

The Europeanization of interest group politics in Italy: business associations in Rome and the regions¹

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ABSTRACT Interest groups have responded to European integration with varied and multi-level adjustment strategies. This article examines the Europeanization of national and regional Italian business associations as they respond to the challenge of EMU and deeper economic integration. A panel survey and analysis of available data indicate that European considerations are plainly evident in interest group goals, strategies, activities, and organization, and that interest group attention to European issues has been increasing. The research does not find neatly ordered patterns of interest group activity in Europe, but rather, a complex mix of pressure group strategies, including multi-level lobbying, consistent with multi-level governance models.

KEY WORDS Confindustria; Europeanization; interest groups; Italy; lobbying; multi-level governance.

1. INTRODUCTION

How are interest groups adapting to European integration? Our answer to this question comes primarily from research that focuses on Brussels and the European capitals. Moving away from the center, we have fewer observations, and our understanding of cross-territorial patterns of adjustment remains unclear. Furthermore, we have scant empirical evidence marking evolutionary or discrete changes in the degree of Europeanization. Have interest groups truly changed as a result of European integration, or are we simply dealing with familiar political behaviors in a different context? This paper makes an empirical contribution to the Europeanization discussion by examining interest group activity across time and space. It also contributes to our theoretical understanding of multi-level governance (Hooghe and Marks 2001) by testing the empirical relevance of a multi-level lobbying model, in an analysis of business responses to economic and monetary union (EMU).

After briefly reviewing the literature on interest groups and Europeanization in Italy, I turn to the empirical sections, which examine Italian business responses to European integration from two directions. At the national level,

I examine the Europeanization of Confindustria, Italy's leading business group. The analysis relies on interviews with top Confindustria officials, and a content analysis of news reports and the association's documents. At the subnational level, I analyze panel data from original surveys of business groups in a case study region, Liguria. The multi-level analysis allows us to observe patterns of Europeanization that would be missed in single-level research.

I conclude that European considerations are plainly evident in interest group goals, strategies, activities, and organization, and that interest group attention to European issues has been increasing. Italian business groups have responded to European integration with varied and multi-level adjustment strategies. The research does not find neatly ordered patterns of interest group activity in Europe, but rather, a complex mix of pressure group strategies. This finding is consistent with Hooghe and Marks' (2001) description of multi-level governance in Europe, and it argues for adopting a multi-level research approach (Constantelos 1996) that is holistic and disaggregated, in the tradition of the Organization of Business Interests project of the 1980s (Coleman and Jacek 1989; Schmitter and Streeck 1981).

2. INTEREST GROUPS AND EUROPEANIZATION

The literature on interest groups and the European Union (EU) is vast, and includes work on the evolution of interest representation at the national level (Talani 2000; Walsh 2000) and in Brussels (Greenwood 2003; Greenwood and Aspinwall 1998; Kohler-Koch 1994; Mazey and Richardson 1993; Pollack 1997; Traxler and Schmitter 1995). Research shows that state and non-state actors use a variety of subnational, national, and supranational channels to influence EU policy (Bennett 1997; Coen 1997, 1998; Constantelos 1996; Greenwood *et al.* 1992; Marks 1993) and that multi-level policy networks are developing (Bukowski *et al.* 2003; Falkner 2000). To evaluate the impact of Europeanization, we investigate whether EU-initiated rules, norms, and 'ways of doing things' have been incorporated into interest group institutions and behavior (Cowles *et al.* 2001; Ladrech 1994; Radaelli 2003). Recent studies have observed neither isomorphic tendencies nor dramatic changes in national patterns of representation resulting from European integration (Coen and Dannreuther 2003; Grote and Lang 2003).

One of the important questions concerning Europeanization is how interests are articulated in an increasingly federalized system, where the upward transfer of authority to European institutions, and pooled sovereignty at the inter-state level, are accompanied by discrete steps toward political devolution. The multi-level governance approach suggests that new and complex vertical and horizontal relationships are emerging (Hooghe and Marks 2001). In 1991, Streeck and Schmitter contemplated the arrival of:

an American-style pattern of 'disjointed pluralism' or 'competitive federalism,' organized over no less than three levels – regions, nation-states, and

'Brussels.' As in the United States and perhaps more so, this system would be characterized by a profound *absence of hierarchy and monopoly* among a *wide variety of players of different but uncertain status*.

(Streeck and Schmitter 1991: 159)

This scenario calls for EU scholars to revisit the classic American research on pluralism, a literature that highlights the multiplicity of channels for influencing public policy in federal systems (Grodzins 1967; Truman 1951). Interest groups may 'shop around' to find the venue that offers the highest return on investment, or to reduce risk through diversification (Mazey and Richardson 2001). However, there are collective action problems (Olson 1965) and financial, cultural, and institutional constraints to 'shopping' that may limit its prevalence. The decision of groups to choose a 'national route' or a 'Brussels strategy' (Greenwood 2003) depends on factors relating to: type of association, resource endowments, type of issue, decision-making stage, domestic government and politics, and international relations (Bennett 1997; Coen 1997, 1998; Constantelos 1996; Greenwood 2003; Greenwood and Aspinwall 1998; Kohler-Koch 1994).

In practice, most empirical studies of US and European interest groups examine single, not multiple, levels of analysis, leaving a key theoretical proposition of the interest group literature untested. By adopting a 'multi-level lobbying model', we can see if Europeanization is producing American-style pluralist patterns (Constantelos 1996), familiar European-style patterns of concertation or corporatism, or a complex 'Europeanized' model containing elements of both (Gorges 1996; Greenwood *et al.* 1992; Mazey and Richardson 1993; Traxler and Schmitter 1995). Interest group patterns come into focus in the spotlight of key events, like EMU, which is the topic of the next section.

3. ITALY AND EMU

There has been widespread and longstanding support of European integration in Italy. Italian interests have benefited directly from the completion of the internal market, and from redistributive spending on structural and agricultural programs. Although there was strong public support for EMU, neither the political basis nor the institutional capacity for Italy's participation in EMU was certain. The story of Italy's entry into the EMU has been told many times (Dyson and Featherstone 1996; Fabbrini and Piattoni 2002; Giuliani 2000; Radaelli 2002; Sbragia 2001), therefore I provide only a summary review.

To meet the Maastricht criteria, Italy would have to undertake a 'Herculean effort' to reduce its high deficit and enormous debt. Romano Prodi's government, which included former prime ministers Lamberto Dini and Carlo Azeglio Ciampi, both formerly of the Bank of Italy, made entry into EMU possible (Pasquino 1999). Facing internal opposition and foreign skepticism, Prodi skillfully brokered budget compromises among coalition partners, trade unions, and the Refounded Communist Party (PRC), on whose external

support the government depended. The neo-communists extracted a major concession in return for their support on the budget: the government agreed to introduce the thirty-five hour work week. Prodi reduced the deficit through a combination of spending cuts and tax increases, including the so-called 'Euro-tax', which later would be refunded. His task was facilitated by higher growth rates and declining inflation and interest rates. Although Italian and foreign commentators derided the 'one-off measures and tricks of creative accounting' (*Economist*, 8 November 1997) that brought the deficit down to the mandated 3 percent level, key participants argue that fundamental structural reforms were already underway (Chiorazzo and Spaventa 1999). Taking advantage of a window of opportunity that opened with the Italian political crisis, a strengthened core executive leveraged mass support and dominated the public discourse to argue the merits of Italian entry into EMU, and the symbolic costs of falling behind Spain. Italy's entry into the monetary union was successful despite an unenthusiastic endorsement from key business sectors. Confindustria's response to EMU offers an illuminating case study of the Europeanization of a major interest association.

4. THE EUROPEANIZATION OF CONFINDUSTRIA

Organized business has had an important place in national discussions on European economic integration. The General Confederation of Italian Industry – Confindustria – is widely considered to be one of the most powerful business groups in Europe. A national confederation of 257 sectoral and territorial business associations, Confindustria indirectly represents some 111,000 firms. Its heterogeneous membership and internal divisions (Lanzalaco 1990) have meant that the association's positions on European issues have not necessarily been strong or unequivocal. The confederation has not always acted on trade, internal market, and regulatory issues. When positions are taken, they reveal the diversity of business interests in the association. Decisions follow a microeconomic logic that favors, on the one hand, the provision of public goods, such as low inflation and the transaction cost reductions of the single currency, and, on the other hand, the protection of particularistic benefits, in the form of national regulations and the EU's structural fund programs. In theory, Confindustria's hegemonic position would allow it to overcome traditional collective action problems, were it not so fractured by internal cleavages.

How did the deepening of European integration in the 1990s affect Confindustria? I look for evidence of change in three areas: political priorities, political activities, and organizational structure. What has changed? What has stayed the same? And what explains interest group strategies? Three specific hypotheses are examined:

- Confindustria's *priorities* have changed, and increasingly they address European issues.

- Europeanization has caused Confindustria to change its political *activities*.
- Confindustria has enacted *organizational reforms* because of the EU.

Data to test these hypotheses come from elite interviews, news reports, and a content analysis of available data. I begin with an assessment of the changing importance of EU issues to Confindustria. This is done through an examination of their research priorities and their public actions and statements.

4.1 The EU as a priority issue

One method to measure a group's priorities is through a content analysis of its documents. Confindustria has an active and respected research unit that prepares studies on topics important to the association. An historical review of the research topics can indicate if increasing attention is paid to EU issues. Although not all of Confindustria's reports are made public, we have no reason to believe that the EU reports are made public at an above or below average rate. Confindustria also posts other official documents, such as reports, transcripts, and policy declarations on its web site, starting in 1997. The number of total and EU-related studies and official documents, and the relevant percentages are found in Table 1.²

The review of Confindustria's research reports shows that a relatively low percentage of the projects were primarily about the EU in the 1990s, though there is a small increase in the number of reports on EU issues as we move into the early 2000s. In 2001, for example, Confindustria published three working papers on different dimensions of EU enlargement. In 2002, the confederation prepared research notes on enlargement and EMU.

Table 1 Research and official documentation on EU topics

Year	Research reports			Official documents		
	Total research reports	Research primarily on the EU	Percentage EU-related %	Total documents posted	Documents primarily on the EU	Percentage EU-related %
1994	15	1	6.7	—	—	—
1995	3	1	33.3	—	—	—
1996	9	0	0.0	—	—	—
1997	17	1	5.9	12	1	8.3%
1998	16	0	0.0	11	0	0.0%
1999	12	2	16.7	18	0	0.0%
2000	23	2	8.7	23	1	4.3%
2001	9	3	33.3	14	1	7.1%
2002	14	4	28.6	49	12	24.5%

Source: Compiled by author from Confindustria data.

As for the other documents, less than 10 percent were primarily about EU topics from 1997 to 2001. In 2002, there was a jump in the total number of documents posted to the web and a large increase in the proportion (24.5 percent) of the documents that were primarily about the EU. That year, Confindustria posted position papers on EU enlargement, the euro, and the EU structural funds. The EU clearly has become a major preoccupation of the industrialists.

4.2 Political activities: public relations campaigns (EMU) and press releases

This section examines Confindustria's efforts to shape public policy on European issues through public relations initiatives. I review the association's public response to EMU, its recent press releases, and its public political activities, as documented by the news media.

Italian business owners were generally, but conditionally, supportive of Italy's participation in the EMU. While certain industrialists, like Fiat's Giovanni Agnelli, claimed to be longstanding supporters of the single currency (*International Herald Tribune*, 15 April 1998), many – including Fiat's own chairman, Cesare Romiti – were highly outspoken critics of the government for the specific policies it chose to attain entry (*La Repubblica*, 17 March 1998).

Confindustria harshly attacked some of the government's policies on the euro. In retaliation, various government ministers portrayed Confindustria as 'anti-euro'.³ Confindustria's president, Giorgio Fossa, argued that Italy was unprepared for the euro in the absence of fundamental structural adjustment. Fossa spoke with candor and apprehension about the inability of Italian firms to continue relying on competitive devaluation for market advantage once the euro was in place (*L'Imprenditore*, 5 May 1998).

Confindustria's public criticisms focused not on the euro, per se, the benefits of which were acknowledged, but on the government's choice of finance reform policies that accompanied EMU. Fossa and Confindustria's director general, Innocenzo Cipolletta, attacked the government for its imposition of new business taxes, its inadequate measures on pension reform, and its concessions to the PRC, particularly the thirty-five hour work week (*Il Sole 24 Ore*, 15 April 1998). Fossa argued that a reduction of Italy's high tax rates was essential for Italy to compete at the European level. Next in importance, according to Fossa, were policies to increase labor flexibility and mobility (*L'Imprenditore*, 5 May 1998).

As a counterproposal, the industrialists presented a set of demands that included:

the extension of short-term contracts, greater recourse to temporary work, part-time apprenticeship, new regulations to govern individual dismissals, the opportunity to distribute working hours over seven days and to exceed the limit of the eight-hour day, lower tax pressure . . . and the elimination of contractual negotiations conducted at two levels.

(*La Repubblica*, 17 March 1998)

Table 2 Press releases

Year	Total press releases	Total press releases with EU references	Percentage EU-related %
1998	50	20	40.0
1999	41	6	14.6
2000	50	14	28.0
2001	75	23	30.7
2002	43	17	39.5

Source: Compiled by author from *Confindustria* data.

These proposals were followed in April 1998 by a series of demonstrations – an unusual tactic for the business association – to criticize the government for the tax increases and payoffs to the left.

EMU was evidently a major issue for *Confindustria*. But is there sufficient evidence to conclude that European affairs have become *more important* to the business association? A content analysis of its press releases indicates that *Confindustria* has devoted considerable attention to European matters over the past few years. In 1998, the key year in the domestic politics of EMU, 40 percent of the association's press releases referred to the EU (see Table 2). The ratio fell sharply in 1999, but then increased yearly, returning to the 40 percent level in 2002. Unfortunately, earlier data are unavailable, making it impossible to identify long-term trends.⁴

Another method to document *Confindustria*'s political responses to European developments is with a content analysis of news stories. The 'European News' component of the Lexis-Nexis database includes over 400 European newspapers, magazines, and newsletters that have English language news coverage of European affairs. The database also has a smaller module of Italian-language sources, including *Il Sole 24 Ore*, the leading Italian business newspaper (owned by *Confindustria*), and *La Stampa*, the national paper published in Turin.

The news analysis covers the years 1992–2002. The initial search identified articles that had substantial *Confindustria* content, operationally defined as having the association's name in the headline, lead paragraph, or key word descriptor. A second search identified articles that also include the term 'EU' in the text. The percentage of articles on *Confindustria* that refer to the EU was calculated for each year, and the results are presented in Table 3. In the English-language database, we see a steady increase in the proportion of articles with EU references, from under 10 percent in the early 1990s to over 60 percent ten years later. The Italian-language newspaper database also displays an upward trend until 1999, followed by a slight decline in the next three years. It is evident that newsworthy events involving *Confindustria* are now much more likely to be EU-related than they were in the early 1990s.

Table 3 News coverage of Confindustria, total and EU-related

Year	English language news sources articles on Confindustria			Italian language news sources articles on Confindustria		
	Total	With EU references	Percentage EU-related %	Total	With EU references	Percentage EU-related %
1992	20	1	5.0	252	0	0.0
1993	25	2	8.0	198	3	1.5
1994	29	1	3.4	188	9	4.8
1995	63	0	0.0	243	18	7.4
1996	64	10	15.6	310	34	11.0
1997	68	6	8.8	338	38	11.2
1998	114	15	13.2	357	42	11.8
1999	87	18	20.7	403	60	14.9
2000	77	25	32.5	411	60	14.6
2001	80	53	66.3	426	58	13.6
2002	96	58	60.4	403	52	12.9

Source: Compiled by author from Lexis-Nexis Academic data.

4.3 Organizational reform

A third indicator of Europeanization is interest group internal organizational reform. In fact, the Confindustria membership approved several important organizational changes and revisions in the association's Statute at a special assembly on 12 December 2002. A statute revision is a costly, symbolic, and important event, which deserves explanation. Although not driven solely by European considerations, the evidence suggests that the reforms were rooted in EU developments.

When small and medium business owners selected Antonio D'Amato over Fiat's Carlo Callieri as Confindustria's president in 2000, they chose someone who shared their belief that the competitiveness of Italian firms was severely constrained by Italy's domestic economic policies and institutions. D'Amato believed that a reorganization of Confindustria would produce a more agile organization, better structured to adapt rapidly to global market changes. Two reforms were of central importance in the so-called Tognana plan. Both were responses to a changed institutional and market environment. First, Confindustria strengthened its regional federations in recognition of the new powers granted to the Italian regions under Article Five of the Constitution. Loosely tied regional federations of the powerful provincial associations would become integral parts of the national confederation and become fully responsible for relations with public authorities at the regional level (European Industrial Relations Observatory (EIRO), 28 March 2000, 28 May 2000).

A second important change was the strengthening of Confindustria's hand in Brussels. Confindustria has had a longstanding presence in Brussels, and was a

founding member of the Union of Industrial and Employers' Confederations of Europe (UNICE). However, in representing Italian business, Confindustria was competing with many of its own members, the many sectoral associations that installed themselves in Brussels. Important European developments – the establishment of the single currency and central bank, and work on the constitutional treaty – made a coherent approach to EU affairs more important, and they stimulated organizational reform. The reform called for Confindustria to take the leading position in Brussels and to support and coordinate all activities of member associations on EU affairs (*Il Sole 24 Ore*, 23 October 2002, 13 December 2002). As the European Industrial Relations Observatory reported: 'In [Mr. D'Amato's] view, the internal structure needs to be reorganized in order to become an efficient lobby, able to influence the EU and Italy's regional governments, which are now important decision-making centres as regards territorial, industrial and tax policy' (EIRO, 28 May 2000). Political control, of course, may stand alongside efficiency as an organizational objective.

Interviews with top Confindustria officials corroborate the media accounts of the organizational changes. In separate interviews, Confindustria's directors of European and political affairs gave nearly identical accounts of the organizational reforms, tying them directly to the changing institutional landscape of multi-level Europe. Their first and most emphatic point was to make the connection between Confindustria's structure and two political developments: European integration and Italian regional political devolution. According to one official, Confindustria's concerns, 'have moved upward and downward, to Brussels and the regions'. It has become nearly impossible to disentangle European and national affairs. 'Virtually everything we do in Rome concerns Europe,' he remarked. The confederation uses the national strategy and the Brussels strategy in responding to EU initiatives. According to this official, the 2002 reorganization was evidence of the association's changing priorities. In 2003, the EU office had eight professional staff in Brussels and ten in Rome. Another change has been a reduced reliance on UNICE in Brussels. Confindustria cooperates with UNICE, but finds this channel ineffective, and prefers to do its own lobbying. It is not only the European affairs office that is concerned with the EU. The director of political affairs spends 20 to 30 percent of her time on EU issues (interviews, October 2003).

Confindustria's lobbying is directed not only upward to Brussels, but also downward to the subnational level. Confindustria officials in Rome reported bypassing the regional confederations and contacting the regional governments directly on a variety of specific issues. This is surprising, insofar as the regional confederations were strengthened in the Tognana reform, precisely so that they would be stronger interlocutors with the regional governments (interviews, October 2003).

4.4 Assessing the response from Rome

In each of the three areas evaluated – priorities, activities, and organization – we see evidence of Europeanization in Confindustria. The changes are incre-

mental rather than revolutionary, but substantial, nonetheless. What differs from the ordinary is the pervasiveness and apparent permanence of Confindustria's incorporation of European considerations into its everyday structure and behavior. The association responded to specific EU developments, and its organizational reforms are tied to changing opportunity structures (Kitschelt 1986) – especially the shifts in the general and sectoral powers of the EU and regional governments (Constantelos 1996). Confindustria has a fully developed Brussels strategy that accompanies its national strategy. The choice of strategy has a policy cycle logic and a membership logic (Coen 1997; Kohler-Koch 1994). The Brussels strategy may be explained by the ascendancy of small and medium-sized enterprises (SMEs) in the confederation, which, unlike the large corporations, do not have the resources to go it alone in Brussels.

5. AWAY FROM THE CAPITAL: INTEREST GROUPS IN THE REGIONS

This section examines the Europeanization of interest groups at the regional and local levels. The impact of European integration on lower-level groups may differ considerably from the impact on peak associations. Europe's impact on local groups may be imperceptible in highly centralized settings, where national offices prefer to protect their privileged relations with national and European policy-makers. In such cases, we would expect lower-level units to abide by the decisions of the center, even where there is a differentiated regional effect of European policy. However, even in confederal associations like Confindustria, many rules narrowly limit the prerogatives of constituent units. An earlier study found that territorial associations do not necessarily follow basic organizational procedures in their relations with public officials. Rather, local units look after their own interests, and take independent decisions and actions in adjusting to economic integration (Constantelos 1996). Unfortunately, our ability to observe such cross-territorial behavior is compromised by a tradition of interest group research that limits inquiry to single and discrete levels of analysis, even in pluralist and federal settings like the US.⁵ So, for example, the activities of national groups are examined in the national capitals, and those of subnational groups are examined in state and regional capitals. An argument has therefore been made for the adoption of a 'multi-level lobbying model' to open up the theoretical space of our inquiries (Constantelos 1996).

5.1 Local interests and multi-level politics in Europe

The basic assumption of the multi-level lobbying model is that international, national, regional, and local interest groups may lobby decision-makers at any level of government. Though axiomatic to pluralist theory, this assumption has not been subjected to a systematic empirical test. Multi-level and cross-territorial lobbying activities would mark a departure from the types of interest

group patterns we have seen historically in Europe. Corporatist countries are defined by the existence of orderly and hierarchical processes. Even in countries that are closer to the pluralist model, like France and Italy, subnational associations are expected to confine their activities to their mandated jurisdictions.

Confindustria exhibits a typical organizational model. Functional responsibilities are clearly demarcated by organizational unit and the targeted level of political activity. National-level associations are responsible for national affairs, while regional and provincial associations have responsibility for matters in their respective jurisdictions. Confindustria's national office and the national sectoral associations also have consultative roles on most local and regional matters. The opposite direction is a different matter. *On national issues, the local territorial and regional associations have no competence whatsoever, not even consultative* (Confindustria 1988).⁶

In this organizational structure, we would not expect lower level units to act independently in the national capital. Instead, regional and local concerns would be conveyed to national policy-makers through national associational channels. In the 'Relations with the Political World' section of its statute, the Industrial Association of Genoa states that its role is to convey 'the problems of local industry to political authorities, *local* government, etc. and, *through Confindustria* [my italics], to Ministries and Government'.

It is appropriate now to ask whether the important economic and political institutional changes in Europe have changed the behavior of economic interest groups. Specifically, will subnational groups abide by organizational structures that deny them direct access to national and European policy-makers? Or, alternatively, is Streeck and Schmitter's (1991) prediction of 'transnational pluralism' materializing?

5.2 Research design and methods

This test of 'Europeanized' interest group patterns takes place in the northern region of Liguria, and its capital, Genoa, Italy's fifth-largest city. The design is longitudinal so as to observe temporal change, rather than cross-sectional. Although I cannot draw generalizations about Italy's twenty regions from the Liguria case study, the findings here may surely be suggestive of behavioral changes that are seen in other parts of the country.

Business groups from ten sectors were selected for the study, chosen roughly according to the overall importance of agriculture, industry, and services in the regional economy.⁷ The sample includes agriculture as a single sector, along with three industrial sub-sectors (metal and machine products, chemicals, and construction) and six service sub-sectors (commercial agents, tourism, freight forwarding, finance, advanced services, and the liberal professions).

The primary question is: does Europe have a clear impact on interest group strategies and activities, and, if so, is the extent of Europeanization increasing? A weak null hypothesis is that interest groups pay no attention to European

developments, because that is the domain of national-level associations. Do groups engage in cross-territorial political activities? And is there evidence that groups are being Europeanized, that is to say, are their strategies and activities shaped increasingly by Europe?

The questions are answered in two ways. First, I provide a descriptive account of the local impact of, and business responses to, EMU. Second, I analyze original panel data from a three-round survey of the presidents of the ten regional business associations. Four of the ten associations are organized sections of the Confindustria-affiliated Industrial Association of Genoa. The survey was conducted at three landmark moments in the economic integration process: in 1993, soon after the Single European Act was implemented; in 1998, six months before the introduction of the single currency; and in 2002, five months after the euro was fully implemented. The advantage of the panel survey is that it offers tighter control over alternative explanations of observed changes compared with other longitudinal designs.

The survey had two parts. The first part consisted of personal interviews with the presidents of the business associations. Interest group officials responded to a series of open-ended questions regarding the impact of the Single European Act and EMU. In the second part, the presidents completed a written questionnaire that included questions about the association, its political activities, and the economic effects of European initiatives. Specific questions asked how frequently the association contacted different governmental levels overall and more narrowly on European issues. There were also questions on the frequency of other political actions, such as public relations campaigns, legal actions, and demonstrations.

5.3 Business responses to EMU

Business leaders in Liguria were generally supportive of monetary integration. However, this was accompanied by a number of clear reservations and widespread concern about the sluggish national and local economies and the future of Genoa's largest firms, which were state-owned and unprofitable. Private firms relied on contracts from the state sector for a considerable portion of revenues, and the future of public giants like Ansaldo, Elzag, and Fincantieri was uncertain.

The president of Confindustria Liguria, Attilio Oliva, expressed concerns about European integration that were similar to those articulated by national Confindustria. The benefits to Italy of deeper integration were believed to be contingent on fundamental institutional and behavioral change. Oliva singled out public finances as an area where fundamental reforms were essential for Italian success in Europe (Oliva 1998). Riccardo Garrone, the president of the Industrial Association of Genoa, had a similar conditional approval of the monetary union. Garrone saluted Prodi for Italy's first round entry into the monetary union, and for his stated intention to continue liberalizing the economy. However, Garrone also demanded that the government reduce the tax

burden on business, and take strong deregulatory measures to end the 'suffocation' caused by 'bureaucratic congestion' found at all levels of government. Garrone called for further privatization of state holdings in Genoa, especially at the Port of Genoa. In order to 'enter Europe with dignity,' he argued, Italy must undertake basic structural reforms, including the educational system and other public services (*Genova Industria*, March–April 1998).

Just six months before the start of EMU, there was still considerable uncertainty about the euro's impact in Liguria.⁸ The president of one of Genoa's largest firms had a typical response: 'The consequences of the single currency . . . are still to be seen. What is certain is that they will be of great importance' (*Qualeimpresa*, June 1998). Only a few of the Genoese business representatives participating in the 1998 survey were able to predict with any confidence the impact of the euro on their sectors. For example, in the construction sector, where the recession lingered, there was a sense that the region was unprepared for deeper European integration, but that it was also too early to assess the impact of EMU (interview, June 1998).

Several business associations were optimistic about EMU. The commercial agents, for example, believed that Italian firms, long accustomed to an uncertain business environment, easily adapt to such changes. They were 'sufficiently optimistic' about the single currency, especially because of the expected reduction in inflation rates (interview, June 1998). Tourism officials, too, were pleased with the euro, believing that it would stimulate European travel. They were concerned, however, that Italy would no longer be able to devalue its currency to obtain a competitive advantage on prices (interviews, June 1998 and May 2002). Other associations were worried about price transparency (chemicals) and Italy's inability to compete in a more integrated European market. The various reasons for this were the traditional complaints of business in Italy: high taxes (freight forwarding and tourism), high labor costs (tourism), high regulation (chemicals and freight forwarding), and the inflexibility of the labor market (machinery).

The banking sector was directly affected by monetary integration, and in Liguria the apprehension of the finance association was understandable. Italy's banking sector has been called 'inefficient . . . small and fragmented' (*Economist*, 8 November 1997), and this was especially true in Liguria. Representatives of the sector expected to suffer losses because EMU made cheaper foreign credit more accessible. The Ligurian banks were completely unprepared for the rapid consolidation and heightened competition in the sector, and had not even carried out their own analyses of the euro's local impact (interviews, June 1998 and May 2002).

Two findings stand out. First, there was a surprisingly high amount of uncertainty about the euro's local and sectoral effects just six months prior to its debut. Second, the positions of the regional business associations were similar to those held by Confindustria in Rome. On the whole, they could be characterized as slightly apprehensive, yet cautiously optimistic, depending on local sectoral conditions. Given the uncertainty and the agreement with

national business associations, we would not expect a robust political response to EMU from the regional interest groups. The next section examines whether or not regional actors attempted to influence policy beyond their jurisdictions, and if their activities have been transformed by European integration.

5.4 The political strategies of business associations in Liguria

Normal channels

Business groups were asked: 'which channels do you normally use to propose, support, or oppose, a law, a decree, or an administrative act?' Respondents indicated their lobbying frequency (i.e. never, rarely, occasionally, often) at each of five governmental levels: communal, provincial, regional, national, and European. They also reported the frequency of their contacts with political parties, the national business association, and their European-level confederation. Finally, they reported the frequency of other political activities, including public relations campaigns, legal actions, and demonstrations. Responses were coded on a four-point scale to be consistent with earlier surveys of this type (LaPalombara 1964; Wilson 1987).

Genoese interest groups have formal responsibility for handling the group's political affairs in the region of Liguria, the province of Genoa, and the Genoa city government. Lobbying at the provincial and communal level occurs relatively infrequently, according to the groups. Lobbying at the regional level, however, has been relatively high, and it has been increasing (see Table 4). This trend parallels the increased responsibility of the regional governments in numerous economic, planning, and social affairs (Constantelos 1996).

Regional business associations are in close contact with their national associations when initiating or responding to bills or administrative acts at the national level. This is the normal expectation. The national association has been consistently the most important pathway for influencing legislative and administrative outcomes. The more important observation is that regional interest groups directly lobby the central government, and even the EU, despite organizational charts that proscribe this activity. In looking after their own interests, business groups routinely cross territorial jurisdictions.

As for the traditional political party channels, they were fundamentally reordered after *tangentopoli* and the disappearance of key parties like the Christian Democrats and Socialists. Nevertheless, Italian business associations continue to see political parties as important channels for influencing policy. The variety and frequency of interest group activities are not very different from the ones described by LaPalombara (1964) forty years ago.

European affairs

To determine if European integration creates a new and different set of political strategies, the business associations were asked in 1998 and 2002 about the

Table 4 Lobbying targets and other political channels and activities of Liguria business associations (mean values reported (n=10))

	<i>In general</i>			<i>European affairs</i>	
	1993	1998	2002	1998	2002
Government					
Commune	2.5	3.0	2.8	1.9	2.2
Province	2.2	2.6	2.4	2.1	2.3
Region	3.0	2.8	3.6	3.0	3.6*
National	2.6	3.4	3.1	2.6	2.9
EU	2.2	2.8	2.5	3.0	2.8
Other channels					
Political parties	2.4	3.3	3.0	2.8	2.4
National associations	3.6	3.7	3.7	3.2	3.4
European associations	n.a.	2.6	2.1	2.6	2.1
Other activities					
Public relations	3.4	3.4	4.0*	2.9	3.8
Legal actions	2.6	3.1	2.3*	2.4	2.2
Demonstrations	1.7	2.4	2.5	2.3	2.3

Text of questions: Which channels do you normally use to propose, support, or oppose a decree, a law, or an administrative act? On European affairs (e.g. regulations, competition, financial aids, etc.), which channels do you follow?

Coding: 4 = often, 3 = occasionally, 2 = rarely, 1 = never.

*Statistically significant change from previous survey (t-test, 0.05 level, two-tailed).

frequency of various political activities on European issues. The question asked of the presidents was: 'On European matters (e.g. regulations, competition, financial aids), which channels do you use?' As EU programs are decided and administered at a variety of levels, it is possible that groups would be in contact with any level on EU matters.

The survey reveals that groups have regular contacts with national and EU policy-makers on EU issues. We see, again, that local interest groups do not always leave national and European political matters in the hands of their parent associations in Rome, or their European confederations in Brussels. Evidence of organizational change at the local level was seen when the Industrial Association of Genoa proudly announced the opening of a Brussels office, the Casa Liguria, in 2002. There was a small, though interesting, shift in the direction of lobbying on EU issues. In 2002, groups slightly favored the national channel, whereas in 1998, the Brussels strategy was favored. This finding would be consistent with policy cycle explanations, which would predict a shift in lobbying targets as key economic policies move from the policy development stage in the Commission to ratification and implementation (Kohler-Koch 1994).

The survey shows that the communal and provincial channels are used

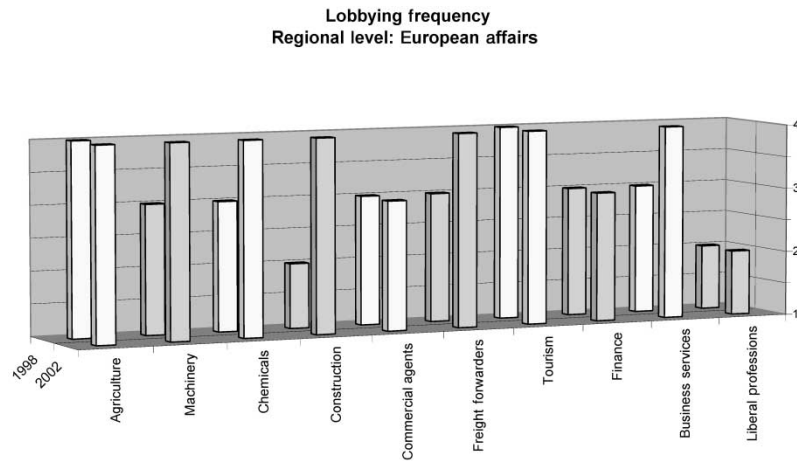


Figure 1 Regional level lobbying on European affairs

Coding: 4 = often, 3 = occasionally, 2 = rarely, 1 = never.

infrequently (see Table 4). Regional groups favor their main conduit, the regional government, on European issues. This is not surprising, though it is remarkable insofar as contacts with the regional government were as high for EU issues as they were for the overall score. It is interesting, also, that there was a large and statistically significant increase in regional lobbying from 1998 to 2002, which may reflect the process of political decentralization in Italy. It is important to note that the region has an important role in developing and administering the EU structural and regional development programs. Liguria benefits from EU funding for a large number of programs, including the Objective 2 regional development program and the community-wide employment programs. Figure 1 presents more detailed data on regional lobbying, by interest group and year. In 2002, only the association of liberal professions (e.g. lawyers, architects, etc.) contacted the regional government infrequently; governance of this sector is highly centralized in Rome.

Multi-level lobbying

Do interest groups engage in multi-level lobbying? This is a fairly straightforward empirical test. A definition of multi-level lobbying could be 'lobbying at more than one governmental level'. This, however, would not be a meaningful test of the multi-level lobbying model. Regional interest groups are frequently the lowest level associational unit, and therefore they have responsibility for public affairs at the regional, provincial, and local levels. Therefore, as an alternative operational definition, we can say that multi-level lobbying occurs when groups are politically active at multiple levels, including

at least one level for which they do not have primary competence. Using this definition, *every group in the study reported engaging in multi-level lobbying.*

The chemical sector's response to deeper integration demonstrates the multi-level lobbying imperative. According to a former political affairs director of Federchimica, European issues were not as central a concern ten years ago as they are now (interview, October 2003). EU environmental regulations are seen by Federchimica as costly, excessive, and the reason for low investment in the sector. New projects require approximately fifteen government reports and approvals from five national ministries, as well as from regional, provincial, and communal offices. The existence of multiple and overlapping environmental jurisdictions is an important reason why Federchimica lobbies at multiple levels and has asked for a 'one-stop' authority for the required approvals (interviews, June 1998, May 2002).

Other actions

Consistent with the findings of earlier research (LaPalombara 1964; Wilson 1987), the survey indicates that the interest groups use a wide variety of actions to express their support or disapproval of government policies (see Table 4). Public relations campaigns have become very important, and are seen by the local groups as an essential element of political strategy. In 2002, all of the regional interest groups reported engaging in public relations campaigns 'often'. The increase in the frequency of this activity compared with 1998 was statistically significant. By 2002, the scores for public relations, legal actions, and demonstrations on European issues were almost as high as the overall scores.

6. CONCLUSION

EMU presented risks and opportunities for firms and other economic and political actors. Perhaps one of Europe's most awaited dates, 1 January 1999 heralded the arrival of the single currency. The political battles over the policies taken to meet EMU's convergence criteria were fierce, and they produced many casualties. In Italy, business groups believed themselves to be on the losing end of skirmishes over the budget and the shorter work week. The leading business associations launched intense public relations campaigns against government positions. At the regional level, affiliated business associations held similar positions and fought the same battles as the national associations. EMU stands out among EU developments, and it serves to highlight and provide answers to questions of interest to social scientists; most importantly, the question of how international integration affects domestic politics.

On the more precise question of the Europeanization of Italian interest groups, the research shows considerable evidence of Europeanization, as defined by Radaelli (2003). Grote and Lang (2003) caution against overstating

the EU's impact and overlooking other sources of organizational change. Nonetheless, in Confindustria's organizational reform, there appears to be a 'new way of doing things' that is tied directly to EU developments. The study also shows a serious and heightened attentiveness to European issues by Italy's leading business association. We see evidence of this in the media coverage of Confindustria's activities and in Confindustria's allocation of resources, which are shifting in the direction of European affairs.

The analysis of the regional interest groups finds that European issues have become as important as, if not more important than, other issues. EMU was clearly a central concern for the regional business associations. The interviews revealed that the interest groups did not see EMU as simply a narrow 'European' issue. This was true even of the groups that were affected in a very precise manner, like the banking and finance group. Virtually every group discussed the impact of EMU in light of the country's political and bureaucratic capacity and economic and fiscal structure, and how these factors compared with their European competitors' business environments.

The survey indicates that the national business association remains the most frequently used channel for influencing public policy by the regional groups. In the end, most Italian roads still lead to Rome. Nevertheless, the regional business associations did not leave political matters entirely in the hands of the national headquarters. In addition to their normal activities at the subnational level, these groups were in direct contact with political officials at the national and European levels, despite belonging to national associations that do not recognize such 'extra-territorial' contacts. Every group contacted at least one level of government outside of its jurisdiction on an 'occasional' or 'frequent' basis.

The proliferation of institutional access points and the differing interests of private associations may explain the decision to engage in multi-level lobbying. The choice of lobbying target depends on numerous factors, which cannot be systematically analyzed in this article. Nevertheless, the Italian case study provides empirical support for using a 'multi-level lobbying model' in multi-level governance settings. In other words, our empirical research must be designed so that we can observe completely the patterns of interest articulation in multi-level Europe.

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NOTES

- 1 I acknowledge financial support for this project from the Research and Development Office at Grand Valley State University. Thanks go to the editors, to the other contributors, and to two anonymous reviewers for their helpful comments.
- 2 Latent coding is used for the data presented in Tables 1 and 2. For each document,

the author determined if the principal topic or majority of the content was EU-related.

- 3 After the EU's approval of Italy's admission to EMU, Finance Minister Vincenzo Visco reveled in his triumph over the euro's 'enemies . . . at home' (*La Repubblica*, 3 May 1998).
- 4 Manifest coding is used in the analysis of the press releases. The search function was used to find press releases containing the terms *Europe*, *European*, or *EU*.
- 5 An exception is the work on the Organization of Business Interests directed by Schmitter and Streeck (1981).
- 6 This strict division of labor remains the formal position of the central and territorial offices (see www.confindustria.it and www.assindustria.ge.it).
- 7 This is analogous to the probability proportional to size procedure used in cluster sampling, without the random sampling. Random selection of cases in small-n research does not necessarily reduce selection bias, and can produce more bias than do purposive selection mechanisms. See King *et al.* (1994: 124–8) on this problem.
- 8 A representative of the business consulting association had no idea about the euro's impact, and said the group was 'starting to think about' organizing a conference on the euro in 1998.

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