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Balancing Public and Private Interests Under Duress

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BALANCING PUBLIC AND PRIVATE INTERESTS UNDER DURESS

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ABSTRACT

This paper summarises research carried out for ESRC Award L113251029 between January 1994 and March 1996 as part of the ESRC Single European Market Programme. It examines the proposition that producer interests have particularly large influence on policy outcomes because of the character of the European regulatory process. Examples were drawn from road haulage, pharmaceutical advertising, vehicle emissions and consumer policy. Some material was collected on the extension of the European Union's policy rules to other west European countries via the European Economic Area and EFTA enlargement, and to central and eastern Europe via the Europe Agreements and pre-accession strategy. The data do not reveal a pattern of producer dominance. On the contrary diffuse or civic interests, including those of the consumer are extensively incorporated in agreed rules, both directly and indirectly.

1 Summary of Research

1. This paper summarises the findings of an ESRC-funded project at the Sussex European Institute. It examined how interests other than those of producers were assessed and addressed in the Single European Market (SEM) process and legislation of the European Union (EU). Its starting point was that we would expect 'diffuse' interests to be disadvantaged in the European regulatory process. Producers are rather well organised, have increasingly well-developed channels of access to influence, and are generally rather well resourced to engage in pressuring public policy-makers to incorporate their interests and preferences. 'Diffuse' interests, on the other hand, are less well organised and resourced, spread their policy-influencing activities more widely and more thinly and are generally less well geared to mobilising effective influence. It is a general assumption of political economy and public choice that producers tend to win over consumers and that the scope for capture is endemic in public regulation.
2. This project sought to find evidence of this proposition and to see how far the expected coalition of European policy-makers and producers led to 'unbalanced' policy outcomes or contributed to wider public concern about European regulation. This might also be expected to contribute to the sense that the European process was not really politically legitimate. It might moreover lead the EU to seek to reinforce its indigenous producers' interests in negotiations with other European countries. The project was being conducted as members of the European Free Trade Association (EFTA) developed the European Economic Area (EEA) and as some negotiated full EU accession. It also coincided with the development of the European Association agreements with countries of central and eastern Europe (CEECs) and the formation of a 'pre-accession strategy' for them.
3. Several case studies were chosen to examine these issues. They deliberately sought to go beyond those covered in previous or parallel studies on the SEM and to touch questions of relevance to other European countries. These cases were: road haulage; pharmaceutical advertising; curbs on road traffic pollution and consumer policy as such. This last case was added to the project when it became clear that there was an opportunity to fill an empirical gap on an important dimension of the subject.
4. The project team had early on to establish how most usefully to define and to identify the relevant 'diffuse' interests. A simplistic dichotomy between public and private interests would not be helpful. There are competing private interests and business does not necessarily act 'against' the public interest. Hence the term 'civic' interests was adopted and developed as a term to embrace those interests other than producers that were relevant to both individual items of market regulation and the broad policy impact. In practice for our case studies these mostly meant environmental and consumer concerns.

5. The evidence from the case studies does not bear out producer dominance.
- road haulage: liberalisation introduced over hauliers' objections; liberalisation preceded harmonisation of competitive conditions;
 - pharmaceutical advertising industry opposed EC action; proposals reflected compromise; consumers satisfied with result; industry not;
 - curbs on air pollution from road traffic since 1989 standards been tightened despite industry protests; latest round of proposals please environmentalists more than producers; Commission's discussion papers on transport reflect environmentalists arguments;
 - consumer policy several important pieces of legislation been adopted; essential safety standards have not been set low; progress has been slower regarding consumers' economic and legal rights, but is coming.
6. Essentially our cases suggest that there is an interaction between institutions and actors in the EU regulatory process. This facilitates consideration of civic interests or leads to judgements about civic interests tilting the balance between one producer group and another, even though the civic interests may themselves be poorly resourced or weakly engaged in the process. This policy dynamic emerges from the rather open 'opportunity structure' provided by the European institutional system and from the escape route from producer/government collaboration that is often facilitated at a single-country-level. Within this European process a multiplicity of policy actors can, and sometimes do, articulate the preferences of the civic interests. Our cases showed the range — sometimes it was the Commission (helped by its agenda-setting role) that inserted civic interests into the aggregate of relevant policy interests; sometimes the European Parliament or the European Court of Justice made an influential intervention; sometimes one or other member government would run the argument.
7. None of this implies that civic interests will necessarily predominate or that they are adequately included across the range of policy measures. But cases of their implicit or explicit inclusion in an advocacy coalition are evident. Moreover the increased organisation and articulation of targeted effort by consumer organisations is an increasing factor in the development of market regulation.
8. As for the impact on policy towards other European partners, the SEM process has set the core frame of reference. It includes commitments in the SEM *acquis* to 'minimum essential requirements'. These do not mean low standards, since the inclusion of 'civic' interests has militated against a 'race to the bottom'. The involvement of EFTA countries, both through the EEA and through full EU membership accentuates the emphasis on civic interests. It increases pressure for high standards to be adopted by east Europeans, though here the Commission has sought to tilt the 'balance' for the CEECs to give priority to product standards, leaving process standards to follow on a more gradually phased basis. But here there is a clear tension between the EFTA-enlarged EU and the possible CEEC enlargement.

2 Full Report of Research Activities and Results

Original Objective of the Study

We set out to analyse the extent to which the single European market (SEM) programme, predicated on a particular 'partnership' between policy-makers and key business interests, had actually been detached from either wider public interests or those economic and consumer interests that were less directly mobilised by SEM rule-making.

Our Points of Departure

Interests other than those of producers are disadvantaged in the EC's regulatory process.

This was based on several hypotheses drawn from the theoretical literature on regulation,¹ how interests organise² and the character of European integration:³

- business exercises market power, provides public goods, and can impede (ease) implementation;
- the logic of collective action benefits the organised few over the diffuse many;
- the regulatory process emphasises expertise, giving an advantage to those who can command technical resources, *i.e.* often an asset of the producers;
- producers have been crucial in building European integration;
- the opacity of the policy process favours insiders;
- the number of trade association dwarfs that of civic interest groups; and
- the EC was not designed with the structures of a democratic polity; therefore the traditional counterweights to business power are underdeveloped.

Results

Approach and Methods:

We chose several cases studies to explore these hypotheses, taking cases of regulation within the SEM where there seemed to be important interests other than those of the producers and where it seemed possible to weigh the latter's influence *vis-à-vis* those of other kinds of 'diffuse' interests. We selected our cases so as to address this issue from different angles: the liberalisation of road haulage involved a relatively diffuse group of 'producers' and consumers that are themselves producers; pharmaceutical advertising pitted one of the more cohesive industry associations against consumer groups, which are perceived to be rather weak, and formed the focal point for a study on EC consumer policy more generally; and EC efforts to curb vehicle emissions is perhaps the most frequently cited example of diffuse interests triumphing over producer interests, but previously published accounts, focused on the late 1980s, did not entirely cover the 'balancing' of different interests.

¹Beer (1982); Lindblom (1977); Offe (1985).

²Olson (1965)

³Kohler-Koch (1997); Wallace (1993); Weiler (1992).

We started from the assumption that we were seeking to identify what are often described as proponents of the 'public interest', thus, for example, consumers and environmental protection groups. We collected primary and secondary published material, and carried out more than 100 face-to-face interviews (supplemented by correspondence) with government (UK, Netherlands, Poland, Sweden) and Commission (DGs I, III, VI, XI, XXIV) officials, members of the secretariats of the European Parliament and the Economic and Social Committee, and representatives of national and European consumer and environmentalist groups, trade associations and industry organisations.

In the course of the study we had to refine considerably the definition of the diffuse interests that we wanted to evaluate. We opted for the term 'civic interests' rather than '*the* public interest' (Young 1995), partly in an effort to find an inclusive, but not loaded, term to describe them, and partly in order to avoid the misleading implication that producers act *against* the public interest. We also looked at the way in which some of the measures were bearing on the relationship between the 'old' EC and the joining EFTA newcomers, and *vice versa*, and at the emerging picture of the EC's regulatory impact on the Europe Associates in the CEECs.

The Evidence from these Case Studies does not reveal Producer Dominance

- *road haulage*: liberalisation was introduced over hauliers' objections; liberalisation preceded the harmonisation of competitive conditions;
- *pharmaceutical advertising*: the industry opposed EC action; the proposal reflected compromise; consumers were satisfied with the result; the industry was less so;
- *curbs on air pollution from road traffic*: since 1989 standards been tightened despite industry protests; the latest round of proposals displease environmentalists less than the producers; the Commission's discussion papers on transport reflect environmentalists' arguments;
- *consumer policy*: several important pieces of legislation have been adopted; many 'essential' safety standards have not been set low; progress has been slower regarding consumers' economic and legal rights, but is being made.

Explaining the Observed Outcomes

The evidence from our case studies reveals outcomes other than what one would expect if one focused solely on producers, organised interest groups, or overt activity by private interests. Thus the outcomes are less biased towards the producers than we had anticipated, and show signs of efforts to produce more 'balanced' policies. We argue that this 'balancing' is not the product of structural arrangements; rather it is the result of a dynamic process made possible by the institutional framework of the *acquis communautaire*, fostered by preferences adopted within the Commission, and driven by differences in national policy preferences and tension between multiple levels of governance. These dynamics can differ significantly between policies and change over time.

Differences in the Type of Policy have an Impact on the Process

The type of policy under consideration has two significant impacts on the policy process: it can affect the institutional framework; and it has a bearing on which interests seek to exert influence on policy makers. The political dynamics vary significantly between different types of policy. Thus the politics surrounding **distributive policies** tend to be encapsulated in hard bargaining among the groups most directly affected by the policy in question. Examples include technology policy, the common agricultural policy and allocations from EC funds. Anti-dumping actions (the subject of a concurrent study at SEI) might be regulatory in some senses, but have distributive effects and have thus far been derived from distributive-type bargaining. In these instances the literature suggest that competition for benefits is highly focused, and, though there are wider implications — or costs — for more diffuse interests, these are hard to insert and easily become excluded from the decisive rounds of negotiation. Typically these are characterised by close links between a few producers and officials, and by struggles between member governments to secure quantifiable advantages for their most affected clients. Thus the 'balancing' dynamic is relatively weak.

In the case of **regulatory policies** there is more opportunity for this balancing dynamic to come into play. Our cases do not cover the full range of examples, though they are deliberately varied. Hence we cannot assert that all regulatory policy is subject to this dynamic. Nonetheless our evidence does suggest that there is an inbuilt tendency for the allocation of regulatory responsibility to the European level of governance to result in the inclusion rather than the exclusion of civic interests. These findings are consistent with an earlier ESRC SEM study on 'The Evolution of Rules for a Single European Market', which found that regulatory competition under the SEM did not result in a 'race to the bottom' (Woolcock 1994). Our findings are especially strong for (but not restricted to) cases in which the benefits of the measures have among their explicit targets general consumer welfare or environmental protection, irrespective of whether groups representing them are intensively engaged in the policy process. The development of such measures is, however, characterised by the participation of a plethora of actors, i.e. usually including civic interest organisations as well as firms and trade associations. Here public officials, both at the European level and in at least some member governments, tend to see it as part of their task to ensure that policy is not left to depend on the voice of the directly affected producer interests on whom the impact of the measure is sharpest; or take civic interests into account in adjudicating between competing producer interests.

The Importance of the *Acquis*: Framing the Policy Process

The *acquis* affects the roles of the different European institutions and the applicable decision rules. More broadly, it shapes the political dynamics that formulate policy in several important ways. It:

- creates pressure for certain common policies by prohibiting national ones;
- influences actors' policy preferences by curtailing some options;
- provides a mechanism through which one member government may affect others' policies;

- makes some common approaches easier to pursue than others;
- structures the relations between actors; and
- creates incentives for compromise rather than conflict.

The Critical Role of Member Governments

The energy behind the development of rules to foster economic integration is generated by differences between the policies of the member governments and their differential responses to market developments and producer behaviour. But member governments also refract and reflect other policy goals and policy cultures that are prominent in the domestic politics of the polities from which they emanate. National regulatory preferences are highly varied, depending on perceptions of risk, favoured means of addressing such risks and preferred trade-offs between conflicting objectives. The adoption of policy options is shaped by many factors, including geography, culture, political systems and levels of affluence (Hancher and Moran 1989; Previdi 1997). Therefore, it is not surprising that national styles of regulation and levels of protection for civic interests vary widely among the member states. These differences produce some member governments willing to champion civic interests at the European level, at least on some issues. The institutional framework of the EC and the high degree of economic interdependence among the member states give these champions the means to extend measures favourable to certain civic interests to other member states. The ability of some such governments to hold out against EC measures that would erode their nationally preferred hierarchy of preferences is part of what produces in some cases a form of regulatory competition that militates against a lowering of standards for, say, consumers or environmental protection. Thus, although the SEM process from 1984/5 came to focus on setting *minimum* essential requirements as the means to align national regulation, minimum has not in practice meant *low* standards. On the contrary, minimum has often meant rather the removal of unnecessary requirements and has been accompanied by the preservation and extension of relatively high consumer and environmental standards. In part this tendency has resulted from the market and political power of Germany and an accompanying coalition of governments committed to higher standards. Their weight has been reinforced by the enlargement of 1995 and by the notion that EC regulation is also a process of 'modernisation', whereby member states with lower starting standards were expected, albeit with some delays and derogations, to move to higher standards.

The Supranational Policy Process

Although the policies and preferences of the member governments define the range of possible compromise options, the supranational policy process determines which of the possible options is pursued. Here the more supranational institutions, namely the European Commission, the European Parliament (EP) and the European Court of Justice (ECJ) play important parts in influencing the outcomes.

A clear line cannot in practice be drawn between the influence of the member governments and the supranational political process because the member governments are actively engaged in shaping the Commission's proposals. For example, two important components of the Auto-Oil Programme, intended to provide information that would guide the current round of automobile emissions standards, were included to address the concerns of two of the member governments (Young forthcoming). The Commission officials developing proposals

for the standards have been more concerned with satisfying these member governments than with appeasing the automobile and oil industries, because the governments are more directly engaged in taking the eventual decision.

The Commission does not always side with civic interest groups, but it has a general interest both in advancing the SEM and in developing environmental and consumer policies. These latter present the Commission with opportunities to be different from a traditional national government, to expand its influence and to bolster its popularity. In addition, several characteristics of the Commission make it more open to civic interest organisations than are most national administrations: when it ventures into new policy areas, the associated networks are not firmly established; it has the advantage of 'agenda-setter' in drafting the negotiating texts; in order to enhance the acceptability and legitimacy of its policies it engages in wide-ranging and extensive consultations; it is often deliberately taking on the vested interests of producers which are the 'clients' of member governments, without having direct clients of its own to defend; and latterly it has been acutely aware of the need to recover public support for the integration process.

The EP, in acquiring more extensive scope for involvement in the legislative process, closely scrutinises policy; it has become more immersed in the details of regulation than most national parliaments. This has proved significant for the articulation of civic interests in the EC process, because the EP tends to be particularly receptive to them. Its influence may be circumscribed, but it has used both its formal powers and its less formal influence to promote consumer and environmental interests.

The ECJ has also played a crucial role in promoting diffuse interests, particularly in overruling national regulations that protect vested interests at the expense of consumers, individual and corporate. Its 1985 judgement calling for the liberalisation of inland transport services is an important example of this. In addition, its *Dassonville* and *Cassis de Dijon* judgements drew an important distinction between national regulations that unnecessarily restricted trade (competition) and those that are necessary to correct market failures. Thus it has been reluctant to overrule national measures justified on health grounds, even if there is some doubt about the scientific validity of the measure (OECD 1991), and at the very least is willing to consider environmental objectives as legitimate reasons for restricting trade (Weale and Williams 1992).

Patterns of Interest Representation

Much of the literature on interest representation focuses on the larger and most repeatedly active interest groups (Greenwood *et al.* 1992; Mazey and Richardson 1993). Civic interest organisations, although few, are active at the European level. In order to compensate for the gap between their limited resources and the wide span of their policy concerns they increasingly coordinate their activities. This cooperation is most highly developed among the seven main European environmental groups. There is a *de facto* division of labour among the European consumer organisations and consumer representation in the European standards bodies is extensively coordinated. In an example of cross-disciplinary cooperation, six consumer, environmental and public health organisations formed the European Clean Air Campaign in autumn 1995 in order to lobby for strict standards in the current round of automobile emissions standards.

Civic interest organisations were also able, in the cases that we examined, to exert influence greater than their organisational capacity by shaping the EC's agenda. The Commission's eagerness to tackle new issues and openness to new approaches facilitated these efforts. The way that the agenda is shaped often puts established interests on the defensive and may structure the issues in such a way as to disadvantage them. The most striking example of this from our study comes from the Commission's efforts to use the development of a transport policy to reduce air pollution from road transport. Environmentalist organisations played a role in shaping the view that transport users should cover the costs of the externalities they create. Road hauliers and industry associations have had to respond to the debate in those terms, arguing that there are also external benefits to road transport that must be considered. In its December 1995 Green Paper on Road Pricing, the Commission explicitly rejected this argument. The Green Paper also drew heavily on research conducted by or on behalf of environmentalist groups.

In addition, comparisons of the number of trade associations to civic interest organisations neglect the important fact that firms and industries often have conflicting interests. Commentators thus tend to overstate the imbalance between private sector or producer interests and civic interest organisations. As some industries always stand to gain from the regulation of another sector, civic interest organisations often find themselves with objectives compatible with those of some businesses. Sometimes they cooperate. One of the European consumer groups is in a loose alliance with insurance companies and independent spare part suppliers in lobbying to limit the patent protection available on automobile spare parts. The European association representing railways is an associate member of an environmentalist

organisation that campaigns on transport policy. At the European level there are often splits within industries, because firms' perceptions of proposed EC measures are coloured by the regulatory regimes under which they operate domestically. Thus the heavily regulated German road hauliers viewed liberalisation with trepidation; British hauliers, long used to a liberalised market, but isolated from the continent, were blasé; and the highly competitive Dutch hauliers, who are heavily dependent on international haulage because of their small domestic market, were aggressive advocates of liberalisation. During the late-1980s the European associations representing automobile manufacturers were almost paralysed by internal differences on issues ranging from trade measures to type approval to emissions standards.

The Interaction of Pressures for Policy and Advocacy Coalitions

By looking at the interaction between pressures for some form of common policy and which actors are able to exploit the resulting opportunities, we can produce a picture of what kinds of common policies to expect under different circumstances.

Pressures for a form of common policy

		weak	strong
<i>advocacy coalition</i>	weak	EC measure unlikely	EC measure low standard slow liberalisation
	strong	EC measure low minimum standard	EC measure high standard rapid liberalisation

The pressures may derive from economic circumstances or from extra-EC stimuli or from intra-EC institutional pressures (the treaties, the *acquis*, ECJ judgements and such like). We broadly follow Sabatier (1988) in arguing that policy change is propelled by the emergence of advocacy coalitions, but with a few nuances. First, member governments are often particularly important members of such coalitions, because their actions can alter the preferences of other actors and because they have a say in the final decision. Second, such coalitions may be larger than they appear if one influential actor, *e.g.* the Commission or the EP, takes on the responsibility of speaking for politically relevant interests, even if the latter are not themselves explicitly mobilised (i.e. green lobby did not need to be organised at EU level for the German government to pray it in aid in the vehicle emissions case). It should also be emphasised that the members of the coalition may not share the same interests, but for different reasons share the same objective, thus their interests could be said to be congruent. We also derive from our cases the argument that the strength of an advocacy coalition may be enhanced by the inclusion of actors, particularly member governments, which already operate to higher standards of protection for civic interests, and for which the

cost of delayed agreement may be small enough to enable them to play for time to reach their preferred outcome. Often the most directly affected producer interests suffer from the delay and are thus less able to make the most of the opportunity provided by the pressures for a new or revised policy. The latter's BATNA (best alternative to no agreement) may be at a higher level of enhancement of civic interests than their initial preferences (Fisher and Ury 1982).

Policy Dynamics

EC measures that affect **market access**, such as those governing liberalisation and product characteristics, have a strong push component due to the strong treaty basis and the impetus of the SEM. In such cases a strong advocacy coalition is likely to be able to get largely what it wants. We observed two processes through which this could be achieved, depending on whether the members of the advocacy coalition were being offensive (trying to affect other countries' regulations) or defensive (trying to preserve their own).

In the cases of the liberalisation of road haulage and the regulation of automobile emissions, the advocacy coalitions were offensive. In these cases the success of the coalition depended heavily on the role of the supranational institutions. The ECJ's 1985 judgement on the need to complete the common transport market, the Commission's threats to go to the ECJ unless the Council reached agreement, and the Commission's refusal to endorse a Council proposal for very gradual liberalisation were crucial to the adoption of liberalisation. The coalition of member states supporting strict automobile emissions limits in the late 1980s was stronger than that pushing road haulage liberalisation, but it was still dependent on the EP's threat to reject the original proposal unless the limits were tightened and the Commission's (somewhat grudging) willingness to incorporate the EP's amendments.

With regard to **product safety** there has been only a very weak explicit coalition pressing for European measures, while those member governments with high standards tend to argue that consumers can be better protected by national measures. When EC measures that affect consumer safety are proposed, however, quite an effective advocacy coalition forms to resist standards being set too low. The largely consensual nature of decision-making in the Council and the higher costs of non-agreement for those that want to remove the national measures that impede trade enable the countries with higher standards to hold out for relatively high EC standards.

EC regulations that govern **production processes** are not so strongly supported by the *acquis* since they do not impede the free circulation of goods and services. Such measures can, however, affect the competitiveness of firms in the country that had already adopted high standards. Thus an advocacy coalition can be only offensive. As the imperatives of the *acquis* are relatively weak with regard to such measures, the Commission plays a pivotal role in moving the issue on to the EC agenda. It is inclined to do so as a means of expanding its policy competence and of bolstering its political legitimacy. Even so, the cost of non-agreement is highest for the government that had already adopted the measure at the national level. In order to get action at the EC level side-payments may be required, derogations permitted, or levels set significantly below those sought.

Divergent National Impacts

High standard countries may agree to EC measures that are less high than their own, but be able to rely on the provisos afforded by the Single European Act (SEA) and Treaty on European Union (TEU) that allow them to retain their higher standards. But in pressing for higher rather than lower EC standards, they accentuate the pressures for significant increases in the level of consumer and environmental protection in other member states — particularly Greece, Portugal and Spain — and have forced open a number of heavily protected markets. In addition, the extension of EC regulation to the CEECs under the Commission's pre-accession strategy is providing an impetus for them to raise their levels of consumer and environmental protection and to liberalise their markets (Smith *et al.* 1996). It is quite possible, however, that the balance between contending public interests agreed in the EC may not be the most appropriate balance for the CEECs to adopt. Austria, Finland and Sweden faced the opposite problem in their accession, because their standards tended to be higher than the EC standards. However, because of the flexibility that has been required to reach compromises among the different preferences of the member governments, the EFTAs were able to retain their higher standards in all but a few, largely minor, areas (Young 1996).

Change Over Time

The political process discussed above is not static. The strength of the currents within the policy process and the institutions that frame them have changed over time. Beginning in the 1960s increasing levels of education and affluence contributed to changing popular attitudes to the quality of life broadly defined. In the 1970s economic critiques and past policy failures contributed to a re-evaluation of the role of regulation and a swing in favour of increasing competition. Governments in western Europe began to introduce consumer and environmental regulations in response to the first change and privatisation and liberalisation in response to the second. These underlying concerns have persisted into the 1990s. The significance of such concerns is heightened by the Commission's increasing responsiveness to such preferences in the light of renewed questioning of the legitimacy of the integration process. This is evident in the current Commission's concern about bringing home to Europe's citizens the benefits of the SEM. The institutional reforms under the SEA and the TEU bolstered the role of the EP, enhancing its ability to champion civic interests. Further, the most recent enlargement brought in three member states committed to high levels of consumer and environmental protection.

3. Conclusion

Civic interests thus receive greater consideration in the EC than one would expect given its regulatory focus and economic origins. The differences among the regulatory preferences of the member governments create space for champions willing to defend their preferences in the European arena. In addition, the Commission and EP, with stakes in advancing the European project, are sometimes willing and able to tip the balance in favour of civic interests. The imbalance between civic and producer interests may thus not be as great as a quantitative comparison would indicate, because producer interests are often divided and the political dynamics of societal regulation often play to the benefit of civic interests, making the outcomes more 'balanced' than might otherwise be expected. It is in any case not surprising that the public policy process of developing European regulation should incorporate the concerns of civic interests, such as the consumer and environmental concerns that we have sought to document. The technology of change almost by definition implies that new European regulation should seek to 'improve' on the *status quo ante*. In the absence of clear evidence of capture of the European process by producer interests, one therefore would expect to find other public policy concerns being reflected in EC measures. Our cases did not reveal capture by producers, nor did they show that civic concerns necessarily predominated. Instead they revealed a public policy process at the European level that is sensitive to both kinds of consideration. However, the relative invisibility of this to the outsider means that this sensitivity to civic interests has had limited impact in increasing the broader legitimacy of the EC.

Relevance for Future Research

These findings go some way beyond the existing literature in nuancing our understanding of the European policy process in general and of the pattern of influence by non-governmental interests. Our cases broadly confirm the underlying arguments of those such as Majone (1994) who have argued that there is a distinctive European regulatory process, in which an array of public and private interests can be expressed, albeit often not through the traditional mechanisms of representative politics. The cases also show that the Commission does indeed enjoy opportunities to act as an agenda-setter and to exploit the determination of high-standard countries to export their standards across the EC, and indeed to neighbouring non-members. Further research would be needed across other kinds of cases to establish whether our findings relate only to our cases or, as we would expect, are more widely experienced. It would be an interesting exercise also to consider whether any lessons can be learned from these regulatory exercises that might be applied in those policy areas where there is encapsulation of narrow policy preferences, and even something tantamount to capture. Agricultural policy is an obvious area where producer (and processor) interests have predominated at the expense of environmental and consumer concerns. Our preliminary work on regulatory spill over to eastern Europe suggests that further work on the pre-accession strategy would be valuable. The SEM process suggests a need to escape from vertical policy mechanisms and to establish horizontal policy appraisal in order to break through the grip of vested interests.

Two project workshops were held at SEI as background to the project.

Industrial Networks in the European Community Seminar, 13-15 October 1994.

The seminar brought together academics and practitioners from eight countries and linked this project, two other ESRC-funded projects (Trade, Competition and Technology Policy and Airlines) and a separately funded Sussex-based project lead by Keith Middlemas. Essays built on presentations to this seminar are in the press with Oxford University Press, co-authored by Helen Wallace and Alasdair Young, as *Participation and Policy-Making in the European Union*.

Re-Examining the European Model of Regulation, 2-3 November 1995.

Participants in the ESRC's Single Market Programme presented the insights their research gave on the legitimacy, efficiency and transparency of the EU's regulatory process. Participants from the Department of Trade and Industry, Foreign Office, European Parliament and European Commission contributed to the discussions sparked by these presentations.

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