Interest group success in the European Union: When (and why) does business lose?

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Abstract

Business lobbying is widespread in the European Union (EU). But because not all lobbying is successful, the question arises: when does business win and when does it lose in the context of legislative policy-making in the EU? We argue that business actors are, overall, less successful than citizen groups in the European policy process. However, they can protect their interests if interest group conflict is low or the role of the European Parliament is restricted. A new dataset on the positions of more than one thousand non-state actors with respect to 70 legislative acts proposed by the European Commission between 2008 and 2010 allows us to evaluate this argument. Empirical support for our expectations is highly robust. Our findings have implications for the literature on legislative decision-making in the EU and for research on non-state actors in international organizations.

Key Words: Business and politics; European Union; interest groups; lobbying success.

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Business interests' attempts at influencing public policy are ubiquitous in the European Union (EU). The EU is sufficiently important to attract lobbying from a large number of business interests: its institutions legislate on the terms under which goods and services can be produced and traded in what, if considered a single unit, is the largest economy in the world. To illustrate, in late 2012 and early 2013, the EU institutions were the target of a massive lobbying campaign by internet companies, including Facebook and Google, asking for changes to a proposed data protection directive. More than 3,000 proposals for amendments were forwarded to the European Parliament alone. But lobbying frequently takes place in contested environments, so that not all lobbyists can expect to be equally successful. Therefore, the question arises: how successful are business actors in getting what they want? Or, formulated differently, when and why does business win or lose in the policy struggle?

We argue that, in the EU, business actors are more often than not unsuccessful in achieving their desired policy outcomes. Most legislative proposals in the EU concern market regulation, which is frequently opposed by a large majority of business actors. Therefore, business routinely faces a defensive battle from the moment the European Commission puts forward a proposal for new legislation. As most Commission proposals eventually lead to legislation, we argue that business frequently loses compared to the status quo and at best manages to limit the size of its losses. Citizen groups, by contrast, frequently support new regulation. Once the Commission fields a legislative proposal, these groups can expect considerable gains compared to the status quo. In these situations, business actors may still be able to defend their interests as long as policy is agreed upon in relatively closed elite circles involving few interest representatives and executive officials. In the context of the EU, this is the case when a policy episode is marked by low levels of controversy or when the European Parliament does not act as a co-legislator.

A new data set containing the positions of 1,043 non-state actors on 112 controversial issues included in 70 different legislative proposals introduced by the European Commission between 2008 and 2010 allows us to assess this argument.[1] We find that on much of EU legislation the Commission, in alliance with citizen groups and the European Parliament, wants to change the status quo while business interests seek to defend it. The legislative outcomes tend to shift policy closer to the preferences of citizen groups and further away from the preferences of business interests. This tendency is amplified by increased levels of conflict and enhanced institutional powers of the European Parliament. Our findings are robust to controlling for conflict among business actors and varying the measurement of success.

Our study is one of the first to systematically assess the success of a large number of actors across many policy issues for the case of the EU. The two studies that come closest to our analysis both conclude that group type does not matter for success (Mahoney, 2008; Klüver, 2013). Contrary to these studies, we argue that group type is a key variable in explaining interest group success. Furthermore, we move beyond these earlier studies by arguing that business success is conditional on the level of conflict. Additional strengths of our approach include the assessment of success at the level of unidimensional issues, a more fine-grained, continuous measure of success, and controlling for what would happen in the absence of legislative agreement.

In showing that the success of business actors in EU legislative lobbying is actually quite limited we shed light on a long-standing debate about the role of business in EU politics. On the one hand, a considerable body of research suggests that business interests are the most powerful non-state actors in capitalist democratic systems (see, for example, Olson, 1965; Schlozman & Tierney, 1986; McFarland 1991). This should be no different in the case of the EU. Indeed, a considerable number of observers suggest that business interests are more influential than other types of actors in the

EU (Streeck & Schmitter, 1991; Schneider & Baltz, 2003; Dür & De Bièvre, 2007). Business interests have been portrayed as a major influence on the Single European Act (Cowles, 1995). They have also been shown to enjoy better access to the EU than citizen groups (Beyers, 2002; Rasmussen & Carroll, 2014). The EU's institutional bias in favor of policies promoting market efficiencies (Scharpf, 2002) and a regulatory race to the bottom caused by capital market liberalization in the EU may further facilitate business success.

On the other hand, several studies have pointed out that the EU's institutional structure allows citizen groups – defined as groups advancing interests that are not directly related to the vocations or professions of their members or supporters (Berry, 1999) – to be particularly effective (Mazey & Richardson, 1993; Mazey, 1998; Geddes, 2000). The EU's multiple tiers of government provide numerous access points that these diffuse interests can use to influence decision-makers. The Commission is sympathetic to citizen groups because they serve as allies in its attempts to enhance its competences and legitimacy (Pollack, 1997). The growing powers of the European Parliament, which offers particularly easy access to citizen groups (Kohler-Koch, 1997), further aids diffuse interests in pursuing their political goals. Lastly, the increasing politicization of at least some aspects of EU politics, which leads to greater public attention to EU policies, may also favor citizen groups (Dür & Mateo, 2014). Our argument is broadly similar to this second line of reasoning, but adds important qualifications.

In addition to speaking to the debate about business power in the EU, our theoretical argument and the operationalization of lobbying success also contribute to the broader literature on interest group success and influence (Bernhagen, 2012; McKay, 2012; Nelson & Yackee, 2012). Furthermore, our study is of interest to the wider literature on legislative bargaining in the EU (e.g. Thomson, 2011; Golub, 2012). In particular, it adds a crucial dimension – namely the role of non-state actors – to this line of research.

We also contribute to a growing literature on the role of nongovernmental actors in international organizations and global governance (Keck & Sikkink, 1998; Tallberg, Sommerer, & Jönsson, forthcoming). This literature has focused on the functions that these actors can fulfill in international governance, including providing expertise and information, and monitoring state behavior. By asking whether greater civil society participation in international organizations benefits some interests to the detriment of others, we complement this earlier research.

Two aspects of our study are important to note before we develop our argument in detail. First, our focus is on the time between the formulation of a new regulation or directive by the agenda setter (the European Commission) and the final decision on this proposal by the European legislative institutions. Hence, our study does not capture the "second-dimensional" power relations that may prevent some interests from successfully defining issues and placing them on the public agenda (Bachrach & Baratz, 1962). Business actors may be quite successful in keeping certain issues off the legislative agenda. However, because the actual legislative activity of the EU has important consequences for firms within and outside the EU, the analysis of the decision-making stage yields important insights. The considerable amount of lobbying taking place during that stage supports this claim.

Second, our empirical analysis captures lobbying "success", which does not necessarily imply "influence". Influence assumes causality (Dür, 2008): influential actors are able to obtain policies they prefer while averting policies they dislike, where these outcomes depend on the actions or some properties of the influential actor.[2] In our study, we cannot rule out that actors attain their policy goals due to "luck" rather than influence (cf. Barry, 1980). In principle, inter-institutional bargaining could produce the same policy outcomes as those that we observe in the absence of any lobbying. However, while individual policy actors might occasionally be lucky, if luck was all that matters we should not observe a statistically significant association between lobbying success and the identity or characteristics of actors or types of actors (Mahoney, 2008). And since politics is about "who gets what, when, how" (Lasswell, 1936), the question of success (even absent any claims about influence) is key to researching the role of lobbyists in the making of public policy.

Explaining Success and Failure in Business Lobbying

Our approach rests on the common assumption that actors have single-peaked and symmetric preferences over policy. In other words, an actor has an ideal point on an issue; and it prefers outcomes that are close to this ideal point to outcomes that are further away. Following this logic, an actor lobbying on an issue gains if a political decision brings a policy closer to the actor's ideal point than it would be in the absence of the decision; and she loses if the decision moves the policy further away from her ideal point. When and why, then, does business win or lose when lobbying on EU legislation?

Business interests avail of numerous advantages when trying to secure preferred policy outcomes. For one, they command a host of politically useful resources such as money and expertise, that can be traded for access to political decision-makers (Hansen, 1991; Hillman, Keim, & Schuler, 2004) as well as for favorable policy decisions (Grossman and Helpman, 2001, ch. 9). Once they have the ear of a policy-maker, business actors may be able to influence public decision-making by virtue of their control of relevant information (Ainsworth, 1993; Austen-Smith, 1993; Grossman & Helpman, 2001, ch. 4). While all interest groups may try to shape policy by means of strategic information transmission, business actors are particularly well positioned for this. In the course of performing their everyday activities, individual firms constantly accumulate knowledge relevant to public policy issues. Corporations and business associations are also very active in researching their political environment and the likely consequences of public policy for themselves and others (Schlozman & Tierney, 1986). Lastly, business enjoys a structurally privileged position in the political process (Lindblom, 1977; Przeworski & Wallerstein, 1988). Because in capitalist systems, including the EU and its member states, major investment decisions are usually private, public officials have incentives to accommodate business preferences over policy.[3]

The resulting view of business dominance, however, has not gone uncontested. Indeed, liberal democracies have not been shy when it comes to regulating business. As James Q. Wilson points out for the US, "business firms have been subjected to, on the whole, rising levels of taxation, increased regulatory supervision, and stronger injunctions against unfair labor practices" (1995, p. 143). This suggests that while capitalist systems give considerable political leverage to business corporations, trade unions and citizen groups constitute "countervailing powers" (Galbraith, 1952). Business actors may be better resourced than other organized interests, but many non-business interests can muster considerable material resources to mobilize politically and to influence decision-making.

We argue that these countervailing forces are particularly successful in contemporary EU politics. The reason for this is that, on many issues, non-business actors are allies of the European Commission and the European Parliament in promoting policy change. Our argument builds on the assumption that the European Commission, as an agenda setter and executive agency, has an interest in ensuring a steady legislative output (Sandholtz & Zysman, 1989). According to the logic of bureaucratic politics (Niskanen, 1975), each unit within the Commission, as well as the organization as a whole, have an interest in being seen as highly active. Given scarce resources, the extent of legislative activity in an area (which often comes with responsibility in the implementation of legislation) will be an important argument in competition for resources within the Commission (Klüver, 2013). For the Commission as a whole, new legislation is a means to expand its competences and to strengthen its position vis-à-vis the other EU institutions (Majone, 1996; Tallberg, 2002). The Commission's main prerogative compared to the Council and the European Parliament is the initiation of much of the EU's legislative activity. In the absence of Commission initiatives, however, other institutions such as the European Council would fill the void.

As a result, the Commission actively seeks out areas in which it can put forward legislative proposals. Its scope for manoeuvre, however, is limited. Outside the field of agriculture it does not generally have the means to propose distributive or redistributive policies. The removal of many barriers to the internal market was either agreed upon in intergovernmental treaties or achieved in a relatively short time span in the late 1980s and early 1990s, when most of the Single Market Program was implemented. Therefore, if the Commission wants to remain an active player in EU legislative politics, it needs to focus on regulatory policies.[4] As put by Giandomenico Majone (1994, p. 87), "the only way for the Commission to expand its role was to expand the scope of its regulatory activity". Thus, the Commission has put forward a large number of legislative proposals in the areas of consumer, environmental and workers' protection. The directives establishing a framework for the taxation of energy products and electricity (2003) and creating a European Works Council (2009) are examples of this legislative agenda.

The Commission does not operate in a vacuum. Legislation can only be passed if a proposal finds support in the Council of Ministers, which is composed of representatives of national governments, and – as long as the ordinary legislative procedure applies – the European Parliament (in a few cases, even after entry into force of the Lisbon Treaty, the European Parliament is only consulted). In the Council of Ministers, a qualified majority (and sometimes unanimity) is required for a decision to be adopted, whereas in the Parliament a single majority is sufficient.

Both member state governments and MEPs want to retain office and thus strive to avoid strong opposition to their policies. This makes them receptive to lobbying by interest groups, including European federations, national associations, companies and other actors. Interest groups offer support to politicians that defend their interests, while they oppose those that promote policies running counter to their interests. Support can mean providing politicians with information, expertise and backing in an election campaign; opposition can mean supporting a challenger or engaging in outside lobbying that hurts the electoral chances of the incumbent. Both national governments and MEPs can be expected, therefore, to take a position on a legislative proposal that maximizes support and minimizes opposition by societal actors. Thus, societal interests can be expected to play a key role in ensuring which legislative proposals will pass in the Council and the Parliament.

In the context of policies designed to establish the internal market, this meant balancing the demands voiced by export-oriented and import-competing business interests. By contrast, on market-regulating issues, the dividing line is often between business and non-business groups representing environmental, health, consumer or labor interests. The former tend to support the status quo with no or only very low regulatory standards at the EU level, which allows them to compete in relatively unfettered markets or to take advantage of regulatory competition between member states (Boessen & Maarse, 2009; Long & Lörinczi, 2009). The European Working Time Directive, for example, met resistance by employers throughout the EU for many years before and even after it was passed by the EU institutions in 2003. Similarly, business heavily criticized the regulatory program for the chemicals industry, REACH (2006). This is not to say that business is always a unified actor; but the type of issues on the political agenda of the

EU makes sure that most business actors on many issues are close to the status quo. We discuss this issue below and provide empirical evidence in support of this assumption in the Appendix.

By contrast, non-business interests often seek policy change with the aim of harmonizing regulatory standards across Europe at a high level. They are concerned that negative integration in the EU leads to competitive deregulation and ask for compensation by positive regulatory integration.[5] As a result, whether or not legislation in the EU passes depends on the extent to which non-business groups with an interest in policy change can counter business interests' defence of the status quo.

As a strategic actor, the Commission is concerned about a loss of legitimacy and reputation should a legislative proposal fail to be adopted (Pollack, 1997; Tallberg, 2002). Therefore, it tries to assess societal support for, and opposition to, a change in the status quo before making a policy proposal on a specific issue. The Commission proposes a change to the status quo only if there is enough societal support to make a positive response by the Council and (where necessary) the European Parliament likely. What we find on the legislative agenda of the EU, therefore, are proposals for which a move away from the status quo is likely given the constellation of societal interests and legislative institutions.[6]

Importantly, because of the Commission's interest in a high legislative throughput, the actors pushing for a change in the status quo have a strategic advantage. The Commission can use its agenda-setting powers to propose legislation that produces greater change with respect to the status quo than preferred by the most recalcitrant member states. On issues that are decided by qualified majority in the Council, the Commission can ignore opposition by up to 13 states, which – under the specific voting system that applies until 31 October 2014 – can be outvoted. Even on issues that require unanimity, the Commission can go further than the position of the most conservative member state because for a member state opposing a legislative proposal that receives nearly unanimous backing is costly (Tallberg, 2008).

Therefore, we expect those non-state actors that favor policy change to be more successful in getting what they want from EU legislation. Whereas on market-creating issues business interests were the Commission's key allies in promoting policy change (Sandholtz & Zysman, 1989; van Apeldoorn, 2002; Cowles, 1995)[7], on the regulatory issues that dominate EU legislative politics, non-business interests back the Commission's drive for policy change. Thus, in the context of EU legislative lobbying, we expect that:

H 1 *Business actors are less successful than citizen groups.*

This does not mean that business interests always lose. Our argument is compatible with the established view in the literature on interest group lobbying, according to which the lobby success of business actors varies with the level of contestation on a policy issue. Following E.E. Schattschneider (1960) and Mancur Olson (1965), many scholars emphasize how business interests attempt to shape the policy process quietly, avoiding open conflict. Thus, Robert Salisbury (1984, p. 74-5) found that, while citizen groups tend to play more prominent roles in publicly visible arenas and newspaper reporting on organized interest representation, firms and trade associations seem to be more active in the less visible arenas. Similarly, Lucig Danielian and Benjamin Page point out that "when the spotlight is on and the public gets involved, political equality tends to prevail and special interests lose" (1994, p. 1076). This should be *a fortiori* the case for business actors who are most likely to be seen as defending particularistic interests. Indeed, in their analysis of lobbying in Washington D.C., Frank Baumgartner and Beth Leech (2001) found that, in cases where only one or two interest groups were involved in an issue, participation was predominantly by businesses and trade associations. By contrast, unions and citizen groups were more likely to be involved in the relatively more open and conflictual processes involving larger numbers of participants. In the EU too, business groups are more likely than citizen groups to pursue inside strategies relying on direct contacts with decision-makers (Dür & Mateo, 2012). Thus, we expect that,

H 2 *Business actors are more successful in lobbying on EU legislation the less conflictual a policy episode is.*

In theoretical treatments of lobbying by two (sides of) interest groups of a legislature with an agenda setter, Grossman and Helpman (2001, pp. 299-308) have identified the conditions under which defenders of the status quo are successful. These describe situations in which the status quo defender has incentives to outperform supporters of the proposed policy change when lobbying undecided legislators. This condition is more likely to apply if the number of relevant legislators is limited, as is the case in legislative procedures in which the European Parliament does not have the role of co-legislator.

Indeed, the political influence of business interests has often been associated with access to executive institutions (Richardson & Jordan, 1979), which in many political systems are less accessible to countervailing groups. By contrast, citizen groups rely more often on lobbying legislative assemblies and their members. Here, citizen groups can bring claims to grassroots representation and legitimacy to bear on decision-makers, who value these resources as they seek re-election (Denzau and Munger, 1986).

This logic has been found to apply to the political process of the EU as well (Lehmann, 2009). When policy debates and decision-making powers shift from executive-dominated legislatures like the European Council to parliamentary ones like the European Parliament, business lobbyists lose their competitive edge vis-a-vis other interests. This implies that business can protect its interests best in areas in which the European

Parliament's legislative role is limited. Within the EU political system there are clear rules on the involvement of the European Parliament in the policy process. The co-decision procedure gives the European Parliament the power of a co-legislator alongside the Council of Ministers, thereby putting it on an equal footing with the Council (Tsebelis & Garrett, 2000). The Treaty of Lisbon has considerably increased the areas in which the co-decision procedure applies, which has now become the ordinary legislative procedure of the EU. This development has led to an overall strengthening of the powers of the European Parliament. In a few legislative areas, however, the role of the Parliament is limited to being consulted, meaning that the legislative powers of the Parliament are severely curtailed. Despite the growing role of co-decision, up to one third of EU legislation is still adopted under the consultation procedure (Lehmann, 2009, p. 43-44). It is in these latter areas that we expect business interests to be defended more effectively than under co-decision. Thus we expect that,

H 3 *Business actors are more successful in lobbying on EU legislation when the European Parliament only has limited legislative powers.*

Data and Method

The dataset that we use to assess our theoretical expectations contains information on 70 EU legislative proposals put forward by the European Commission between 2008 and 2010 (the Appendix presents more information on the sample).[8] This period represents the window of best fit to accommodate the competing requirements of maximizing the likelihood that a decision has been taken and locating Commission officials that were in office at the time. The proposals were selected by means of a stratified random sample of the population of all legislative proposals within this time span, which was subsequently filtered on the basis of a minimum level of public visibility.[9] To control for the bias incurred through this sampling criterion, our sample also includes six proposals for which the criterion was removed. The primary responsibility for the proposals was held by 16 different Directorates General of the Commission, indicating that the data cover a large number of policy fields.

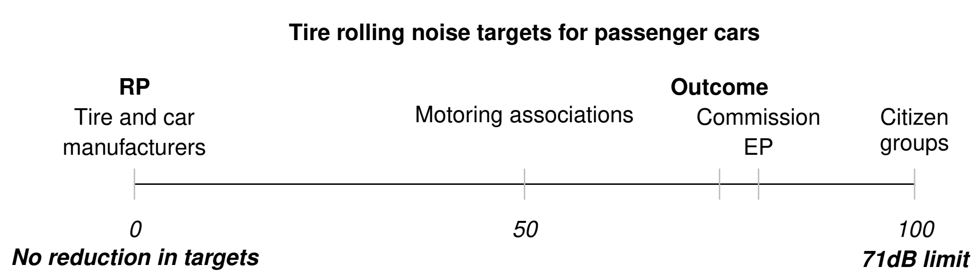
For our sample of legislative proposals, we conducted 95 structured interviews with Commission officials that had particular responsibilities for the relevant legislative proposal at the time of its initiation and who command detailed knowledge of the negotiations that took place at this time. These respondents were either policy officers or heads or deputy heads of units. Interviews lasted on average 70 minutes.

The interviews were used to establish conflict dimensions (issues) within the proposals as well as the policy positions taken by the various actors on the issues.[10] Identifying unidimensional issues is important both to locate actors in the policy space and for measuring success. In total, we found 112 issues, an average of 1.6 issues per proposal.

Following the approach pioneered by Thomson et al. (2006), we asked the officials to locate the policy actors' positions spatially along an issue continuum ranging from 0 to 100. For this, we first asked for the position of the two most divergent non-state actors with respect to the original proposal of the Commission. These policy positions were recorded at either end of a visual representation of the issue continuum (0-100). The officials were then asked to locate the policy alternatives initially favoured by the other non-state actors on the policy continuum. Again these were recorded to complete the picture of interest group lobbying. Next, the officials were asked to locate the policy positions favoured by the European Commission, the Council and European Parliament majorities, those member states that took a clear position on the issue, and the party groups in the European Parliament.[11] With the actor positions completed the officials were asked to locate the position of the final legislative outcome. Lastly, to finalize the spatial representation of the policy episode the officials were asked to locate the reversion point. This is the point on the policy continuum where the outcome would be located if no agreement on new legislation would be found.[12]

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

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



Note: we only show a subset of the actor positions that we identified on this issue. RP=reversion point; EP=European Parliament.

Through the interviews, we identified a total of 1,043 non-state advocates, of which 651 are business interests. The percentage of business interests in our data (63 percent) is close to the business share among the registrants to the EU's Joint Transparency Register (56 percent after excluding professional lobby firms). It is also close to figures reported in studies of US lobbying (Baumgartner, Berry, Hojnacki, Kimball & Leech, 2009; Danielian & Page, 1994). Almost 80 percent of the actors that we identified are groups that are organized at the European or global levels; the remaining 20 percent are organized at the national or sub-national levels. The mean number of groups per issue is nine and the maximum number of interest groups identified on a single issue is 28. Some groups were identified as active on multiple issues (with a maximum of 16 occurrences), leaving 461 unique non-state actors in our data set. The business groups in our sample are on average active across fewer issues (2.3) than citizen groups (2.7). There are missing values for eleven out of 112 reversion points and for eight out of 112 legislative outcomes. As a consequence of the missing reversion points and legislative outcomes, we lose 118 (about 10 percent) observations when calculating our measure of success.

The identification of issues and the positional data rely heavily on the information provided by the 70 Commission officials. To assess the validity of the issue and position measurements obtained by this method, we use estimates from content analysis of position papers. For about half of the 70 proposals, formal consultations were held for which the Commission received written responses from interest groups. Although not all of the groups that were identified in the interviews submitted consultation documents, we were able to use this approach to cross-check 251 position estimates. Given the highly nuanced nature of the language, the documents required manual coding. Two coders that worked independently of each other (with a third coder adjudicating on a small number of position estimates where the original coders disagreed) identified the interest group positions for each issue contained in a proposal on a three-point scale (0=towards the left extreme on the scale; 1=towards the middle of the scale;

and 2=towards the right extreme on the scale). The results from this cross validation indicate that first, the issues identified by the Commission officials were also present at the time of the consultation. In only twelve consultation submissions (4.8 percent) the coders were unable to find an issue identified in the interviews. Second, the policy positions defined in the interviews correspond very closely with the positions identified in the documents submitted. After converting the Commission estimates to the three point scale used in the manual coding (0-33=0; 34-66=1; and 67-100=2), Krippendorff's alpha is 0.87 with a bootstrapped confidence interval of [0.82, 0.92]. This cross check confirms the validity of our data.

Measuring Success

We use the data gathered in the interviews to calculate a measure of success. Given the assumption of single-peaked preferences, the simplest approach at measuring success would be to calculate the absolute difference between an actor's ideal point and the outcome. The closer an actor is to the final outcome, the greater her success (Verschuren & Arts, 2004). The disadvantage of this measure of success is that it does not take into account the location of the reversion point (Bailer & Schneider, 2006; Aksoy, 2010).[13] The relevance of the reversion point is best illustrated with a hypothetical example in which actor A has an ideal point of 20 and actor B of 50, and the outcome is located at 35. Following this simple measure, actors A and B are equally successful (both have a success score of 15). However, if the reversion point is located at 20, actor B managed to avert a much worse outcome, whereas the result moves the policy away from the ideal point of A. Thus, actor B gained and actor A lost, meaning that the former was more successful than the latter.

Our measure of success (*Success*), therefore, builds on the idea that an actor is more successful, the more it manages to pull the outcome closer to its ideal point relative to the reversion point. The larger the distance to the reversion point, and the smaller the distance to the outcome, the more successful should an actor be considered (and vice versa). We use the reversion point rather than another position (such as the one of the Commission proposal) because we are interested in assessing actors' success across the whole legislative process. On 27% of our issues, the outcome is within 10 points of the reversion point, confirming that for interest groups it makes sense to compare their gains or losses relative to this point. Formally,

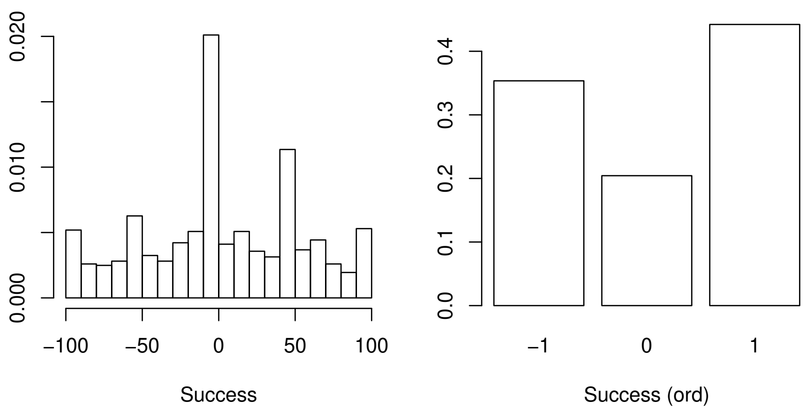
$$s_{ij} = \mid (x_{ij} - RP_j) \mid - \mid (x_{ij} - O_j) \mid \tag{1}$$

where the subscripts i and j denote the actor and the issue, respectively, s is the success measure, x is the ideal point, RP is the reversion point and O is the outcome. The larger s_{ij}, the greater the success of actor i on issue j. Since we asked Commission officials to identify only those non-state actors that played a prominent role in a policy debate, we can expect salience to be compressed at high levels, if not constant, across the issues in our sample. Therefore, we do not weigh this measure of success by salience.[14]

Following others (Thomson et al., 2006; Aksoy, 2010; Golub, 2012), we treat spatial distances as comparable across issues. As gains and losses are always relative to what is possible, our standardized spatial model of policy conflict maximizes comparability across issues. To address remaining concerns about comparability, we cross-check results based on this measure with findings based on an ordinal success measure ($Success\,(ord)$). This measure equals 1 if an interest group won more than five points relative to the reversion point; -1 if it lost more than five points; and 0 if it neither won nor lost (gains or losses of five points or fewer).

Figure 2 shows the distribution of both $Success$ and $Success\,(ord)$ in our data. $Success$ ranges from -100 to +100, with a peak at 0. It has a mean of 5.1 and a median of 0. For $Success\,(ord)$ we find that groups that are successful constitute the modal category.

Figure 2: Distribution of the success measures



Predictor and control variables

We distinguish three types of actors: business, citizen groups and other (with the latter including institutions, professional associations, labor unions and governmental actors). To test our hypotheses, we include *Business* and *Other* as dummy variables in the analysis. We operationalize conflict by calculating the standard deviation of interest group positions for each issue ($IG Conflict$). This variable ranges from 0 to 71, with a mean of 37 and a median of 42. Finally, Hypothesis 3 refers to issues subject to the ordinary legislative procedure. We test this argument with a dummy variable (*Ordinary legislative procedure*) that is coded 1 for the 89 issues that were subject to the ordinary legislative procedure; and 0 for the remaining 33 issues (mainly cases subject to the consultation procedure).

In our multivariate analysis below, we also include a number of control variables. First, because the number of groups that are pulling in the same direction may affect the success of an actor, we control for the strength of the lobbying side an actor belongs to (see also Baumgartner et al., 2009; Klüver, 2013). We operationalize this variable

(*Side*) as the number of non-state actors within the same positional group as the actor, with groups defined as left (0-20), middle (20.1-79.9) and right (80-100). On average, 3.7 groups take a left position, 1.3 groups a middle position, and 4.3 groups a right position.

Second, a group's success may also depend on its endowment with resources, above all information (Hansen, 1991; Ainsworth, 1993; Austen-Smith, 1993). Our measurement of this variable is based on a question put to the Commission officials about the technical knowledge possessed by the interest groups identified in the interviews.[15] Respondents could rate that knowledge on a five-point scale from very low to very high (*IG Knowledge*). The modal value in our dataset is 5, meaning that the Commission officials evaluated most groups as highly knowledgeable. Despite this skew, there is good variation across groups, with 116 actors evaluated as having very low or low technical knowledge.[16] The median value on *IG Knowledge* is four (meaning "high") for both business actors and citizen groups; only groups classified as "other actor" have a higher median of five (meaning "very high").

Third, success may depend on the distance between an actor's ideal position and the European Commission's position. As the main agenda setter, the Commission plays a crucial role in determining EU policies, and many societal actors try to shape the Commission's agenda early on in the policy process. Different proposals are supported by different organized interests, and the Commission position will be closer to some interest group positions than others. To account for the Commission's role in shaping outcomes, we include a measure of the absolute distance between an actor's ideal point and the Commission position (*Distance Commission*). This variable varies from 0 to 100, with a mean of 45 and a median of 50. We expect groups to be less successful the further they are away from the Commission's position.

Fourth, we include a measure of *Media attention* in our model. This is measured at the proposal level, and reflects the number of reports made in the five newspapers mentioned in endnote 7. We expect media attention to have a marginally decreasing effect on the policy decision and use the natural log of that number. Since our analysis is conducted on the most prominent dimensions within a proposal, we are confident that this approach provides a good link to the issue level.

Fifth, because directives are subject to national transposition constraints whereas regulations are not, lobbying success may vary between these two types of legal instruments. Therefore, we include a nominal variable coded 0 for directives and 1 for regulations (*Regulation*).

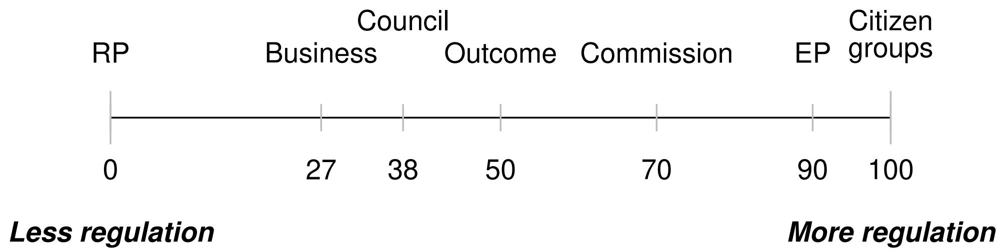
Finally, as our argument rests on the assumption that the positions of the Council and the European Parliament are influenced by lobbying, and thus reflect interest group positions, we do not control for them in our main models. To account for the possibility of an exogenous influence of these institutional actors on outcomes (cf. Baumgartner et al., 2009; Skocpol, 1985), we check whether our results hold if we relax this assumption. For this, we rely on data from our interviews on the Council majority, the member states' positions, and the Parliament majority, all of which were indicated on the same scale as the one used to locate the interest groups. For the Council, we calculate the absolute distance between a group's position and the Council majority (*Distance Council*). As we have a large number of missing values for the Council majority (about 50 per cent), we imputed missing observations using the median position across the member states for which we have a position. For the Parliament, we calculate the absolute distance to the European Parliament majority (*Distance EP*). Table A-1 in the Appendix shows descriptive statistics for all variables. Figure A-2 also in the Appendix shows that the various predictors and control variables (with the exception of the two dummies *Business* and *Other actor*) are only moderately positively or negatively correlated with each other.

Empirical Analysis

Descriptive analysis

Our argument leads us to test three hypotheses: 1.) that business groups are overall less successful than citizen groups; 2.) that business success is higher on issues with little conflict among interest groups; and 3.) that business actors are more successful in lobbying on EU legislation when the European Parliament's formal involvement is low. To facilitate interpretation we begin with a descriptive evaluation of these hypotheses. First, we look at the median positions of business and citizen groups relative to the median outcome and the median reversion point (Figure 3).[17] As expected, for the median issue on the EU's legislative agenda, the reversion point is located to the left (little regulation at the EU level). Business groups and the Council tend to be relatively close to the reversion point. In fact, 228 business actors (36 per cent) have the reversion point as their ideal point, and in nearly all of these cases the reversion point is at 0. On the other end of the scale, citizen groups pull toward more regulation, as do the Parliament and the Commission. The median outcome is located exactly in the middle of the scale. For lobbying success, this means that, relative to the reversion point, citizen groups gain a lot more than business actors, even if the latter are closer to the final outcome than the citizen groups.

Figure 3: Median positions of actors, revision points and outcomes



Note: RP=reversion point; EP=European Parliament.

In Table 1 we compare the mean values for business groups and citizen groups across our two measures of success and find support for our argument. Citizen groups turn out to be substantially more successful than business groups. The difference in *Success* is more than half a standard deviation. For *Success* (*ord*), 65% of citizen groups win as compared to 39% of business actors; and only 12% of citizen groups lose as compared to 44% of business actors.

Table 1: Mean success of business and citizen groups

	Business	Citizen groups
Success	-1.82	25.16
Success (ord)	-0.05	0.53

Finally, in Table 2 we show descriptive results for hypotheses 2 and 3. As expected, business success is lower for issues with a high degree of interest group conflict (operationalized as greater than the mean on that variable) than on issues with low conflict (smaller than the mean). For citizen groups, the result is just the opposite. With respect to legislative procedure, business success is far larger on issues subject to the consultation procedure than on issues subject to the ordinary legislative procedure. For citizen groups, the effect is again reversed.

Table 2: Mean success of business and citizen groups, by degree of conflict and type of legislative procedure

	Degree of conflict		Type of procedure	
	High conflict	low conflict	Ordinary leg. procedure	Consultation procedure
Business	-8.65	9.57	-2.64	23.59
Citizen groups	28.13	15.76	30.78	14.05

Multivariate Analysis

We now turn to the multivariate analysis of the data, using mixed effects linear regression for *Success* and mixed effects ordered logistic regression for *Success* (*ord*). Across all models, we take into account that groups are nested in issues and proposals. We therefore estimate hierarchical models with random effects at both the issue and the proposal level (Gelman & Hill 2007), a choice confirmed by likelihood-ratio tests. Replacing the random effects with fixed effects at the issue-level does not change our results.

Table 3 summarizes the results, with citizen group as the base category for group type. Looking first at Models 1 and 2, the coefficient for business is negative and statistically highly significant. According to the estimates for Model 1, the disadvantage of business actors is similar to the one that resulted from the descriptive analysis: business actors' success score is more than half of a standard deviation lower than that of citizen groups. The effect is also substantial in the model using the ordinal success measure *Success* (*ord*) (Model 2). Whereas the model predicts that 47% of business actors are successful, the respective value for citizen groups is 77%. The model correctly predicts 68% of the cases, as compared to 44% when using the modal category as basis for the prediction.

Table 3: Multivariate analysis

	(1) Success	(2) Success (ord)	(3) Success	(4) Success	(5) Success	(6) Success
Business	−20.45***	−1.62***	−19.34***	16.99*	4.53	44.86***
	(4.08)	(0.28)	(4.59)	(9.80)	(9.27)	(13.03)
Other actor	−13.10***	−1.17***	−15.63***	−10.44**	−13.89***	−11.17**
	(4.86)	(0.32)	(5.33)	(4.85)	(4.84)	(4.83)
IG Conflict	−0.56***	−0.04***	−0.44**	0.03	−0.52***	0.09
	(0.18)	(0.01)	(0.22)	(0.22)	(0.18)	(0.22)
Ordinary legislative	−4.79	−0.68	−12.44	−3.68	11.59	13.74
procedure	(7.71)	(0.59)	(12.01)	(7.56)	(9.46)	(9.28)
Side	−0.96*	0.05	0.47	−1.11**	−0.85	−1.00*
	(0.53)	(0.04)	(0.58)	(0.52)	(0.52)	(0.52)
Media attention	1.25	0.16	2.45	1.97	1.18	1.93
	(3.11)	(0.25)	(4.45)	(3.05)	(3.12)	(3.04)
IG Knowledge	1.97	0.20**	2.77*	2.25	2.60*	2.92**
	(1.40)	(0.10)	(1.56)	(1.38)	(1.40)	(1.39)
Regulation	−2.41	−0.12	−10.12	−3.96	−1.43	−2.98
	(5.71)	(0.45)	(7.76)	(5.60)	(5.74)	(5.61)
Distance Commission	−0.84***	−0.04***	−0.51***	−0.83***	−0.85***	−0.84***
	(0.04)	(0.003)	(0.06)	(0.04)	(0.04)	(0.04)
Distance Council			−0.55***			
			(0.05)			
Distance EP			−0.38***			
			(0.05)			
IG Conflict*				−0.97***		−1.00***
Business				(0.23)		(0.23)
Ord. leg. procedure*					−28.99***	−30.79***
Business					(9.65)	(9.54)
Constant	80.04***	−4.83***	100.63***	53.55***	62.26***	33.75**
	(13.59)	(1.09)	(17.88)	(14.75)	(14.85)	(15.94)
Constant 2		−3.36***				
		(1.08)				
Observations	853	853	564	853	853	853
No. of proposals	59	59	33	59	59	59
No. of issues	91	91	55	91	91	91
Var. (Proposal)	0.00	0.16	0.00	0.00	0.00	0.00
Var. (Issue)	20.82	2.53	23.29	20.30	20.97	20.32
Log Likelihood	−4324.45	−703.30	−2769.94	−4315.78	−4319.97	−4310.61
AIC	8730.74	1432.61	5567.88	8659.56	8667.95	8651.22

$^{***}p < 0.01$, $^{**}p < 0.05$, $^{*}p < 0.1$

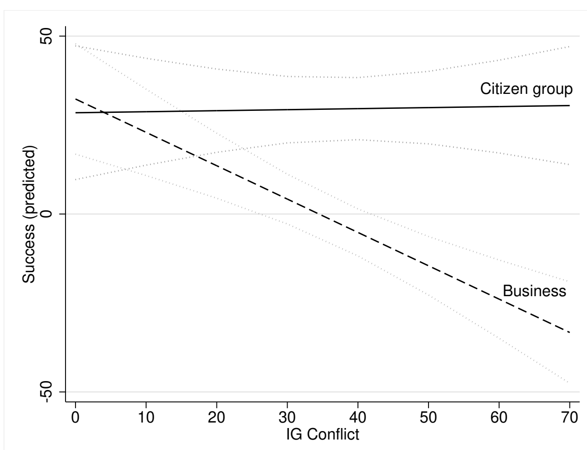
The coefficient for the category of "other actors", which includes institutions and think tanks but also European and non-European national governmental actors, is negative and statistically significant. In both models 1 and 2, moreover, *IG Conflict* and *Distance Commission* are related to *Success*. Both results are intuitive: greater interest group conflict and greater distance from the Commission decrease interest group success. Also in line with our expectations is the positive and statistically significant coefficient for *IG Knowledge* in Model 2. By contrast, the negative and weakly statistically significant coefficient for *Side* in Model 1 is surprising. Rather than being associated with more or bigger success, if anything, a larger number of actors pulling in one direction seems to make actors within that side less successful (although this finding is not robust across models). Media attention is not related to lobbying success; neither is the type of legislative instrument used by the Commission or the legislative procedure used to decide on a proposal.

The estimates for Model 3 show that our results are not sensitive to including the positions of the EU legislative institutions directly in the model (Table 3). Concretely, we control for the distance between an interest group's position and the Council majority and the European Parliament majority, respectively. Doing so does not change our main finding, namely that the coefficient for *Business* is negative and statistically significant. As expected, however, greater distance from the EU institutions is negatively associated with the success of groups.

Hypothesis 2 implies that the effect of *Business* is conditional on the degree of interest group conflict on a specific issue. Specifically, we expect business success to be lower the greater conflict there is among non-state actors. In the case shown in Figure 1, for example, we found three distinct and sizeable lobbying constellations opposing each other. A large business coalition that was comprised of all the major car manufacturers, along with the tyre and rubber industry, defended the reversion point. The opposing position, calling for significant noise reductions, was taken up by an alliance of national and European environmental groups. Individual member-based motoring associations occupied the middle ground. On this highly conflictual issue, the outcome effectively split the difference between the two types of citizen organizations, leaving business interests marginalized.

Model 4 in Table 3, which includes an interaction term between *Business* and *IG Conflict*, offers systematic support for this expectation. When interest group conflict is low, business actors are more successful at attaining preferred policy decisions than when interest group conflict is high. Figure 4 shows the interaction effect included in Model 4 graphically (while keeping other variables at the mean or the mode). At low levels of interest group conflict, business and citizen groups cannot be distinguished in terms of lobbying success. Only as the level of conflict increases does being a business actor become a disadvantage.

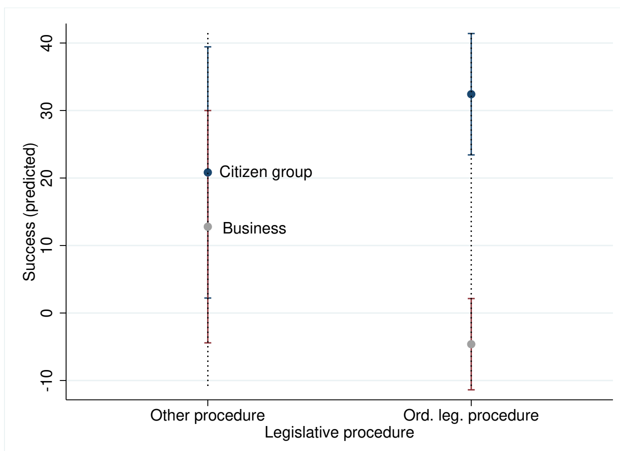
Figure 4: Business success and interest group conflict



Finally, according to Hypothesis 3, the effect of *Business* should also be conditional on the legislative procedure used to decide on a proposal. On issues subject to the ordinary legislative procedure, which assigns a major role to the European Parliament, business success should be lower than on other issues. To test this argument, Model 5 in

Table 3 includes an interaction term for *Business* and *Ordinary legislative procedure*. The resulting coefficient is negative and statistically significant. As Figure 5 shows (again keeping other variables at the mean or the mode), business actors and citizen groups are equally successful on issues that are decided without major involvement by the European Parliament. By contrast, business success is much lower on issues subject to the ordinary legislative procedure. Model 6 shows that the results reported in models 4 and 5 are robust to including both interaction terms in a single model. In the next section, we investigate to what extent these results are sensitive to the specific operationalizations used in the analysis so far.

Figure 5: Business success and legislative procedure



Robustness Analysis

We carried out a series of tests to examine the robustness of the results reported above. To begin with, a long-standing expectation of the interest group literature is that unity among actors conveys influence. In the words of Robert Dahl (1958, p. 465): "[t]he actual political effectiveness of a group is a function of its potential for control and its potential for unity." In this perspective, the observed lack of business success with respect to EU legislation might be the result of conflict between different business actors.

Potential sources of conflict include divisions between financial and manufacturing firms, manufacturers versus retailers, raw material producers and utilities versus corporate consumers, and importing versus exporting industries (Mizruchi & König, 1986, p. 482-483), to which regional conflicts and competition within industries should be added. However, others suggest that business unity is an obstacle rather than a path to success (Smith, 2000).

Our data suggest that different business actors often take opposing stances on an issue. In models 7 and 8 in Table 4, we check whether this affects our findings about lobbying success. We do so by separately running our analysis on two parts of the data, one including all issues with little business conflict (i.e. where the standard deviation of business positions is 20 or lower, model 7) and another with all issues with high business conflict (a standard deviation of greater than 20, model 8). Our principal finding is not affected by this modification: the coefficient for $Business$ is negative and statistically significant in both models.[18]

Furthermore, existing research on lobbying in the EU ascribes a major role to direct lobbying by firms (Bernhagen and Mitchell, 2009; Coen, 1997). Firms may be able to better defend their interests in the EU than business associations, who may find it difficult to arrive at common positions. To accommodate this possibility, we disaggregate the $Business$ actor category into firms ($Firm$) and business associations ($Business\,associations$). Models 9 and 10 in Table 4 show that this does not change our results. In Model 9 (without interaction terms), the coefficients for both firms and business associations are negative and statistically significant. In Model 10, the coefficients for the interaction terms remain negative and statistically significant, with the exception of the coefficient for $Ordinary\,legislative\,procedure * Firm$. The other coefficients are very similar to those reported in Model 1.

Table 4: Additional evidence

	(7) Success	(8) Success	(9) Success	(10) Success
Business	−29.40***	−21.46***		
	(6.00)	(5.51)		
Firm			−17.36***	33.66*
			(4.82)	(18.19)
Bus. association			−20.84***	48.06***
			(4.18)	(13.54)
Other actor	−19.73***	−11.19*	−12.57***	−10.40**
	(6.32)	(6.65)	(4.85)	(4.82)
IG Conflict	−1.00***	−0.17	−0.57***	0.08
	(0.29)	(0.26)	(0.18)	(0.22)
Ordinary legislative	−15.02	2.17	−4.86	12.64
procedure	(12.54)	(9.69)	(7.67)	(9.20)
Side	−0.66	−0.75	−1.01*	−1.07**
	(0.75)	(0.72)	(0.53)	(0.52)
Media attention	−0.47	1.03	1.26	2.08
	(6.00)	(3.46)	(3.09)	(3.00)
IG Knowledge	1.85	2.74	1.63	2.44*
	(1.69)	(1.98)	(1.42)	(1.42)
Regulation	−5.85	−3.20	−2.54	−3.26
	(10.74)	(6.33)	(5.68)	(5.53)
Distance	−0.59***	−0.89***	−0.84***	−0.84***
Commission	(0.08)	(0.06)	(0.04)	(0.04)
IG Conflict*				−0.97***
Firm				(0.30)
IG Conflict*				−1.00***
Bus. association				(0.24)
Ord. leg. procedure*				−16.15
Firm				(14.15)
Ord. leg. procedure*				−34.64***
Bus. association				(10.10)
Constant	99.22***	58.25***	81.42***	36.33**
	(23.10)	(18.14)	(13.62)	(15.85)
Observations	316	537	853	853
No. of proposals	28	39	59	59
No. of issues	36	55	91	91
Var. (Proposal)	8.98	0.00	0.00	0.00
Var. (Issue)	24.76	15.21	20.67	19.89
Log Likelihood	−1532.37	−2761.63	−4324.53	−4310.00

$^{***}p < 0.01$, $^{**}p < 0.05$, $^{*}p < 0.1$

Next, we replicate our analysis using an alternative measure of success, which not only captures the change of the outcome relative to the reversion point, but also takes into account how far the outcome is from the position of an actor (cf. Bernhagen et al. 2014). This measure of success (*Success (alt.)*) is calculated as follows:

$$sa_{ij} = \frac{\mid (x_{ij} - RP_j) \mid - \mid (x_{ij} - O_j) \mid +100}{\mid (x_{ij} - O_j) + 100} \tag{2}$$

The results are substantially the same as for our first measure (see models 11 and 12 in Table A-3 in the Appendix).[19]

We also introduce the plausible assumption that all issues for which we are missing an outcome measure have failed - in other words, that the outcome equals the reversion point (Models 13 and 14 in Table A-3). This modification adds four proposals and six issues to our data, but it does not affect the main findings.

Finally, not all issues are lobbied on by business and citizen groups at once. Repeating the analysis only for those issues on which both business and citizen groups were active shows that the results are robust to this restriction (Models 15 and 16 in Table A-3). However, business success is higher on issues with no lobbying by citizen groups (for these 39 issues, the mean on $Success$ for business groups is 7.74 as compared to -7.31 for the full sample). This suggests that our analysis captures the lobbying of citizen groups offsetting the lobbying of business groups.

Discussion

Two opposing views characterize the literature on lobbying in the EU. Some studies conclude that in the EU, business actors are both successful at promoting their own agendas and manage to avert policies that might be socially desirable but costly for business, such as environmental or labor regulation (Streeck & Schmitter, 1991; Schneider & Baltz, 2003; Dür & De Bièvre, 2007). Others suggest that the EU's institutional structure may offer particularly good opportunities for citizen groups to advance their interests (Mazey & Richardson, 1993; Mazey, 1998; Geddes, 2000). This reproduces a contrast that has been present in the US and comparative literature on business political influence for some time. While some authors have argued that business is the single most powerful actor type in pluralist polities (e.g. McFarland, 1991), others have held that the political clout of all organized business actors is limited (e.g. Bauer, de Sola Pool, and Dexter, 1963).

Our findings show that, in the case of EU legislative politics during the first decade of the third millennium, business success is limited relative to the success of citizen groups. With business interests mostly defending the status quo and citizen groups, frequently in alliance with the European Commission and the European Parliament, pushing for policy change, business tends to be in a defensive position with respect to much legislative activity - a position that, acording to Charles Lindblom (1977) is characteristic for business interests in advanced capitalist democracies. Business success, however, is both bigger and more likely on less conflictual policy episodes, when business interests face limited opposition from other actors. This finding resonates with patterns observed in the US and other national political-economic systems for quite some time (cf. Baumgartner and Leech, 2001; Olson, 1965; Polk and Schmutzler, 2005). Similarly, business actors can promote their political interests better in areas in which the role of the European Parliament is limited to consultation and approval. Again, this is in line with findings from the US, where scholars have shown that business interests dominate bureaucratic policymaking at the expense of the broader public (Yackee and Yackee, 2006). These results are robust to changes in the operationalization of success and the inclusion of numerous control variables. In particular, they hold across the main types of business actors (firms and associations), both of which have rather little success in EU legislative decision-making.

These findings have major implications for our understanding of interest group success generally and decision-making in the EU in particular. With respect to the former, they counter arguments that business interests are politically more successful because of the resources they possess, their greater mobilization, their privileged access to decision-makers or their ability to overcome collective action problems. With respect to the latter, our findings show that policy outcomes in the EU tend to be a compromise between citizen groups, the European Commission and the European Parliament on one side and most member states and business interests on the other. Contrary to the US, where the status quo is the dominant output of political struggles (see Baumgartner et al., 2009), institutional incentives in the EU are such that the European Commission is only likely to put forward a legislative proposal when its successful passage is highly likely.

A possible caveat to our findings is that we only focus on the decision-making stage of the legislative process. If business is highly influential at the agenda-setting stage, our analysis would capture merely the struggle over the last chips on the table (Lowery, 2013). Previous research suggests that business interests can indeed be quite successful at affecting the Commission's policy plans early on in the process (Klüver, 2013). Yet, the Commission proposals in our data are often diametrically opposed by business interests, suggesting that the agenda stage too might be heavily influenced by interests other than business. Our focus on legislative proposals that enjoyed a certain amount of conflict and public attention points toward another limit of the present study. Just like an actor's ability to shape the agenda, the ability (or otherwise) to expand conflict (cf. Schattschneider, 1960) is outside the scope of our analysis. However, given the capacity constraints of organized interests, in particular of citizen groups, we believe that in most cases these groups cannot choose to expand conflict at will. Like the agenda itself, the amount of conflict around its items is therefore a factor that enters our analysis exogenously. Future studies should incorporate these preceding stages of the policy process in an analysis that also captures the decision-making stage. Finally, in our analysis we controlled for the distance between an actor's ideal point and the Commission position. We have found that, irrespective of how big or small that distance is, for business actors the outcome of the policy process is still further away from their ideal point.

A more plausible interpretation would start by recognizing that the entire project of European economic and monetary integration has been a great political success for European business. According to Scharpf (2001), the agenda of European integration leading to the Single European Act and the Maastricht Treaty consisted of "market-creating" and "market-enabling" policies that were strongly supported by business interests and that led to the single market and currency union. By contrast, the multitude of "process" and "product regulations" that make up the EU's legislative agenda often cause costs for business and are frequently opposed by business actors. As this study has shown, in the diverse regulatory areas covered by our data business often has to give way to consumer and environmental interests siding with the European Commission. Thus, while the EU might be seen as a project whose main effect has been to further the interests of business, when it comes to regulating the way in which business is done in Europe, business actors are substantially less influential than is often perceived. This effect has been reinforced by a shift away from executive-centered policymaking and elite bargaining towards increasing and more effective parliamentary scrutiny. While there may be good reasons to be sceptical about the capacity of greater civil society participation in the EU to address the organization's democratic deficit, we have shown that heterogeneous interest representation and a strengthening of parliamentary powers can effectively counter the political aspirations of privileged groups like business. In this sense, the political fortunes of business affected by European policy decisions have undergone considerable fluctuation, with meagre years following fat ones (Vogel, 1989).

Notes

[1]The data were collected as part of the INTEREURO project (Beyers et al. 2014).

[2]This notion of influence is analogous to Robert Dahl's (1957) concept of power, according to which "A has power over B to the extent that he can get B to do something that B would not otherwise do."

[3]While the classic accounts of business' structural power are found mostly in the context of tax and welfare politics (Quinn & Shapiro, 1991; Swank, 1992), analogous constraints apply to regulatory policy fields (see e.g. Dryzek 1995).

[4]In some policy areas (for example, competition policy), the Commission has important non-legislative competences. Our focus is on legislative politics.

[5]For the distinction between negative and positive integration, see Scharpf 1996.

[6]To illustrate this point: during 2010, 109 proposals were submitted under the ordinary legislative procedure. Of these, 83 have been completed, 23 are ongoing and 3 lapsed or were withdrawn. Of the 125 proposals that were introduced in 2008, 108 have been completed, 9 are ongoing and only 8 lapsed or were withdrawn.

[7]And still are on trade policy, explaining the finding of business success in this policy area, see Dür and De Bièvre (2007).

[8]We started with a larger sample of 125 proposals but were unable to conduct or successfully complete interviews for 55 of the 125 legislative proposals. In some cases, no lobbying took place, making a study of lobbying success impossible. In other cases, potential interviewees could not be located or refused to be interviewed. A comparison of our final sample with the initial one does not reveal any systematic differences in terms of policy fields, legislative procedure etc.

[9]Public visibility was found to be present if an issue had been mentioned in at least two of five leading national and pan-European newspapers (*Agence Europe*, *European Voice*, *Financial Times*, *Frankfurter Allgemeine Zeitung* and *Le Monde*). This approach enabled the purely procedural proposals to be filtered out, while avoiding the overestimation of policy conflict associated with samples defined entirely by policy actors.

[10]The precise wording of the question was: "Can you identify up to three distinct issues within the

proposal concerning [PROPOSAL TOPIC] on which there was disagreement among the stakeholders?"

[11]Positional values for actors other than non-state actors could be awarded outside the 0-100 range. We then rescaled these issues to bring them back to the 0-100 range.

[12]In nearly all cases, the reversion point is equal to the status quo. The two are different, for example, when current legislation includes a sunset clause or is about to run out. The question used to find the reversion point was phrased: "If the Commission, Council and Parliament had failed (were to fail) to reach an agreement on the issue, where would you locate the outcome of such a situation on the continuum?"

[13] We use the reversion point rather than the status quo, since what matters most for policy actors is where a policy would be located in case the legislative proposal fails. This is not necessarily the same location as the status quo.

[14]For an in-depth treatment of our specific approach, see AUTHORS.

[15]The exact wording of the question is: "Non-state actors such as firms, interest groups and regional representations differ from each other regarding the *technical knowledge* they possess. By technical knowledge we mean detailed information on, and an in-depth understanding of, the substance of the proposal. Thinking about each non-state stakeholder, can you please tell me the level of technical knowledge each organisation holds with respect to this policy proposal? Please use a five point scale, ranging from very low, to low, medium, high and very high."

[16]For slightly more than half of the groups, our dataset also contains the number of employees. This variable shows that citizen groups employ more staff than business associations (excluding firms, which cannot be compared to associations in terms of staff). Using this variable as an additional measure of resources does not change the substantive results, even though the number of observations drops to half. The coefficient for staff size is not statistically significant.

[17]We use the median rather than the mean to prevent distortions from outliers.

[18]For two reasons, we do not run these models with the interaction terms. On the one hand, *IG conflict* and business conflict are strongly positively correlated (r=0.48). By limiting business conflict to high or low values, we strongly reduce variation on *IG conflict*, thus reducing the explanatory leverage of this interaction term. On the other hand, there is little variation on the legislative procedure in these reduced samples.

[19]Neither do the findings change if we drop all observations where an interest group's ideal point equals the reversion point. Given our measures of success, such groups cannot gain. Their highest

possible success value is 0.

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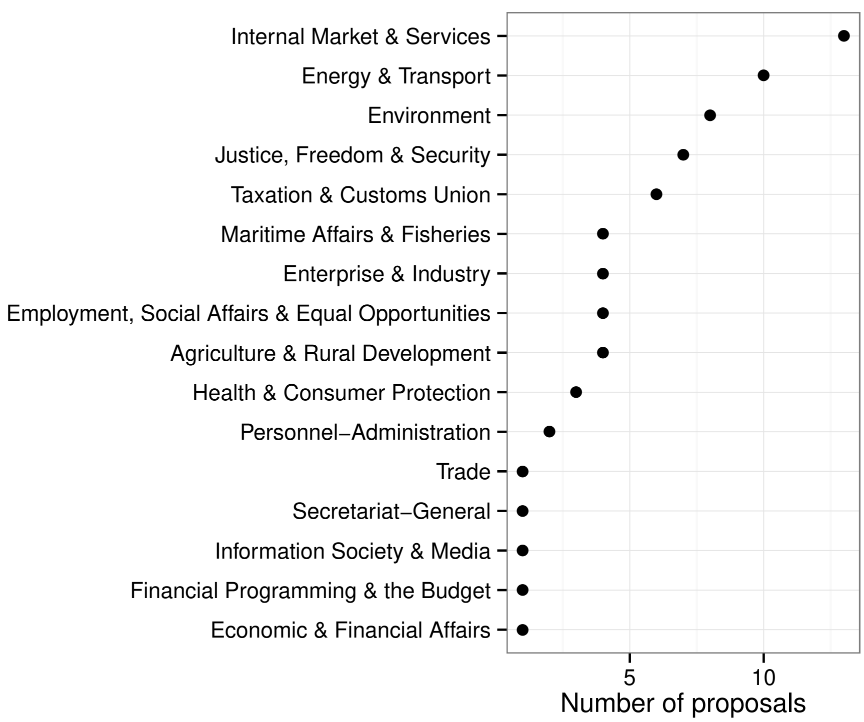
Appendix

The sample

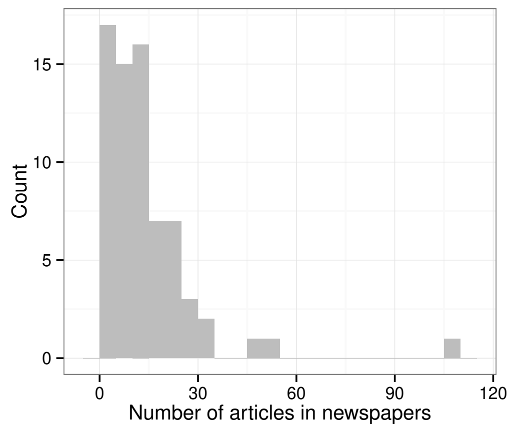
Of the 70 legislative proposals in our sample, 40 (57%) were introduced in 2008, 11 (16%) in 2009 and 19 (27%) in 2010. As Figure A-1 shows, 16 different Directorates General or units of the Commission had primary responsibility for them. Directorates General Internal Market & Services and Energy & Transport are particularly prominently represented in the data set. Nevertheless, the sample covers a broad cross-section of EU legislative activity.

Figure A-1: Directorates General with primary responsibility



In 60 cases, the proposal was adopted; in 10 cases, no final decision has been reached. The average time it took for the proposals to be adopted is 542 days, with a minimum of 16 and a maximum of 1,477 days. As shown in Figure A-2, most of the proposals received relatively little media attention, but with a few outliers.

Figure A-2: Number of newspaper articles mentioning the proposal



The numbers are based on an analysis of five major newspapers.

The modal number of issues that we identified per proposal is 1 (see Figure A-3). Only for one proposal did we find 4 issues (which is not only a reflection of the fact that we explicitly asked for only up to three issues per proposal, but also suggests that the number of issues per proposal is limited). In Figure A-4, finally, we show the distribution of issues by number of groups. As can be seen, only few issues attracted lobbying by a large number of groups. On most issues, we identified fewer than ten interest groups.

Figure A-3: Number of issues per proposal

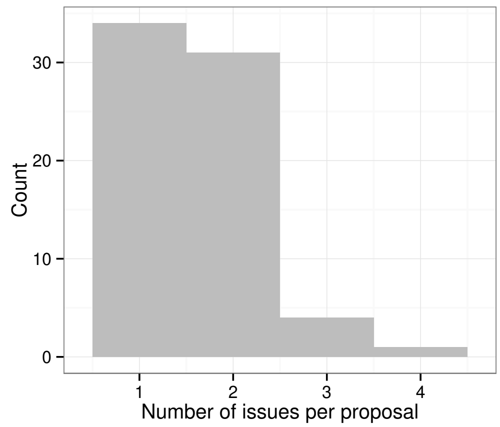
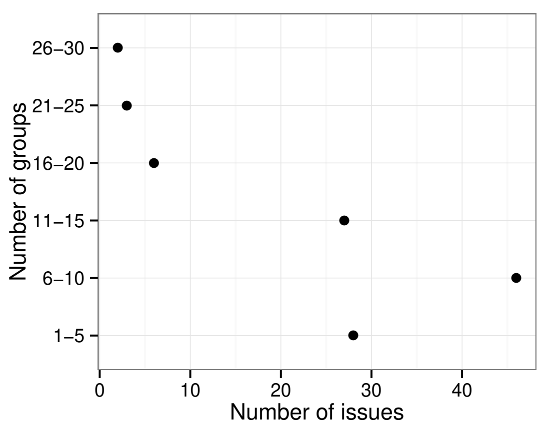


Figure A-4: Number of issues with specific number of interest groups



Descriptive statistics and correlations among predictors

Table A-1: Descriptive statistics

Statistic	N	Mean	St. Dev.	Min	Median	Max
Success	925	5.12	51.37	−100.00	0.00	100.00
Success (ord)	925	0.09	0.89	-1	0	1
Success (alt.)	925	0.80	0.50	0.00	0.71	2.00
Business	1,043	0.62	0.48	0	1	1
Firm	1,043	0.21	0.41	0	0	1
Bus. association	1,043	0.41	0.49	0	0	1
Other	1,043	0.19	0.39	0	0	1
IG Conflict	1,043	36.95	15.17	0.00	41.93	70.71
Ordinary legislative procedure	1,043	0.85	0.36	0	1	1
Side	1,043	5.72	3.69	0	5	14
Media (logged)	1,043	2.58	0.89	0.00	2.64	4.69
IG Knowledge	943	3.99	1.14	1.00	4.00	5.00
Regulation	1,043	0.35	0.48	0	0	1
Distance Commission	1,027	45.30	35.32	0.00	50.00	100.00
Distance Council	952	50.19	35.95	0.00	50.00	100.00
Distance EP	637	43.20	36.80	0.00	40.00	100.00

Table A-2: Correlation among predictors in Model 1

	Other	IG Conflict	Ord. LP.	Side	Media	IG Knowl.	Regul.	Dist. Com.
Business	-0.62***	0.08	0.07	0.18***	0.00	0.10*	0.03	0.20***
Other		-0.09*	-0.04	-0.05	0.05	0.09	-0.04	-0.09**
IG Conflict			-0.17***	-0.37***	-0.20***	0.00	0.10**	0.15***
Ord. LP				0.22***	0.27***	0.21***	-0.31***	-0.05
Side					0.14***	0.14***	-0.16***	0.02
Media						0.19***	0.00	-0.06
IG Knowl.							0.02	0.00
Regulation								0.13***

Robustness checks

Table A-3: Robustness checks

	(11) Success (alt.)	(12) Success (alt.)	(13) Success	(14) Success	(15) Success	(16) Success
Business	−0.10**	0.52***	−19.76***	46.82***	−24.40***	81.08***
	(0.04)	(0.13)	(3.99)	(12.73)	(4.70)	(18.31)
Other actor	−0.08*	−0.06	−12.31**	−10.81**	−21.99***	−21.46***
	(0.05)	(0.05)	(4.80)	(4.76)	(6.09)	(5.95)
IG Conflict	−0.00***	0.00	−0.57***	0.07	0.38	1.39***
	(0.00)	(0.00)	(0.17)	(0.22)	(0.31)	(0.37)
Ordinary legislative	−0.03	0.12	−6.07	14.84*	−5.88	17.60*
procedure	(0.08)	(0.09)	(6.85)	(8.64)	(8.66)	(10.41)
Side	−0.01**	−0.01***	−1.01**	−1.04**	−0.55	−0.46
	(0.01)	(0.00)	(0.52)	(0.51)	(0.63)	(0.63)
Media	0.00	0.01	1.73	2.26	1.34	1.84
attention	(0.03)	(0.03)	(2.96)	(2.91)	(3.23)	(3.39)
IG	0.02*	0.03**	1.37	2.43*	2.60	5.04***
Knowledge	(0.01)	(0.01)	(1.34)	(1.34)	(1.82)	(1.83)
Regulation	−0.02	−0.03	−3.30	−3.25	−0.32	1.35
	(0.06)	(0.05)	(5.26)	(5.18)	(6.27)	(6.54)
Distance	−0.01***	−0.01***	−0.79***	−0.80***	−0.81***	−0.84***
Commission	(0.00)	(0.00)	(0.04)	(0.04)	(0.06)	(0.06)
IG Conflict*		−0.01***		−0.97***		−1.62***
Business		(0.00)		(0.22)		(0.36)
Ord. leg. procedure*		−0.26***		−33.90***		−47.89***
Business		(0.09)		(9.02)		(11.46)
Constant	1.46***	1.00***	80.22***	32.54**	37.24**	−28.28
	(0.13)	(0.15)	(12.93)	(15.37)	(17.70)	(21.14)
Observations	853	853	883	883	562	562
No. of proposals	59	59	63	63	33	33
No. of issues	91	91	97	97	51	51
Var. (Proposal)	0.00	0.00	0.00	0.00	6.09	7.40
Var. (Issue)	0.20	0.19	19.81	19.40	12.31	12.55
Log Likelihood	−368.50	−355.05	−4474.93	−4460.06	−2857.15	−2839.74

$^{***}p < 0.01$, $^{**}p < 0.05$, $^{*}p < 0.1$

Business unity

Business actors were active on 98 of the 112 issues that are in our dataset. On 11 of them (11 percent), we only identified one business actor, which in turn means that business took a unified stance. On 46 percent of the issues, the distance between the two business actors with the most extreme positions did not exceed 20 points. On 40 percent of the issues, the distance between the two business actors with the most extreme positions exceeded 80 points. On most of these, a large majority of business actors opposes a small minority. In fact, only on 16 issues (16 percent) do we see real business conflict in our dataset. We show the distributions of business positions on the 0 to 100 scale for each issue below (Figure A-5 tp A-7).

Figure A-5: Density plot of business positions (I)

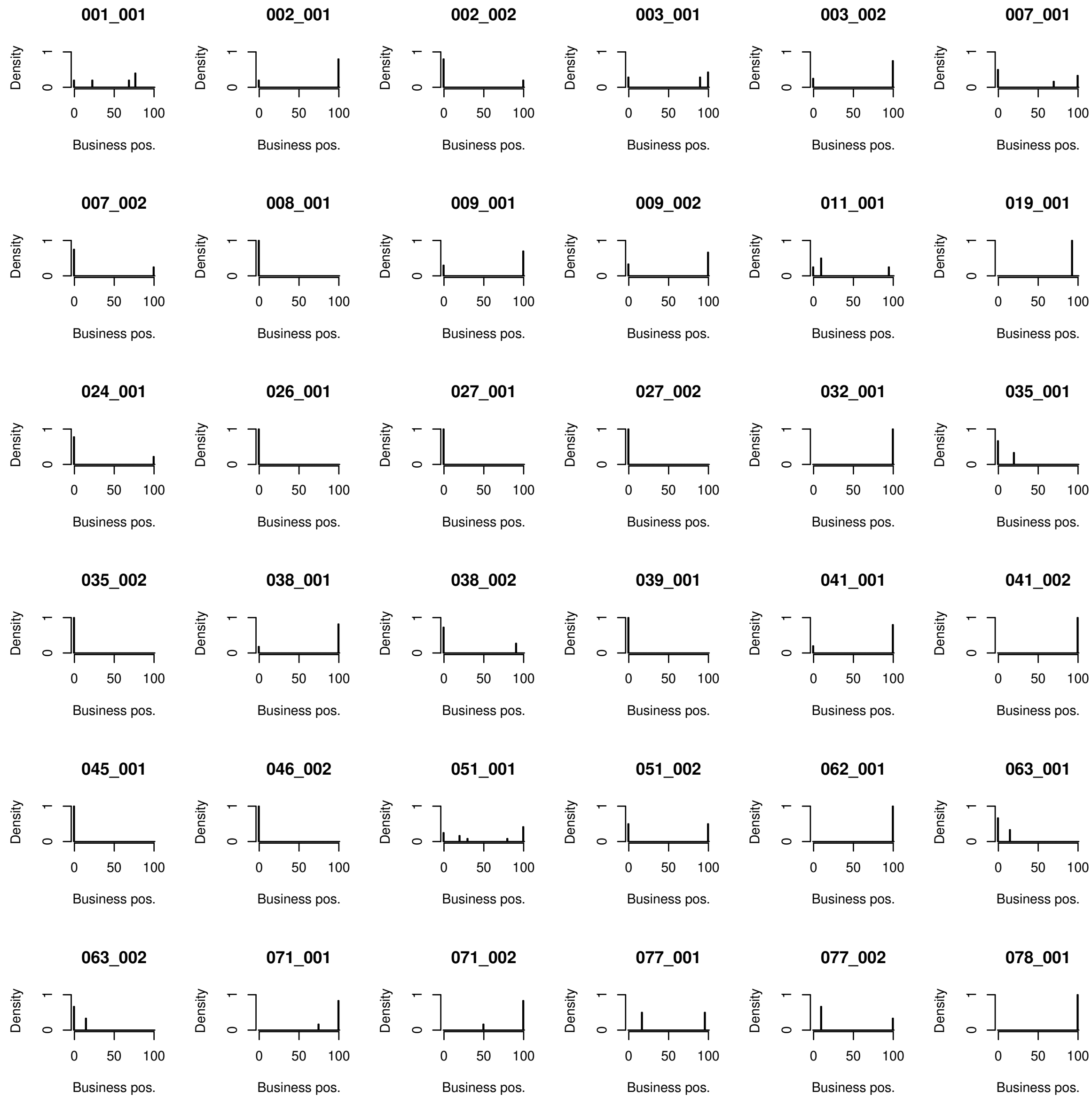


Figure A-6: Density plot of business positions (II)

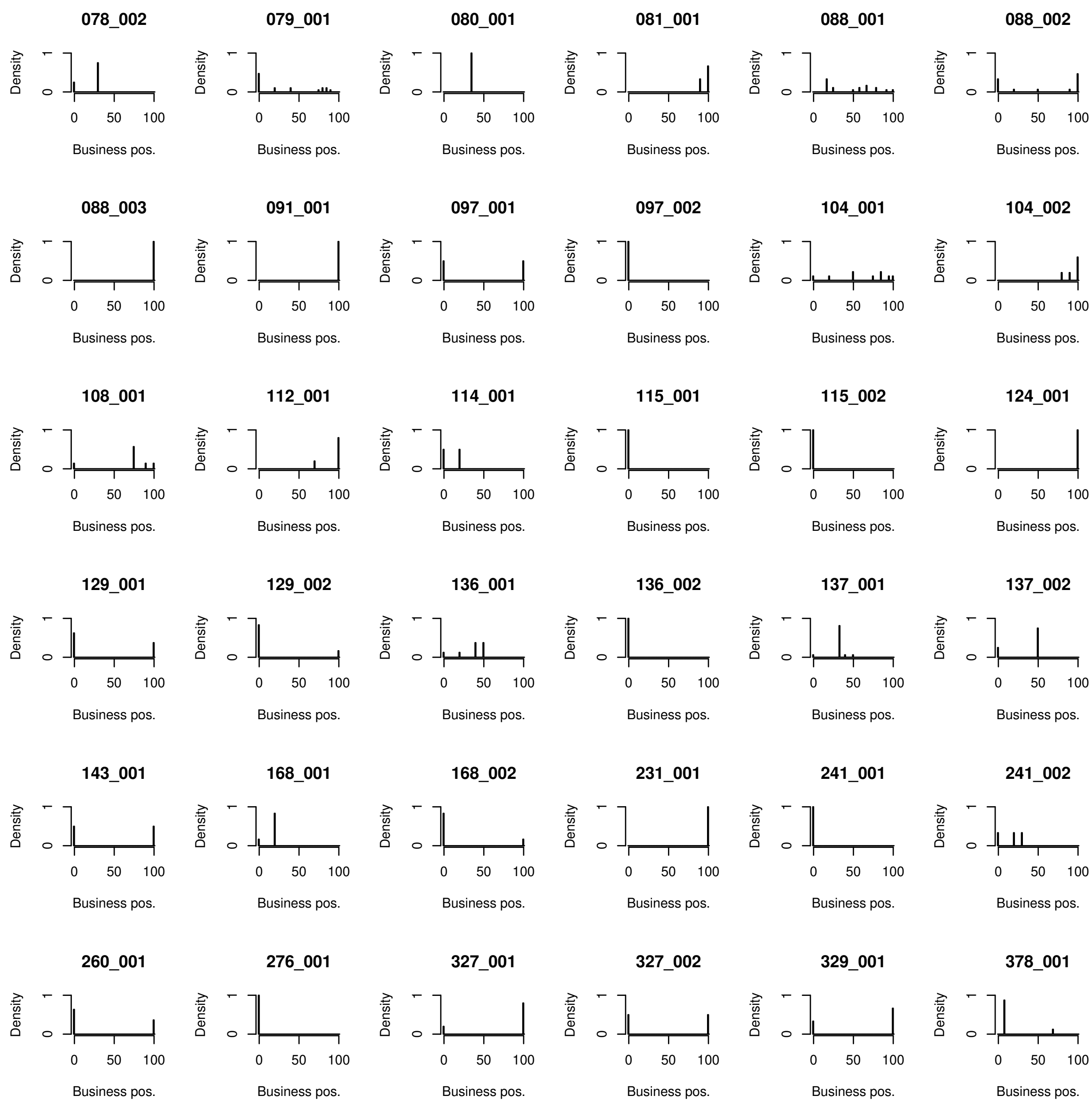


Figure A-7: Density plot of business positions (III)