Multi-Level Lobbying in the European Union: A Paired Sectoral Comparison Across the French-Italian Border

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REGIONAL INTERESTS AND EUROPEAN INTEGRATION

The ‘deepeening’ of European integration has revived the debate over the changing relationships between Brussels and the national governments (Cameron, 1992; Moravcsik, 1991, 1993). Alongside the transfer of power from the nation-state to the EU, has been another important, if less dramatic, transfer of power – from the central governments to sub-national levels (Sharpe, 1993). The regional level has attracted the greatest attention for several reasons. First, the region is the targeted level for most of the EU structural adjustment programmes (Commission, 1989). Secondly, many of the European states, even traditional unitary ones such as Belgium, Spain, France and Italy, have decentralized political power during the past two decades. Regions in these countries have new powers especially in regard to regional economic development (Nanetti, 1988; Sharpe, 1993). Thirdly, the abolition of national barriers has facilitated the emergence of regional economic growth poles, no longer limited by, and now frequently spanning, the national frontiers. Finally, there is the contentious issue of subsidiarity. Article A of the Maastricht Treaty calls for decisions to be taken ‘as closely as possible to the citizen’. To many, this means the regional level (Peterson, 1994; Scott, Peterson and Millar, 1994; Wilke and Wallace, 1990).

Together, these developments have inspired visions of a ‘Europe of Regions’ (Kellas, 1991). Streeck and Schmitter describe a:

...transformation of national into regional economies and of sub-national regions into subunits of a supranational economy [which] amounts to a regionalization of Europe as well as at the same time a Europeanization of its regions (Streeck and Schmitter, 1991: 153).

Indeed, a manifestation of this trend is the rapid growth in the formal representation of regional governments in Brussels (Keating, 1993:306; Marks and McAdam, 1993; Mazey and Mitchell, 1993:105–8). While most scholars find a ‘Europe of the Regions’ unrealistic (Anderson, 1990; Keating, 1993; Marks, 1993; Sbragia, 1992), we are seeing, at a minimum, what Marks calls:

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... the emergence of *multilevel governance* in the European Community, characterized by co-decision making across several nested tiers of government, ill-defined and shifting spheres of competence ... (Marks, 1993:407)

The changes in the EU have necessitated a re-examination of the vertical links between supranational, national and sub-national levels of government and the newly emerging horizontal networks of sub-national governments (Ladrech, 1994; Leonardi and Nanetti, 1990; Smith and Ray, 1993). These new and extremely complex institutional relationships have important implications for organized economic interests and for the European political economy more generally. New potential channels of influence have emerged and it is uncertain how economic interests will operate in the transformed political landscape. Sbragia believes that organized interests 'typically must use and will need to keep using, channels provided by national governments in order to maximize their influence' (Sbragia, 1992:290; see also Grant, 1993). Other scholars highlight the rapid proliferation of lobbies and lobbying in Brussels (Greenwood, Grote and Ronit, 1992; Mazey and Richardson, 1993). Streeck and Schmitter see the likely evolution of a highly complex pattern of interest representation, perhaps resembling:

> 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).

When we turn to the American literature on interest groups for guidance through this complex scenario we are left disappointed. This literature converges with that on federalism and we are often told that interest groups in federal systems have a greater number of channels for influencing public policy than groups in unitary systems (Grodzins, 1967). Unfortunately there is little empirical research which tests this important theoretical proposition. The key empirical interest group literature focuses exclusively on the national level (Bauer, Pool and Dexter, 1963; Berry, 1984; Cigler and Loomis, 1991; Heinz et al., 1993; Schlozman and Tierney, 1986).

Recent studies of *private* sub-national interest groups disregard their political activities across territorial levels of government. An extensive collection of studies on state-level interest groups provides a wealth of data on lobbying activities in the state capitals (Hrebenar and Thomas, 1987, 1992, 1993a, 1993b; see also Rosenthal, 1993). Unfortunately, this
otherwise excellent source tells us nothing about the lobbying activities of state-level interest groups in Washington. We learn a great deal about interest group patterns in the states, but we do not necessarily have a better understanding of interest group strategies in federal systems.

In a European Union with increasingly federal characteristics, we must move beyond the conventional practice of treating different governmental levels as discrete units of analysis. More appropriately, we must move toward a multi-level model, in which interest groups at any territorial level are free to lobby government at any number of levels. This type of model is depicted in Figure 1 below.

**FIGURE 1**

**MULTI-LEVEL LOBBYING MODEL**

![Diagram showing multi-level lobbying model with levels of government and interest associations]

**EXPLAINING INTEREST GROUP STRATEGIES**

How, then, do regional economic actors respond to change and uncertainty in the international economy? To whom do they turn and how may we best explain the logic of their responses? Business owners and corporations have several options when facing international economic change. They may feel no need to make adjustments in response to market integration, or they may change any number of internal or external business strategies. They may also attempt to improve their competitive position in the integrated market by influencing public policy. A political strategy could be pursued independently or collectively. Firms and economic interest associations must decide which resources to expend and the manner in which they may best be used. Interest groups and firms can lobby government at any number of levels, from supra-national to communal. The regional level of government holds new interest because of the availability of the EU's structural adjustment funds. Interest groups may also attempt to influence policy by using other pressure tactics such as public relations campaigns and demonstrations, as French agricultural interest groups so frequently have done.

An analysis of regional economic adjustment strategies might properly focus on economic structural factors. We might expect similarly affected economic actors to have similar responses to economic change (for example, the chemical industry in Britain behaves like the industry in Germany). The sectoral impact of the Single European Act has been analysed in several European Union and academic studies. These typically project the market impact of integration by analysing factors such as price disparities, trade ratios, firm size, capital and labour intensities and the extent of non-tariff barriers (Buigues, Ilzkovitz and Lebrun, 1990; Commission, 1988; Mayes, 1991; Smith and Wanke, 1993).

An alternative approach for explaining the regional politics of adjustment derives from the 'new institutionalist' literature (Katzenstein, 1985; Hall, 1986; March and Olsen, 1989; Zysman, 1983). Advocates of this approach argue that 'institutions define the identities, preferences and values of individuals, groups and societies' (Anderson, 1992). If institutions are defined as the 'rules of the game', the most important institution for regional actors is the constitutionally-defined territorial distribution of power between the centre and periphery. The degree of centralization has important implications for governmental responsiveness and efficiency and, perhaps most importantly, for the distribution of economic resources (Wolman, 1990). Anderson’s (1992) recent study of regional politics in Britain and Germany shows how different territorial arrangements of government produce different patterns of regional politics. Federal Germany and unitary England are located, of course, at opposite ends of the political decentralization continuum. Now that Anderson has made a successful case using very different systems, we may execute a more difficult test of the institutionalist approach by using the French and the Italian cases to test whether narrower differences in regional structure and power correspond to differences in economic adjustment patterns.
As a result of the decentralization reforms of the early 1980s, the French région increasingly resembles the Italian regione. Numerous government functions and resources have been transferred from Paris and Rome to these intermediate levels of government. Perhaps most importantly, in both countries the regions have the primary responsibility for regional economic development and planning. The regions have an important role in numerous economic activities, including agriculture, tourism, business development, transportation and job training (Leonardi and Nanetti, 1990; Muret and Peyré, 1992; Nanetti, 1988; Schmidt, 1990).

Despite the apparent similarity of the French and the Italian regions, there are many interesting and potentially important differences in their legal and financial autonomy. The political impact of these institutional differences has not been studied. There have been few comparisons of French and Italian regions since the French decentralization reforms (Keating, 1988). If variations in political patterns can be attributed to the relatively small institutional differences between the two countries, the neo-institutional approach will have passed a rather demanding test.

RESEARCH DESIGN AND METHODOLOGY

To understand better the significance of political institutions for economic actors, I have designed a comparative study of interest groups in French and Italian regions. Like Gourevitch (1986), I compare political responses to the identical economic shock in different political systems. The objective of the research was to determine whether the degree of political decentralization has a significant effect on regional interest group strategies in single-market Europe. The principal analytic approach is the comparative method, using a 'most similar case' design. I conduct an intensive empirical investigation of a small number of cases, controlling for alternative explanations (such as position in the international economy) through careful case selection (Lijphart, 1971; Przeworski and Teune, 1982). The interest groups come from two regions with numerous economic, political and cultural similarities: Liguria and Provence-Alpes-Côte d’Azur. The use of the most similar case method carries the risk of 'overdetermining' outcomes by unnecessarily narrowing the range of potentially important explanatory variables. To reduce this concern I introduce variation across economic sectors and conduct ten paired sectoral comparisons. Using multiple most-similar-case comparisons gives us greater confidence than does a single sectoral comparison that we are not making erroneous generalizations from unrepresentative cases. Increasing the number of sectoral comparisons also permits the use of statistical analysis. Both quantitative and qualitative analyses are used and they are intended to complement one another.

The Regions

The comparative case study has been conducted in the border regions of Liguria in Italy and Provence-Alpes-Côte d’Azur (PACA) in France. Border regions have an intrinsic appeal in most similar case research designs. Beyond sharing a common border, in most cases they also have numerous social, economic and technological similarities. It would be difficult to find regions in two countries that are more alike in economic structure than Liguria and PACA. These regions constitute the central part of an evolving economic zone stretching from Barcelona to Livorno, known in promotional literature as the Mediterranean Arc. Liguria and PACA are important economic regions which have been attempting to move away from a dependence on declining ports, shipbuilding and other heavy industries. Both regions qualify for the EU structural funds for 'converting regions affected by industrial decline'. Nationalized industries play an important role in the economies of the two regions. Each has a small but high-value agricultural sector. The sectoral shares of agriculture, industry and services are similar in the two (see Table 1). Income levels are roughly equivalent and unemployment has been above the EU average in both regions. An EU study categorizes both regions as 'intermediate' (rather than 'central' or 'peripheral') in terms of economic position in the unified market (Keeble, Offord and Walker, 1988). Another EU report places the two regional capitals, Marseilles and Genoa, on a list of cities with the most serious urban problems (Cheshire et al., 1988).

| TABLE 1 |
| SECTORAL SHARES OF THE REGIONAL ECONOMIES |
| Sector | By value-added, 1990 (%) | Liguria | By employment, 1991 (%) |
| | PACA | Liguria | PACA | Liguria |
| Agriculture | 2.7 | 2.3 | 3.8 | 3.9 |
| Industry | 23.5 | 26.4 | 22.3 | 24.0 |
| Services | 73.8 | 71.3 | 74.0 | 72.1 |


This choice of cases allows us to control for numerous alternative explanatory variables adequately, including structure of the regional economy and integration in the national and European economies. Cultural differences between the two regions are also of minor significance because of their shared historical experiences. Liguria has been under direct or indirect French control on numerous occasions, going as far back as
Charlemagne and as recently as 1815 under Napoleon. Nice, the major city in eastern PACA, was under the control of the House of Savoy for nearly 500 years. It was ceded to France in 1860 as the price for French consent to the new Italian state. There are also similar political cleavages in the two regions. Both regional governments have been dominated by centre-right coalitions, while the principal city governments have been under left control. And, like Liguria and many of the Italian regions, PACA has seen its share of corruption scandals (Greene, 1982). Liguria and PACA do not match up perfectly, of course (for example, Liguria has no equivalent of the Front National), but we can hardly do better at this level of analysis.

Economic Sectors

Ten sectors were selected for the study, chosen roughly according to the importance of agriculture, industry and services in the regional economies. 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, business services and professional services). Except for agriculture, a single business association has a monopoly over regional interest representation for each of these sub-sectors. A list of the interest associations is presented in the Appendix.

The sample includes many of the important economic activities in Liguria and PACA affected by the 'Europe 1992' process. The effects of the Single European Act (SEA) vary considerably across these sectors. The removal of non-tariff trade barriers will have a direct and significant effect on the chemical industry, on construction and on freight forwarders. In contrast, the effect of the SEA on business services and tourism is low and mostly indirect.

Hypotheses

I tested the strength of the neo-institutional explanation of adjustment strategies to European integration. The central research question is: whom do interest groups lobby for public policies to improve their competitive position in the single market? I use the choice and frequency of several interest group political activities as the dependent variable in the study. The null hypothesis is that we would expect to find no differences in the strategies of French and Italian interest groups paired by economic sector. The null hypothesis will be rejected if we find statistically significant differences in the strategies of the paired groups. The alternative hypothesis is that adjustment strategies depend on the degree of political decentralization of the state.

The relationship between centre and periphery spans a continuum ranging from a unitary to a confederal state. This relationship is captured empirically through various measures of regional and local autonomy (Nathan and Balmaceda, 1990; Smith, 1985). Greater regional autonomy increases the variety and number of resources and policy instruments available locally and it places government officials closer to regional interest associations. Therefore greater regional autonomy should lower the costs and increase the expected pay-offs of lobbying the regional government, other things being equal. In decentralized political systems we would expect regional interest groups to lobby the regional government relatively more frequently than the central government.

I tested the hypothesis that greater decentralization is associated with a higher frequency of choosing a sub-national government as a lobbying target. The frequency of lobbying the central government is expected to be negatively related to state decentralization. I also tested the hypothesis that the frequency of regional government lobbying relative to central government lobbying will increase with greater state decentralization.12,13

This is not to say that political institutions are the only or even the central part of the story, or that they operate outside the larger set of socio-economic structural constraints. Putnam et al. (1993) show quite clearly that the identical political institution (Italian regional government) performs differently in diverse settings. And certainly political institutions do not operate in a mechanistic or deterministic fashion.14 Rather, institutions are conceived of as resources which can be exploited by political actors with varying degrees of success, depending on numerous social, political and economic factors. As an initial step toward a fuller, multivariate, analysis we controlled for these other factors and focused on the independent effect of the institutional variable.

Dependent Variable: Interest Group Strategies

Economic actors can protect their interests through a wide variety of economic and political strategies. I have collected data on these activities from 20 business interest associations. The interest groups are evenly divided between the two regions. I conducted structured interviews from April to June 1993 with the secretaries-general or directors of the regional interest associations. The interview data were supplemented by an analysis of internal and public documents provided by the interest groups.

In the interviews interest group representatives responded to a series of open-ended questions concerning the effects of the SEA, the political strategies of the interest association and the role of the regional government. Business associations then completed a written questionnaire which reported on the economic and political responses of their members to the SEA. The respondents also completed a written questionnaire with closed-
ended questions concerning the normal political activities of the associations. Data from the questionnaires include the frequency of lobbying at each level and branch (executive or legislative) of government. Wilson’s (1987) survey of French interest groups is used as a model for some of the written questions.

**Explanatory Variable: Regional Autonomy**

In France and Italy the region is the sub-national level which has been granted primacy in the sphere of economic development and territorial planning, the areas of greatest interest to regional business associations. There is no agreement on how successful regional reform has been in either country. One finds enthusiastic (Putnam et al., 1993; Schmidt, 1990) and sceptical (Hine, 1993; Marcou, 1990) appraisals of regional reforms in both countries.

The sceptics raise two major points. The first is that decentralization never went far enough; in both countries political opponents were able to block significant reform. The second, which has potentially important implications for the institutional approach, is that the formal powers which the regions were granted remain largely inconsequential in the face of political realities. Keating (1988: 197) argues that, ‘In both France and Italy, regions have by and large been taken over by existing political elites and subjected to traditional political practices.’ Clientelism thrives at the regional level in both countries. As a direct result, regions are largely unable to formulate coherent public policies. Instead, expenditures follow a political logic – saupoudrage in France, pratielle spartitorie in Italy – as funds are scattered to influential clients. In some cases, especially in Italy, the creation of regional government has brought neither democratization nor efficiency but clientelism and corruption at its worst. Thus the performance of regional government falls far short of the ideals originally espoused by its proponents.14 The normative concerns about the performance of regional governments, however, do not militate against the importance of regional resources to private interests. As Putnam indicates, ‘By the beginning of the 1990s, nearly one-tenth of Italy’s gross domestic product was being spent by the regional governments, only slightly below the figure for American states (Putnam, 1993: 25).’

Even if regional powers in France and Italy remain far from those found in federal states, clearly both countries have departed substantially from their highly centralized systems. More important for the present analysis is the relative placement of these two states in the larger continuum. We turn therefore to a comparative analysis of regional autonomy. This may be defined in several ways and it can incorporate numerous factors. There are at least three important dimensions of regional autonomy: legal status, legislative autonomy and financial autonomy (Page, 1991; Paladin, 1992; Rose, 1985; Smith, 1985). We find that the Italian regions have greater autonomy than the French in each of these.

A fundamental difference between the French and the Italian regions is their legal status. The powers and functions of Italian regions are firmly established in the 1948 Constitution. In contrast, French regions have only a statutory basis which, in principle, can be overturned easily. Two key dimensions of legislative autonomy are the competencies of the regional government and the degree of central control over regional legislation (Nathan and Balmaceda, 1990; Paladin, 1992; Rose, 1985; Smith, 1985). The Italian regions have formal authority in a wider range of policy areas than do the French.15 In practice, however, both countries have many overlapping responsibilities among different levels of government. In both cases the primary formal mechanism of control for the central government is an a posteriori right to refer questions about the legality of a regional action to the constitutional court (Cassese and Torchio, 1993; Marcou, 1990; Sanantonio, 1987; Schmidt, 1990). Of course, there are also many informal mechanisms of political control, whether through the bureaucracy or through political parties (Hine, 1993; Sanantonio, 1987; Tarrow, 1977).

Financial autonomy is usually assessed by using indicators such as revenues (for example, dependence on the central government), expenditures (for example, regional expenditures as a percentage of total government expenditures), or a combination of the two. On the revenue side, the Italian regions depend much more than the French on central government transfers. This gives the French regions somewhat greater flexibility to programme expenditures without central government interference. It also provides the French administrators with greater financial stability and predictability than is found at the Italian regional level (Owens and Norregaard, 1991; Rey and Pola, 1990).

For a study of interest group lobbying, however, it is arguably more important to focus on expenditures rather than revenues. French regional budgets have been increasing steadily since 1982, but the central government still retains control over most expenditures. In the late 1980s central government expenditure was about 82 per cent of total government expenditure in France, compared with approximately 73 per cent in Italy (Owens and Norregaard, 1991: 26). By this conventional measure Italy continues to be the more decentralized polity. This finding is corroborated by budgetary data from the regional level. Regional government expenditures are about 20 per cent of central government expenditures in Italy (1993), but only about 4 per cent in France (1992, provisional).17 It is true that a significant portion of regional expenditures are programmed in Rome. However, these funds are earmarked in broad categories and central
government officials normally do not interfere in the specific budgetary decisions made at the regional level.

RESULTS

Where do regional economic interest groups go to influence public policy? The question is examined in Table 2, which provides summary descriptive statistics on the frequency of interest group contacts across territorial levels of government and by governmental branch. The Table also includes the frequency of contacts with Euro parliamentarians and with the regional interest groups' national associations. Lobbying frequency has been coded on a four-point scale, where 'never' is coded 1, 'rarely' is 2, 'occasionally' is 3 and 'often' is 4. For analytical purposes we assume that these categories lie at equal intervals from one another.

The data are consistent with the multilevel lobbying model. Regional interest groups lobby at every level of government, from local to supranational. The frequency of contact at certain levels, for example, the regional and central government, is somewhat higher than at others, especially the departmental/provincial and supranational. Yet lobbying efforts are not concentrated at any one level; instead a diffuse pattern is evident. Multilevel lobbying was apparent even in the sectors reportedly having the strongest corporatist patterns, such as French agriculture (Keeler, 1987). French agricultural representatives indicated that they approach regional officials for matters relating to technical assistance and financial management, national officials on labour and social costs, taxation, land issues, irrigation and technical assistance and EU officials on matters relating to hydraulics, storage and research.

Analysis of the data also lends support to the hypothesis that the political activities of interest associations depend partly on the territorial distribution of power between the central and the sub-national level of government. The Italian interest groups lobbied the regional government more frequently than the French and they were much more likely to leave central government lobbying to the national interest association. French interest groups lobbied the central government and parliament more frequently than did the Italian interest groups. Contact with Euro parliamentarians was low in both countries.

The differences between the lobbying strategies of French and Italian interest groups become sharper when they are examined in paired comparisons. Figure 2 provides a graphic display of lobbying at the regional level. The Italian scores are higher than the French scores for seven sectors; they are equal for two sectors (chemicals and finance); and French scores are higher only in one sector (freight forwarding). Figure 3 displays central
TABLE 2

<table>
<thead>
<tr>
<th>Lobbying Channel</th>
<th>France (n = 10)</th>
<th>Italy (n = 10)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>SD</td>
</tr>
<tr>
<td>City</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mayor</td>
<td>2.4</td>
<td>0.9</td>
</tr>
<tr>
<td>Cabinet</td>
<td>2.0</td>
<td>1.2</td>
</tr>
<tr>
<td>Council</td>
<td>1.6</td>
<td>0.9</td>
</tr>
<tr>
<td>Province/Department</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive</td>
<td>2.3</td>
<td>1.1</td>
</tr>
<tr>
<td>Council</td>
<td>1.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive</td>
<td>2.8</td>
<td>1.2</td>
</tr>
<tr>
<td>Council</td>
<td>2.3</td>
<td>1.0</td>
</tr>
<tr>
<td>Central</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive</td>
<td>2.8</td>
<td>1.1</td>
</tr>
<tr>
<td>Parliament</td>
<td>3.3</td>
<td>0.6</td>
</tr>
<tr>
<td>Central government via national association</td>
<td>3.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Europarliment</td>
<td>2.2</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Text of question: With what frequency do you use the following channels to propose, or to demonstrate support of, a law, a decree, or an administrative act?

Coding: 4 = Often; 3 = Occasionally; 2 = Rarely; 1 = Never.

government lobbying frequencies. French scores are higher than Italian scores for six sectors and are equal for four sectors (metal and machine products, freight forwarding, finance and business services).18

Interest groups face resource constraints, so they must determine the set of strategies which optimizes their available resources. The neo-institutional hypothesis suggests that the relative frequency of regional interest group lobbying at the central government level compared with the regional level will be higher in France than in Italy. This was true in eight out of ten paired comparisons. The relative frequency of central-to-regional government lobbying was lower in France than in Italy in one of the paired comparisons (freight forwarding) and it was identical in another case (finance). The results of this cross-national comparison are presented in Figure 4 and in Table 3.
**The Single Market in Construction**

The construction sector provides a good illustration of multilevel lobbying and is an example of a sector which supports the institutional hypothesis. Situated somewhere between the industrial and the service sectors, construction accounts for five to six per cent of gross value added in both France and Italy (Statistical Office, 1993). The construction industry employs between six and ten per cent of the workforce in most EU countries (Malsot, 1993:315). The average firm size is comparatively small, with over 90 per cent of European construction firms employing fewer than ten people. Construction remains a highly localized market. According to one estimate, intra-community trade in construction amounts to no more than two per cent of the value of all construction in the EU (Malsot, 1993:327-8).

The Europe 1992 project included numerous provisions which directly or indirectly affect the construction sector. For example, several standards for construction products have been harmonized. The sector will also be affected indirectly by the harmonization of occupational safety, environmental and labour standards and by reductions in material transport costs. By far the most important effect, however, is the opening of public procurement bids to foreign firms.

Government contracts account for over 20 per cent of the value of total construction in most of the countries. Therefore the opening up of the public procurement process in the EU may have a significant impact on the construction sector over the medium and long term. Liberalization of other markets should also have indirect effects on trade levels of construction services. An EU study categorizes construction as one of the service sectors likely to be highly affected by the SEA. Two types of firm are most likely to benefit from trade liberalization: the major European firms, which are experienced in handling foreign contracts and firms located in border areas (Malsot, 1993:328).
PACA. Construction accounts for about six per cent of the value of the regional economy, slightly above the national average. Construction firms in PACA are represented by the Fédération Régionale du Bâtiment (PACA), which is the regional branch of the Fédération Nationale du Bâtiment. There are about 6,000 member firms in the regional association.22

The federation did not expect to see a substantial short-term impact of the SEA on its member firms. The tightening of building regulations, for example, was not expected to have a significant impact on their competitive position in the European market. French construction firms were already operating under some of Europe's strictest technical and quality regulations. In principle, the upward harmonization of standards should provide an advantage to French firms relative to some of their competitors, but it was difficult for the federation to make a concrete assessment of this.

The opening of public contracts to foreign firms gives foreign builders a new entrée into the French market, but the impact of this change also was uncertain. The immediate effect of the liberalization of public procurement was expected to be imperceptible because of the overwhelming impact of the economic recession. The longer-term outlook for public and private contracts depends somewhat on the scale of the projects. The French industry feels confident about its ability to compete for large-scale projects. France has a high degree of market concentration in the construction sector and the dominant position of major firms has made it difficult for foreign firms to penetrate the French market for large-scale projects.23 Rather than opening up shop in France, foreign firms, especially the British and the Italian, have been entering into partnerships with French firms, or have been trying to buy them. While confident about its ability to retain control of the domestic market, the federation was less optimistic about developing new markets in other states. Member firms have tried to enter the Italian market, but these efforts have repeatedly met with failure.24

Labour is the critical cost variable for the industry. With the single market, the federation is quite concerned about the comparatively high level of French social wages, especially as it affects their ability to compete with Italian firms for medium- and small-scale projects. Federation officials accuse Italian firms of engaging in 'commando tactics' because they move in and out of the French market for six-month periods, the maximum permitted without their having to pay the higher French employment benefits. These concerns have been conveyed to policy makers at the national level. The federation makes frequent use of indirect channels through the national association, but it also has frequent direct contact with politicians and government officials in Paris.

Taxes and public works projects are the other key concerns which shape the political strategies of the federation and its member firms. Construction is taxed directly or indirectly at every governmental level. Property owners pay the national and regional taxe foncière, tenants pay a departmental and regional taxe d'habitation and builders pay the taxe locale d'équipement. Accordingly, lobbying at every governmental level has been aimed at influencing fiscal policy. The construction industry is also in frequent contact with each of the sub-national levels of government on matters related to public works projects.

Liguria. The Italian construction industry is Europe's third largest (after Germany and France), with sales of ECU 76 billion in 1990. The Italian construction industry is one of the least concentrated in Europe and Italy has few of the continent's largest firms (Malsot, 1993:319). There are approximately 2,800 to 3,000 such firms in Liguria, with about a thousand of them in the province of Genoa.25 The average firm has about seven to ten permanent employees and about 50 labourers. About one-third of the firms belong to the Associazione Costruttori Edili (ASSEDIL), the Genoa branch of the Associazione Nazionale Costruttori Edili.

The association's analysis of the impact of European integration on construction is similar to that of their counterpart's in France, yet their political strategies are somewhat different. The elimination of non-tariff barriers would not be likely to have a significant impact in the short-term because of the economic recession and because of the Italian political crisis. The second half of 1992 brought a sharp decline to a relatively lacklustre market and public works contracts began to dry up as the corruption investigations widened.26 The SEA would be likely to provide new opportunities to Ligurian firms, but when and to what extent was difficult to determine. Some of ASSEDIL's firms have already been involved in projects in Nice and it was expected that in the single European market there would be an increase in this type of cross-border work. On the other hand, the Ligurian firms are smaller than those in most European countries, so it will be difficult for them to compete in larger and more distant markets.

The association did not expect foreign firms to have much success in Liguria. Even though they may bid for Italian public works contracts, the daunting complexity of the administrative procedures governing the sector makes market entry difficult for foreign firms. Even the French have not been able to establish a presence in the region. Additionally, much of the work in Liguria is in renovation rather than new construction (there is extremely little land available for new construction) and local firms are more specialized than most of the European ones in renovation. Thus the association does not foresee any great shifts in the local and the regional market.

The political battlegrounds for ASSEDIL have traditionally been the
city and the region. The city because of its public works projects and the region because of the regulatory powers it holds in the areas of urban and environmental planning. An effective coalition of environmental groups, parties of the left and the tourism industry has been successful in limiting construction projects in the region. For example, Regional Law No. 7 of 1993 requires that all construction in the tourism sector be approved by the regional tourism plan. The regional government, however, had no tourism plan prepared. Similarly, Regional Law No. 9 of 1993, intended to minimize soil erosion, prohibits any construction near water sources. As these exist throughout Liguria new construction is at a standstill. The association has made frequent use of the Regional Administrative Tribunal to challenge unfavourable legislation. Only rarely does the association lobby government at the national level.

The Deviant Case of Freight Forwarding

The most problematic case is freight forwarding. Closer examination of this points to differences between the two countries in the sectoral decentralization of power. Shipping is the most important means of freight transport in both regions. Italy has a complex system of port management, with four different models of port authority, each of which is present in Liguria. The port of Genoa, by far the largest, is considered to be autonomous, but the director is a political appointee from Rome and the region of Liguria has no formal authority. The regional government has responsibility over only the smaller ports of 'regional interest'. In contrast, French legislation requires the 50-per cent participation of local authorities in the management of the port of Marseilles-Fos. In the exceptional case of freight forwarding it becomes understandable why regional interests in France lobby the regional government, while the Italians look to Rome. To explain the non-predicted cases may require a revised model which accounts for differences in the decentralization of sectoral governance structures.

Testing the Institutional Hypothesis

We may test the null hypothesis that there is no statistically significant difference in the strategies of interest groups paired by sector by using a t-test (two-tailed, at the .05 level) of the mean difference between French and Italian interest groups in their frequency of lobbying at different levels of government. Alternative hypotheses would be that French interest groups lobby the central government more frequently than the Italians and that Italian interest groups lobby the regional government more frequently than the French. A third alternative hypothesis, and the most important for understanding the strategic choices of interest groups, is that the frequency of lobbying at the central government level compared with that at the regional government level will be higher in France than in Italy.

To conduct the t-tests, a mean score of lobbying frequency across branches (that is, executive and legislative) at the central and the regional level is calculated for each interest group. The relationship between central and regional government lobbying is calculated as an index by subtracting the regional lobbying score from the central government lobbying score. All of the difference scores are calculated by subtracting Italian scores from French scores. Thus under the alternative, institutional, hypothesis we would expect to find a negative mean difference for regional level lobbying and a positive difference for central government lobbying and for the relative index of central–regional lobbying.

Table 4 presents the results of the t-tests. We may reject the null hypothesis (at the .05 level) that there is no statistically significant difference between the paired interest groups for lobbying frequency at the central government level. The other two measures were in the correct direction, but they were not statistically significant at the .05 level. When the outlying sector, freight forwarding, is excluded from the analysis, all three measures are statistically significant at the .01 level.

### Table 4

<table>
<thead>
<tr>
<th></th>
<th>French Score</th>
<th>Italian Score</th>
<th>Mean of Difference</th>
<th>SD of Difference</th>
<th>T-Stat.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Government</td>
<td>2.55</td>
<td>3.00</td>
<td>-0.45</td>
<td>1.21</td>
<td>-1.17</td>
<td>.271</td>
</tr>
<tr>
<td>Central Government</td>
<td>3.05</td>
<td>2.60</td>
<td>0.45</td>
<td>0.44</td>
<td>3.25</td>
<td>.010</td>
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<tr>
<td>Central/Regional</td>
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<td>-0.40</td>
<td>0.90</td>
<td>1.49</td>
<td>1.91</td>
<td>.088</td>
</tr>
</tbody>
</table>

Excluding Freight Forwarding

N = 9

<table>
<thead>
<tr>
<th></th>
<th>French Score</th>
<th>Italian Score</th>
<th>Mean of Difference</th>
<th>SD of Difference</th>
<th>T-Stat.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Government</td>
<td>2.44</td>
<td>3.22</td>
<td>-0.78</td>
<td>0.67</td>
<td>-3.50</td>
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<tr>
<td>Central Government</td>
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<td>2.44</td>
<td>0.50</td>
<td>0.43</td>
<td>3.46</td>
<td>.008</td>
</tr>
<tr>
<td>Central/Regional</td>
<td>0.50</td>
<td>-0.78</td>
<td>1.28</td>
<td>0.94</td>
<td>4.08</td>
<td>.003</td>
</tr>
</tbody>
</table>
CONCLUSION

We may draw at least two conclusions from this analysis. First, regional economic actors do indeed attempt to influence public policy across the entire national territorial space. That interest groups pursue multiple channels of influence is not all surprising and consistent with pluralist theory. Governments at all levels have resources and policy instruments which have an impact on political and economic outcomes. More surprising is that interest groups engage in multilevel lobbying even when they have organizational affiliates at other territorial levels. They do not limit themselves to their own geographical jurisdictions, as the associations' own organigrams would suggest. Regional interest groups use national associational channels for many national policy matters, yet frequently they are also in direct contact with national policy makers. This suggests strongly that regional interests are inadequately represented through the national associational channels. Interest aggregation and articulation at the national level may yield less coherent outputs, having been watered down through negotiation and compromise. Effective action requires supplementary independent lobbying by the regional associations.

The research also finds that regional interest groups do not necessarily leave European Union lobbying in the hands of their national associations. Although most of the interest groups approached European officials infrequently, several regional interest groups had regular direct contacts with Euro parliamentarians and with Commission officials in their attempts to influence EU policy. These findings support the arguments of those who see distinctly new political processes and patterns evolving alongside the traditional channels through the national capitals. Neither archetypal neocorporatist models nor conventional pluralist models appear appropriate in the French and the Italian cases. The general picture is rather one of a multilevel pluralist model of interest intermediation, with interest groups selectively applying pressure depending on the general powers and the specific sectoral powers of the different levels of government. Interest groups cross territorial jurisdictions in search of a variety of governmental initiatives, from regulatory relief (chemicals) to programmatic changes (farmers) to government contracts (business services). This study does not find neatly ordered patterns of interest group activity in Europe. Instead the evidence is consistent with Marks's description of decision-making across 'ill-defined and shifting spheres of competence' (1993:407). It is increasingly questionable whether we can understand interest group strategies by looking at individual levels of government in isolation of one another. Multilevel governance calls for multilevel interest group models.

A second conclusion from the research is that the choice of lobbying target depends on political institutions – specifically, the formal distribution of power between the central and the sub-national levels of government. The difference in the degree of regional political autonomy in France and Italy is narrow yet distinct. The strategic choices of French and Italian regional interest groups appear to be related to the territorial arrangements of government. Regional interest groups in France more frequently choose to lobby the central government, whereas their Italian counterparts have more frequent contacts at the regional level. We might have expected that the strategic choices of French and Italian interest groups would not be vastly different. But we would not necessarily have expected that the relatively narrow differences in regional autonomy would yield statistically discernible differences in lobbying strategies. We may assume that the relationship between political decentralization and lobbying strategies found in this 'crucial' comparative case study will also be observable in cases where there are more pronounced differences in the explanatory variable. This research highlights the relationship between political decentralization and regional interest group strategies in an integrated Europe. We should now begin to examine the implications of regional autonomy for successful regional economic adjustment.

APPENDIX

LIST OF REGIONAL INTEREST ASSOCIATIONS

Genoa/Liguria
Associazione Costruttori Edili
Associazione Liberi Professionisti
Associazione Spedizionieri Doganali
Federazione Regionale Coltivatori Diretti
Sezione Finanza, Associazione Industriale
Sezione Industrie Mecaniche, Associazione Industriale
Sezione Industrie Chimiche, Associazione Industriale
Sezione Servizi Avanzati, Associazione Industriale
Sindacato Agenti Rappresentanti (FNAARC)
Unione Regionale Ligure Alberghi e Turismo (URLAT)

Marseilles/PACA
Chambre d’Agriculture, PACA
Chambre des Professions Libérales
Chambre Professionnelle des Agents Commerciaux
Chambre Syndicale des Industries Métallurgiques et Connexes des Bouches-Du-Rhône
Chambre Syndicale des Sociétés d’Études et Conseils de France
Comité Régionale des Banques de PACA
Fédération Régionale du Bâtiment
Syndicat des Transitoires de Marseille Fos et sa Région
Syndicat Général des Industries Chimiques, PACA
Union des Cafés, Hôtels et Restaurants des Bouches-du-Rhône

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NOTES

1. The importance of the regional level is evident from a survey of firms commissioned by the EU. Firms in declining industrial regions placed regional policy incentives above national industrial policy in a ranking of priorities for regional competitiveness (Commission, 1991).


3. Other multilevel approaches are found in Putnam (1988) and Smith and Ray (1993).


5. Below the regional level lies the province in Italy, the department in France and the commune in both countries.

6. Italy has been experiencing new pressures for political decentralization, as the question of regional autonomy has become entwined with the larger issue of political corruption. Umberto Bossi's Lega Lombarda (Lombard League) has championed the cause of federalism for over ten years and has frequently called for the division of Italy into three autonomous regions. The tangentiopol corruption scandal sparked further anti-Rome sentiments, to the benefit of the Lega (recently renamed the Italian Federal Party), which has become the largest party in the north. The Northern League received 8.4% of the popular vote in the lower house in the parliamentary elections of March 1994 and entered government as part of Berlusconi's Forza Italia winning coalition. Regional powers have already increased as a direct result of the political crisis. In the April 1993 referendum, Italian voters overwhelmingly chose to abolish the Ministry of Agriculture and the Ministry of Tourism. Their responsibilities will be turned over to the regional level.


8. This paper forms part of a larger research project which also includes a multivariate analysis of interest group strategies. Here I focus on the political institutional variable and the summary cross-national findings. Intra-regional variations in interest group strategies are examined elsewhere (see Constantellos, 'European Integration and the Politics of Adjustment: Regional Interest Group Strategies in France and Italy', PhD dissertation, Duke University, 1996).

9. Marseilles, France's second largest city, is fifteenth largest in the European Union. Genoa is the fifth largest city in Italy and seventeenth largest in the EU (UN Demographic Yearbook, 1991).

10. Marseilles and Genoa are both served by major road, rail and sea routes. They are located approximately six hours by car from their respective capitals.


12. To measure the relative frequency of interest group contacts across government levels may be more significant than to measure absolute frequency. The traditional measures of state decentralization are ratios of local-to-central government revenues and expenditures. However, this zero-sum relationship does not account for differences in the absolute size of government budgets. Regional lobbying in a centralized polity may be more frequent than in a decentralized polity if the state has a much larger position in the economy.

13. Political decentralization is not expected to have an impact on regional interest group lobbying at the national level.

14. Political behavior may deviate far from what formal structures would predict. For example, before 1982 France could be described as the paradigmatic centralized state, leaving little formal authority for local officials. The reality, as Knapp has emphasized, was very different: 'The real relationship between central government representatives and local elected officials was one of interdependence rather than hierarchy (Knapp, 1991: 26)."

15. The political patterns which shape and are shaped by political institutions are not expected to alter the outcome of the present study. For example, multiple office holding (le cumul des mandats) tends to personalize patron-client relations in France. National office holders dominate sub-national institutions. All things being equal, this would work to increase territorial interest group contacts at the sub-national level relative to the central government level. Conversely, the historic pre-eminence of political parties in Italy would direct regional interest groups to Rome rather than to the sub-national levels. These two important examples make it more difficult to falsify the null hypothesis and to support the institutional argument.

16. The legislative powers of the Italian regions were established in the 1948 Constitution. Article 117 lists 17 areas in which the regions may legislate 'within the limits established by the state' and provided that 'such legislation is not in conflict with the national interest or with that of other Regions'. However, it was not until 1977, with Presidential Decree No. 616, that the specific regional powers were fully elaborated. The 15 'ordinary' regions may legislate in three broad policy areas: social services, economic development and territorial planning. Social services include police, social welfare, health care, vocational education, educational assistance and cultural resources. Economic development comprises commerce, tourism, artisanry, agriculture, forestry and mining. Territorial planning includes urban planning, regional transport, waterways, land use and environmental policy. Five regions - Sicily, Sardinia, Valle d'Aosta, Friuli-Venezia Giulia and Trentino-Alto Adige - are accorded 'special' status by the constitution in recognition of their distinct historic and cultural identities. In formal terms, the special regions have greater autonomy than the ordinary regions, but in practice this has not always been the case. A detailed discussion of the specific powers of the both types of region may be found in Paladini (1992).

The most important documents designating French central and sub-national government functions are the 1982 and 1983 statutes N.82-213, N.83-8 and N.83-663. The French regions have fewer responsibilities than the Italian for the provision of social services. The primary social services at the regional level are vocational education and secondary-school physical-plan management. Similarly to the Italian regions, the French regions have an active role in regional economic development (for example, agricultural modernization, business incentives, subsidies and technological research) and territorial planning (for example, transportation, communications and urban planning). Many of the regional activities, however, take place not independently, but in the framework of national planning (Keating and Hainsworth, 1986; Marchou, 1990; Mazy, 1993; Muret and Peyré, 1992; Schmidt, 1990).
Even though the great majority of regional powers in both countries are shared with the central government, in Italy the regional government has more areas in which it holds formal powers. There the regional powers in general are defined less narrowly than in France, which leads to numerous disputes before the Constitutional Court. The reliance of Italian regional governments on central government resources also leads to frequent bargaining between the two levels (Hine, 1993:269–71; Cassese and Torchio, 1990). A summary comparison of regional competences in the two countries is possible by comparing the tables prepared by Noron (1994:155–60, 215–18) or by consulting the tables prepared by R. Nanetti (1988:96) and V. Schmidt (1990:122–5).

17. Sources: INSEE, Annaire Statistique de la France, 1993; INSEE, La France et ses Régions, 1993; ISTAT, Annuario Statistico Italiano, 1995. National accounting methods are different which makes these comparisons problematic. The OECD National Accounts present the national budgets in a comparable format, but they do not disaggregate sub-national budgetary data: regional, sub-regional and local expenditures are lumped together.

A large percentage of regional expenditures in Italy go to mandated health care services. When health expenditures are excluded from the Ligurian regional budget, it is still over twice of the regional budget in PACA.

18. Average scores across branches of government at each territorial level are used in the graphs.


20. The key directives are: (OJ) n.85/413, n.88/295, n.89/440, n.89/665, n.90/53, n. 92/13 and n.92/50.

21. From 1988 to 1992, only 0.2 per cent of the value of French public works projects were contracted to foreign firms. The Fédération projects that in 2000, the foreign share could fall anywhere between 0.4 and 51 per cent. A foreign share of about 5 per cent was thought to be most likely (Fédération Régionale du Bâtiment, L’Entrée en Vigueur du Marché Unique Européen: Ses Répercussions sur le Secteur du Bâtiment et des Travaux Publics, no date).

22. INSEE, the national statistics bureau, lists 35,387 construction firms in PACA in 1992. 93 per cent of them have fewer than ten employees (INSEE, Données Économiques et Sociales, 1992: 77).

23. The top five firms in France account for over 22 per cent of total earnings in the sector. Only in the UK do the top five firms control a larger share (Malsot, 1993: 319).

24. The reported reasons for this were ‘the familial nature of the Italian firms, shady contracting practices and organized crime.’ Officials conceded that these factors also are at play in PACA.

25. The numbers are problematic, however, because of the variability of definitional criteria. According to a Genoese official, the province of Genoa counts only industrial firms, whereas in the other provinces, ‘anyone with a hammer is counted’.

26. Employment in the sector dropped by an estimated 11 per cent from 1991 to 1992 (see ‘Genova: La caduta.’ Edilizia Ligure, XXIV:2/Sept/Oct. 1992). An exception to the bad news was the over 200 million spent for the quincentenary commemoration of Columbus’s expedition to America. Numerous public officials were later implicated for corruption related to these expenditures.

27. Conducting chi-square tests and t-tests of group differences is hampered by small sample sizes. By testing for differences between matched observations we may hold extraneous variables constant and, more importantly, we exclude the effect of intra-sample variance from the analysis. By using matched samples instead of independent samples we can have a much smaller sample size without reducing the power of the test.

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