EU shares some striking similarities with the United States—both systems have divided institutions and provide many points of access to interest groups to feed the policy-making process—our study provides some theoretically interesting peculiarities. By comparing Brussels with Washington we find less public control of the government in Europe and a lack in the EU of a powerful and directly elected parliament. Furthermore, there are fragmented policy competencies within divided institutions
and there is no well-resourced bureaucracy in the Commission which could also co-ordinate special forms of interest intermediation (Aspinwall/Greenwood 1998, 25). While the Congress and other legislatures contain stable majority rules, the EU is a joint government with fluent competencies. This peculiarity of the Union will be strengthened by employing additional actors to this yet unstable decision-making network as a result of enlargement. On the contrary to the coalition formation, vote buying and logrolling within the US Congress, the single actors in the fragmented system of the European Union do not have any (formal) equal vote power. Therefore it is impossible to provide exact numbers of voters, which plays an important role in the first phase of the decision-making process under the lead of the European Commission.

Theoretical modelling logrolling arrangements between the Commission and large firms demands for new theses about the main goals of these actors. We suppose that the Commission’s main goal is to enlarge its competencies. Nonetheless there will be different goals by different Directorates General within the Commission, which will be empirically tested in the following chapter. Large firms on the other hand can be assumed to advocate mainly their economic interests.

Both are incapable of achieving their goals without partners. The Commission lacks in some fields legislative decision-making powers within positive integration. Furthermore it needs partners to shift promotion funds from the Member States to Brussels. In order to be capable of making decisions without the consent of the Member States, the Council and the Parliament and in order to win over partners for European research cooperations, the Commission has to use its regulatory and financial competencies as well as its power within negative integration.

Depending on different policy fields the Commission has various legal bases at its hand, all of which differ regarding to the influence and liability of the Commission’s decisions. It can thus use its competencies in some fields—for example agriculture, competitions, genetic engineering regulation and trade—to gain influence in fields, where it still lacks legal powers and large economic funds like energy, transport, the promotion of industrial biotechnology, and welfare—as will be shown in this paper.
3 Logrolling in biotechnology policies—significant obstacles but first experiences

Technology and particularly biotechnology policies belong to the most important areas of European public policy-making. A lot of regulative competencies regarding precautions for the field of genetic engineering and addressed to researchers and the industry have been transferred to Brussels. The EU’s range of authority includes horizontal measures applying to any use of genetic engineering in research and industry as well as vertical measures addressed only to specific applications of genetic engineering, such as agriculture, food or health. Furthermore the EC has funds to engage in promoting biotechnological research and industry. Additionally negative integration which depends on Article 100a EEC, and anti-trust decisions are of interest to biotechnology firms. This wide range of issues, all of which are of central concern to large firms, establishes the background for their negotiations with the Commission. On the other hand the Commission depends on counselling the industry and experts, who are of main concern in this knowledge-based field. Furthermore, it needs the help of industrial partners to overcome possible resistance of actors within Member States, parliaments and NGOs. Therefore we have to assume that biotechnology is an area with a high probability of logrolls between the Commission and the industry. In the following we will describe the EC's biotechnology politics and policies and particularly stress on hints for logrolling.

The first attempt of the European Community to regulate biotechnology—especially genetic engineering—occurred in the 1970s. At this time representatives of the Commission considered biotechnology as a fair ground to enhance the Community’s competencies since this new field had not yet been regulated by Member States and there were no stable institutional settings of actors and policy nets on a national level. During the following struggle to add biotechnology to the political agenda scientists played a critical role in Brussels and the Member States. Scientists have been organised on a European level since 1963 by the European Molecular Biology Organization (EMBO) which was one of the most engaged actors in the formulation of first proposals for a European biotechnology policy (Cantley 1995, 522-524).

Though the Commission tried to take over the responsibility of this new policy field and to adopt obliging directives, this first attempt failed. One reason for this failure was the little support it received from genetic engineering users (Bandelow 1999, 97). In this phase the Commission lacked any resources of interest for biotechnology firms. This can partly be explained...
by the small size of the European biotechnology industry at this time. Biotechnology does not belong to the non-competitive branches of industry, which need state subsidies. It is rather a cross section method used additionally to (and during this first time particularly within) other relatively successful branches of industry. Chemical, pharmaceutical and food industries were not particularly interested in European research and development programs. Representatives of industry boards and industrial associations perceived themselves primarily as advocates of the traditional chemical industry, while they were unaware of the increasing importance of biotechnology (Greenwood/Ronit 1992).

In addition, the very limited regulatory competencies of the Commission were not of interest to the few existing firms as well. But the Commission depends on the support of different powerful actors. Until 1987 its proposals needed unanimous support of the Council while there were durable conflicts between the Member States. Particularly the large states refused any shifts of research funds and competencies to Brussels because they had already founded national research programmes (Bongert 1997, 121-3). During this first period only the Commission’s department for research (DG XII) was engaged in biotechnology. While a small group of scientists put forward a first proposal for an EC research programme for biotechnology in the mid 1970s, this programme was not established until 1982. After several years of debating the Biomolecular Engineering Program (BEP) was launched in order to support some special research fields in the years from 1982 to 1986. The BEP funds amounted only to 15 million ECU, thus the program could not give the industry effective incentives for an engagement in supranational co-operation (Gottweis 1995, 238-9). Only two companies participated in BEP-projects. There were several large firms who embraced biotechnology in one form or another. But they all were reluctant to the Community’s promotion of biotechnology for different reasons. For example German companies feared that the Commission's funds would be diverted from Germany’s own domestic programs. French companies criticised what they saw as insufficient scientific co-ordination by the Commission. A lot of firms had established links to the United States and did not necessarily wish to restrict themselves to European partners. So the Community could not get the enthusiastic support from firms as national governments got for their first promotion of biotechnology (Russel 1990/91, 48-53).

The situation changed significantly in the mid 1980s. The increasing globalisation of markets forced the European companies to merge in order to become competitive multinationals with a Community-wide marketing base. This effect of globalisation gave the Commission the possi-
bility to establish itself as the co-ordination centre for the shaping of European biotechnology (Gottweis 1995, 237-8). Furthermore, the European Community increased its legal competencies: The Single European Act (SEA) provided the Community with explicit powers in research and technology development (Articles 130f-p EC) as well as in the domain of environmental policy (Articles 130 r-t EC). This formal enlargement of the Community’s power gave the Commission the shape of a rather interesting partner for large firms. While the Biomolecular Engineering Program had basically been addressed to fundamental research, the new competencies included applied industrial research. Hence, the last word within the legislative process to enact research and technology programmes was still been given to the Council (Gottweis 1995, 245).

The necessity and desire for a European genetic engineering law had become indisputable. Still, there remained a conflict between the Commission’s environmental department and other actors. While DG III and XII supported product-orientated regulations, DG XI (Environment; and, until 1991, Consumer Protection) advocated a new process-orientated approach. In the following struggle between different Directorates it became obvious that DG XI held an isolated position within the Commission. Till the mid 1980s the coalition between DG III, XII, industry, major science organisations and the majority of Member States seemed to dominate the formulation of the planned directives (Bandelow 1997).

There was another important shift in the politics of biotechnology policy in Europe: the sudden change from public to political perception of possible risks of genetic engineering. This development was partly based on the Chernobyl accident and the perception of genetic engineering as a technology comparable to nuclear energy. As a result of the nuclear disaster, ecological movements and green parties gained influence within several Member States, especially in the Nordic countries and in Germany. This change made it impossible for large firms to avoid binding regulations of ecological concern. Since the individual Member States were still in the process of adopting genetic engineering laws, a policy window was opened within the Commission to environmentalist actors on the grounds of growing pressures, through which they could act successfully.

In the following years DG XI dominated the process of the formulation of the directives on contained use of genetic modified micro-organisms (90/219/EEC) and deliberate release of genetic modified organisms into environment (90/220/EEC) by using various environmentalist organisations, national green groups and actors within the European Parliament as partners. Hence, DG XI's success was mainly due to the negotiation process within the
Commission. While DG XI had been isolated within the Commission in the early 1980s, industry and departments supporting research could not manage to get a single position to outvote their opponents at the decisive stage of the policy-making process. On the contrary, DG XI reached a temporary state of alliance with DG III and managed to avoid any cooperation of the majority of genetic engineering supportive members of the Commission (Bandelow 1999, 98-107).

Thus the very first results of EC's genetic engineering policy did not correspond to the goals of biotechnology firms (Cantley 1995, 565). This defeat became clear when the Commission drafted its proposals for the two genetic engineering directives in 1988. While the negotiation within the Commission and between the Commission and other EC institutions was one reason for this defeat, the weakness of the industry in the early and mid 1980s was another.

Not only large firms lost this first struggle. The Commission as a whole was neither very successful if we consider its common interest in the enlargement of its own competencies. Whereas it was possible to set a framework for a genetic engineering law in Brussels, the second main aim of the Commission, the Europeanisation of promoting biotechnology, failed (Bongert 1997). Towards the end of the 1980s the European Community started two biotechnology programmes (the Biomolecular Engineering Program 1982-1986 and the Biotechnology Action Program 1985-1989) which had a budget of no more than 90 million ECU altogether.

While the main interest of the Commission as a whole was to get large funds for the promotion of biotechnology, regulation policies became more interesting for the industry (Szczepanik 1993). This situation gave both actors, Commission and large firms, incentives to make arrangements with each other: In order to become a successful promoter the Commission depends on the industrial partners in order to get information, support and lobbying pressure on the Member States. The Commission "has moved towards attempting to entice the companies’ support first, encouraging them in turn to push for more enthusiasm from their governments" (Russel 1990/91: 52). On the other hand, large firms depend on the Commission’s proposals and decisions in order to decrease demands of and prevent bans within genetic engineering regulations.

At first, the experience of restrictive regulations from Brussels became a starting point for the large firms to change their form of lobbying. The threat of binding supranational regulations gave the Commission for the first time an important resource for becoming a logrolling partner of large biotechnology firms. In mid-1989 large firms created the "Senior Advisory
Group on Biotechnology" (SAGB). This specific form of association was the object of outstanding investigations (Greenwood/Ronit 1992, 1994, Greenwood 1994, 1997). It also became a model for many other branches in establishing direct participation for large firms in the 1990s (Coen 1998, 77). While former European associations were peak associations of national federations of associations, the SAGB started with just seven large firms as direct members (Hoechst, Monsanto, ICI, Rhône-Poulenc, Montedison, Unilever and Sandoz). It was thus able to overcome all the co-ordination problems of its proceeders. All European peak associations witness conflicts between large and small firms, between associations representing poor and rich countries and between various branches of industry (cf. Lanzalaco 1995). The SAGB as an exception only organised large firms with the aim to become competitive in the global markets. For SAGB-members the European Commission was the prime institution to turn to. The Commission was also the force behind the foundation of this large firms’ lobby. Already in 1984 the Commission invited 17 industrialists to a meeting with the Directors-General Fernand Braun of DG III and Paolo Fasella of DG XII in order to discuss the co-operation between the industry and the Commission.

Additionally to the SAGB, the national bioindustry associations of Belgium, Denmark, France, Italy, Spain, The Netherlands, and the United Kingdom established an umbrella organisation that solely advocated biotechnology interests (the European Secretariat of National Bioindustry Associations, ESNBA). Formed in December 1991, the ESNBA developed a mutually supportive relationship with DG XI while large biotechnology firms and the SAGB enjoyed a close relationship with the DGs III and XII (Greenwood 1995; Aspinwall/Greenwood 1998, 25).

While the aims of both interest representations were about the same, SAGB became the much more successful model. The European umbrella association could only add an additional voice. However, like the SAGB, the ESNBA did not represent the whole branch, as there exist no biotechnology industry associations in several Member States like for example in Germany yet.

The SAGB started to become successful in 1990. In January, the group summarised its main targets in three booklets; the most important was titled "Community Policy for Biotechnology: Priorities and Actions" (Wheale/McNally 1993). Included in its statement was a list of demands for the revision of the Community’s genetic engineering directives. The Commission's DGs III and XII took this paper as an guideline for their own proposals. In April 1991, Martin Bangemann of DG III presented a Communication to the Council of Ministers
(Industry) in which almost the same formulations were applied as in the former SAGB-booklet. Although DGs III and XII advocated the interests of biotechnology firms, the enterprises still had a major problem: The lost struggle of the 1980s is responsible for the remaining of the responsibility for genetic engineering regulations at the Commission's environmental department (DG XI). As long as DG XI controlled this crucial area, the possibility of logrolls between large firms and their partners within the Commission was limited. DG XI rejected advice from other directorates and did not consult representatives of large firms but its own experts (Cantley 1995).

Thus in the view of the industry, the first aim was to overcome the influence of DG XI to get access to the formulation of regulative proposals. The best way to achieve this aim was to improve the horizontal co-ordination of the Commission’s biotechnology policy by making use of the structural majority of the partners of the industry in the Commission.

Actually horizontal co-ordination of the Commission’s biotechnology policy was initiated in the mid 1980s for the first time. A first informal meeting of members of different Directorates General took place on 28 November, 1984. This meeting was attended by members of Directorates General III (Common Market and Trade), IV (Competition), V (Occupation, Industrial Relations, and Social Affairs), VI (Agriculture), XI (Environment, Nuclear Safety, and Civil Protection), XIII (Telecommunications, Information Industry, and Innovation), and, as organiser of the meeting, Directorate XII (Science, Research, and Development) which sent also a representative for its representation Unit for Biotechnology in Europe (CUBE). The main issue of the first meeting was the question of how to take action within regulatory issues that belong to the field of genetic engineering. As a result of the first meeting, the "Biotechnology Steering Committee" (BSC) was founded, intended to improve the interservice co-ordination. On 24 July 1985 the BSC in addition set up the "Biotechnology Regulation Interservice Committee" (BRIC) to co-ordinate the individual Directorates (cf. Gottweis 1995, 422-430).

Unfortunately neither the BSC (1984-88) nor the BRIC (1985-90) had the authority to resolve the conflicts which exist between the different Directorates General (Wheale/McNally 1993: 278). It was only due to the increasing pressure of large firms within SAGB that led to effective horizontal co-ordination of biotechnology policy within the Commission (cf. Katzek 1991; Kädtler/Hertle 1992; Greenwood/Ronit 1992; 1994). This "Biotechnology Coordination Committee" (BCC) was founded in March, 1991. Involved in the BCC were the four "major baronies" (Cantley 1995: 638): DG III (Industry), VI (Agriculture), XI
(Environment), XII (Science, Research & Development). There were three tasks laid at the responsibility of BCC:

1. To examine new initiatives made by the Commission’s services and prepare final decisions.

2. To create a system of Round Tables involving the Commission, industry and other interested parties.

3. To evaluate the existing Community policies on biotechnology.

The SAGB and the BCC overcame the leadership of DG XI by regulating genetic engineering and were the main actors and arenas of biotechnology policy negotiations in the 1990s. The enlarged scopes for action of both partners opened possibilities for logrolls. Large firms were still not very interested in the aim of the EC to shift the state promotion of biotechnology to the European level. Until the mid 1990s, only about 10 per cent of biotechnology funds had been used by the industry (Bongert 1997, 128). Nevertheless, the firms advised the Commission and helped it to get contacts with scientists. Actually, the Commission became more successful in this area in the 1990s. While the first European biotechnology programs had been very small, the "Biotechnology Research for Innovation and Development" program in Europe (BRIDGE) and BIOTECH 1 together from 1990 to 1994 had a budget of 289 million ECU, and BIOTECH 2 in 1995 started at a size of more than 500 million ECU (Bongert 1997: 126). Expanding European funds for life-sciences and -technologies are both: the result of the increasing success of the Commission's politics and a resource for getting more support of biotechnology firms in future. Large firms are not interested in a shift of biotechnology funds from nation states to the Union but their logic of "shooting where the ducks are" as a result of promotion programs makes them increase their activities in Brussels. The Commission cannot only use biotechnology programs in order to lure industrial partners. From our perspective, one main concern for the Commission to become an interesting partner for biotechnology firms is its possibility to use its funds in corresponding fields. Funds for agriculture increased to several hundreds of millions of ECU. Further programs for biomedicine and health research (BIOMED) started in 1990 and also increased during the following years. In order to join its resources in promoting biotechnology DG XII changed its internal structure in 1990. Biotechnology, agriculture and health were joint to a department of "Life-sciences and -technologies". Additionally the Commission established "Industrial Platforms" within the BRIDGE-program in order to establish better contacts to the industry.
The increasing funds can be regarded as what the Commission gained from its closer contacts to the industry. At the same time the Commission contributed its share to the deal. Starting with the above mentioned Communication of the Commission’s vice-president Bangemann the Commission presented drafts for a revision of the genetic engineering directives mentioning the concerns of industry. The decision-making process lasted several years because the German Commissioner—being sure of the support of the German government—had to fight against several national governments and experts such as the European Parliament, environmental groups and the environmental department of the Commission. As a first contribution to the deal with the industry the Commission enacted several directives which revised the former bureaucratic implementation of the directives (93/572/EEC, 93/584/EEC, 94/15/EC, 94/211/EC, 94/730/EC).

Though large firms could decrease the influence of Commissions environmental department through supporting the horizontal co-ordination within the Commission the missing connection of large firms to the DG XI remained a problem. This was the main reason for the SAGB to merge with the ESNBA in September, 1996. This new association (Europabio) has 38 large firms as direct members and eleven national associations as corporate members. It has a close relationship with all important departments of the Commission (Greenwood 1997: 72; see also http://www.cranfield.ac.uk/biotech/xeuropa.htm and http://www.europa-bio.be). This new association improved the co-ordination of industry's biotechnology policy. It's first success was in October, 1998, when the revision of the included use directive was enacted. The revision came into law on 5 December, 1998 and is to be implemented by the Member States within 18 months from legislation (98/81/EC, cf. Leskien 1998). The revision translates the main demands of industry into law. Thus the Commission seemed to thank the industry for its help by establishing a European network for promoting biotechnology with measures to change the regulation of genetic engineering.

What we have described here is only a first glimpse of logrolling negotiations between the Commission and the biotechnology industry. Further research should deal with the complex negotiations within the several Committees in Brussels involved in the formulation and implementation of the Union's biotechnology policy. It is still possible and highly probable that there were other issues (the novel food regulation, anti-trust decisions, the regulation of patents of genetic "inventions", medicine directives, agriculture policy etc.) involved in the negotiations between the Commission and the biotechnology industry. Thus we still cannot make a final normative assessment. But further research will neither bring about a quasi-
objective assessment of welfare effects such as are represented in the economic literature and the mathematical theories of logrolling. Biotechnology represents itself as controversial in a normative and cognitive sense. Much uncertainty remains about the results of political decisions. This will lead to remaining different assessments of political results (Bandelow 1999). What we can do is to ask who are the winners and losers of the investigated logrolls.

A look at the winners and losers of European biotechnology policy brings no surprise: both actors involved in the logroll procedures, the DGs III and XII of the Commission and the biotechnology industry, are the winners. Likewise, we have to expect the losers to be those actors not involved in the trades: that is environmental groups and nation states. Nevertheless, public, too has to considered a looser, since logrolls used as a means of public policy cannot be controlled and the voters have no information on the responsibility of political results.
4 Logrolling in energy policy—a contribute to the Commission's succeeding in completing the Single Energy Market

Energy is essential to European economic development and political integration. Right from the beginning the EU has been pursuing a common policy framework in the energy domain. EU energy policy is founded on two of the three founding treaties, each of which contains rules for specific segments of the energy sector. The European Coal and Steel Community (ECSC) lays down the regulation measures for the coalmining sector whereas the European Atomic Energy Community (EAEC) sets the rules for the nuclear energy sector. Together with the European Economic Community (EEC), the two organisations form the European Community (EC) (Andersen 1993). A common market for other energy sectors such as oil, natural gas, electricity and renewables is addressed in the Treaty of Rome. However, despite of a number of attempts made by the Commission to establish a common energy policy, until the mid 1980s there was a great gap between theory—the intentions that were expressed in the Treaties—and the actual outcome of European policies in the energy domain. Energy is a necessary resource for a country's industrial base and therefore it is considered by many governments to be a strategic good. In the past the economic importance of the energy sector meant that the supply of energy was generally of highly national concern and policy autonomy was guarded jealously by national governments (Padgett 1992). There is general agreement with the view that the Commission's attempts that were made towards a common energy policy were blocked by divergent national interests until the mid-1980s (Andersen 1993, Matlary 1996, McGowan 1996). Energy issues remained a matter of "low politics" and analysis of European integration processes suggest that the EU energy policy is one of the Community's major failures (Padgett 1992, McGowan 1996a). Häckel (1996) argues that the striking changes of EU energy developments came about without the influence of or even against the will of the EC institutions.

A number of energy crises in the 1970s demonstrated that there was no common EC policy in the energy field and it were the crises that reinforced the tendency among governments to pursue national objectives. Governments have since sought to diminish their dependence on imported energy and have at the same time developed their distinct national approaches to energy policies which again has exacerbated the situation of policy divergences between the Member States (Padgett 1992, Matlary 1996, McGowan 1996, 1996a). Until the mid 1980s common energy policy was often nothing but the sum of the member countries' policies and a
recommendation made by the Commission which in fact were "lowest common denominator" compromises (Andersen 1993, Matlary 1996). From the mid-1980s onwards the role of the EC institutions in the energy policy increased. The collapse of the OPEC energy prices and the fact that the Eastern European countries entered the market with their energy resources caused a fundamental change for the EU market conditions as well as for the external dimensions of the EU energy domain. Besides the rise of new opportunities to improve the security of the energy supply, it was the increased attention to environmental protection and the initiative of some Member States to enhance competitiveness in the energy sector which required a reorientation of EU energy policy. After 1985 stress in the energy sector was increasingly put on the creation of the internal market and in 1986 a Council resolution heralded "a new 'market oriented approach', with an emphasis on increased competition as principal mechanism for securing the Community's future energy security" (Hancher 1990, 238). Although the Single European Act (SEA) of 1987 did not say anything about a common energy policy, it marked the turning point for the fortunes of the Community and reinforced the role of the Commission as the proposer of energy policies. In 1988 a document by the Commission, titled "The Internal Energy Market", listed possible obstacles that could come in the way of the creation of an internal market such as state assistance, national preferences in procurement and monopoly. From then onwards the EC had a mandate to develop an internal energy market as part of the general single market (Matlary 1996).

The increasingly visible role of the Commission was less a product of changes inherent to the energy domain (e.g. technological developments) than it was the result of external influences. The SEA brought procedural advantages: proposals about the internal energy market are now being decided by majority voting which has proved to add to the dynamics of the decision-making process, a means the Commission has been able to utilise (Matlary 1996). Moreover, the general emphasis on privatisation and deregulation and the importance of environmental protection, as named above, have produced a dynamism which has begun to impinge on the energy sectors in the Member States (Andersen 1993, McGowan 1996, 1996a). EU energy policy has since been increasingly linked to environmental policy and market liberalisation and since then the Commission's possibilities to use reliable policy techniques and competencies have improved. Since the SEA has come into force the Commission has been able to use legal instruments for the regulation of the energy sector. In principle the Commission can apply four different legal instruments in order to create an internal energy market: firstly it can apply Articles 85 and 86 of the Treaty of Rome, secondly it is able to
initiate infringement proceedings against the Member States according to Article 169, thirdly the Commission is allowed to liberalise independently the energy market following Article 90 and finally, it is in the position to formulate directives following Article 100a (Eising 1998). In addition to these legal instruments, the sector of environmental policy offers some more legally founded instruments to influence the energy domain: in contrast to energy policy, environmental policy is part of the Treaty of Rome and the SEA established a foundation for environmental policy in the EC constitution, to be found under Articles 130r, 130s and 130t (Andersen 1993).

In 1989 the DG XVII (energy policy) introduced a package of proposals for the internal energy market, including rules for the transit of gas and electricity, the transparency of electricity and gas prices and a draft regulation on the notification of investment projects in the petroleum, gas and electricity sectors. Whilst the draft directive on price transparency was received with the most favourable reception, the one on investment notification was widely criticised and finally abandoned by the Commission (Padgett 1992, Finon/Surrey 1996). The directives on the transit of gas and electricity evoked different degrees of resistance: the proposal concerning electricity was adopted despite of some resistance, the directive concerning the transit of gas was subject to negotiation and reformulation for almost two years before it was finally adopted (Matlary 1996). Finon and Surrey point out that "the major electric and gas utilities say that they had never opposed any transit proposals, but the fact remains that transit has been very slow to take place in the EU and that it has been discouraged by the absence of a requirement upon utilities in member countries positively to support transit proposals" (1996, 169). Beyond these measures to liberalise the European market, the Commission's document of 1988 on the Single Energy Market contains proposes that competition in gas and electricity take place through Third Party Access (TPA). The demand expressed in the document that the existing electricity and gas distribution networks should be obliged to open themselves to other distribution companies and large customers stirred up an immensely controversial discussion and was opposed by most of the Member States. The strategy of the Commission to realise TPA as a prerequisite to the single energy market provokes suspicion. Why did the Commission not use its strong legal powers that it has to hand according to Article 90 in order to impose directly liberalising measures in the energy sector? In fact it initiated infringement proceedings against existing monopolies in a number of Member States for the export and the import of electricity and gas following Article 169, but withdrew from its initial plan to apply the instruments of Article 90 to legally enforce liberalisation (Schmidt
However, in 1992 the Commission presented a far-reaching proposal to realise the single energy market following Article 100a and thus choose a stepwise approach. The renunciation of strong legal powers for putting competition rules into operation was caused by various factors. Firstly, there is the heterogeneous energy infrastructure across the Member States that leads to different national energy policies, together with distinct differences in the institutional and cultural environment in policy-making on the national level (Padgett 1992). Whether the Commission's proposals get support or resistance from the governments depends on the building up of national energy framework. Since most of the Member States are cautiously watching out not to lose control over their energy policy there has been strong opposition to TPA. Moreover, the energy domain is predominant characterised (with the exception of France) by advancing privatised monopolies. The application of Article 90 for liberalising the energy sector would neither be appropriate to overcome the divergence of interests among the Member States, nor would it force cooperation out of the energy firms without risking that the enterprises use the exit-option.

Secondly, an important reason for the Commission to reject using its powers according to Article 90 can be found in the interest of the Commission not only to be able to use its clearer competencies in the areas of competition and environment but also to achieve a formal Community competence in energy policy (McGowan 1996, 1996a). Although the Commission has the mandate to develop the internal energy market, it has no mandate to develop a common energy policy (Matlary 1996). In 1990 the Commission sought to enhance its responsibilities by seeking to join the International Energy Agency (IEA), and endeavouring to play a much greater role in the decision-making progress of issues that deal with the question when to use emergency oil stocks. Both attempts of the Commission to formalise its role in energy policy were rejected in their original form by the Energy Council in May 1990 (Matlary 1996). Since the Commission has no power to impose a common framework of regulation in the EU energy domain, its success depends conditionally on the cooperation of sectoral interests. On the other hand the Commission's ability to implement the single market by exploiting legal instruments has reinforced its importance for the negotiation process with large energy firms. Large energy firms, e.g. some of the energy producers, favour a free market, seeking to extend their markets, but they are wary of being in a disadvantageous position because of the national differences that exist in the basic political conditions of the energy domain. On these grounds the enterprises are interested in being able to influence speed and conditions of the liberalisation process. German energy producers e.g. point out that the harmonisation of
environmental regulation in the Member States is necessary because of the high level of existing environmental protection rules in Germany. The significance of energy policy in the EC as a matter of negotiation is best illustrated by the fact that lobbying activities are refocusing on Brussels (McGowan 1996, 1996a). Furthermore, theorists of European integration generally see a great relevance in the direct co-operation between the Commission and enterprises (e.g. Sandholtz/Zysman 1989, Jachtenfuchs/Kohler-Koch 1996a, Kohler-Koch 1996).

The development of energy policy in the EU illustrates, that logrolling can be a suitable model to explain the political decision-making of the Commission. Before being linked to the environmental policy and market liberalisation, as shown above, only little progress was made in the energy policy both in terms of formulating a common energy policy and in terms of market integration. Just as the SEA allowed the Commission to use its competencies in the areas of environmental and liberalisation policy to make progress in the internal energy market, the Commission was able to reinforce its role in proposing energy policy and regulating the energy sector. The linkage of the energy sector with environmental protection and market liberalisation has opened possibilities to both actors to pursue their particular interests—the Commission's interest to attain a formal competence in energy policy and the enterprises' interest to extend their market and to have an influence on the opening of the energy market—by engaging in logrolling.

At least six directorates of the Commission are involved in the energy policy process: the Energy Directorate (DG XVII), the Competition Directorate (DG IV), the Directorate General for Customs Union and Indirect Taxation (DG XXI), the Industry Directorate (DG III), the Directorate for Internal Market and Financial Services and the Environmental Directorate (DG XI) (Padgett 1992, Andersen 1993). Logrolling procedures in the energy field are supported by the consensus orientation of the Commission, which is shown by the fact, that although the key strength of the DG IV lies in its ability to intervene directly and force the energy industry to liberalise its markets, it has opted for bargaining and incrementalist solutions as have the other Directorates. Padgett (1992) puts emphasis on the preference of the Commission for bargaining rather than for confrontation: "The Commission is not trying to implement the single market through the law—well some parts of the Commission may want to do this—but in DG XVII we prefer to find political solutions" (Padgett 1992, 60). According to this characterisation of how the Commission operates politically, one opportunity of the Commission to complete the single market without strong confrontation of the Member States
can be seen in its practice to negotiate the degree of liberalisation with large energy firms in order to get their support and invalidate resistance of Member States. Since formal competencies are absent in the energy policy, it is likely that—especially in the area of liberalisation policy—some agreements with the energy firms will be reached. The renunciation of legal powers following Article 90 may be an indication for this probable proceeding. In addition to this, the advancing opening of the energy markets will intensify the pressure for a concentration on the energy branches and on the significance of EU merger control. Therefore, a negotiated level of merger control in exchange for competitive measures of the energy industry, e.g. opening their transmission systems for third parties, may be an object of logrolling between the Commission and energy firms. The stepwise opening of the electricity market may be an example for these bargaining procedures. Over and above these possible logrolling objects, significance of the industry's influence on the policy-making in the EU energy domain is generally stated: "(...) the work to establish the Single Market has been characterised by the fact that industrial interests have been most successful in getting the Commission's attention. They gained access at an early stage and were able to formulate important premises" (Andersen 1993, 152).

The policy process in the energy domain demonstrates that the emergence of the Commission's regulatory role on energy matters has been important in so far as energy firms have become aware of an energy policy that will increasingly be made at the EU level. Consequently, large energy firms are operating directly as political actors and turn to EU institutions, especially to the Commission. The development of the single energy market, e.g. the opening of the electricity market, gives reason to assume that the political engagement of the energy companies was in retrospect a relevant factor for the progress in EU energy policy made over the last years. Logrolling procedures have contributed to the Commission's succeeding in completing a single energy market. On the other hand the developments in the energy domain reveal the disadvantages and clear limits of such bargaining strategies: the Commission's goals have often been ambitious, however the final directives have frequently been watered down and have even sometimes been abandoned. Consequently, there is general agreement that progress making within the internal market scarcely constitutes a common energy policy at EU contributing to positive integration (e.g. Matlary 1996, Finon/Surrey 1996, McGowan 1996a). In addition, those involved in energy policy share no common view on how energy should develop in the EU—simplified this means the actors can be divided
into those worried about the absence of a common EU energy policy and those happy to see such an absence persist.

With regard to the further constitutional development of the EU in the future it seems obvious that an enlargement through the admission of new Member States, including the East European countries, may complicate the Commission's task of imposing a common regulatory framework on the energy domain. Firstly, there would be a widening of the heterogeneity of the energy infrastructures and of the energy policies in the EU, demanding for a further extension of the dimension of necessary co-ordination on energy matters at the EU level. Secondly, with view to the divergent economic conditions and the low level of environmental protection in the Eastern European countries it is questionable whether the Commission would be able to use its regulatory competencies in the areas of competition and environmental policy with the same impact as it is now with the present Member States. It is likely that a harmonisation of existing conditions of competition and environmental protection standards will take the place first, thus delaying the progress of a common EU energy policy. Moreover, the reluctance of the Member States to a coherent EU energy policy may be reinforced through an uncertainty of possible consequences of a looser confederate association of many more Member States. Assuming large East European energy firms were able to operate as political actors there would be an increase in the number of logrolling procedures which would have an impact on the energy policy as illustrated above. The extended bargaining strategies would then impede the positive integration in the energy domain. With regard to these empirical and theoretical results in the energy policy and the illustrated development of the biotechnology policy, the following section will give details of the logrolling concept, its prerequisites and its results.
5 Discussion: requirements and results of logrolling between the Commission and large firms

Although the political integration of Western Europe goes hand in hand with an increase of competencies for decision-making on a supranational level, a new independent and supranational centre for policy-making has not been created. Since the political system of the EU cannot be called a government and since there is not one government at its disposal, the identity of the EU is often described as a structure sui generis, i.e. as multi-level-, multi-dimensional and multi-perspectival polity (cf. Jachtenfuchs/Kohler-Koch 1996a, König/Rieger/Schmitt 1996, Abromeit 1997). Thus it is the term "governance" that has become fashionable for political scientists in order to analyse the patterns of rule in the EU: What European governance means is finding joint solutions through multi-level partnerships and mediation of the claims of affected interests (Bulmer 1998). Included in this concept is the formation of policy networks, within which various social and political actors seek to make binding decisions. Within European policy networks it is the Commission that is the most important actor. It is due to 23 Directorates General and numerous committees that, numerically, it has become the biggest institution, thus being able to set the agenda for the Community's politics and policies. Through the treaties the Commission has the exclusive right to suggest propositions for new legislation which is the most important starting point when attempts to influence the decision-making process are made (Andersen/Eliassen 1993). Besides the actions the Commission takes in initiating and mediating, the Commission also supervises the implementation of Community policies in the Member States, although it lacks a direct political mandate. Whereas the Commission can apply its legal powers as a strong instrument e.g. in the field of competition policy or in order to revert to the European Court of Justice, as far as the administration of Community policies is concerned powers are limited to the supervision that consensus between Member States and relevant sectorial interests is reached. Which opportunities the Commission has at hand to get the support of entrenched interests varies and depends on the divergent regulative and financial competencies it holds in the different policy sectors.

The illustrated empirical results in the field of energy and biotechnology demonstrate that one approach to analytically explain why the Commission can successfully act in policy fields in which it has no formal competencies, is the concept of logrolling. Hitherto political research in the field of biotechnology policy has not considered a combined analysis, i.e. to consider
problems that result from other policy fields but impinge on the biotechnology domain. Although the actors participating in negotiations on different policy objects are usually the same, the opportunities offered by counterbalancing the measures between divergent policy fields have yet not been systematically assessed. Political research in the field of the energy domain does not pay enough attention to the question, why the opening of the internal energy market is proceeding—despite of absent formal competencies of the Commission, despite of renunciation of strong legal powers and despite of persistent reluctance from a great number of the Member States. Only the consideration of logrolling as a form of European governance leads to plausible answers why unexpected policy results occur.

The stipulations for the policy fields compared here are divergent. Characteristically for the policy area of biotechnology are supranational companies on part of the industry, increased competencies on part of the Commission and a high level of horizontal governance, i.e. co-ordination between every Commission department involved. Most energy companies are nationally or subnationally organised. As to the EC, it has no formal competencies in the field of energy policy—in itself a quite narrow field—and there are yet no indications for horizontal co-ordination within the Commission. Both fields share whether the Commission is able to use legal regulation instruments or not, is of importance and an analytical approach of finding indications for logrolling in the energy and biotechnology policy makes this clear. Since the moment SEA came into force the Commission has been able to exploit reliable policy techniques and competencies in order to pursue political goals. It is due to the linking-up of the establishment of the Commission as a promoter of biotechnology and the European regulation of genetic engineering and, similarly, to the linking-up of energy policy and environmental policy and market liberalisation that regulating powers of the Commission and as well its importance for the promotion of industrial research were reinforced. Thus the Commission became much more interesting for those actors, who, before the SEA was introduced, had shown only little incentive to engage in European policy-making: the firms. Ever since SEA facilitates the encroachment of the Commission for issues that lie at the core of the business domain, large enterprises have developed direct lobbying strategies and re-structured their political organisation with the goal to bring about a maximal number of political options within the EU policy system (Greenwood/Ronit 1992; 1994; Coen 1997; 1998). Though political scientists generally remark that there is a growing lobby in Brussels and extremely close relationships between big enterprises and the Commission become more and more important (e.g. Sandholtz/Zysman 1989, Andersen 1993a, Jachtenfuchs/Kohler-
Koch 1996a, McGowan 1996, Wallace 1996), the role the concept of logrolling plays in these relationships and also, requirements for and results of logrolling procedures have not yet been analysed.

The policy fields of biotechnology and energy, considered here, make the requirements for why logrolling procedures clear: the Commission has competencies in several policy fields and is able to offer package deals to the partners it negotiates with; the trader on the other hand needs to be able to co-ordinate solutions between several policy fields in order to come to a general solution. In bargaining processes on the European level only the Commission and large firms show this specific advantage. Since interest groups are much more restricted in their action to the preferences and ideologies of their members, some of the options offered by bargaining procedures can impossibly be pursued. The result is that interest groups are restricted to the conciliation of logrolling agreements. Another limitation for interest groups to conclude issue linkages is their inability to guarantee obligations that are being made in the agreements for their members neither in one policy field, nor in several policy fields (cf. Ulrich 1994). As a matter of fact, the relevance of package deals, side payments and logrolling procedures for decision-making on the European level is often stressed by political scientists (e.g. Abromeit 1997, Weidenfeld/Jung 1997), but only so for decisions-making procedures within the European Council. In this particular case logrolling procedures are understood as a strategy to surmount the blockades of decisions (joint decision trap) between the Member States. The possibilities of national governments to conclude package deals with the Commission—including general solutions for several policy fields—are narrowed by distinctively domestic interests. One important restriction are inherent legitimatory demands (general elections), another complex responsibilities (federalism/regionalism).

The developments of biotechnology and energy policy expounded here reveal yet another requirement for logrolling procedures. The degree of resources of the Commission, i.e. financial and/or regulative competencies, influences its chances to succeed in logrolling. We assume, that how important logrolling as an instrument to achieve transnational competencies will become, depends on what resources are at the Commission's hand. The early energy and biotechnology policy illustrates how minor the role of the Commission was as partner for negotiations because it had no competencies. Again both policy fields demonstrate that the more resources the Commission has as its disposal and the more influential its control becomes, the more important does the Commission become as a partner for bargaining procedures. Considering, that it is only since the Commission has been able to fall back on
explicit regulative powers, that its position in bargaining procedures with business could be institutionalised (Coen 1998), the relevance of logrolling becomes evident. The Commission strategically utilises logrolling in negotiation with large firms in order to expand its competencies. Logrolling procedures are interesting for large enterprises on the one hand because they offer direct access to the resources the Commission holds and because on the other hand they make an influence on the regulation level possible. Big enterprises can thus use logrolling procedures in order to compensate disadvantages of political decisions on a supranational level in one policy field with advantages in other policy domains.

Besides that, the examples of biotechnology and energy policy make the prerequisites of logrolling behaviour among the Commission and large firms clear, they point out which results and risks these bargaining strategies bear. First of all, a closer look at energy policy shows how logrolling procedures can be used to enforce common interests—against the resistance of Member States. Lasting changes of domestic balances of power and of institutional structures can even be achieved by supranational politics and policies, because chances of a new distribution of powers arise. Logrolling agreements that are reached between the Commission and large firms in one policy field can have integrative effects on other policy domains and this way logrolling opens new scopes—for change of certain internal (economic) structures, processes and policies in the Member States.

Over and above the function to undermine parliamentary responsible politics and policies in the Member States agreements on logrolling procedures can prove to be problematic with regard to the democratic potential of European integration. Following the earlier argumentation, the political and economic actors signalise different requirements and chances for an engagement in bargaining processes and for a conclusion of logrolling agreements. Consequently, new strategically options of asymmetrical design will develop in the field of representation of European interests, called for by David Coen as a form of "elite pluralism" (1998, 77). "This elite pluralist system requires that firms develop 'European credentials' and establish pan-European political alliances in exchange for access to restricted entry policy forums at the European Commission" (Coen 1997, 96ff). The fact that small and medium-size companies just as unspecified interests in opposite to large enterprises are unable to operate directly as political actors on European level, their interests in the future will be systematically underrepresented in the decision-making process. The future institutional development of the EU, which is supposed to be oriented at widening transparency and democratic legitimacy may not neglect the divergent strategically options of actors resulting from logrolling.
Drawing the argumentation from the results illustrated in this chapter the following exposition will propose how risks of logrolling procedures can be minimised and how logrolling procedures can be integrated in the future tasks of enlargement and democratisation of the European Union.
6 Outlook

The previous sections have described the conditions for and developments of logrolling in biotechnology and energy policies. What could the possible construction of a future Union then—with reference to our descriptions—look like? Before we answer this question we have to assess the welfare effects of logrolling. We have still to put stress on the problem of finding an objective criterion of welfare effects in our examples. Even the formalised public choice theory which takes stable interests and certain effects of decisions as granted, disagrees on the assessment of logrolling. While during the 1960s and 1970s an optimistic view dominated the discussion (Coleman 1966; Tollison/Willett 1979), the more recent research has stressed more on possible risks (for example Benz/Scharpf/Zintl 1992). Before we have a theoretical background for an evaluation of welfare effects of EU-institutions with view to logrolling we first must define what positive welfare effects are. Neo-classical economy, among others, applies the "pareto-criterion" to evaluate welfare effects. This positions states that positive effects only occur when at least one person is better off and no one is worse off. This, presumably, is the situation that applies to free markets—and in the political context—to the rule of unanimous vote: If one actor experiences a loss, there will be no exchange. Logrolls may help to overcome these blockades but they run into the danger of buying allowances of single agreements by making concessions, which leads to a considerable reduction of net benefits (Benz/Scharpf/Zintl 1992, see also Mueller 1989).

Nonetheless, logrolling may lead to decisions which do not fulfil the pareto-criterion but the "kaldor-criterion", which states that a net benefit occurs when the sum of the benefits is great enough to offset the costs, whether or not those benefits are used to compensate those who bear the costs (Benz/Scharpf/Zintl 1992). Like the pareto-criterion this rule provides ground for criticism: Net benefits may be positive although the social benefit may be negative. Robbing the poor to give to the rich may turn out to result in a net benefit. We thus must make the point that allocative efficiency of logrolls is a controversial field.

Largely neglected by the public choice literature these arrangements have also distributive effects (Scharpf 1991). Logrolling can lead to an imposition of costs on non-traders. If these costs outweigh the benefits achieved by traders the exchange can be assumed to reduce the social welfare (Stratmann 1997). The look through a normative lens—which considers distributive as well as allocative results of logrolling—makes clear that it is necessary to find ways to reduce the risk of arrangements which impose costs on absent groups of the society. Other
problems important in the eyes of political scientists are the little public transparency and the lack of democratic input-legitimacy (Abromeit 1997). Neither the Commission nor the representatives of large firms are directly elected. Both problems are not easily solved, but it seems clear that we need more public control and a clearer party-political polarisation which is particularly absent in Brussels.

The absence of competing European political parties leads to a further normative problem: In parliamentary systems with proportional representation we normally have governing coalitions which can be regarded as formalised forms of logrolling. In non-parliamentary systems logrolling agreements may not be stable. Instability and shifting coalitions are assumed to lead to a decrease in welfare (cf. Stratmann 1997).

What our results show is that logrolling may have positive effects on the progress of policies. It would not be sensible to ban or prevent logrolling procedures although there may be negative effects as well. The future development of the European institutional setting should bear these effects in mind. There are at least three aspects which should be considered:

1. Logrolls have to be negotiated openly in the light of media and public.
2. It must be guaranteed that logrolling deals and partnerships are stable.
3. While stable coalitions are needed it must be sure that logrolling will not lead to durable shifts of cost to non-participating groups.

One possible solution to these problems is trust, which is built up by iteration and institutionalisation of logrolling agreements (Benz/Scharpf/Zintl 1992). Also, utilising social factors is a possibility for gaining a coalition stability (Ferejohn 1986, 252, Zafonte/Sabatier 1998). The recent public choice theory and empirical investigations have pointed out the role norms play for logrolling co-operation and the distribution of gains received by these agreements (Benz/Scharpf/Zintl 1992). Focussing on legislature, one of the main empirical results has been the role that is assigned to parties and (different) party-memberships of actors—especially within parliamentary systems like in Germany. The main advantage of parliamentary systems is the existence of two durable groups: a government and an opposition. The opposition guarantees control and political competition. The European Union still lacks any stable opposition. While governments represent their national interests in the Council and the Commission is primarily a bureaucratic institution the Parliament is the only institution where an opposition could be created. The opposition is needed as an institution of control of welfare effects of logrolling arrangements. The parliament further needs to enhance its influence on the appointment of the Commission and, especially, its leader. What we need
is a choice for parliament to decide between two alternative candidates. This would lead to a polarisation in the Parliament and helps the EC to build up a European party system. Parliamentary competition is particularly necessary in large countries while only smallest countries like Switzerland can be governed with a consensual orientation. So the enlargement of the Union reinforces the necessity of parliamentary structures of the Union. The deepening of the Union has to go ahead to its enlargement.
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