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Hanegraaff, M.C.; Poletti, A.

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The Rise of Corporate Lobbying in the European Union: An Agenda for Future Research

MARCEL HANEGRAAFF[1] and ARLO POLETTI[2]
[1]University of Amsterdam, Amsterdam [2]University of Trento, Trento

Abstract

While the interest group literature suggests there is a consistent trend towards more corporate lobbying in various political systems, it remains unclear whether this also applies to EU lobbying. This study addresses this debate in three ways. Firstly, it takes stock of the extant literature and discusses some of the methodological hurdles that have rendered it difficult to provide conclusive evidence for the rise of corporate lobbying in the EU. Secondly, it offers some suggestions on how to address these problems and delivers some stylized facts by relying on two original datasets providing 7information on lobbying activities in the EU. In line with what has been observed in other political systems, our analysis shows that the EU lobbying community has experienced a quite dramatic increase of firm lobbying over the past ten years. Finally, it reflects on how to begin developing a systematic understanding of the factors explaining this phenomenon.

Keywords: European Union; Firm lobbying; Interest groups

Introduction

One of the more consistent findings of the interest group literature is the rise of corporate lobbying in various national and international contexts. Systematic empirical studies noting the importance of individual firms within the USA's lobbying community date back to the 1980s, when Scholzman (1984) and Salisbury (1984) demonstrated that corporations constituted the largest part of all the interest organizations lobbying in Washington at the time (45.7 and 33.5 per cent, respectively). Since then, many works have continued documenting and explaining the key role that individual firms play in the US lobbying community (Bombardini, 2008; Bombardini and Trebbi, 2012; Drutman, 2015; Gordon and Hafer, 2005; Gray *et al*., 2004; Grier *et al*., 1994; Hansen and Mitchell, 2000; Kim, 2017; Lowery *et al*., 2005; Madeira, 2016; Mizruchi, 2013; Osgood, 2017). Aizenberg and Hanegraaff (2019) identify similar patterns in GB, where they find that corporations have come to dominate other interest organizations in political news media over time. Moreover, this trend is observable not only in pluralist systems of interest intermediation, such the USA and GB. In a recent study Aizenberg and Hanegraaff (2020) show how firms have increased their individual share in the lobby community over the past two decades and now represent by far the largest player, even in a state with a traditionally neo-corporatist system of interest intermediation such as the Netherlands, Furthermore, the rise of corporate lobbying does not characterize domestic systems exclusively: it is clearly observable in international political systems too. For instance, a number of works offer evidence that individual firms have systematically increased their political role as lobbying actors in the World Trade Organization (WTO), particularly in its judicial arm (De Bièvre *et al*., 2016a, 2016b; Kim and Spilker, 2019; Ryu and Stone, 2018).

While these works suggest there is a consistent trend towards more corporate lobbying across various political systems, it remains surprisingly unclear whether this also holds true in the context of the EU's political system. Macro-level studies on EU interest organization populations either rely on categorizations of interest organizations that neglect firms altogether, focusing exclusively on associations representing business interests and non-governmental organizations (NGOs) (Berkhout and Lowery, 2010; Berkhout *et al*., 2015; Beyers 2004; Carroll and Rasmussen 2017; Dür *et al*., 2015; Dür and Mateo, 2016; Hanegraaff and Berkhout, 2018; Wonka *et al*., 2010), or rely on a cross-sectional designs that make it impossible draw inferences on over-time variations in the relative presence of firms within such communities (see Berkhout *et al*., 2018). A number of micro-level studies investigating the determinants of firms' choices to engage in direct lobbying have recently contributed to shedding systematic light on the role of firms in the politics of interest representation in the EU (Bernhagen and Mitchell, 2009; Dellis and Sondermann, 2017). Yet, again, the cross-sectional design of these works, as well as their exclusive focus on firms, make them ill-equipped to shed light on whether the share of firms lobbying in the EU increased over time relative to other interest organizations.

This is problematic, as the rise of firm lobbying is associated with several major concerns, such as their potential to make systems of interest representation more biased (see Gray *et al*., 2004; Hart, 2004; Martin, 2005; Martin and Swank, 2004) and, relatedly, to exacerbate political systems' tendency to produce inefficient policy outputs that favour narrow and concentrated interests over diffuse ones (Gordon and Hafer, 2005; Huneeus and Kim, 2018; Richter *et al*., 2009). Both dynamics are important per se, but the are also important because they have the potential to generate even worrying long-term consequences such as economic decline (Olson, 1982) and popular disillusionment with the functioning of representative democracy (Mizruchi, 2013).

In light of such huge potential normative implications, this research note aims to stimulate a reflection on the rise of firm lobbying in the EU. We proceed in three steps. Firstly, we briefly take stock of the extant literature, stressing its difficulties in providing conclusive evidence about the rise of corporate lobbying in the EU. Secondly, we offer a tentative solution with regard to how to address these problems and then deliver some stylized facts by relying on two datasets providing information on (firm) lobbying activities in the EU. The results indicate that the relative number of contacts between firms and EC staff has increased over time. Thirdly, we reflect on how to begin developing a systematic understanding of the factors explaining why firms have increased their lobby efforts in the EU.

I. Corporate Lobbying in the EU: Why it Is Important and What We Know about it

The rise of individual firms as relevant, and in some cases even dominant, players within interest organizations yields potentially worrying normative implications for both the input and output dimensions of representative democracy. Firms' decisions to lobby alone, either bypassing sectoral associations or acting alongside them, multiplies the number of demands that are brought to the attention of policy-makers, generating potentially biased systems of interest intermediation. While encompassing associations tend to focus members' attention on shared concerns and collective ambitions, firms that lobby alone do not need to liaise with peers and therefore tend to represent interests that are overall less moderate, narrower and more self-oriented than business representation via associations (see Gray *et al*., 2004; Hart, 2004; Martin, 2005; Martin and Swank, 2004, p. 598).

Moreover, since lobbying intrinsically entails seeking to secure policies that distribute wealth in favour of particular interests in society (Denzau and Munger 1986), the rise of lobbying by individual firms risks exacerbating the tendency of political systems to produce policy outputs that favour concentrated interests over diffuse ones, leading to an ever-greater concentration of wealth in the hands of the few. Recent systematic empirical analyses of firms' lobbying in the USA lend plausibility to these concerns. For instance, Richter *et al*. (2009) find that increasing registered lobbying expenditures by 1 per cent appears to lower effective tax rates by somewhere in the range of 0.5 to 1.6 per centage points for the average firm that lobbies, thus showing that firms that spend more on lobbying in a given year pay lower effective tax rates in the next year. Similarly, Gordon and Hafer (2005) provide evidence that corporations use political expenditure to flex the muscles of regulators, showing that firms spending more on lobbying obtain greater leniency from regulators in terms of being monitored. Relatedly, other studies show that lobbying can produce systematic advantages for firms' organizational characteristics. For instance, Huneeus and Kim (2018) study the causal effect of firms' lobbying activities on the misallocation of resources through the distortion of firm size and find that a 10 per cent increase in lobbying expenditure leads to a 3 per cent gain in revenue. In a similar vein, Chen *et al*. (2015) find that, on average, lobbying is positively related to accounting and market measures of financial performance, as well as that portfolios of firms with the highest lobbying intensities significantly outperform their benchmarks in the three years following portfolio formation.

While it is problematic in itself if individual firms' lobbying potential to exacerbate the tendency of political systems to distribute gains to a set of hyper-concentrated interests, its long-term aggregate effect on welfare is even more problematic. As noted by Olson (1982) almost four decades ago, the institutionalization of skewed patterns of interest representation stimulates a tendency to produce policies that are systematically inefficient from the perspective of aggregate welfare and, therefore, poses risks of long-term economic decline. For instance, Huneeus and Kim (2018), show that the return to firms' lobbying activities amounts to a 22 per cent decrease in aggregate productivity in the USA, while Dellis and Sondermann (2017) find that in the EU the firms operating in the most sheltered sectors are also the ones that spend the most on individual lobbying activities. Both empirical works, although from different angles, lend plausibility to the concern that the rise of individual firm lobbying may end up favouring the adoption of collectively inefficient policies that can, ultimately, cause long-term economic decline (Mizruchi, 2013, p. 4).

In light of these potentially huge normative implications, the lack of systematic research on the rise of corporate lobbying in the EU – a political system that regulates the world's largest economy and that stimulated the emergence of a distinctive, and yet fully mature, system of interest representation – is a major empirical gap in literature on interest groups. This is not to say that firms' role as lobbying actors in EU policy-making has been ignored. The pioneering works of Coen (1997, 1998) and Bouwen (2002) noted more than two decades ago that firms play a significant political role as lobbying actors in EU policy-making. Despite the importance of these early contributions, however, whether the EU's political system has experienced a systematic rise of corporate lobbying still remains to be ascertained empirically.

For one, the bulk of macro-level empirical works on EU interest organizations has not picked on the intuitions in these works and has left firms out of their classification of lobbying actors (Berkhout and Hanegraaff, 2019; Berkhout and Lowery, 2010; Berkhout *et al*. 2015; Beyers 2004; Carroll and Rasmussen 2017; Dür *et al*., 2015; Dür and Mateo, 2016; Hanegraaff and Berkhout, 2018). As a result, this important body of empirical work has traditionally focused on comparisons between different broad categorizations of business interest organizations, and other types of interest organizations, most often NGOs, making it impossible to grasp firms as interest organizations that are active in EU lobbying communities, let alone to assess whether they gained importance over time or not.

An important exception in this context is the work of Berkhout *et al*. (2018), who compare three maps of EU interest group populations that categorize firms and business association as two distinct types of interest organizations. Showing that firms consistently comprise around a third of all interest organizations lobbying in the EU's political system (32 per cent, according to data on the European Commission Transparency Register [ECTR] 41 per cent according to EP registration data and 31 per cent according to INTEREURO data on legislative lobbying), this study has the enormous merit of underscoring the need for a better appreciation of the role of firms in macro-level empirical studies of EU interest group populations. Yet, given its cross-sectional design, this study too remains ill-equipped to illuminate whether lobbying by firms is on the rise in the EU.

But similar problems afflict the micro-level studies that have most explicitly and comprehensively put firms at the forefront of this strand of research so far. For instance, Bernhagen and Mitchell (2009), drawing on Forbes Global 2000 firm data, and Dellis and Sondermann (2017), using data obtained by matching firms registered in the ECTR with the Amadeus database, have significantly contributed to advancing this research agenda by subjecting to systematic empirical scrutiny a number of hypotheses on the factors motivating firms to engage in direct lobbying in the EU. However, because of their cross-sectional nature and their exclusive focus on firms, these studies are also of little help in shedding light on whether the relative presence of firms has increased over time within EU interest group populations relative to other interest organizations. Finally, the work by Poletti *et al*. (2016) offers evidence of the growing relevance of firms lobbying over time by showing how important institutional changes in the WTO incentivized EU sectoral business associations lobbying over trade policy to adapt so they accommodate the interests of firms. While in this case the analysis includes a temporal dimension, the generalizability of these findings remains limited due to this work's exclusive focus on the specific issue of trade.

II. The Rise of Corporate Lobbying in the EU? An Empirical Exploration

As the brief review developed in the previous section suggests, the lack of empirical confirmation of the rise of corporate lobbying in the EU's lobbying community can be ascribed to two broad sets of problems. Firstly, more or less explicitly, most studies of EU interest group populations rely on definitions of interest groups based on the organizational characteristics that privilege member-based organizations, such as sectoral business associations (Baroni *et al*., 2014), which leads to an exclusive empirical focus on business associational lobbying and excludes firms from the scope of these analyses. This conceptual choice can be attributed to the influence exerted on this literature by collective action theory, with its strong focus on group mobilization and membership, and also to the widely held view that the EU's system of interest intermediation closely resembles corporatist systems in which interest groups coordinate and aggregate interests within and across an entire industry, and where, as a consequence, encompassing sectoral and peak business associations have a much more central standing than in pluralist systems such as the USA (Broscheid and Coen, 2003; Eising, 2004; Greenwood, 2002; Mahoney and Baumgartner 2008; Woll, 2006).

Secondly, and perhaps more importantly, assessing empirically whether there is a rise of firms' lobbying has proven difficult so far because of the deeper methodological challenge of accessing comparable longitudinal data on firms lobbying in the EU. For instance, the EC started to systematically collect information on contacts between EC staff and lobbyists only at the end of 2014, through the ECTR. Before 2014, registration in the ECTR was not compulsory and most firms declined to do so, making it impossible to make reliable claims as to whether firms' lobbying has increased in relative terms over the past ten to 15 years by relying on this data source. The same applies to the EP register. As a pass to the Parliament was required only when lobbyists met EP members in the EP building, lobbyists wanting to avoid their contacts being officially registered could easily do so by organizing meetings outside the EP. These examples illustrate why it has thus far proved difficult to assess empirically whether firms' relative share within the EU interest group population has increased over time.

To overcome these problems, we combine two datasets: data collected through the INTEREURO project and data retrieved from the ECTR. Before describing these data sources, it is important to note how they can help us addressing the problems of existing research. Firstly, both data-gathering exercises rely on a similar conceptual approach that conceives of interest organizations as those that seek political influence while having no interest in gaining executive or legislative power themselves (Beyers *et al*., 2008). Unlike conceptual approaches focusing on the organizational characteristics of the lobbying actors, which tend to lead to an exclusive focus on associational lobbying, this behavioural definition allows us to develop categorizations that include non-membership-based organizations such as firms (Berkhout *et al*., 2018). We therefore refer to various lobbying actors as interest organizations throughout the discussion developed in the next sections, as this broad definition allows us to include firms in our categorization of lobbying actors. Secondly, these data sources cover two different time periods, offering us the opportunity to compare (in the most reliable way possible) the relative presence of firms in EU communities of interest organizations across time. While we are aware that this comparison is not perfect, it is the best possible comparison we can think of to explore whether a rise of firm lobbying is, at least, plausible in the EU (see below and Appendix 1 for an extensive explanation of our reasoning).

The INTEREURO project focused on a set of legislative proposals put forward by the EC during the period 2008–10 (see http://www.intereuro.eu/) and mapped all interest organizations' activities on a set of 70 legislative proposals. Importantly, to make it comparable to the second data source (see below), we used only the information of this project provided by EC staff, not by EP staff or by interviews with interest organizations. In the project, EC senior staff was asked to provide information on the different interest organizations that mobilized and actively participated in the policy process in a preselection of proposals. The interest organization*s* identified by the EC were coded based on group type and listed on the project website, which we downloaded. In a second stage, we compared this information with data by provided by the EC in light of its new transparency policies, the ECTR. Since the end of 2014, the EC has decided to publicly publicize all contacts between lobbyists and EC senior staff (not to be confused with the entire ECTR, which lists interest groups active in the EU beyond the EC). This has resulted in a list of over 5,000 unique organizations that have been in contact with EC senior staff over the past four and half years. We compare the organizations identified by the EC senior staff in the INTEREURO project with those identified by EC staff in the more recent period.

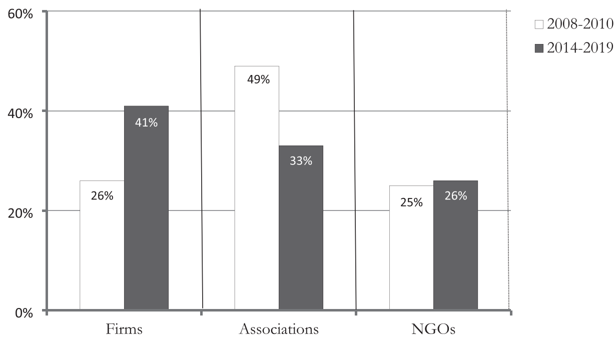
We must highlight two limitations of these two data sources. Firstly, they are the result of two different approaches to mapping systems of interest organizations. In Appendix 1 we therefore extensively discuss the strengths and weaknesses in combining these two different data sources, why we think this is the best possible option to carry out this analysis, and why we did not include alternative data sources in our comparison. Let us briefly mention here two issues. On the one hand, despite the different strategies that have guided these mapping exercises, the two data sources share important key similarities which make them in our view the most comparable sources available. Most importantly, they both rely on self-reported data of EC senior staff and they both rely on a similar sample frame, that is, all issues discussed at the EC. On the other hand, these data sources also differ in that the INTEREURO project asked EC staffers about the most prominent actors involved in issues, while the ECTR provides a list of all organizations EC staff interacted with. To overcome this problem, we not only compared the activity of firms in the entire datasets but also focused on the most prominent organizations listed by EC staff (the top 100 organizations and the top 25 most prominent actors identified in both datasets). Although it is imperfect, in our view this comparison produces the most reliable estimation of a potential rise of firm lobbying in the EU (see Appendix 1). To corroborate our findings we also analysed a potential rise of contacts between firms and EC staff over time relying the ECTR dataset only (see Appendix 2). While this approach allows us to cover only a short time period it offers the advantage of ascertaining whether the number of contacts between firms and EC staff increased, which can be detected by relying on a single data source.

Secondly, these datasets do not allow us to grasp whether firms lobby alone to defend interests that contrast with those defended by sectoral business associations, or whether they act alongside such associations to advocate similar interests and positions. Given the nature of our data, we are unable to grasp this important difference here. Yet we address this issue in the next section, where we elaborate on how it could be leveraged to advance our understanding of firms' role as lobbying actors in the EU.

We now turn to the results of our empirical exploration. The results are provided in Figures 1 and 2, Table 1, and for the robustness check, Appendix 2. To begin with, Figure 1 offers an overview of the relative share of firms, business associations and NGOs across the two datasets.[1] The results indicate quite a steep increase of contacts between

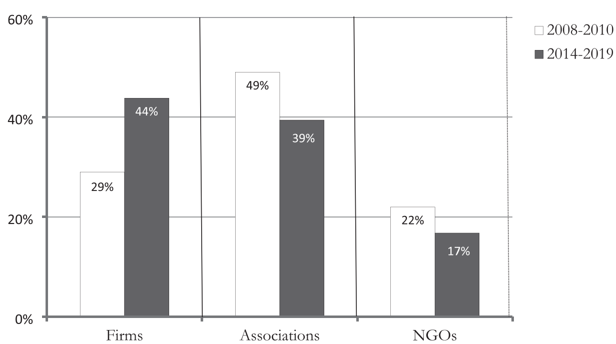
[1]In this article we juxtapose firms, associations, and NGOs only. We excluded other types of interest organizations that lobby the EC for various reasons. Firstly, we excluded trade unions because only a very limited amount of these organizations are active at this venue (less than 3 percent; see Berkhout *et al*. 2018). Secondly, we excluded think tanks because it is unclear how they are financed (many university departments are part of this list), what type of interests they represent (economic or social) and whether they lobby at all (see Hanegraaff, 2019). Thirdly, we did not consider professional lobby firms, given the impossibility of identifying which type of organizations they represent. Finally, we excluded (semi-)public organizations, because they fall outside the scope of our definition of interest organizations (see Beyers *et al*., 2008).

Figure 1: Distribution of actor types active at the European Commission across time periods.



Note: The 2008–2010 dataset is based on the INTEREURO data; the 2014–19 dataset is based on the ECTR database.

Figure 2: Distribution of actor types active at European Commission across time periods (only top 100).



Note: The 2008–10 dataset is based on the INTEREURO data; the 2014–19 dataset is based on the European Commission Transparency Register database.

firms and EC staff across the two time periods. During the 2008–10 period, EC officials identified 26 per cent of firms, 49 per cent of business associations, and 25 per cent of NGOs amongst the organizations active in EU legislation. In this period, business associations were identified as the most active organizations lobbying the EC, while firms and NGOs were characterized by similar but lower levels of activism. In more recent years, the picture has changed dramatically, with firms representing the largest share of EC staff's contacts with lobbyists (41 per cent), and contacts with business associations and NGOs amounting to 33 per cent and 26 per cent, respectively.

As mentioned above, a valid concern for our comparison is that data obtained through interviews in the INTEREURO project is likely to be skewed in favour of the most important groups active on particular issues. To address this concern, we compare the most

Table 1: Top 25 most active organizations across time period

	Period: 2008–10	*Period: 2014–19*
1	**Business Europe**	**Business Europe**
2	**BEUC**	Google
3	European Association of Craft, Small and Medium-Sized Enterprises	**BEUC**
4	**European Trade Union Confederation**	Airbus Group SE
5	**Greenpeace**	**Digital Europe**
6	**COPA-COGECA**	Microsoft Corporation
7	Friends of the Earth Europe	**European Federation for Transport and Environment**
8	**WWF**	American Chamber of Commerce
9	European Banking Federation	**European Automobile Manufacturers Association**
100	**European Environmental Bureau**	**EuroCommerce**
11	**EuroCommerce**	**COPA-COGECA**
12	Deutsche Bank	**WWF**
13	**European Automobile Manufacturers Association**	Deutsche Telekom
14	European Fund and Asset Management Association	**European Trade Union Confederation**
15	BNP Paribas Group	Facebook Ireland Limited
16	European Chambers of Commerce and Industry	IBM Corporation
17	**Digital Europe**	**Greenpeace**
18	**European Federation for Transport and Environment**	Vodafone Belgium SA
19	European Chemical Industry Council	European Agri-cooperatives
20	Community of European Railway and Infrastructure Companies	European Steel Association
21	International Road Transport Union	Bundesverband der Deutschen Industrie e.V.
22	European Federation of Pharmaceutical Industries and Associations	General Electric Company
23	European Women's Lobby	World Economic Forum
24	Alternative Investment Management Association	**European Environmental Bureau**
25	European Association of Public Banks	Climate Action Network Europe

Note: The 2008–10 dataset is based on the INTEREURO data; the 2014–19 dataset is based on the ECTR database; The organizations highlighted in bold appear in the top 25 in both datasets.

prominent interest organizations identified by EC staff in the INTEREURO project with the most prominent ones in the ECTR; that is, the interest organizations that are mentioned most often in the database. We do so by comparing the top 100 most prominent groups (see Figure 2) and the top 25 most active organizations (see Table 1) in both datasets.

Figure 2 displays the results for the top 100 most prominent interest organizations and the pattern is similar, and perhaps more marked, to the one identified in Figure 1. In this case, during the 2008–10 period, firms amounted to 29 per cent of the top 100 most prominent interest groups, business associations to 49 per cent, and NGOs to 22 per cent. During the 2014–19 period the relative shares changed as follows: 44 per cent firms, 39 per cent business associations, and (only) 17 per cent NGOs. In short, here, too, firms seem to have replaced business associations as the most prominent interest organizations contacting EC staff over the course of ten years.

These trends are confirmed even when we consider the top 25 most prominent interest organizations in the two datasets. Table 1 lists the top 25 most frequently mentioned organizations across the two datasets, with organizations that are mentioned in both marked in bold, including the usual suspects such as BusinessEurope, BEUC, ETUC, Greenpeace, COPA-COGECA and the European Environmental Bureau. Organizations that are not marked in bold are unique organizations for each period. Out of the eight most prominent new appearances in the later period (2014–19), no less than seven are firms (Google, Airbus, Microsoft, Deutsche Telecom, Facebook, IBM and Vodafone). Overall, in the top 25 most prominent interest groups during 2014–19 ten organizations (or 40 per cent) are firms, while in the 2008–10 period only two firms (less than 10 per cent) ranked amongst the top 25 most prominent interest organizations.

Finally, as said, we also plotted the distribution of firm, business associations and NGOs over time within the ECTR database only. For this we rely on the entire time period available in this dataset (2014–19) and provide a year by year distribution of the type of interest organization that has been in contact with the senior staff of the EC. The results are striking (see Table A1, Appendix 2). We see a gradual increase of firm lobbying over time during the entire period. In 2014, 34 per cent of the organizations contacting EC staff were firms, while in 2018 this number increased to 41 per cent. In between, we observe a steady and gradual increase of contacts between firms and EC staff. We also explored whether the findings on relative firm lobbying in the INTEREURO project matches the trend observed in the ECTR data over time. As can be seen in Table A2 (Appendix A2), the trend line almost perfectly connects the two databases. This means that the trend observed in the 2014–19 period, would seem to predict almost the exact share of firm contacts observed in the INTEREURO project. These additional results further corroborate the findings of our main analysis. In short, both sets of findings seem to indicate that firms have gradually increased their relative presence in the EU lobbying community over the past years.

III. What Explains the Rise of Corporate Lobbying? A Research Agenda

Overall, our stylized facts thus suggest that the EU population of interest organizations might indeed be experiencing a rise of corporate lobbying. But what factors drive this observation? In the remainder of this article we offer some suggestions on how to address this challenge by considering a number of lines of research that future studies could engage with. In our view, two broad sets of such arguments deserve particular attention: arguments focusing on supply-side factors, ultimately conceiving of firms' tendency to engage in direct lobbying as a function of changes in the economic structure of EU and the incentives these bring about for lobbying, and arguments focusing on demand-side factors, seeing the increase in the relative presence firms within the EU's lobbying community largely as a consequence of the stimuli provided by (institutional) changes in the EU's political systems.

In our view, focusing on these two broad sets of potentially alternative explanations on the origins of the rise of firm lobbying in the EU (but also beyond) is crucial for two reasons. Firstly, ascertaining whether supply-side or demand-side factors matter more allows us to draw general conclusions on the nature of the processes that we observe. When seeking to understand the politics of interest representation, the interest group literature relies on the crucial distinction among the three dimensions of mobilization, that is, the degree to which particular interests in society mobilize politically; access, that is, the degree of access to policy-making granted to mobilized interest organizations; and influence, that is, the degree of influence yielded by mobilized interest organizations that have been granted access to policy-making. While our empirical focus on contacts between interest organizations and EC staff clearly places the question of influence outside the scope of our analysis, it raises the question whether what we are observing is an increase in the degree of relative mobilization of firms in the EU at large, or instead, an increase in the relative access they gained within the EU's political system. The distinction between arguments based on supply-side and demand-side factors is important here because evidence in support of the former set of arguments would lend support to the view that what we observe is indicative of an increase in the level of mobilization of firms in the EU, while evidence supporting the latter set of arguments would make a stronger case for the view that what we observe is only an increase in the access that these firms obtained.

But ascertaining which of these two sets of arguments is more important in accounting for why firms increasingly engage in direct lobbying is also important because the normative implications associated with these two contending perspectives are hugely different. Should supply-side factors be found to play a more important role, then one could plausibly argue there is little room for positive action by political actors to try and design institutional reforms that mitigate these patterns and the undesirable political consequences they can generate. On the other hand, should empirical evidence support the view that demand-side factors largely underlie observed patterns of firm lobbying in the EU, then a stronger case could be reasonably made about the potential of top-down strategies aimed at dealing with the (undesired) consequences of this phenomenon.

Finally, and more generally, empirically ascertaining the relative explanatory force of these two broad perspectives would have significant implications for ongoing debates about the nature of the EU's system of interest intermediation. More specifically, engaging in this exercise could cast light on the question whether the politics of EU lobbying is inherently context-specific and sui generis, or whether it reflects general dynamics cutting across various political systems. In the remainder of this article we consider a number of potential arguments for each of these two broad perspectives, including a short reflection on how to tackle them empirically. Far from aiming to provide an exhaustive list of potential explanatory factors, we humbly aim to offer some suggestions with a view to stimulating a more systematic discussion on how to push forward a research agenda that we deem crucial to understand policy-making in the EU and beyond.

Supply-side Factors

We first consider a number of arguments suggesting that potential systematic links between changes in the economic structure of the EU and the rise of firm lobbying in its political system could be associated with changes in the economic structure of the EU. A first potential explanation for the rise of corporate lobbying in the EU is based on standard profit-seeking models of firms' political activity. A number of studies have argued and shown that the firms that have greater resources to invest to achieve desired policies, or that seek to block undesired ones, are more likely to engage in direct lobbying. When it comes to explaining firms' choice to engage in direct lobbying, this leads to the straightforward expectation that larger and more productive firms should be more inclined to engage in individual lobbying than smaller, less productive ones (Bernhagen and Mitchell, 2009; Bouwen, 2002; Dellis and Sondermann, 2017). This line of reasoning suggests two possible hypotheses on the determinants of variations in the relative presence of firms within EU interest group populations.

On the one hand, an increase in the relative share of firms' direct lobbying in the EU could be caused by the growing presence of multinational corporations (MNCs) in the EU economy. MNCs have become increasingly important economic players in both advanced and developing economies as a result of growing processes of internationalization and fragmentation of production, trade and distribution, often referred to as global value chains, and they rank at the top of firms' size and productivity scales (Eckhardt and Poletti, 2018). Moreover, given the global scale of the production networks in which MNCs are embedded, they can be expected to have policy preferences that diverge from those of domestic firms operating within the same sector. As the EU is one of the main drivers of these global economic processes, it seems plausible to expect that the increase in the number of MNCs operating in the EU economy may be connected to the rise of the relative share of individual firms within the EU lobbying community. Moreover, because MNCs can be expected to voice demands that are different from those of the other firms operating in the same sector, it is plausible to expect them to engage in direct lobbying firms counter to, rather than further supporting, lobbying by business sectoral associations.

On the other hand, it could be that the rise in the relative share of firms lobbying in the EU is affected by variations over time in the characteristics of the economic sectors within which firms operate. The structure of the economic sectors provides different incentives and opportunities for firms' lobbying decisions, affecting both the distributive consequences of prospective policies and the likelihood of success of firms' lobbying efforts. For instance, firms operating in highly concentrated markets may have greater incentives to engage in individual lobbying given both the greater likelihood that they will reap a large share of the lobbying-related gains and lower collective action problems they face (Bernhagen and Mitchell, 2009). This argument has so far been leveraged to explain cross-sectoral variations in firms lobbying within the EU, and it could also be usefully applied to assess variation over time, making it plausible to expect that the relative share of firms lobbying in the EU should increase as EU markets become more concentrated over time. In this case, it seems plausible that firms' direct lobbying replaces lobbying by sectoral business associations, as the latter organizations become less relevant. For both hypotheses, the empirical research should focus on variation in MNCs activity and the concentration of the market across economic sectors. In order to validate these hypotheses, one should observe more firms' lobbying in sectors dominated by a few key players or MNCs, compared with sectors with a lower number of MNCs or more diffusely populated by firms.

A second potentially relevant supply-side factor relates to the state of the economy. Adelino and Dinc (2014) show that the financial health of firms significantly affects their lobbying efforts. More specifically, their study investigates the lobbying behaviour of US firms before and after the 2007–8 financial crisis and demonstrates that the firms more severely hit by the 2008 financial shock lobbied more than those in a healthier financial position. These findings suggest that an exogenous shock increasing firms' financial distress may systematically increase their preference heterogeneity and, as a consequence, stimulate greater direct lobbying by individual firms. Since the 2007–8 global financial crisis proved particularly severe and long-lasting in the EU, it seems plausible that such financial distress may have stimulated an increase in the relative share of firms lobbying in the EU. Again, this argument's focus on firms' preference heterogeneity suggests that firms' direct lobbying materializes at the expense of lobbying by sectoral business associations. In order to subject this hypothesis to empirical scrutiny, one could study consultation submissions, prior to, during and after the financial crisis. For instance, one could compare sectors that are severely affected by the financial crisis (as the 'treatment group'), with sectors which were hardly affected at all by the crisis (as the 'control group'). This could provide systematic insights into the effects of a crisis on firms' decision to lobby alone.

Demand-side Factors

The second set of explanations is related to changes in the political institutional set-up of the EU. While support for the former groups of hypotheses would lend support to the view that our observations reflect an increase in the level of firm mobilization in the EU's lobbying community, support for this latter groups of hypotheses would lend plausibility to the argument that our observations underscore an increase in the access opportunities that firms enjoy in the EU system of interest representation.

A first and most obvious way in which governments can affect the demand side of lobbying is through regulations and policies. Bernhagen and Mitchell (2009) find that direct lobbying in the EU increases with greater government involvement in firms' operations. Governments can affect firms' operations directly in different ways. Recent empirical research on US trade policy documents that trade liberalization increasingly generates distributive conflicts across firms, rather than across sectors, leading to increasing firm-level lobbying (Kim, 2017). But governments can also directly affect firms' operations through research and development funds. Or governments can affect firms' activities by rigid regulations that shelter them from both domestic and international competitors. While this line of argument has so far been used to assess variations in firm lobbying across policy domains in a cross-sectional fashion (Bernhagen and Mitchell, 2009; Dellis and Sondermann, 2017), it could also be leveraged to shed light on how firm lobbying varies over time. In this case it is difficult to derive expectations as to whether firms are more likely as policy-related incentives can go in different directions. From an empirical standpoint, an important innovation with respect to existing studies could be to assess the rise of firm lobbying in the ECTR database over time and across policy domains. This would corroborate the cross-sectional designs and strengthen the causal inferences of these findings.

Secondly, patterns of mobilization, strategies and the influence of interest groups in the EU are also crucially affected by issue characteristics (Dür *et al*., 2015; Dür and Mateo, 2016; Rasmussen, 2015). For instance, we deem it plausible that the increase in the relative share of firms lobbying in the EU could be a function of increased issue polarization, that is, the extent to which different stakeholders disagree over specific aspects of the policy issue at stake (De Bruycker, 2017). High levels of disagreement over the content of a specific issue proposal is likely to have a direct and positive effect on the relative presence of firms in EU interest group populations. This is because business associations have to engage in a complex exercise that requires scanning constituent members' preferences and then translating these diverse preferences into a coherent lobbying strategy that can be deemed acceptable by all (Gray *et al*., 2004; Martin and Swank, 2004). This is likely to be easier when the degree of constituent members' disagreement over a policy issue is low. On the contrary, when the degree of internal disagreement increases, business organizations' ability to come up with a unified lobbying stance that is acceptable to all decreases, increasing the likelihood that firms decide to bypass encompassing organizations and lobby alone. Empirically, addressing this question would require comparing firm lobbying across issues. The INTEREURO database could provide an important source of information to conduct this type of empirical investigation as such databases contain information on issue salience, issue conflict and issue status quo, as well as other issue characteristics.

Thirdly, from a demand-side perspective it would also be important to assess whether the rise of corporate lobbying in the EU is connected in a systematic way to the process of 'agencification' of the EU, that is, the consistent increase in the number and importance of independent regulatory agencies (Albareda and Braun, 2019; Egeberg and Trondal, 2017). As independent regulatory agencies are primarily interested in obtaining technical information (Arras and Braun, 2018; Bendor *et al*., 2001), their rise should first of all be connected to greater business lobbying in the EU. However, two factors suggest that firms make up the bulk of this increase in the amount of business lobbying. Firstly, firms are better able to provide technical information than other types of interest group (Bouwen, 2002; Dür and Mateo, 2016). Secondly, by regulating firms' operations in particular market segments, independent regulatory agencies tend to produce decisions that have firm-specific, rather than sector-wide, distributive consequences (Coen *et al*., 2019). As such, the rise of independent regulatory agencies in the EU could be an important reason why there is an increase of firms lobbying in the EU as well. This particular line of argument does not suggest that firm lobbying is rising to replace associational lobbying, but rather to complement it. Empirically, this would require analysing firm lobbying across agencies with varying levels of competencies. For instance, the mapping of all interest organizations active at (most) regulatory agencies carried out by Albareda and Braun (2019) would be nicely suited to address this question empirically. Alternatively, different policy fields could be coded based on their level of agencification to explore variation in firm lobbying based on the ECTR database.

Conclusion

The aim of this study was twofold. Firstly, we wanted to explore whether firms have increased their lobbying efforts over the past decade, as we have seen happen in other political systems. We have addressed this question by relying on two datasets to assess empirically whether and how the relative share of contacts between firms and EC staff has changed over time. Our findings suggest that firms might have indeed increased their presence in the EU's lobbying community. In the 2008–10 period, roughly a quarter of the interest organizations contacting EC staff were firms, while in the 2014–19 period the share of firms' contacts with EC staff out was more than 40 per cent, a 60 per cent increase. While some of this variation could be caused by the fact that our data sources are not perfectly aligned, these substantial differences make it plausible that we are observing a systematic change in the amount of firm lobbying in the EU, especially considering that these findings are in line with anecdotal evidence on the rise of firm lobbying in the EU, the fact that we have seen similar patterns of increased firm lobbying in other political systems as well, and the fact that the rise of firm lobbying was also observed when analysing the ECTR database only (see Appendix 2).

Secondly, we suggested avenues for future research by identifying two broad sets of arguments about the determinants of the processes we observe. In particular, we suggest that future research should be able to ascertain whether the increased number of contacts between firms and with EC staff reflects deeper changes in the structure of the EU economy or instead, the changed opportunity structures provided by the EU's institutional environment. Focusing on these two broad sets of potentially alternative explanations may be instrumental both to draw more general conclusions on the nature of the processes that we observe and to guide normative debates about the growing political role of firms in the EU's political system.

Correspondence:
Marcel Hanegraaff
University of Amsterdam
P.O. Box 15725,
1001 NE, Amsterdam
The Netherlands
Phone: +31615379455
email: m.c.hanegraaff@uva.nl

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Supporting Information

Additional supporting information may be found online in the Supporting Information section at the end of the article.

Data S1. Supporting Information