

Trade Associations and European Integration

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As of mid-August 2010 there were 2947 entries in the European Union's Register of Interest Representatives.¹ However, the register only opened in June 2008 and registration is voluntary and one estimate suggests that there are currently 15,000-20,000 interest groups in Brussels (Coen and Richardson, 6). Political scientists now regard this system of interest representation as mature and sophisticated: it is the diversity and complexity of the relationships between interest groups and EU institutions which is stressed (Coen 2009, 145). They contrast this position with the past by emphasising the co-evolution of interest group representation and European integration in three key respects: the types of organisation have diversified; the scope of the interests being represented has widened; and the number of interest groups has increased (Eising 2009, 61). In this respect political scientists present a model of the *rise* of interest group representation and lobbying at a European level as part of the process of European political integration. It is not surprising, therefore, that political scientists give little attention to the role of European organised business prior to the founding of the European Economic Community in 1958 and certainly not before Marshall Aid after the Second World War (Sidjanski). To political scientists the primary function of organised business is unquestionably political representation (Lang et al. 2008).

This picture is very much at odds with that commonly found in the work of economic and business historians. This historiography, following Adam Smith, tends to equate organised business, particularly transnational organised business, with cartels and price-fixing. Cartelisation is usually dated from the late nineteenth century but reached a peak as an international phenomenon in the interwar period with continental Europe as its fulcrum (Wurm; Kudō and Hara). Business is seen to have made significant efforts to re-establish these arrangements after the Second World

War but in the face of Americanisation and the resulting introduction of competition policy cartels began to disappear. European integration is seen to have played a key role here in promoting an active competition policy alongside national policy changes (Djelic). Cartels still exist but they are regarded as far less important now than in the past, in large part replaced by mergers as the favoured way for business to develop (Chandler). Thus, by focusing on economic elements of organised business, economic and business historians, and economists, present an account of the *decline* of organised business in Europe.

This paper aims to explain why these opposing accounts of the development of organised business exist and to suggest that both accounts reflect disciplinary divides in the activities on which they focus. Neither discipline focuses on organised business *per se*, just partial aspects of their functions. More than this, both have tended to neglect or downplay the significance of activities relating to information exchange, the creation of social networks and areas of low politics, like standardisation, where organised business is able to monopolise a policy community. We suggest that these aspects, important in all forms of organised business, are particularly relevant in the case of European-level organised business. Both accounts are at their weakest when considering organised business in the post-war period. There is a need to understand the historical context of that period in order to comprehend more fully the relationship between organised business and European integration. The paper begins with an elaboration of the political science and economic history characterisations of European organised business and a consideration of the disciplinary divide between the two literatures. It then highlights some of the problems with these characterisations, in particular that from political science, using the case of organised

business and European integration in the period 1945-73 to illustrate the importance of other functions carried out by European organised business.

Political science and organised business in Europe

The study of business-government relations, and of interest groups, by political scientists has 'long been a stepchild within the discipline' but has received growing attention in recent years (Coen et al. 2010, 9; and Beyers et al. 2008). Moreover, the European and American literatures have developed separately – only now are attempts being made to develop a comparative theory of interest representation (Lowery et al. 2008; Mahoney and Baumgartner 2008). Related to this has been an increasing interest in quantitative approaches using large N-sets and attempts to measure interest group influence (Dür and De Bièvre 2007; Dür 2008a; Dür 2008b; Klüver 2009; and Mahoney 2007).

In this context, work by political scientists on business interest groups and European integration has until recently been largely empirical and relatively limited (Kohler-Koch; Eising 2009; Beyers et al. 2008), despite the prominent role accorded to organised business in explanations of European integration, especially neofunctionalism (Haas; Sandholtz and Zysman). Organised business has been widely regarded as the most common type of European interest group: currently individual companies and trade associations make up 40 per cent of the EU's Register of interest Representatives (without even adding professional lobbyists employed by business). Many would also regard this as the most influential form of interest representation as well (Lindblom 1977). Political scientists are also aware that business lobbying occurs via a variety of mechanisms – not just federations of national trade associations but

also direct firm associations, mixed firm and association bodies, CEO organisations, *ad hoc* organisations and transnational business organisations (Cowles 2002, 64).

In general, political scientists studying European integration regard this representative function as the key function of organised business. Even those critical of political scientists' neglect of economic and technological factors in explaining associational behaviour still conclude that business associations are 'first and foremost political actors' (Lang et al. 2008, 44). To adopt Schmitter and Streeck's terminology, political scientists are more interested in the logic of influence than the logic of membership (Schmitter and Streeck 1981). Trade associations are regarded in this respect as interest groups (Kirchner and Schwaiger 1981). As 'a superb weathervane of power' organised interests' location is seen as a good indicator of the shifting locus of political power (Richardson 2006, 232). In this sense organised business interests respond (either in anticipation of or in reaction to) the changing political environment. Accordingly, there is a tendency to relate the growth of European business organisations directly to the creation and development of European integration. Political scientists highlight the growth of such organisations after the Treaty of Rome (Lindberg, 97; Greenwood 1997, 245). Typical, in this respect, was the creation of UNICE (Union des Industries de la Communauté européenne), at which the national business federations of the six EEC member states came together, in 1958 in order to influence legislators (Tyszkiewicz 1991, 87). Similarly, they point to an explosion in the number of European business interest groups with the introduction of the single market programme (Mazey and Richardson 1993, 3-5; Woll, 458).

This aspect of responding to the changing locale of political power is one part of a broadly consistent picture of the historical development of European organised

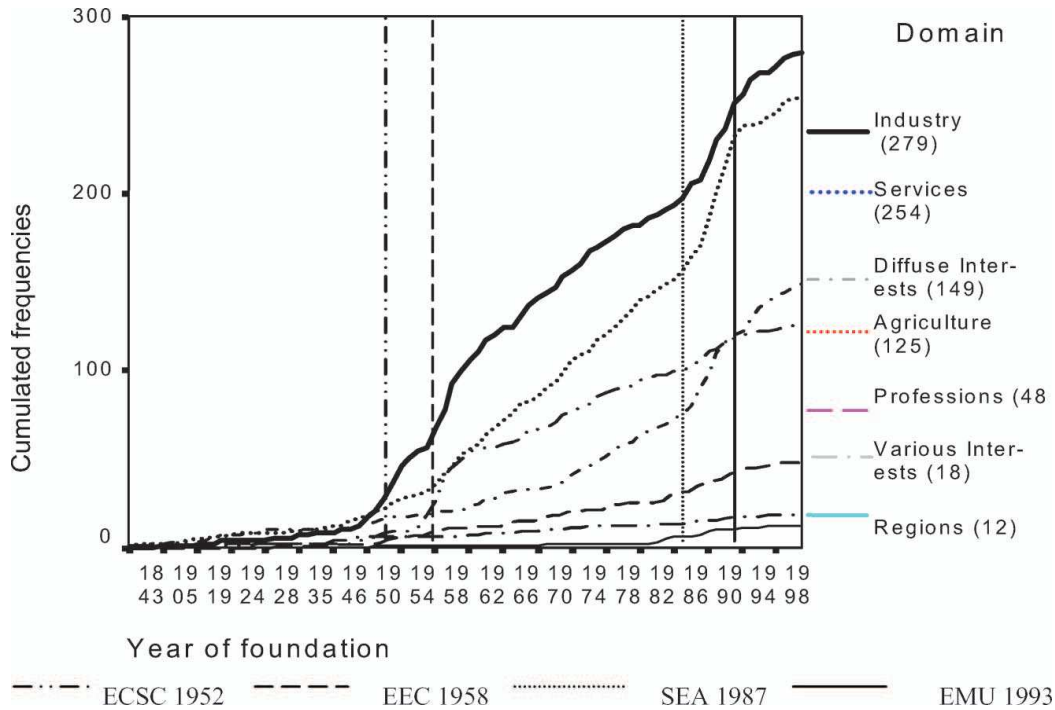
business presented in the political science literature. Although early studies of European integration emphasised the direct involvement of business this is no longer regarded to have been the case (Haas; Meynaud and Sidjanski). Most influential here has been the work of Maria Green Cowles. She has argued that Monnet was anti-business and that the Commission preferred to deal with representative associations, like UNICE, rather than individual companies (Cowles 1997, 117; Cowles 1998, 108). Federations of national associations remained the dominant model of business representation until the late 1970s when individual big firms began to take a more direct involvement in influencing European integration. Crucial in this respect was the creation of the European Roundtable of Industrialists (ERT) in 1982 (Cowles 1995a; Cowles 1995b; Cowles 2008). Made up of a group of CEOs of leading European companies, Cowles argues that for the first time companies played a leading role in the development of European integration and that thereafter business representation exploded in scale, has taken an increasing variety of forms and had a much greater impact. Thus, there was a Europeanization of business-government relations which has since developed transnationally with globalization (Cowles 2001; see also van Apeldoorn, Wilts, and Carroll and Fenema).

This notion has been given further support by political scientists' efforts to quantify the development of EU interest groups over time, in particular by using the CONECCS database. This is the database that preceded the EU's Register of Interest Representatives and covers the period from the early 1990s to 2008. The database has been criticised for being overly focused on organised associations and, therefore, much more narrowly defined than other directories of interest groups and lobbyists (Berkhout and Lowery 2008). However, from the perspective of tracking the development of European interest groups over time it is the only source which

provides information on the date of creation of such groups.² Accordingly, it has become common to present the data shown in Figure 1, and drawn from the CONECCS database, as illustrating the growth of European interest groups over time, the spurts in growth associated with deeper integration (like the creation of the Single European Market), and the growing diversity of interest groups, in contrast to the early days of European integration when industrial federations of national trade associations were seen to predominate (Wessels 2004; Beyers et al. 2008; Eising 2009).

At that time, prior to the creation of the ERT, Cowles sees much weaker business influence. Like most other political scientists, she highlights the weakness of UNICE and other federations of national associations. First, UNICE was created ‘not to promote the European customs union, but to create a defence mechanism against Commission activity’ (Cowles 1998, 109). Secondly, with unanimous voting in the Council of Ministers and from the mid-1960s the Luxembourg compromise, business could best influence policy through its national federations engaging with their respective national governments (Cowles 2002, 66). There was relatively little need for supranational institutions in Brussels so these tended to be understaffed and under-resourced with small secretariats, limiting their ability to influence policy via this route (Cowles 1997, 122; Grant; Tyszkiewicz 2002, 179). Thirdly, and related to this, with national federations remaining strong, it was difficult to reach agreement in these federations of national associations like UNICE. This meant that the decision-making process was slow and inflexible (Cowles 2002, 66; Greenwood 1995, 8). Perhaps even more significant, it meant that UNICE decisions reflected the lowest common denominator, making leadership at this European level impossible (Cowles 2002, 66; see also Grant, 30-1, McCann, 159-60).

FIGURE 1
EUROPEAN INTEREST GROUPS ACCORDING TO DOMAIN AND YEAR
OF
FOUNDATION FROM 1843 TO 2001 (CUMULATED FREQUENCIES)



Source: General Secretariat of the European Commission. CONNECS data set, May 2002.
 Note: Vertical lines denote the implementation of different treaties or treaty changes.

Indeed, Cowles dismisses the whole ethos of business engagement with the Commission and other EU institutions in this period: ‘there was no lobbying in the traditional sense’ (Cowles 2002, 66). As an ICI official told her, ‘The qualifications for a business representative in the 1960s was to be “a nice guy who could properly handle a glass of sherry”’ (Cowles 2002, 66). Accordingly, when a precursor of the ERT in the sense of being a group of leading European CEOs, the Groupe des Présidents des Grandes Entreprises Européennes, was formed in 1967 it was not as a formal lobby but as a social club which ‘gathered over sumptuous dinners and cocktails’ (Cowles 1998, 108). Even then the idea came not from business but from a former Phillips official who worked in Euratom and who ‘was appalled that corporate leaders in Europe paid little attention to the Community’ (Cowles 2002, 66).

To sum up, the depiction presented by Cowles is clearly one of the rising effectiveness of business representation at the European level over time and with that a growing diversity of forms of interaction. European trade associations, like UNICE and its sectoral equivalents, are acknowledged as the dominant form of organised business, but are presented as having little, and, relative to other forms of lobbying, declining, impact. It is only with the rise of direct company engagement from the late 1970s that organised business came to have a formative influence on European integration, though even then this was in the context of increasing competition from other forms of interest representation, such as NGOs.

Economic/Business history and organised business in Europe

As noted in the introduction, this story seems at odds with the account of the development of organised business presented by economic and business historians. How is this explained? In large part it is because economic and business historians have tended to focus on the logic of membership rather than the logic of influence. More than this, it reflects a particular view of the logic of membership which draws on Adam Smith's famous dictum: 'People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices' (Smith 1776). As a result, any form of organised business, but particularly trade associations, are associated with cartels and market distortion, and any transnational or European grouping of business with international or European cartels (*Cartel*, 2). The extensive historiography sets out their growth from the late nineteenth century and especially in the interwar years, centred around continental Europe but also including in many instances British and American companies (Barjot; Grossman; Kudō and Hara; Schröter; and Wurm).

About 100 international cartels are believed to have existed at the outbreak of the First World War and their importance continued to grow during the interwar period: it has been estimated that 42 per cent of world trade was cartelized in the period 1929-37 (Mercer, 15).

After the Second World War business was eager to re-establish international cartels, and did so with some success (Edwards; McLachlan and Swann). However, encouraged by the US government Western European governments gradually legislated against cartels and slowly the mentality of European business adjusted somewhat towards an acceptance of a more competitive environment (Djelic; Wells). International cartels continued to exist, particularly in certain sectors, but became harder to sustain and had to be better hidden to avoid discovery and prosecution (Griffiths and Brusse; George and Jacquemin, 221; Mirow and Maurer, 32). In general, cartel-like agreements became far less common (de Jong, 89; OECD, 29). Instead, it is argued, business turned away from trade associations to mergers – national and later transnational – as a way of protecting themselves from competition (Wilson, 198-99; Chandler, 606-22; Hannah).

The development of European integration was particularly significant here. In the immediate post-war years business across Europe argued that European integration should be carried out by business rather than governments, and that cartels would encourage faster trade liberalisation (M Kipping; Rollings; Rollings and Kipping). Instead, Monnet introduced competition policy as part of the European Coal and Steel Community (though with mixed success) and this was taken on in the Treaty of Rome: a common market would be impossible if public trade barriers were replaced by private barriers in the form of cartels or other such restrictive business practices (Djelic). As such the European Community's competition policy was at least

as strong as most member states' national policies – Italy did not have a national competition policy until the 1990s – and its operation helped to discourage cartels and other anti-competitive behaviour.

To sum up, the story of European organised business presented by economic and business historians is one of declining importance since the Second World War in the face of more active and rigorous competition policy at the national and European level which has led to the demise of old-style cartels operated by international trade associations. Instead, those cartels that still exist have become much more informal and cloaked in secrecy, while many other sectors have stepped away from such activities, in this respect at least, making international trade associations pointless (Strange, 147-60). Moreover, European integration is seen to have played a significant role in this story by making cartels illegal within the EU.

Disciplinary divides

Our first contention is that there is a harmful disciplinary divide here: political scientists focus on the political activities and consequences of organised business while economic/business historians have focused on the cartel-forming aspect of organised business. Not only do they give primacy to these respective aspects of European organised business but they tend to ignore any other activities. There are exceptions to these characterisations but they remain exceptions (for example Kobrak and Hansen 2004 and Lang et al. 2008). As Kobrak and Hansen (2004, ix) have suggested, 'Business and politics, though often treated as very separate spheres of human existence, [are] better understood in the light of how they interacted with one another'. In this respect, Lang et al.'s proposal to draw on complexity theory by regarding organised business interests as part of a complex ecosystem in which all

parts, political, economic and technological, interact is helpful. However, ultimately, they still regard political representation as the primary driver of associational development and illustrate their ignorance of other literatures (such as that outlined above on cartels) by suggesting that ‘International economic factors that influence the activities and structure of associational systems are largely unexplored’ (Lang et al. 2008, 51).

The problem with both literatures is that the full range of functions of organised business, most obviously trade associations, is not being studied. Both political scientists and economic/business historians adopt too narrow a consideration of the functions of trade associations and other forms of organised business. We are not saying that political representation and cartel-like activities have not been fundamental reasons for the existence of organised business. Both of these aspects have been, and remain, crucial but they were, and are, *both* crucial, as have been other functions too. One cannot understand these organisations without encompassing both the logic of influence *and* the logic of membership in all their aspects. The key question, as Richard Tedlow has asked of the American case after the Sherman Act banned cartels, is why have trade associations thrived over the course of the twentieth century and still do so today (Tedlow, 140; Galambos). We would suggest that it is because trade associations and, in the European case, European federations of national associations offer more to their members than just cartels or political representation.

The activities of European interest groups 1945-1973

Looking at the formative years of European integration we believe well illustrates this point. The CONECCS database is interesting in this respect.³ As any historian would recognise its use by political scientists to trace the evolution of

European interest groups is highly flawed. First, it ignores problems of interest group mergers and their winding up. Secondly, a number of interest groups included (8 in total) were created before 1945, 42 before 1955, in other words prior to the opening of the Messina discussions which led to the Treaty of Rome. Thirdly, just because an interest group existed and that between the early 1990s and 2008 it registered with the European Union tells us nothing about when it became an active politically at the European level. Analysing the groups that were created before 1973 in more detail is also informative. Many were international bodies rather than specifically European and it includes groups such as the Fédération Internationale des Acteurs (founded 1952), the International Association of Amusement Parks and Attractions (founded 1918), the Organisation Mondiale de la Coiffure (founded 1946), the International Federation of Camping and Caravanning (founded 1933) and the International Friends of Nature (founded 1895). It would be hard to see any of these as key players in the early years of European integration. Nevertheless, given that the database names 278 organisations which were created by 1973 (out of 687 in total registered by 2003, that is 40 per cent) it does provide some support for those that have argued that the extent of transnational governance in the post-war period has been downplayed (Rollings and Kipping 2008; Kaiser 2009; Kaiser et al. 2010).

Interesting as this is, it tells us little directly about the scale of European organised business in the post-war period. Eising (2009, 63) reminds us that Haas suggested that the creation of the European Coal and Steel Community only led to one peak association, two producers' groups, three consumers' groups and one organisation of dealers while Lindberg referred to the European Commission having counted 222 European interest groups in 1961. Meynaud and Sidjanski's detailed

study of pressure groups in the European Community detailed 298 groups created between 1950 and 1968. Table 1 sets out the annual frequency of group creation.

Table 1 Pressure groups created in the ECSC and the European Economic Community annually 1950-1968

Year	Number of groups created
1950	2
1951	0
1952	2
1953	5
1954	6
1955	2
1956	3
1957	15
1958	41
1959	77
1960	42
1961	28
1962	24
1963	18
1964	11
1965	8
1966	3
1967	8
1968	3
TOTAL	298

Source: Meynaud and Sidjanski 1971, 385.

As already mentioned, on the basis of these figures it has been concluded that associational development by interest groups tended to follow European political integration.

However, there is an issue with these figures. Although the numbers are similar to those found in the CONECCS database, there are important differences in the groups included. There is a wider and more significant issue here: there is a danger of determinism in focusing exclusively on the European Community. This ignores historical contingency by looking back from today and the European Union

that exists now. In the 1950s it was by no means certain how European integration was going to develop or even if it would develop. As a result, concentrating on the ECSC and the EEC as forerunners of today's EU ignores the uncertainty that existed at the time about European integration. This is significant in a number of respects.

Greater diversity

There is a danger of exaggerating the degree of change that has occurred (Wallace, 1). Just as federations of national associations still remain the most common form of European organised business interest, there is a danger of overstating the simplicity of arrangements in the past. If one looks at these federations of national associations in more detail one finds that membership varied considerably. Some were restricted to the member states while others, like ORGALIME, the European federation of national associations of mechanical engineers, were more open to non-EEC members, like the UK. Indeed, its British members believed that the great value of ORGALIME was that it included both EEC and EFTA countries (MRC 1966). Yet ORGALIME appears in both the CONNECS database and in Meynaud and Sidjanski's work, implying that its activities solely related to the EEC.

Other business interest groups covered the whole of, or most of, Western Europe. Another geographical grouping of interest groups can be found around the EFTA countries. Thus, while political scientists focus on UNICE (with its membership limited to EEC member states) this was by no means the only peak level federation of national associations in Europe. There was the Council of European Industrial Federations (CEIF) which covered Western Europe and was created originally in the late 1940s as a representative body to the OEEC (Rollings and Kipping). In addition, in 1958 CIFEFTA was created for the national industrial

federations of EFTA countries and in 1961, with the transformation of the OEEC into the OECD a new body, BIAC (the Business and Industrial Advisory Committee) was established (though the CEIF continued in existence). Thus some European national industrial federations were members of three of these organisations, each with a different but overlapping membership. As a further complication, some countries were given observer status at those organisations of which they were not members. There was yet further overlap with other international and European business organisations. Most notable here are the chambers of commerce. Eurochambres was created in 1958 at the same time as UNICE to represent the interests of member states' national chambers of commerce (Greenwood 2000, 84). In addition, the International Chamber of Commerce (ICC) was active in representing business opinion on European integration (Schneider; Minoli).

Nor was the European federation of national associations the only model of organised business that existed at this time. For example, the Council of Directors of European Industrial Federations is a different type of body. It consisted of the director-generals of the peak-level national federations of various countries (Rollings and Kipping). It was established in the late 1920s and in that period covered most of Europe, including Central Europe. After the Second World War it was quickly re-established but as a Western European body. It only met once a year but managed to build strong personal links between individuals, particularly as many of these director-generals remained in post into the 1960s. A further variant was the Groupe des Présidents des Grandes Entreprises Européennes, formed in 1967, consisting of CEOs of leading European companies. Cowles may dismiss its significance as a lobbying group compared to the ERT but its mere creation added to the types of European organised business in existence. Table 2 sets out the membership of the

Groupe. Moreover, in 1970 the Groupe approached British business about the possible membership of three leading representatives given the prospect of UK membership of the European Community. There it was explained that the members had good links with their national governments and national federations and that the Industrial Commissioner of the EEC regularly attended their meetings. Also they had links with an American liberal trade group, the Emergency Committee on Atlantic Trade (MRC 1970). In this respect, it was significant that the Groupe directly approached the Industrial Policy Group, a group of about twenty leading British industrialists, trying to push a pro-business political agenda rather than going through the CBI.

Table 2 Membership of the Groupe des Présidents des Grandes Entreprises Européennes in 1970

Name	Position and company
Baron R. Boël	Président du Conseil d'Administration de la Société Solvay & Cie
Max Noxin	Gouverneur de la Société Générale de Belgique
L.E.J. Brouwer	Président directeur Koninklijke Nederlandse Petroleum Mij.
F.J. Philips	Voorzitter Raad van Bestuur N.V. Philips Gloeilampenfabrieken
Kurt Hansen	Vorsitzender des Vorstandes der Farbenfabriken Bayer A.G.
Egen Overbeck	Vorsitzender des Vorstandes Mannesmann A.G.
Peter von Siemens	Vorsitzender Aufsichtsrat Siemens and Halske A.G.
Giovanni Agnelli	Président de la Société Fiat
Leopoldo Pirelli	Président de la Société Pirelli
Giorgio Valerio	Président-Administrateur-délégué de Montedison
Ing. T. Neuman	Président de l'Arbed
W. Baumgartner	Président du Conseil d'Administration de Rhône-Poulenc S.A.
R. Grandgeorge	St. Gobain
Ambroise Roux	Directeur Général de la Compagnie Générale d'Electricité
Comte Arnaud de Vogüé	Président du Conseil d'Administration de la Compagnie de St. Gobain
<i>Permanent invitee:</i>	

Fritz Berg	Präsident der U.N.I.C.E.
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Source: MRC MSS200/C/3/DG2/67-8, John Jewkes to Campbell Adamson, 16 February 1970.

The complex and varied forms of peak-level organised business was mirrored at the sectoral level too. In 1966 the Confederation of British Industry (CBI) approached its trade association members for information on the extent to which ‘there was collaboration between organisations representing sectors of British industry and industries in other countries’ (MRC 1967a). Well over 100 organisations were listed (with others supplied confidentially) and there is enormous diversity in the nature of the geographical coverage of these organisations – international, West European, largely EEC, EFTA were all mentioned.⁴

ICI, the British chemicals producer, and one of its directors, provides a good example of the complex, overlapping and multilevel nature of business representation. In the early 1960s ICI belonged to about 80 trade associations (domestic as well as international) (Grove, 128). One of the company’s directors from 1945 to 1960, Lincoln Steel, was active in many arenas in the role of a representative of business. He was a member of the Economic Planning Board, a tripartite body set up by the 1945-51 Labour governments, and of the Consultative Committee for Industry, a tripartite body with the Board of Trade, he was a director of the Economic League, Chairman of the British National Committee of the International Chamber of Commerce (ICC) 1951-63 and President of the ICC itself 1963-65. Most significant in relation to European integration he was also chairman of the Federation of British Industries (FBI) Overseas Trade Policy Committee from 1950 to 1965 (when the FBI merged with two other business representatives to form the Confederation of the British Industry) and of its European Integration Panel from its creation in the mid-1950s. It is not only the number of organisations on which Steel sat which is relevant

but also the mix of national and international bodies. Big business was often at the heart of a complex and diverse web of business organisations, not simply reliant on one form of representation, a distant federation of national associations as political scientists have implied.

Knowledge transfer and knowledge pooling

The fluid and uncertain path of European integration added to the uncertainty which faced post-war European business. It was very unclear how the European business environment would develop given the experience of the inter-war period and the Second World War and the competing models of European integration. In this uncertain world business associations were a key mechanism for reducing this uncertainty. First, there were the costs of non-membership. These costs may be small but the risk of greater costs will encourage firms to mimic the activities of their competitors and peers as a precaution. It could be argued that this makes continued membership semi-automatic rather than rational but it still reflects a concern to cover the risk of missing out on something important (Greenwood and Westgeest, 8-10). Eising (2009, 84) suggests that the costs of membership can be regarded as an insurance premium paid by companies.

This leads into a second point: organised business was and is a crucial forum for knowledge transfer and exchange. It has become well recognised that institutions such as intermediaries play a key role in the reduction of uncertainty (Loasby, 1-3). Reducing incomplete information or correcting asymmetries in knowledge can significantly improve the efficiency of business decision-making by improving knowledge and reducing uncertainty (Genovese and Mullin). Indeed, having such data can be market enhancing if seen as an end in its own right rather than as the means to

form a cartel or to lobby: ‘Simply *knowing* what is going on may be just as important to an adaptive interest organisation as trying to *influence* what is going on’ (Mazey and Richardson 2001, 72). Moreover, a trade association can pool members’ resources to gather and spread the information offering potentially significant economies of scale (Grossman and Helpman, 3). The 1966 CBI survey of member associations’ international links asked for the nature of the collaboration as well as the bodies involved. Unsurprisingly, given the legal position, cartelisation and price fixing was not mentioned. However, the most common response was the exchange of information – technical, commercial and statistical (MRC 1966).

The importance of this aspect of transnational associative activity has tended to be underplayed in general. As Jacek has noted, ‘The chaotic economic conditions that often mark interstate relations certainly need coordination’ (Jacek, 3) However, it is particularly relevant in the case of European organised business in this period. Consideration of post-war reconstruction raised all sorts of concerns for business across Europe. What sort of world was going to be created? What were the implications of the possible spread of communism? How were firms going to rebuild their operations, especially their export markets? To what extent would industrial self-government be condoned, and would it be possible to re-establish cartels? These were some of the many uncertainties facing business across Western Europe and it was important to find out how business in other countries was going to respond and to discover if common ground could be found (Rollings and Kipping, 415). Norman Kipping, the director-general of the FBI from 1947 to 1965, believed meetings with his European counterparts helped ‘in familiarizing ourselves with this new world of international consultation and confrontation’ (N Kipping, 72). Not only was the post-war world new but so was European integration. It is easy with the benefit and

hindsight to look back with certainty about the course of developments but at the time it was very unclear what European integration meant and how it would develop. The development of competition policy after 1958 is a prime example of the uncertainty that went with European integration and the vague wording of the Treaty of Rome and the problems that this created for European business (Rollings). In such a novel and uncertain world just maintaining contact with other European businessmen and with the Commission was extremely useful and it is easy to underestimate the importance of such a forum (Eising 2009, 66). As Norman Kipping put it, 'All these bodies [European business interest groups] do provide a forum for the exchange of information and views to the mutual benefit of their members' (MRC 1962).

Social networks

It is important to remember that the relative importance of the logic of membership and the logic of influence is likely to fluctuate over time and be historically contingent. Political scientists, in particular, have a model of organised business in which effective political representation is regarded not only as the key criterion for judging the performance of trade associations and similar bodies at all times but also as evidence of evolution towards a more sophisticated form of organised business. For example, Mazey and Richardson suggest, 'As organisations, interest groups have... developed very considerably in their integrative role from the rather limited role described by Lindberg in 1963. At that time, he saw "most EEC-level interest groups as merely liaison groups with essentially secretarial functions and no role to play in co-ordinating national group views"' (Mazey and Richardson 1993, 251). We would argue that this ignores the context in which these bodies were operating and the extent to which business organisations developed in response to business needs in their own

right, rather than regarding them as proxies for the state of European integration or the degree of cartelisation in the economy.

Cowles is dismissive of the dinners and cocktail parties of organised business compared to the activities of the ERT and the lobbying that has developed since. Yet, even today surveys of European business place personal contact as the most highly rated instrument of lobbying (Eising 2009, 134; Coen 2009, 148). European organised business provided a forum not just for knowledge pooling but also for establishing personal contacts, both with other businessmen and with Commission officials. Again, it is important to remember the uncertainties of the post-war world and the unknown path of European integration. Social ties, especially weak social ties, are believed to be particularly useful (Granovetter). And social networks are believed to be particularly effective in conditions of uncertainty (Nohria and Eccles). Simply socialising with each other and with Commission officials was a valuable tool in the building of understanding and trust among the participants. Thus the CDEIF created lasting friendships between the director-generals of European industrial federations and their families. This was particularly important because many of these individuals stayed in post for many years (Rollings and Kipping, 416-17). As Lindberg wrote at the time, ‘There is strong evidence that this sort of interaction contributes to a “Community-mindedness”, by broadening perspectives, developing personal friendships, and fostering a camaraderie of expertise, all of which come from being involved in a joint problem-solving operation’ (Lindberg, 286). “Community-mindedness” meant both a social community among the participants and the development of a European Community mindset. This may not have been the sophisticated lobbying of today but in the historical context of the time it was crucial

and illustrates a key function of organised business in the formative years of European integration.

Lowest common denominator

Related to this, political scientists and economic historians have emphasised the limited abilities of trade associations to find and then sustain consensus amongst its members – cartels breakdown and federations can only agree on lowest common denominator positions. Thus, it is argued, firms become frustrated at the inflexibility of the arrangements and ultimately opt out or develop alternative more direct mechanisms for lobbying. Elsewhere one of the authors has shown that the CEIF was able to reach agreement on measures to restrict export incentives in the 1950s when the members' national governments found it impossible to reach agreement (Rollings and Kipping). This significant example of private transnational governance was difficult, because of disagreements among the members, but was achieved. That these business organisations are tied to the lowest common denominator is relevant but so were many other bodies, including national governments. In addition, there is a tendency for political scientists to think of UNICE, or BusinessEurope as it has been known since 2007, for example in its current form, of 40 members from 34 countries. Inevitably, reaching agreement with this number of bodies represented is difficult. Given the similar experience in the European Union itself, and the efforts to reform its decision-making structures in the light of enlargement, it is surprising that political scientists of European integration have not been more aware of change over time. At its outset UNICE consisted of eight member associations from the six member states, a far more manageable number for reaching agreement, though this still did not always prove easy. Equally important is that there was also a process – where

representatives sat down, talked and tried to reach agreement - as well as an outcome, and this process is another example of knowledge pooling and social networking.

Low politics and expertise

This leads to one final aspect of the work of organised business, again related to knowledge pooling and social network building but which is often overlooked and was again important in the development of European integration. Many of the responses to the 1967 CBI survey stated that agreement on standards and their harmonisation in the context of European integration was a fundamental aspect of the work of European organised business (MRC 1966). Moreover, it provided a key point of access to the European Commission (Kirchner and Schwaiger, 16). European organised business was a repository of technical knowledge and this unrivalled expertise could be highly influential in low politics issues. Such expertise could allow organised business to dominate discussion in a particular area and to create a closed policy community where it was difficult for others to counter business' arguments (Greenwood 2000, 97). Norman Kipping was very aware of this issue in the early 1960s when Britain had opened negotiations for membership but was not yet a member of the EEC. Indeed, it was this aspect which prompted him to launch an initial study of British trade associations' European links:

I was told of cases where manufacturers in the Six were getting together and taking a common line on the regulations to be adopted under the Rome Treaty affecting their particular products. Some of these questions were being decided in a manner prejudicial to the interests of the British manufacturer and would involve expensive readjustments for him if he had to conform, when

Britain entered the Common Market, with what had already been agreed. A particular example quoted to me was the coloration of food where the range of permitted colouring proposed did not accord with present British practice.

The existence of a common market in Western Europe must ultimately involve uniformity of all sorts of regulations and practices throughout the member countries, and it is only natural that the industries in the Common Market have already come together to set up a permanent consultative machinery and secretariat to enable them to exchange information and views on all these questions, and to make representations to the EEC Commission in Brussels. It is obviously important that we on our side should be as closely in touch as possible with what is going on, and that the British view should not go entirely unheard when decisions are being made, since we ourselves would be affected by them as members of the Common Market. I think you will agree that by having to accept most of the Rome Treaty as it stands we are already paying the penalty of our absence from the conference table when it was being drafted and negotiated, and we should not now let our position go by default on a lower level if this can be avoided.

Of course we cannot be expected to be consulted as of right until decisions on Britain's entry to the EEC are taken at a political level, but I am sure it is worthwhile and not a moment too early to start establishing friendly informal contacts in cases where these do not already exist, so that when our relations with our European colleagues pass from the stage of exchanging views to working out common policies and harmonising technical and commercial practices with them, the ground will be well prepared (MRC 1962).

Kipping's comments provide a clear explanation of the motivations that lay behind European organised business in this period, the perceived importance of insider status and that organised business influence with the Commission in such areas of low politics was already an important issue. One of the authors of this paper has shown these remained concerns for British business as a frustrated outsider in the development of European integration before the first EEC enlargement in 1973 (Rollings 2007), while the other has shown how work on harmonisation of standards in the European car industry was seen as crucial to the industry (Moguen-Toursel).

Conclusion

We believe that the disciplinary focuses of political scientists and economic/business historians helps to explain the contradictory accounts of post-war European organised business found in their respective works. The position of European trade associations is central to these accounts. However, European organised business took a variety of forms in this period. There has been a tendency to ignore and downplay these other forms of organised business and, likewise, to concentrate excessively on the lobbying and cartel activities of European organised business.

Adopting a more encompassing approach to the diverse forms of business associability and to the various activities of European organised business is, we would argue, necessary to achieve a fuller and deeper understanding of the role of business in the formative years of European integration. Currently, what we would regard as key functions of organised business are falling between the approaches of the two disciplines. The role of knowledge pooling and its transfer and trust building, in particular, need to be put more centre stage when considering the functions of

organised business. This was especially true of the post-Second World War period as business was highly uncertain about how the post-war world would develop and was equally unclear about the path of European integration. In this context, knowledge pooling and trust building through social networking were crucial to European business, not just an excuse for a good night out.

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- ¹ <https://webgate.ec.europa.eu/transparency/regrin/welcome.do?locale=en#> [accessed 16 August 2010].
- ² The new EU Register of Interest Representatives does not appear to require this information.
- ³ This uses Christine Mahoney's version of the 2003 database.
- ⁴ We are just beginning to compare the CONECCS database, that of Meynaud and Sidjanski and the CBI material.