National business interests in the EU: Biased representation?

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Abstract

Since the beginning of European integration, business interests have been striving for active presence in Brussels. They group in European associations and also lobby directly either individually or through their national associations. The presence of companies and of national business interest groups (BIAs) at EU level is impressive. At first glance it seems to correspond to the economic power of their home country. On closer inspection, resources indeed matter but do existing variations really mirror the national economic capabilities? The paper explores bias in the transnational representation of national business interests in the EU.

We focus on collective interest organisation and take three steps to capture, explain and evaluate variations in national business representation. First, we construct a 'lobbying capability score' of all national BIAs listed in the EU Transparency Register comprising four factors: resources spent on EU lobbying, an office in Brussels, European Parliament accreditation, and membership in EU BIAs. We then analyse to what degree country- and sector-specific factors as well as the presence of national consultancies and firms in Brussels account for the variation in BIA presence. Finally, we give an assessment of the biased or un-biased nature of business representation in the EU and discuss what implications these differences may have for European interest mediation.

Introduction

Brussels is said to be crowded with lobbyists and the European register for interest representatives confirms this impression. As of August 1, 2017, in total 11,363 organisations and self-employed individuals have been registered.[1] More than half of them are representing economic interests, be they in-house lobbyists or trade, business or professional associations. Accordingly, the EU is regularly blamed for biased interest representation even though recent research shows that the composition of the interest group population in the EU does not differ substantially from the member states (Berkhout et al. 2017). This paper does not take issue with biased representation in the European interest community at large but is focussed on the representation of business interests. The question is whether EU interest politics is a level playing field for business interests of different kind and origin to voice their concerns.

Argument

From David Lowery's 'Images of an Unbiased Interest System' (Lowery et al. 2015) we draw the conclusion that it takes a careful mapping of the interests before examining the conditions of mobilization and assessing the representative character of the resulting associational system.

Mapping business interests

Mapping interests in a society is almost an unsolvable task given the many overlapping interests of each individual, the difficulties to take account of manifest and latent interest and of authentic and salient interests as distinguished from imagined and marginal interests. In comparison, mapping business looks like an easy exercise. When defining business interests as the interest of formal organisations engaged in economic activities, we have a clearly delineated population with a distinct interest profile. Business is said to have a rather uniform essential interest, namely economic survival and profit. This uniformity has different manifestations when faced with concrete policy issues. The general interest splits up reflecting the specific conditions in the production and marketing of products. Consequently, business interests are mainly organised according to the specification of their economic activities. At closer scrutiny we see further variations in business interests, some of them crossing the lines of functional interests. Thus, small or medium-size and owner-dominated companies have special interests which are reflected in respective associations. Still, business interests are less diverse and complex than the interests of a society at large.

[1] http://ec.europa.eu/transparencyregister/public/consultation/statistics (01.08.2017)

In the case of European interest representation mapping business interests is tricky. It is a matter of defining boundaries and the constituent units. Does it make sense to confine business interests to member state economies or should we also include extra-territorial business interests? How do we account for the manifest patterns of trans-national business? We decided to focus on the EU even though we acknowledge that business residing outside the EU also has an interest in raising its concern and quite often does do that.

Another problem is the structuration of interests in the EU. We link interest to business organisations but their interest is to a large part aggregated at the domestic level before it is represented at the EU level. In Brussels, we have a cohabitation of direct interest representation of companies and of national business associations. Especially many internationally active companies have established an EU Government Relations office in Brussels and address EU institutions directly. Apart from taking independent action, companies also pursue collective interest representation. More than a third of the EU business associations are constituted only by companies (Kohler-Koch/Friedrich 2017). The number of company members is mostly small but they often represent a big market share. Thus, we cannot argue that companies are marginal players in EU lobbying. Still, in terms of numbers the representative potential of national business associations is more impressive. They are members in the majority of EU associations, they lobby EU institutions directly in large numbers and each individual association represents a high percentage of the total population of national companies.

We decided to focus our research on the population of national business associations active at EU level. It has the limitation that we do not know whether the national business associations are true transmission-belts of their members' interests. But analysing the sub-national process of interest aggregation in 28 EU member states is an unmanageable task.

The reason for selecting associations and not companies is based on the argument that the mobilisation of business interests is still strongly rooted in Europe's member-states and manifest in national BIAs. The expectation that globalization and Europeanization would deeply erode the state and thus fundamentally transform the logic of collective action did not materialize. Rather, globalization provoked state actors to aim at regaining lost authority by "reinventing government" (Cerny 1995:

624). Also Europeanization did not supersede the member-states but induced a system of governance with a strong inter-governmental component (Bickerton et al. 2015). Consequently, the state still provides the "structured fields of action" (Crozier/Friedberg 1977 as quoted in Cerny 1995: 597) and this applies also to the collective organisation of business. Companies have a strong incentive to strengthen their associational capacity at national level not just because the domestic government still has noticeable regulatory powers but also because the nation state is the most relevant arena for the formation of public opinion, for the management of distribution conflicts between capital and labour and for defining long-term economic strategies. Accordingly, national associations embrace a wide array of functions ranging from political lobbying, public communication and image-building to wage policies and public-private partnerships in innovation. Further, they function as information hubs and platforms for communication and networking within the national business world. In addition, they offer a wide variety of services which support the competitiveness of the membership and are highly appreciated above all by small and medium-size enterprises. Notwithstanding differences between organisations, national business associations have an extended portfolio of functions and services.

Resources, or rather the lack of resources, are another reason for the prevalence of national associations. Structural business statistics show that all EU member-state economies are populated by small and medium-size enterprises. Even when affected by EU policies many do not have the capacity to engage in direct interest representation but have to rely on the collective action by their national association.

All these reasons explain why companies are focussed on national associations to further their interests. Even after the completion of the common market and the transfer of extensive regulatory competence to the EU, the vast majority of companies still turn to national associations for support. In addition, also companies with a direct presence in Brussels are generally as well member in the domestic association. Hence, national BIAs are an important actor also in the arena of EU interest politics.

Assessing bias in interest representation

In general, mobilisation is the bottleneck for un-biased representation. Many interests have the problem of insufficient mobilisation, not so business. The propensity to get organised is more pronounced among business than among other parts of society.

Therefore, business associations, on average, display a very high degree of organisation. This reduces the likelihood of biased representation compared to other segments of society.

Bias may occur in two ways: First, the individual interest group may pursue its own mission and not the interests of its members. In the case of business associations legal provisions, the predominantly cost-benefit thinking of members and their capability to monitor ensure a high level of accountability. Therefore we neglected this potential dimension of biased interest representation.

Secondly, the interest group system may give a distorted picture of the distribution of interests in the business world. In the two-level system of EU interest representation this may happen at the domestic level and again at the EU level. As mentioned above, we did not explore the representativeness of the 28 national systems of business interests but focussed on business representation at EU level.

In order to assess bias we have to spell out standards and criteria. In abstract terms the standard is that any legitimate interest should have the chance to raise a voice. According to the simple model of 'descriptive representation' (Pitkin 1967), the group system should mirror the fault lines in European business. This is difficult to establish because the system is structured according to political geography. Business interests are grouped by country and the definition of a standard of equal representation has to fit the system. EU institutions have taken a short-cut. When, with the White Paper on European Governance representativeness emerged as a general concept, equal representation was equated with territorial inclusiveness. It is a benchmark which mirrors the 'one country, one vote' rule dominant in international diplomacy.

Are there good reasons to apply this standard? An argument in favour is that member state economies have individual characteristics and may be affected in different ways by EU policies. Hence, each of them has a legitimate interest to voice its special concern. The most important objection is based on the rules of the European Treaties which take country specific asymmetries into account. It is considered to be a matter of fairness that voting rights in the Council and membership in the European Parliament should reflect the large divergence in the size of member states. We follow this argument and assess business representation at EU level in relation to the size of the national economy in terms of GDP.

As to the criteria for measuring representation bias we do not consider access or influence in terms of impact on outcome but the capability of national associations to raise effectively a voice in European interest intermediation. To have a voice is conditioned by presence and resources.

The European presence of national business associations

Presence may be achieved in two different ways, either by membership in a European association or by individual autonomous action. Membership means having a voice in collective will-formation and is generally equated with internally forced compromises compensated by a strong effect of collective action. Individual action does not require consideration of other interests but is expected to have less impact. When possible, national BIAs strive to combine participation in collective lobbying and the unilateral approach. Sometimes, they do so in support of a common EU position, but often they go alone or form an ad hoc coalition with like-minded BIAs to pursue a deviating position and thus decide in favour of a temporary opt out of the collective consensus (Eising 2017).

Membership in EU associations

Membership in the European associations results from the rational calculations of the national BIAs and the self-serving interests of the European BIAs. For national BIAs membership is one of the most cost-effective means of participating in EU interest politics. The big national BIAs value membership as an opportunity to bring the collective view of the European business community in line with their own interests and, accordingly, strive for opinion leadership. Associations from small and economically weak countries claim that they profit most from membership in terms of access to information and voicing their interests.[2] Without membership they would hardly have a chance to be part of the game of interest politics. For that very reason also business groups strive to have a seat at the table when they are not organised in a national association and in this case delegate their interest representation to a higher-hierarchy national association. This explains why quite often European BIAs have a mixed membership. The more specialized they are, the more often only the big member-states are represented by associations of the same specialisation whereas business from the smaller member-states is represented by an encompassing umbrella association.

[2] Empirical findings from a not yet published survey and interviews among national BIAs active in EU lobbying.

Even though strong and weak national associations have slightly different reasons, they are equally interested in joining a European association.

Attracting members of all different sorts is also in the interest of the European BIAs. Membership is fundamental to their survival because they depend mostly exclusively on membership fees. National associations from large economies in terms of GDP contribute more to the budget and, therefore, are particularly attractive. But the financial considerations are partly offset by the attention to the principle of representativeness. European associations do their best to be as inclusive as possible because size and inclusiveness are decisive for the recognition as a valid partner in EU consultations. Representativeness is a principle held in high esteem in EU governance. Since the turn of the century it has attracted a lot of attention because it has been linked to the promise of democratic participation. Even though the ambition to use it as tool to structure interest intermediation was dropped (Pèrez-Solórzano/Smismans 2012), organisational representativeness is largely observed above all by the Commission. It is, next to resources, the most valid predictor for the frequency of contacts with the European Commission (Kohler-Koch et al. 2017). Hence, European associations are well advised to adhere to the principle and, because it is mainly defined in terms of territorial reach, European BIAs aim at a comprehensive national membership.

Thus, there is no distorting factor neither in the interest of national BIAs to strive for membership nor in the endeavour of EU BIAs to attract members.

Sector specific representation

As demonstrated by Joost Berkhout and colleagues economic sectors are relevant for interest group populations (Berkhout et al. 2015). Numbers and resources of companies vary across sectors and this is reflected in the population density of economic associations at national level and, we want to add, also in their endowment with resources. Accordingly, we expect that also at the EU level the difference is visible in the number of national BIAs pertaining to individual sectors. Furthermore, we also assume that the importance of sectors is reflected in the presence of national business associations in Brussels in terms of membership in a European association.

Registration in the European Transparency Register

Apart from being member in a European association a large part of national BIAs also want to keep the path open of individual direct lobbying. The European Transparency Register (TR) gives the most valid information on this kind of presence. All organisations representing particular interests and wanting to participate in EU consultations or contact EU institutions are asked to register. Registration is still voluntary, but already in 2013 Justin Greenwood and Joanna Dreger estimated that the TR covers approximately three-quarters of business-related organisations (Greenwood/Dreger 2013: 139). Since then the European Commission and the European Parliament (EP) have successfully pushed for an even more comprehensive registration so that registration increased from 871 trade and business associations at the beginning of 2013 to 1,413 associations until the mid of 2015.

A particular kind of presence is to have a 'European office' in Brussels. To be on the spot and profit from the numerous opportunities of informal meetings and personal encounters is an asset. A European office provides extended information, facilitates contacts and communication and gives the national association more visibility. Interviews and survey data[3] support that associations with and without a European office share this view. Furthermore, there is broad agreement that even in the age of electronic communication there is no substitute for personal presence.

An accreditation for access to the European Parliament indicates that an association has or at least intends to have a personal contact to the EP. The institutional reforms of the Lisbon Treaty have initiated a growing importance of the European Parliament to the effect that in particular national BIAs have intensified their contacts to the EP, be it to individual members of Parliament, to their staff or to EP committees (Kohler-Koch/Quittkat 2016: 14-15).

Putting weight on lobbying presence

Presence is an important criterion to evaluate bias in interest politics. But to be present is just a necessary and not sufficient precondition for successful lobbying. Most scholars agree that the endowment with resources makes a difference and they claim that this applies to quite different kinds of resources including financial means and socio-economic importance as well as knowledge, information, legitimacy and

[3] Findings from the same not yet published survey.

political support (Dür 2008). It has been argued convincingly that in particular EU institutions highly value expertise and information (Bouwen 2004). It is a precious exchange-good and interest groups undertake major efforts to deliver. It needs manpower and financial resources to monitor the EU policy process, to get to know what kind of information EU institutions are looking for and to provide the wanted expertise in time and in the right format. Thus, staff and budget spent on EU activities as declared in the Transparency Register are a good proxy variable for evaluating the standing of an association in the European system of interest intermediation. The importance of resources has been confirmed by empirical research (Dür/Mateo 2016; Eising 2009) even though it is proven that lobbying success depends on how lobbyists spend their resources (De Bruycker/Beyers 2016: 26). More recently, EUROLOB, a comparative large-N study analysing the EU lobbying of national business associations, fully supports the expectation that resource endowment, in particular the size of the budget, is a valid predictor for the frequency of contacts to EU institutions (Kohler-Koch et al. 2017). The data do, however, not support the hypothesis that socio-economic importance such as the size of the member firms' workforce has an impact whereas, as mentioned above, legitimacy in terms of the association's representativeness clearly matters.

In order to capture the different lobbying potential of national BIAs we constructed a 'lobbying capability score'. The point of departure is registration in the European Transparency Register. For all national business associations listed in the TR we collected information on financial and man-power resources spent on EU lobbying, European Parliament accreditation, and an office in Brussels. Based on a dataset of EU BIAs we collected information on the membership of national associations in EU BIAs.

It goes without saying that the 'lobbying capability score' cannot be taken as a proxy for lobbying activities and definitely not for exerting influence. Just as a strong presence of a particular type of interest groups and superior resource endowment does not secure more influence (Dür et al. 2015; De Bruycker/Beyers 2016), also a higher capability score does not guarantee effective lobbying. However, it outlines the necessary preconditions for taking action and thus gives a clue to the differences between countries concerning their basic organisational capacities for EU activities.

Reasons for variations in biased representation

Country characteristics

In a second step the paper aims at explaining variations in the national BIAs' lobbying capability. We recur to the simple assumption that 'the number of potential constituents of an interest is expected to be positively related to the number of organizations that can form and survive' (Messer et al. 2010: 167). We add that not just numbers matter but also the availability of resources. We further assume that the number and resources of potential constituents, in our case companies, to be positively related to the size and the economic wealth of a country. From this follows that countries with a large GDP will host more business associations able to support collective interest representation and that the European lobbying capabilities of their BIAs will exceed those of their economically smaller neighbours.

Hypothesis 1:

The larger in terms of GDP and the more prosperous a country in terms of GDP per capita, the higher the 'lobbying capability' of domestic business associations.

Apart from size and wealth of a country there are good reasons to assume that associational tradition also has an impact on EU interest representation. We did not elaborate on this aspect for two reasons. First, the usual differentiation between a pluralist, a neo-corporatist, and a statist tradition, which was taken from identifying the persistent modes of capitalism in Great Britain, Germany and France (Schmidt 2002) is difficult to apply. In particular it does not grasp the difference between members with a long-standing experience with autonomous associations and members where state-independent associations only developed recently. Secondly, we expect that also the length of EU membership has an effect and both factors overlap since the accession of the post-communist countries happened only at the time of the last enlargements. The argument concerning the duration of membership is that the longer a country is a member of the EU, the more likely is an early awareness among national business of the importance of EU lobbying. From this follows a greater willingness to support EU activities of their associations and, consequently, an early and more active involvement of national BIAs in EU lobbying.

Hypothesis 2:

The longer a country's membership in the EU, the greater the lobbying capability of the respective national BIAs.

Sector characteristics

Apart from country related characteristics also sectors have an impact. Research findings by Joost Berkhout and colleagues show that the size and the prosperity of a sector are decisive for collective EU interest representation (Berkhout et al. 2015). They also found some support for the 'market integration hypothesis' (Berkhout et al. 2015: 473) arguing that sector representation should vary because the single market and EU policies are more important for some economic sectors than for others. Though we support the argument, we did not include the variable in our analysis for lack of data.

The expectation that sector size and economic importance alone are responsible for interest representation must be qualified. The segmentation of the national economy with regard to distinct economic activities may be accountable for variations. Business actors do not associate at random but when they have a common cause. The differentiation of economic activities within a country has a structuring effect on the composition and also on the numbers of BIAs within a country. Agricultural enterprises will not associate with car manufacturers and mining not with the textile industry. Consequently, we expect that also economically small countries will have quite a differentiated system of business associations and thus a minimum number of domestic BIAs to sufficiently represent their interests affected by EU policies. But given that smaller economies are unlikely to host the entire spectrum of economic activities to the threshold of being organisable, we expect that smaller countries do not cover all economic sectors to the same degree as economically bigger countries.

Hypothesis 3:

The smaller a country economically is, the fewer sectors its associations will cover in European interest mediation.

Closely related to the issue of sector variation but looked at from a different perspective is the scope of associations. EU umbrellas and multi-sector associations representing large parts of the economy have an extended remit, frequent contacts to EU decision-makers and take position on general economic matters. This makes membership for national BIAs particularly appealing. Furthermore, looking at the supply side we can assume that corresponding business associations exist in all member states irrespective of the country's size and economic wealth. Consequently we expect to find a more equal national representation in European associations representing a large part of the economy than in associations with a more restricted domain.

Hypothesis 4:
Membership of national BIAs varies with the scope of European business associations.

Last, not least, we expect that EU lobbying of national BIAs also depends on the competition between different groups of interest advocates. In some countries business may be less inclined to delegate interest representation to national BIAs and rather opt for direct lobbying or contracting a consultancy.

Hypothesis 5:

The higher the number of companies and consultants with TR registration, the lower the presence and lobbying capability of national BIAs.

Methodology

Measuring lobbying capability

Organisational characteristics

As outlined above, we assess bias in the representation of national economic interests by examining the EU presence of national business associations and the resources spent on EU lobbying. The sample includes all business associations with the head office in one of the 28 EU member states listed in the European Transparency Register (TR). On October 15, 2015 we find 1,502 organisations registered in the TR's Section II "Trade and Business Associations" with a European and national level of interest. Cleaning the data from non-business associations, international, European and sub-national or local BIAs the full population includes 865 associations.

We first present descriptive statistics of EU presence (membership in European BIAs, resource endowment, EP accreditation, and running a European office in Brussels) and then present a 'lobbying capability score'. Information on membership was collected by consulting the websites of all EU business associations with mixed or exclusive membership of national associations. Only full members were recorded. Since our focus is on national representation, we did not record multiple membership from one country[4]. In the case of regional organisations representing a business sector in more than one country we attributed representation to each of the member states[5]. Our data record contains the complete population of EU BIAs listed in the Transparency Register on October 15, 2015 and, by drawing on EUROLOB II data[6], also a number of EU BIAs not registered[7]. We choose this date in order to find matching statistical economic data in Eurostat which are only fully reported with a time lag of two years. Also the EUROLOB II survey data were generated in 2015. After careful screening, deleting organisations not representing business but professions, NGOs, professional consultancies, public authorities or associations only in charge of employers' interests, the population shrank to 529 European BIAs with 324 associations (161 partly, 163 exclusively) based on associational membership.

The TR gives information on staff and budget dedicated to the representation of interest vis-à-vis the EU Institutions. For reason of comparability we use the figures on full time equivalent of persons. As to the financial data, we use the estimate of the annual costs in the reporting period.

In addition, we also used the information on persons accredited for access to European Parliament premises and on the existence of a Belgium office as provided by the TR.

[4] Multiple membership is not often; a prominent case is the agricultural sector association COPA-COGECA. In the case of ORGALIME, the EU umbrella representing three distinct divisions of the manufacturing industry, we recorded representation per field (metalworking, machinery, electronics and electrics).
[5] Regional associations are the exception and represent mostly the 'Nordic' countries.
[6] For the collection of the EUROLOB II data see Kohler-Koch et al. 2017.
[7] 39 EU BIAs had not been registered at the time which is about 7.4 percent of the total population.

On this basis we constructed a ‘lobbying capability score – (LCS)’ of all national business associations listed in the European Transparency Register, comprising European Parliament accreditation, an office in Brussels, financial and man-power resources spent on EU lobbying and, in addition, membership in EU BIAs.

Differentiation according to sectors

Information concerning sector specific variations is not available in the TR register. To get relevant data, we identified the sector affiliation of the European business associations and screened their membership for national associations representing the corresponding economic sector.

Sector differentiation is based on the Eurostat statistic classification of economic activities (NACE Rev. 2). In order to strike the balance between distinct types of economic activities and a manageable number of cases with approximately similar size we follow the partition into sections as enumerated in the NACE ‘Broad Structure’[8]. Using the NACE classification has the advantage to find corresponding statistical data. Both for measuring sector size at European and national level we used the respective Eurostat statistics.[9]

Measuring factors accounting for variations

Concerning the country-specific factors accountable for variations in the ‘lobbying capability score’ of national BIAs we consider national economic strength, measured by national GDP.

Length of membership is equivalent to the number of years which have passed since the founding of the European Economic Community or the year of accession to the EEC or EU, respectively.

To control the effect of the European presence of consultancies and firms we collected the relevant information in the TR, Section I - Professional

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[8] Broad Structure of NACE Rev. 2, Commission eurostat, NACE Rev. 2: 59; http://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF. We included sections A to K, Q and R and created a summary category for “economic services” L, M and N. Further we partitioned section G into a separate category for wholesale and for retail trade respectively.

[9] To have a consistent data base we use the „national accounts aggregates by industry“; http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nama_10_a64&lang=en.

consultancies/law firms/self-employed consultants and Section II, Companies & groups.

Empirical analysis

It is evident at first sight that the presence of national BIAs varies between member-states. Regardless of the data we look at, we see major divergence across national borders; membership of national BIAs in EU BIAs, registration of national BIAs in the EU transparency register, Brussels offices of national associations and registration for EP access, they all differ significantly across EU member states (see table 1 in the appendix). A common denominator, though: German associations reign supreme in these categories, especially in the number of Brussels offices: Forty percent of national associational offices listed in the EU transparency register belong to German associations. Do those figures tell us a story of representational bias?

What different lobbying capability scores tell us

To address this question, we begin by analysing the overall lobbying capabilities of national associations instead of only comparing the mentioned individual categories. To do so, we propose [at this stage] two different *lobbying capability scores* (LCS).

Since constructing a score is more of a normative than a mathematical task, we also explain the driving ideas of both variants. Both LCSs consist of four variables: (a) the sum of all national BIAs' membership in EU BIAs per country; (b) the sum of EP accreditations; (c) the sum of TR expenses;[10] (d) the sum of national associations' Brussels offices. The variables' values were standardized by dividing the values by the respective population mean. Variables (b) to (d) account for different measures of associational autonomy in EU lobbying. The sum of EP accreditations (b) is a measure to determine if national associations intend to target MEPs and at what scale. In contrast to the TR registration accreditation for access to the EP indicates a greater likelihood of actual lobbying contact, we insinuate. The sum of TR related expenses (c) covers different aspects: First, it functions as an overall indicator of scale. How many resources do the different national associations invest in EU lobbying? It refers to direct and indirect lobbying because associations are asked to disclose all the EU related expenses which includes the costs national associations spend for their membership in EU BIAs. Therefore, expenses, secondly, also

[10] The sum of TR expenses was calculated by using the exact cost data and combining them with the median of the TR cost range data.

include—to a certain degree—a measure of power relations. We can expect that member states, whose BIAs clearly outspend other national associations possess more leverage in the system of EU BIAs. The count of Brussels offices (d) is in general a good indicator for associational resources, because running a Brussels office is rather expensive. We include this measure, however, to better assess the organisational autonomy of national associations. Having a foot on the ground where decisions are taken and being in contact with decision makers is a comparative organisational advantage in lobbying. The sum of membership in EU BIAs (a) measures the inclusion of national associations in collective EU interest mediation. This includes EU BIAs with membership exclusively for national associations or mixed membership comprising companies and national associations.

The difference between the two LCSs rests primarily on the varying emphasis on autonomous in relation to collective lobbying. Given the assumption that national associations compete for influence with each other and that (a) to (d) represent different but equivalent avenues and aspects of exerting influence, then a symmetric LCS *(*LCW_S $= \frac{1}{4} a + \frac{1}{4} b + \frac{1}{4} c + \frac{1}{4} d$) is the road to follow. When we however suppose that the European system of interest mediation is characterized by its emphasis on representativeness, as already stated above, then we can also consider accrediting the membership in EU BIAs with special weight. Accordingly, the weighted LCS rates membership in EU BIAs (a) to the same amount as (b), (c) and (d) combined ($LCS_W = \frac{1}{2} a + 1/6\, b + 1/6\, c + 1/6\, d$).

To interpret the scores is not a task as straightforward as it may seem. At first glance we see what we already know from the individual variables: Both scores are headed by Germany by a reasonable margin to the second ranking country. The ranking orders of countries in the LCS_S and LCS_W are—maybe more of a surprise—almost identical, except for three pairs of countries, which swap ranks (Austria and Denmark, Greece and Ireland, Slovakia and Luxembourg) (compare table 2 in the appendix). The main difference between both scores, though, is the relative distance between countries (compare also figures 1 and 2 in the appendix). In the case of the symmetric LCS the distance between Germany and the second ranking country, the United Kingdom, equals around 43 percent of the German score, whereas this figure drops to 29 percent for the weighted score, although the absolute figure for Germany is higher for the LCS_W. The later represents a relation relatively in line with GDP data, not speaking the language of a severe overrepresentation in favour of German associations, whereas the former does support the notion of German overrepresentation in European interest mediation, exceeding its GDP share vis-à-vis the United Kingdom. Comparing the German score to the countries with the smallest scores in contrast offers a different interpretation. The score of the nine (LCS_W) or eleven (LCS_S) smallest countries in terms of their lobbying capabilities combined equals Germany's score, but relative to their combined GDP these two groups of countries only represent roughly a tenth or a sixth of German GDP. In this respect one could as well legitimately speak of an overrepresentation of the smaller countries vis-à-vis German associations.

Studying the lobbying capabilities on the population level from a perspective of minimal winning coalitions reveals a Janus face: a pattern of diminishing marginal utility of economic size but also a Sisyphean task for small countries. We study three different scenarios for both LCSs (figure 3 in the appendix): How big must a coalition of associations from the smallest countries be to form an absolute majority in terms of total lobbying capabilities (left figure 3 in the appendix)? How big must a coalition of the biggest countries be, excluding Germany, to achieve this goal (middle figure 3 in the appendix)? How big must a coalition of the biggest countries including Germany be (right figure 3)? The data show that it is basically impossible to form a coalition against the bigger countries. The smaller countries must roll the stone so far up the hill that it is no longer reasonable to speak of a coalition of the small. For the bigger countries, though, we see that size is relative: Germany included, the data show that (roughly) a quarter of EU member states possess half the lobbying capability (irrespective of the score type) but at the same time they represent three-quarter of the EU's GDP. Their economic weight does not translate into an equal amount of lobbying capability. The relative weight of Germany in this equation does not at all amount to a veto position. The nine next biggest countries in terms of lobbying capabilities could form a coalition to outperform all other countries. Enriching these considerations with real world insights one must conclude that the mediation of European business interests is characterized by a complex balance of capabilities. Since divergence of interests is often an issue between the economically biggest member states there seems to be a build in need for compromise and only very little room for power play—at least on the aggregate level. This reasoning becomes even more relevant when we put other (non-business) interests and their resources into the equation.

What factors determine the different national lobbying capabilities?

In an overall analysis, both scores correlate highly and significantly with the member states' GDP (cor $LCS_S = 0.93$, $p < 0.001$; cor $LCS_W = 0.89$, $p < 0.001$). But, the data at hand do not fit well into a linear model but exhibit an inverse s-shape. Due to the data's nonlinearity, (over-) dispersion and the small number of cases we applied a Bayesian negative binomial regression model to further analyse the relationship between both LCS versions and GDP, length of EU membership, wealth (GDP per capita) and the influence of alternative lobbying routes, i.e. the number of consultancies and companies with a headquarter in the respective countries. A problem in this analysis is the correlation of variables (compare table 3 in the appendix). Especially the number of consultancies and firms highly correlate with both scores. This proves the hypothesis that consultancies may function as a substitute for associations in European interest mediation incorrect (H5). To the contrary: the higher the number of registered firms and consultancies, the higher the country's LCS.

Testing for the effects of GDP and length of EU membership on the LCSs reveal that both matter; GDP having the major effect (compare table 4 in the appendix). These results remain stable when we exclude Germany as an outlier candidate. The effect of national GDP is higher for the symmetric LCS, the effect of the length of EU membership is rather uniform for both scores. The respective DIC values indicate that the models including GDP and length of EU membership fit the data better than GDP alone. Further testing for economic wealth (GDP per capita) shows no effects for the LCS, meaning there is no structural imbalance in European interest mediation. The analysis affirms the hypotheses that the higher a country's GDP the higher it scores on the LCS (H1), and the longer it is member to the EU the higher its scores (H2).

When we leave the aggregate level and look at economic sectors and the scope of associational organisation we see that both matter. We can establish that membership density of national BIAs in EU BIAs varies significantly according to sectors (see table 5 in the appendix). Further, the data show that membership in sub-sector associations exhibits higher membership density than higher-order associations (see table 6 in the appendix). The country based membership density in sub-sector EU BIAs is highest for associations from Germany, France, the United Kingdom, Italy, Spain, Belgium and the Netherlands (see figure 4 in the appendix). These countries populate sub-sector associations to a higher degree than sector and multi sector EU BIAs, where the membership base is more evenly dispersed. The centres of associational knowledge production are thus not evenly populated, contrary to the higher levels of interest mediation. Coalition building or interest mediation on the sub-sector level is therefore even more a game of the big ones than in higher-order associations. The sector data prove that—in line with hypothesis 3—smaller countries do not possess the capacities—or the necessity, due to a lack of respective business—to be present in all sectors covered by EU BIAs (see figure 5 in the appendix). The data on sector membership density do as well not support the notion of a strong bias in European interest mediation. Sectors where only a few countries are present, are at the same time characterized by special economic structures based on geographic or cultural factors, as for example mining or entertainment. All in all, European interest mediation follows functional necessity; there are punctual imbalances between lobbying capabilities of countries, but those do not amount to what we would call a fundamental structural bias.

Conclusion

National business interests are well represented in the EU. Business associations from the 28 member states surpass the European associations in terms of numbers, resources and lobbying contacts (Kohler-Koch/Friedrich 2017). They are an important player in the European arena but their presence on the stage varies considerably between countries. This calls for a systematic analysis of bias in interest representation. We focus on national BIAs based on the argument that despite a growing number of companies active in direct EU lobbying, domestic associations still are central to representing business interests. The normative benchmark for assessing bias is the representation of national business interests at EU level in relation to the size and importance of the national economy.

Representation is not just being present but to be able to raise a voice with a chance to be heard. Accordingly, we did not just count who is present at EU level but also took account of the associations' capabilities. We constructed a *lobbying capability* *score* of all national business associations listed in the European Transparency Register comprising European Parliament accreditation, an office in Brussels, financial and man-power resources spent on EU lobbying and, in addition, membership in EU BIAs. The first three items measure primarily the resources spent on autonomous EU lobbying whereas membership in a European association stands for participation in collective interest representation. It can be argued with good reasons that individual resources and membership make a roughly equal contribution to an association's capability to represent the interests of its constituency. But it is also convincing to argue that being a member of a European association gives greater weight given the EU's insistence on the representativeness of interest groups. Accordingly, we tested a systematic score with an equal contribution and a weighted score attributing the same weight to inclusion in collective lobbying and to resources provided for direct lobbying.

It is interesting to note that both scores show an almost identical ranking order of countries and confirm the large discrepancies between countries already apparent in the individual variables. Germany is far ahead, the other large member countries, the United Kingdom, France and Italy rank pretty far behind and the small countries, which joined the EU only recently are at the bottom end. When we measure the distance between countries in terms of their lobbying capability and examine the relative position of German BIAs in relation to the country ranked second, the two scores tell a different story: the systematic score indicates an overrepresentation of German BIAs whereas the weighted score shows German capability in line with GDP data. Comparing the German score to the countries with the smallest scores the issue of bias gets yet another twist. Irrespective of the score used we find an overrepresentation of the smaller countries vis-à-vis German associations: The group of small countries whose combined capability score equals Germany's score only represent roughly a tenth or a sixth of German GDP.

When we compare the total scores data from a perspective of country coalitions we see that although smaller countries seem overrepresented, they are nonetheless unable to mobilize a preponderance of capabilities when the seven or eight biggest countries form a coalition. Since national lobbying capabilities rise with GDP and length of EU membership but are not connected to the national level of wealth (measured in GDP per capita) there is no indication of a structural bias in European interest mediation. (This would also not change fundamentally with the United Kingdom no longer being an EU member-state.) What we see, also on the level of sectors, is a system of interest mediation following economic principles: the bigger a country is, the smaller becomes the value of GDP in generating excess lobbying capabilities in EU interest mediation. The European system of interest mediation is thus not likely to produce strong veto players or a problematic single nation bias; the system seems to be in a state of balance of interest capabilities. To look at the situation at sub-sector level or at specific lobbying campaigns is nonetheless a worthwhile scientific endeavour to study group behaviour and structures.

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Appendix

Table 1: National associations in the EU, count and population percent (2015).

Country	EU BIAs membership*	TR registration**	Brussels Office***
AT	185 (4.84%)	20 (2.28%)	3 (2.68%)
BE	234 (6.12%)	43 (4.90%)	NA
BG	84 (2.20%)	4 (0.46%)	-
CY	42 (1.10%)	3 (0.34%)	-
CZ	120 (3.14%)	11 (1.25%)	2 (1.79%)
DE	283 (7.41%)	188 (21.41%)	43 (38.39%)
DK	162 (4.24%)	38 (4.33%)	11 (9.82%)
EE	50 (1.31%)	4 (0.46%)	-
ES	244 (6.39%)	70 (7.97%)	7 (6.25%)
FI	164 (4.29%)	36 (4.1%)	4 (3.57%)
FR	269 (7.04%)	72 (8.2%)	8 (7.14%)
EL	105 (2.75%)	9 (1.03%)	1 (0.89%)
HR	58 (1.52%)	3 (0.34%)	1 (0.89%)
HU	117 (3.06%)	6 (0.68%)	-
IE	103 (2.70%)	14 (1.59%)	2 (1.79%)
IT	253 (6.62%)	73 (8.31%)	9 (8.04%)
LT	52 (1.36%)	1 (0.11%)	-
LU	63 (1.65%)	6 (0.68%)	4 (3.57%)
LV	41 (1.07%)	3 (0.34%)	-
MT	27 (0.71%)	2 (0.23%)	-
NL	222 (5.81%)	58 (6.61%)	4 (3.57%)
PL	150 (3.93%)	26 (2.96%)	-
PT	146 (3.82%)	18 (2.05%)	2 (1.79%)
RO	85 (2.22%)	6 (0.68%)	-
SE	176 (4.61%)	30 (3.42%)	2 (1.79%)
SK	67 (1.75%)	1 (0.11%)	-
SI	70 (1.83%)	2 (0.23%)	1 (0.89%)
UK	249 (6.52%)	131 (14.92%)	8 (7.14%)

$$^{*}Chi^2 = 1266.8, df = 27, p < 0.001$$

$$^{**}Chi^2 = 1633.3, df = 27, p < 0.001$$

$$^{***}Chi^2 = 464, df = 27, p < 0.001$$

Table 2: Lobbying capability scores

	Country	LCS_S*	LCS_W**
Germany	DE	173	210
United Kingdom	UK	99	149
Frankreich	FR	87	148
Italy	IT	87	142
Spain	ES	72	129
Belgium	BE	68	123
Netherlands	NL	63	116
Denmark	DK	53	89
Sweden	SE	53	94
Austria	AT	50	95
Finland	FI	49	87
Poland	PL	42	78
Portugal	PT	40	75
Czech Republic	CZ	31	61
Hungary	HU	30	59
Ireland	IE	28	53
Greece	EL	28	54
Romania	RO	24	44
Bulgaria	BG	21	42
Slovenia	SI	18	35
Luxemburg	LU	17	33
Slovakia	SK	17	34
Croatia	HR	15	30
Lithuania	LT	13	26
Estonia	EE	13	25
Cyprus	CY	11	21
Latvia	LV	10	21
Malta	MT	7	14

* mean = 43.6, median = 30.5

** mean = 74.5, median = 60

Table 3: Correlation matrix

	Symmetric LCS	Weighted LCS_W	GDP	Length of EU membership	Presence of consultants, firms	GDP per capita
Symmetric LCS	1.00					
Weighted LCS	0.97	1.00				
GDP	0.93	0.89	1.00			
Length of EU membership	0.68	0.72	0.63	1.00		
Presence of consultants, firms	0.82	0.85	0.80	0.73	1.00	
GDP per capita	0.31	0.33	0.21	0.68	0.28	1.00

Table 4: Regression models LCS, summary of the Bayesian posterior distributions

N = 28	Mean	SD	2.5%	50%	97.5%
LCS_S					
Model 1a					
(Intercept)	3.12	0.11	3.00	3.21	3.44
GDP	0.62	0.11	0.41	0.68	0.83
DIC = 202.4					
Model 2a					
(Intercept)	2.96	0.15	2.66	2.96	3.27
GDP	0.46	0.12	0.22	0.45	0.70
Membership length	0.13	0.06	0.01	0.12	0.25
DIC = 201.7					
Model 3a					
(Intercept)	2.94	0.18	2.59	2.94	3.29
GDP	0.57	0.10	0.38	0.57	0.79
GDP per capita	$8.8e^{-6}$	$4.8e^{-6}$	$-3.06e^{-7}$	$8.7e^{-6}$	$1.88e^{-5}$
DIC = 202.1					
LCS_W					
Model 1b					
(Intercept)	3.87	0.11	3.00	3.21	3.44
GDP	0.52	0.11	0.41	0.68	0.83
DIC = 220					
Model 2b					
(Intercept)	3.62	0.15	3.33	3.63	3.92
GDP	0.37	0.12	0.14	0.37	0.62
Membership length	0.12	0.06	0.01	0.12	0.24
DIC = 219.7					
Model 3b					
(Intercept)	3.26	0.18	3.26	3.62	3.98
GDP	0.48	0.11	0.29	0.48	0.70
GDP per capita	$8.2e^{-6}$	$4.9e^{-6}$	$-1.1e^{-7}$	$8.1e^{-6}$	1.88^{-5}
DIC = 220.3					

Table 5: Membership of national associations in EU BIAs by sectors

Sector	Membership size
Accomodation	93
Agriculture	166
Construction	105
Energy	142
Entertainment	21
Finance	196
Health	23
Manufacturing industry	1898
Media	113
Mining	18
Multi-sector	90
Multi-sector entrepreneurs	43
Retail	214
Services	175
Transportation	186
Water and waste management	64
Whole sale	247

$$Chi^2 = 13718, df = 16, p < 0.001$$

Table 6: Membership in EU BIAs by EU BIAs scope

BIAs scope	Total membership
Sub-sector	3211
Sector	290
Multi sector	176

$$Chi^2 = 4829.1, df = 2, p < 0.001$$

Figure 1: LCS weighted

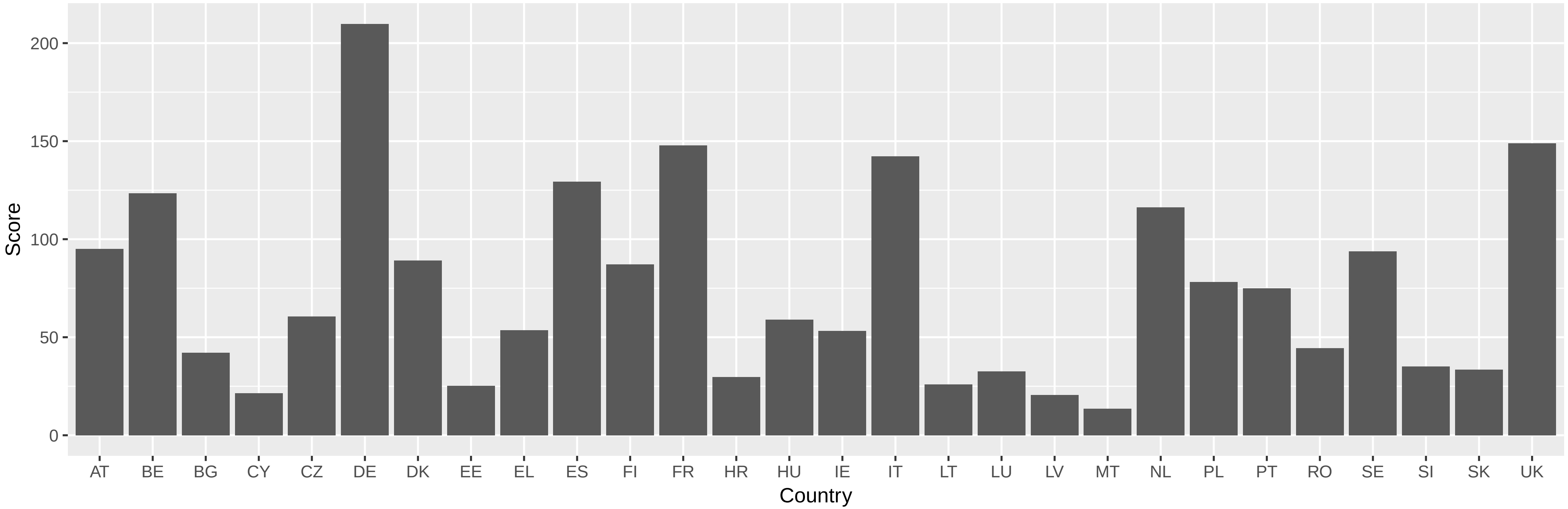

Figure 2: LCS symmetric

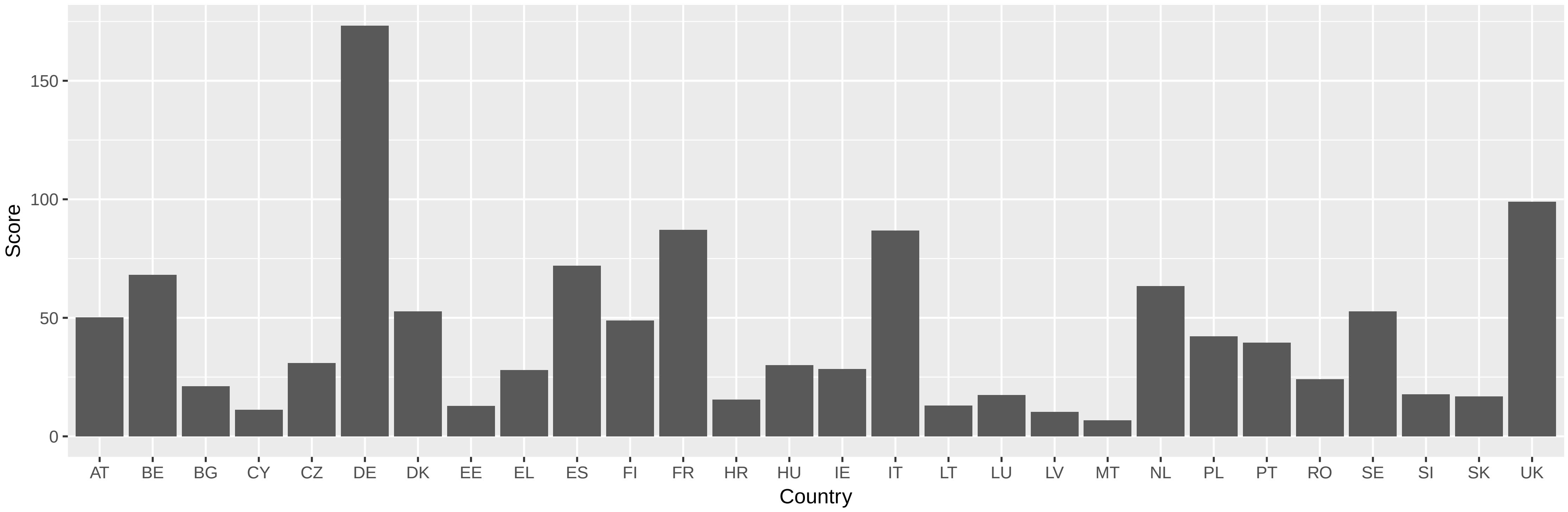

Figure 3: Modelling 'minimal winning coalitions' of national BIAs

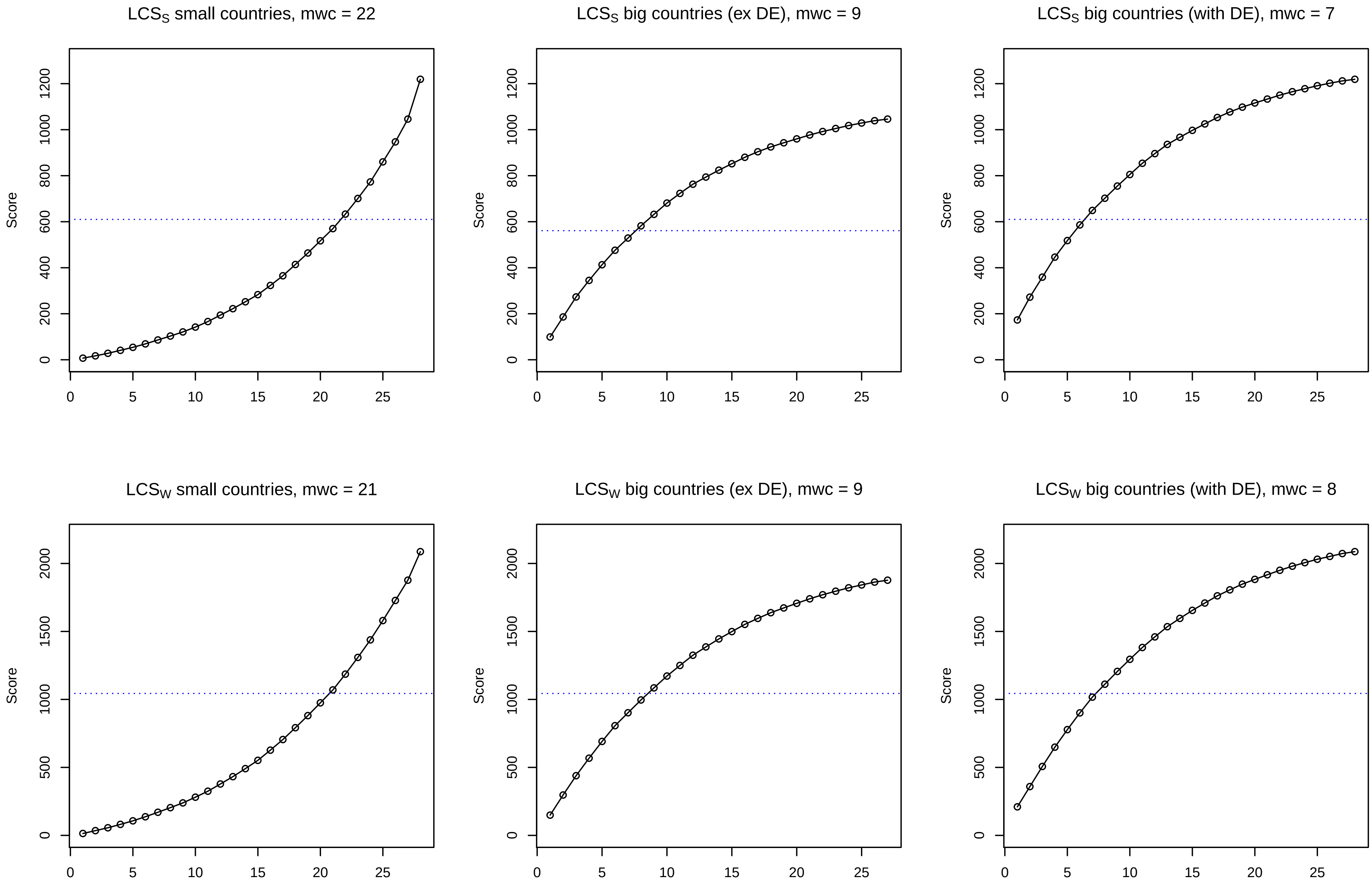

Figure 4: Membership in EU BIAs and distribution (in percent) (N = 336 EU BIAs)

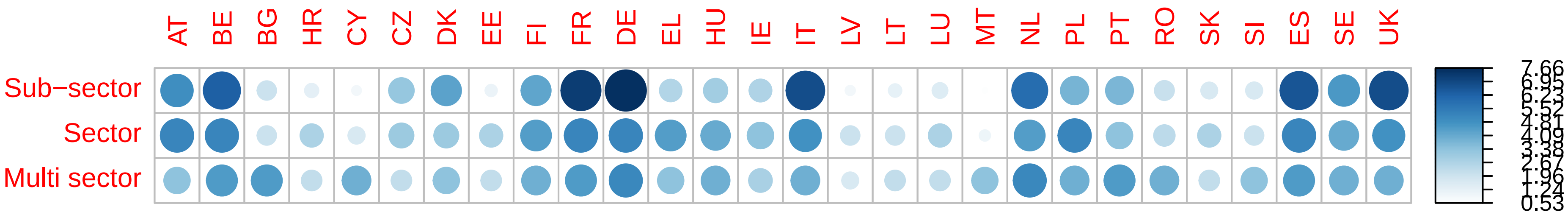

Figure 5: Membership distribution of national associations in EU BIAs by sector affiliation (N = 336 EU BIAs)