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## Interest Organisations and European Integration

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## **Interest Organizations and European Integration**

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### **Introduction**

This paper examines the influence of European integration on the relationship between state administration and private interests in the four Nordic countries – Sweden, Denmark, Norway and Finland. By private interests I mean interest organizations, private corporations and independent experts<sup>1</sup>. The paper focuses exclusively on the national policy processes that are involved with managing European Union (EU) issues. More specifically, this paper discusses two aspects of multi-level governance. First is the important role of private interests in the coordination of decision making at the national level preceding their government's representation of national interests in the European Council of Ministers and other EU organizations. Second is the effect of all this on national democratic systems.

I will show that in all four countries private interests have been integrated with political administrative agencies and political institutions as a precursor for national governments to take part in EU related policy processes. Some of these EU oriented institutional arrangements create new forms of corporatist relationships between private interests and public agencies. I will also show that these new forms of corporatism challenge existing democratic ideals. Furthermore, new democratic ideals have developed in an effort to legitimize the delegation of political authority to the new corporatist relationships between private interests and public agencies.

## Research questions

Theories of corporatist decision-making processes often describe the relationship between political institutions and private interests as one in which special interests have either attained the opportunity to manage their own interests at the cost of the common interest (Lowi 1979, Williamson 1989), or conversely, have been subordinated to the interests of administrative or political actors. Recent theories about corporatism provide a third possibility, raising questions as to whether the corporatist decision-making process can be considered to be one in which interests meet "... in mutual dialogue [to] achieve compromise concerning which policy is best for both parties" (Rothstein & Bergström 1999: 12). In this paper it is assumed that interest organizations and private firms, similar to political institutions and administrative agencies, have pre-given and opposing interests. However, it is an empirical question whether these are independent of or dependent on other interests, whether these opposing interests are coordinated at the national level, and whether these interests are somehow aggregated so as to establish a truly national interest.

In turn, this is first a question of whether private interests are included or excluded---that is, integrated with---administrative and political interests. In other words, are private interests *in* or *out* of EU related policy processes? Next it is a question of whether administrative agencies, while attending to EU related matters, engage in internal coordination. Are EU related policy processes coordinated between the political administration's different agencies? Does *politico-administrative coordination* take place? Furthermore, it is a question of whether coordination of private and public interests takes place. Does *corporatist coordination* take place to the degree that private interests in an institutionalized way are involved with administrative agencies in negotiating EU related national policies? Finally it is a question of whether such coordination leads to the formulation of a national interest. Is a coordination of public and private interests taking place in such a manner that interests are aggregated into a *national interest* <sup>ii</sup>?

It follows that there are potentially three means of managing public and private interests in relation to EU issues and organizations. In the first instance, the political institutions may single-handedly make decisions on behalf of the common good. This is called the *within strategy* insofar as private interests are held outside the national coordination of policymaking. In the second instance, private interests cooperate with public authorities in various ways to coordinate public and private interests. This process enables subsequently the national authority to manage interests in relation to EU organizations. This is labeled the *go-through strategy* insofar as multiple parties are granted a voice in national deliberations on EU related policies and strategies (Averytt 1977, Greenwood 1997, Hayes-Renshaw, Mazey & Richardson 1993, Pedersen & Pedersen 2000, Pedersen 2001, Wallace & Wallace 1996). In the third instance, private interests circumvent national authorities and go directly to the European institutions to influence them. This is called the *by-pass strategy* insofar as private interests choose to avoid the national authorities altogether (Averytt 1977, Pedersen & Pedersen 2000, Pedersen 2001).<sup>iii</sup>

As such, this paper is guided by two sets of research questions. The first set involves the role of private interests in EU matters at the national level: Are private interests engaged in national policy processes related to EU matters? Is corporatist coordination taking place? Is a national interest formulated?

The second set of questions relates to the democratic input of private interests. In theories about how multi-level governance influences national democratic systems the role of corporatist arrangements at the national level is seldom addressed. Instead, these theories have been concerned mainly with the EU as an institutional ensemble and with the demands that this places on the European Union, such as its legality and legitimacy (Lodge 1994, Hayward 1995, Laffan 1996, Obradovic 1996, Weiler 1996, Hansen and Williams 1999). Moreover, these theories have dealt with considerations of the standards of legality and legitimacy to which the EU should conform and how the EU often fails to live up to these ideals. In this paper I shall do something different. First, I shall only deal with the democratic consequences of EU related policy making for *national* democratic systems and not for the whole of the EU as an institutional ensemble. Second, I will assess the democratic consequences instead of evaluating the degree to which the EU

does or does not live up to a set of ideal or abstract ideas of how a “good democracy” is supposed to be organized and function. As such, the second set of research questions involves how national policy making around EU issues affects democracy. Specifically, based on a historical and empirical analysis, how can the democratic consequences of the involvement of private interest in national coordination be assessed? Are national democratic ideals and traditions being challenged?

## **Methodology**

This paper is based partly on a comparative investigation conducted in 1998 in which a questionnaire was sent to 1,323 administrative agencies in the central administration of Denmark, Finland, Sweden and Norway.<sup>iv</sup> It concerns the central administration of these four relatively small states that are all integrated in the Nordic community, but where factors such as EU affiliation, EU strategies, general administrative systems, and historical and political circumstances vary considerably. This means that the Nordic states provide a first-rate laboratory in which to study the development of corporatist arrangements in connection with European integration. Results of the comparative analysis indicate that private interests in all four countries have gained a voice in the politico-administrative processes preceding national representation in European organizations. Furthermore, results show that there is a significant difference among the four countries as to whether this has evolved into a process of *corporatist coordination* involving political parties and state agencies as well as private interests. There are also differences among these four countries as to whether an aggregation of interests occurs establishing possibilities for national governments to represent a *national interest* in EU policy processes. Finally, results indicate that the relationships between the parties are influenced by the way in which the national coordination system has been constructed and by whether a country is a formal EU member and, if so, for how long it has been a member.

To evaluate the democratic consequences of corporatist coordination the assessment will be divided into two parts (Jacobsson, Lægreid and Pedersen 2004: 131-32). The first

part is concerned with democracy. It addresses the question of which democratic ideals form the basis for evaluating the consequences for national states of multi-level governance. This stems from the claim that European integration has led to changes in democratic ideals and, consequently, in the ideals upon which the evaluation is based. The second part is concerned with politics. It addresses the question of who actually controls democratic government in these Nordic countries when it comes to EU related issues? This stems from the claim that European integration has changed the scope of politics. My analysis will be based on the ideals of everyday integration, that is, the European integration undertaken within the framework of the *acquis communautaire*, which had been established by 1998. It will also be based on an examination of the real distribution of political authority in connection with everyday integration. In this way, I will carry out two analyses: One that deals with democratic ideals, which were formulated in connection with the entry of Nordic countries into the EU (Denmark, Sweden, Finland) or at least their adaptation to it (Norway not being a formal member of EU); another that deals to whom political authority has actually been delegated or granted in connection with the performance of EU related tasks. Results indicate that democratic ideals are challenged, even if ideals have been transformed in the light of experiences with European integration. Results also indicate that corporatist coordination is one aspect of a general trend toward a bureaucratization of the national EU related politics and politicization of the national EU related bureaucracy.

### **Coordination – are private interests in or out?**

The first question to answer is: Are private interests included in or excluded from EU related national policy processes? This question will be answered in several steps. The first is to compare the extent of the *contacts*<sup>v</sup> between authorities and private interests in connection with managing EU related issues as well as whether private interests are *represented* in committees where matters related to the EU are attended to.

In Denmark this contact goes most intensively to the organizations (35% to organizations, 23% to private firms at least once a month); in Sweden and Norway it goes

equally to organizations as to corporations; in Finland it goes to a greater degree to corporations. Norwegian authorities have the least intensive contacts – both to organizations and corporations. There are also major differences between the four countries when it comes to the form of contact. 54% of the responding agencies in Finland indicate that the contact is informal while a mere 12% believe that they are of a formal character (i.e., takes place in writing, in formal meetings, or in hearings). In contrast, 64% in Denmark regard the contact as formal while 39% believe it to be informal<sup>vi</sup>. The contact is most formal in Denmark followed by Norway while it is most informal in Finland followed by Sweden.

Private interests however are not integrated via contact alone. Involvement also occurs through representation in public committees of varied character.<sup>vii</sup> There are significant differences in terms of the extent to which the administration utilizes public committees and adhoc groups in connection with the handling of EU related matters. Sweden and Finland rely heavily on ad hoc groups for the management of EU matters. Denmark and Norway do so to a lesser degree. In contrast, private interests are to a higher degree represented in ad hoc groups and public committees in Denmark than in Sweden and Norway. Private interests are only represented in 28% of these committees in Finland while in Denmark the same goes for 54%.

Based on these primary findings it can be assumed that all four nations have chosen to involve private interests, both through representation in public committees and through contacts. None of the four countries accordingly have chosen to let the national administrations handle EU related policy processes single-handedly. Neither the *within* nor the *by-pass* strategy is predominant. Even so there are differences between the countries and these can be found on at least three levels: First, Denmark involves private interests more often in administrative working groups and committees than the three other countries. Second, Sweden and Norway provide both organizations and firms with representation while in Denmark there is an unambiguous emphasis on organizations. Third, Sweden has the most open administration in the sense that total involvement through contact and representation is highest. In the Swedish case openness builds on a combination of informal rather than formal contact, and involvement via representation rather than via contact.



Other important distinctions become apparent if we include independent experts as a third category of private interests.<sup>viii</sup> Regarding the involvement of experts, Norway is at the absolute top and Denmark at the absolute bottom. In general the numbers indicate that organizations are better represented than firms and experts, but also that the traditional notion that corporatist representation typically will involve associations and not individuals and collective organizations and not single companies is now challenged – both by individual experts and single firms.

### **National coordination**

The second step in answering the first research questions will deal with the extent to which contact with and representation of private interests can be said to be a part of efforts to develop corporatist coordination of national-level decision making about EU matters? This will be done from three angles. First, I will investigate whether the agencies that have contact with private interests and that are engaged in public committees with private interests also are in contact with EU organizations. Is the coordination with private interests part of a broader effort to coordinate relations with EU organizations? Second, I will investigate whether the agencies with contact to private interests also have contact with other national administrative agencies. Is the coordination of private interests part of a broader effort to coordinate public and private interests and, therefore, to be defined as corporatist coordination? Third, I will investigate whether private interests by-pass national authorities by going directly to the European organizations. Is corporatist coordination a dominant strategy or merely one among several alternative strategies of coordinating interests vis-à-vis the EU?

Table 1 In the last year, has EU-work increased the coordination between the agency and interest organizations/corporations in agencies that actually have contact with interest organizations and firms in connection with EU issues? 1998. Percent.

	Norway	Denmark	Sweden	Finland	Nordic countries
Quite correct	2	6	10	8	7
Correct	36	58	36	47	44
Incorrect	26	20	20	17	21
Quite incorrect	15	2	17	9	11
Do not know	22	14	17	20	18

Table 1 shows that in general, coordination has increased in the four countries, which further indicates that all Nordic countries have chosen to grant private interests voice instead of allowing the national administration to handle EU issues alone. Even if Denmark is the country where the EU has increased coordination the most, differences among the countries are not dramatic, but nevertheless show a divergence between the ‘full’ members (Denmark, Sweden and Finland) and the ‘half’ member (Norway not being a full member but part of the single market by a special agreement). Table 1 shows that 64% of the Danish agencies indicate that it is correct that coordination between the agency and private interests has increased. Norway is in a class unto itself.

To determine whether the coordination with private interests is part of corporatist coordination, I will compare the number of agencies that have contact with EU institutions with the number of agencies that are also in contact with private interests. At the same time I will compare the number of agencies that are in contact with other state agencies as well as with private interests in the same context. The purpose in both cases is to determine whether the relationship between the agency and private interests can be considered to be part of efforts designed to coordinate a plurality of public and private interests in connection with the management of EU related issues. In other words, the idea is to determine whether coordination with private interests is part of a broader effort toward coordination of private and public interests and whether coordination can be defined as corporatist coordination.

Table 2 Agencies in contact with EU organizations and national private interests (interest organizations or corporations) in connection with the management of EU issues in the course of the last year.

		Norway	Denmark	Sweden	Finland	Nordic countries
General administration	Total	69	62	67	68	67
	Never	31	38	33	32	34
	Often	28	35	36	38	34
EU-Administration	Total	93	94	87	87	90
	Never	7	6	13	13	10
	Often	59	67	53	55	59
Core-segment	Total	100	99	91	91	95
	Never	0	1	9	9	5
	Often	79	75	62	56	68

Note: “Total” encompasses all declarations of participation, regardless of intensity in the course of the last year. “Often” is defined as ‘once a month or more frequently’.

Generally speaking, table 2 suggests that there is a significant relationship between the agencies in contact with private interests and those in contact with EU organizations. Differences between the countries are limited but in all four countries there are only a segment of all agencies that are in contact with private interests as well as with EU organizations. In all countries this segment stands out compared to the central administration in general and to the part of the administration that is involved in handling EU related issues (the EU administration). The segment is roughly the same size in the respective countries, though slightly larger in Norway and Denmark than in Sweden and Finland. The same conclusion is evident when it comes to which agencies are in contact with EU organizations while at the same time in contact with private interests and other state agencies. In all countries a segment of the administrative agencies are involving private interests in their contacts with EU organizations and other state agencies and are doing so more intensively than the rest of the state agencies.

As such, it is possible to draw three conclusions thus far. First, it is evident that coordination takes place in all four countries. Second, only a fraction (a segment) of the administrative agencies takes part in this coordination. Third, even if agencies in contact with EU organizations are also in contact with national private interests, not all agencies in contact with private interests concerning EU matters are in contact with EU organizations.

### **Corporatist coordination – a dominant strategy?**

Even if coordination does take place, it has yet to be shown whether corporatist coordination is a dominant strategy, or if it instead merely represents one among several alternative ways of coordination. Taking this third step I will examine the degree to which private interests choose to *go through* the public authorities or *by-pass* them. Generally speaking, only 13% of the administrative agencies believe that private interests “often” seek to circumvent the administration; 33% believe that they “occasionally” or “rarely” do so. On average, 18% report that interests do not do so while 36% do not know. Even if these numbers are based on assessments from administrative agencies, they confirm that private interests chose corporatist coordination as the dominant strategy.<sup>ix</sup> The second question is the degree to which state agencies also chose this strategy as the dominant one. Are private interests included or excluded to the extent that coordination must primarily be viewed to be politico-administrative and only secondarily corporatist? Comparing the four countries indicates that coordination in Sweden and Finland is predominantly politico-administrative with less emphasis on coordination involving private interests. In the Danish case a more balanced integration of administrative agencies and private interests is apparent. The data also show that not all coordination involves just interests; it may also include coordination between state agencies *both with and without* private interests. As such, there are important differences regarding the extent to which private interests are integrated in coordination. These differences become particularly evident when comparing the extent to which agencies

believe that coordination with other authorities (within their own area or in other policy fields) has been increased in relation to their coordination with private interests.

Finland is a particular case in this context. In Finland there is a significant difference in the assessment of the degree to which coordination has increased within one's own ministry (67%), with administrative agencies in other ministries (69%), and with private interests (41%). At the same time, however, the Finish agencies report that contact with interest organizations is relatively low. Relative to other countries, few Finish agencies) believes that organizations and corporations are represented to a "great degree" or "somewhat" in groups and committees that have managed EU related matters. Sweden represents a slightly different case, but with the same conclusion. So there is evidence to indicate that in these two countries the formal integration with the EEC has continued a tradition for corporatist cooperation, but that the internal politico-administrative coordination in particular has been increased and, as a result, has become the dominant strategy. In the Danish case a greater balance between politico-administrative coordination and coordination involving private interests is evident. 61% of administrative agencies report that coordination within the ministry has been increased; 50% report that coordination between ministries has increased; and 47% report that coordination with private interests has increased. At the same time Denmark is the country where coordination with private interests is believed to have increased the most just as contact with private interests is reported to be among the most intensive and the most comprehensive<sup>x</sup>. Data then indicate that in the Danish case EU integration has both increased politico-administrative coordination and corporatist coordination. For this reason it can be argued that only in Denmark has integration led to corporatist coordination being as important as politico-administrative coordination.

There are several possible explanations for this. First, it can be claimed that EU integration runs along traditional paths for corporatist cooperation (i.e., corporatist path dependency). This can explain why private interests in all four countries have been granted voice in EU related decision-making and why the difference between politico-administrative and corporatist coordination is limited under any circumstances. Second, it can be claimed that EU integration depends on traditional paths for the organization of

the relationship between government and administration (i.e., administrative path dependency). This can explain why contacts with private interests in Sweden and Finland are predominantly informal but also more intensive whereas in Denmark and Norway they are predominantly formal and less intensive (Jacobsson, Lægreid and Pedersen, 2004: 93-95). Third, it can be claimed that the form of association with the EU has significance. In the three full member states (Denmark, Sweden, and Finland), coordination in general---including with private interests---has increased more than in Norway, which is by special agreement allowed to participate in the EU Commission's expert committees and working groups, but not in the Council of Ministers. Nevertheless, the difference between the four countries is modest.

### **National interest**

In the fourth and final step answering the first research questions I will now examine the character of corporatist coordination. The question is whether coordination leads to an aggregation of interests into a national interest (Almond & Powell 1978: 198). In this context I will distinguish between two forms of "national interest." First is the national interest as determined by a *national standpoint*. Here coordination occurs such that participation in the Council of Ministers allows the government to represent an established majority in the national parliament based on an institutionalized aggregation of administrative, political, and private interests prior to the government's participation in the Council of Ministers. Second is the national interest as determined by the *government's standpoint*. Here coordination occurs such that the government can represent itself without a documented majority in the parliament but based on politico-administrative coordination that the government itself has deemed necessary prior to participation in the Council of Ministers.

First, let us look at the individual agencies' assessments of whether it has become more frequent to develop a national interest in the management of EU matters. The difference between countries is significant – mainly between Finland on the one side and

Norway on the other. In Finland, 65% believe that it has become more common to develop a national interest. In Norway only 27% believe the same. In Sweden and Denmark the distribution is more moderate – around 45% believe that it has become more common. In this context it becomes apparent that formal membership plays a role, just as the organizational arrangement of the coordination system possibly does so. However, the most important factor in this context is that between 45-65% in countries with full membership report that it has become more common to develop a national interest, which serves to indicate that coordination is oriented towards aggregation as a means of defining a standpoint.

Second, let us look at the agencies' assessments of the degree of disagreement in the decision-making process between public authorities and private interests. In the four countries 61% believe that the degree of disagreement is "small" or "quite small". Similarly, there is only a limited difference in terms of whether the disagreement is "quite large" or "large". The numbers indicate that interplay between authorities and interests involve much consensus, which also suggests that coordination is oriented towards aggregation.

Third, let us look at whether administrative agencies have succeeded in winning the acceptance of private interests for their views and formulations as an indicator of the extent of coordination. The extent to which the agencies report that they have succeeded "quite well" or "well" to win private acceptance for public interests indicates that the processes are "dominated" by the administrative agencies and therefore politico-administrative rather than aggregative. In the event that they are more mixed in their assessment (i.e., that there is greater balance between "very good" and "good" on the one side, and "bad" or "very bad" on the other side) indicates that the processes involve an aggregation of public and private interests. The numbers reveal that agencies have had some success in winning the acceptance of interest organizations to the agencies' views and formulations. Hence, coordination is somewhat more aggregative than politico-administrative. That said, there is still an element of the latter at work insofar as there is no assessment of whether the politico-administrative agencies unilaterally ("very well" or "well") succeed in realizing their views in relation to private interests.

Fourth, let us look at the degree to which administrative agencies consider opinions forwarded by the affected parties, consumer groups, and clients in the execution of EU related issues as an indicator of the extent of coordination. If agencies grant such opinions less weight than the technical and professional opinions forwarded by the government, then this indicates that coordination is more politico-administrative than aggregative and vice versa. The data show that agencies grant technical and professional perspectives greater weight than opinions offered by the government and affected parties. Conversely, however, they place greater weight on the opinions of special interests than on those offered by the government. While professional and political perspectives, on the one side, and those of special interests, on the other side, do not necessarily have to be opposed to one another, the data suggest that the views of special interests are granted greater weight than are those of the government. Moreover, the views of the professionals are granted greater weight than those of anyone else.

Based on all of these findings, it is apparent that coordination involves an aggregation of public as well as private interests. The evidence at hand does not make a more precise conclusion possible. Nevertheless, it seems clear that coordination does not take place exclusively in politico-administrative terms (*within*), but that both public and private interests are combined (*go-through*). Over all, this suggests the following: Corporatist coordination takes place within the framework of politico-administrative coordination where in all four countries private interests have participated with a significant voice and that this has helped to aggregate politico-administrative and private interests. That said, it is probably only in Denmark where a system of corporatist coordination has been established and only in Denmark is it the case that that politico-administrative and private interests in general are combined. In Sweden, Finland, and Norway it is equally clear that the politico-administrative coordination is relatively more significant than corporatist coordination. Therefore, it can --with some hesitation-- be concluded that a national standpoint is formulated in Denmark while in Sweden and Finland a government's standpoint is put together and that between the three countries there are varieties of defining national interests.

There are several explanations for these differences. The most important is probably that the national coordination system in Denmark is constructed in such a



manner that the government is obliged to integrate private interests in the administrative coordination prior to its participation in the Council of Ministers and that the government is obliged to have a mandate from a majority in the national parliament before negotiating in the Council. Hence, the formal character of coordination system as well as the politically binding power of the mandate leads to the formulation of a national standpoint through a process of aggregation of public and private interests (Pedersen 2002). In Sweden and Finland it is different. In these two countries the government alone is obligated to hear or inform the parliament but in the Council the government can represent itself without a documented majority in the parliament. Instead, these governments need only engage in whatever coordination and consultation they deem necessary prior to participation in the Council of Ministers.

### **Democratic consequences**

European integration, full membership or not, entails that the relationship between private interests and public authorities is intensive. Integration also leads to the construction of new and more national channels for contact with the public administration. Corporations and organizations have the opportunity to utilize these channels in two ways: By circumventing or *by-passing* the national administration and initiating contact directly with European institutions or by *going through* the national administration to take care of interests in the European decision-making process. The same is true for public authorities. They can choose to by pass private interests and attend to the common interest through politico-administrative processes or by granting voice to private interests through contact and representation. Let us now consider the democratic consequences of these alternative possibilities for national political systems. This evaluation will be based on a historical and empirical comparison of democratic ideals with the scope of political authority. Are EU related policy processes under the control and management of politicians—that is, elected members of parliament—or by appointed members of the government?

In the Nordic countries since the 1970s everyday integration has given rise to the development of at least five democratic ideals (Jacobsson, Lægreid and Pedersen, 2004: 133ff.). All five of them deal with questions related to the distribution of political authority and, consequently, with the national division of power. In identifying these five ideals<sup>xi</sup> and in comparing them with political reality the following three methodological requirements must be followed: (1) The assessment must be *contextual*. It must be based on the fact that the scope of politics as well of the democratic ideals will always be country dependent and conditioned by the period under study. (2) The evaluation must be *dynamic*. It should take account of the fact that political power, like democratic ideals, is subject to continual change. (3) Finally, the evaluation should possess an *authoritative basis*. It must be based on interpretations of the democratic ideals as well as of political authority laid down by political agencies, such as parliament, government, and the courts (Pedersen, 1998, 1999, Jacobsson, Lægreid and Pedersen 2004). The five ideas in question are as follows:

1. *The ideal of parliamentary government.* This is based on the idea that while the government has the power to represent national interests in the EU this must occur within the framework of the overarching authority of the parliament assigned to it by the national constitution or by specific legislation.
2. *The ideal of sovereignty.* This is based on the idea that national governments - and not the EU - should determine how the government and the administration ought to be organized with the aim of representing national interests in the EU.
3. *The ideal of adaptation.* This is the idea that the government, understood as an organization, and the national administrative system – its organization, procedures and processes - should be adapted to European development and that it is the responsibility of the government to decide and to implement this adaptation.
4. *The ideal of neutrality.* This is the idea that there must be internal coordination within policy areas as well as between ministries and that this coordination must follow professional standards of political neutrality. Two secondary ideals are associated with this ideal: One deals with objectivity and the other deals with the efficient furthering of interests. *The ideal of objectivity* implies that the most objectively competent authority

should assume responsibility for the coordination. *The ideal of efficiency* implies that the most important private and public interests should be coordinated and that this should result in an efficient representation of national interests in the EU as well as the most efficient implementation of EU legislation on the national level.

5. *The ideal of transparency and participation.* This is the idea that the relevant parties in particular should be given sufficient insight and participation to permit their interests to influence the coordination of the government's or the national standpoint and that the public should be given insight into the political decision-making process. A secondary ideal of consensus is associated with this fifth ideal. *The ideal of consensus* implies that interests should be coordinated via negotiation and compromise rather than by voting and instruction. This ideal also implies that private interests are included in coordination on a voluntary basis. Private interests are free to participate and when participating they cannot be instructed (i.e. by decision or decree be ordered to) by neither parliament nor government. They are also free to by-pass national public organizations at their own will.

On the one hand, these five ideals show how the number of those who are considered to be legitimate participants in the political and administrative representation of national interests is extended – all relevant political and administrative, regional and local, private and public interests should be able in principle to participate and the most important interests should be coordinated in principle. On the other hand, they also show that only very general and imprecise norms have been developed with regard to procedures involving democratic government. For example, there are differences between the four countries in the extent to which norms detail which political institutions, administrative agencies, and private interests should be regarded as relevant and important. In sum, this produces a situation where the group of legitimate participants is in principle unlimited, but where it remains unclear who is responsible for delimiting the number of relevant parties. The domain of politics can expand without this necessarily implying the concurrent extension of democratic government.

In the following, I will compare political reality with these democratic ideals. I will evaluate whether a gap has developed between the democratic ideals and the real-

world expansion of politics, and, if it has, I will assess the consequences this implies for democratic government. In other words, I will address how everyday integration challenges (or not) democratic government. I will argue that governments are using their sovereignty to decide the organization of the administration and the government itself in adapting to EU integration. Finally, I will also argue that there are indications that administrative agencies are following the ideal of objectivity in the distribution of responsibilities, that the distribution of representation is efficient, and that the implementation of EU norms and rules is relatively high compared to other EU member states. Consequently, it would not be reasonable to describe national-level EU policy making as undemocratic. Even so, the comparison of ideals and reality reveals four democratic challenges linked to the interplay of private and public interests. The two most important of these challenges are bureaucratization of the national EU related politics and politicization of the national EU related bureaucracy.

#### **Four challenges**

1. *Bureaucratization.* In all four countries the bureaucratization of EU issues is a general phenomenon, which reveals the extent to which it is civil servants and not governments or parliaments that manage EU questions. In general the administrative agencies (i.e., the civil servants or the bureaucracy) possess a considerable freedom to draft and prepare (and in certain instances even to decide) policies and legislation. For example, a considerable surfeit of informal contacts is undertaken autonomously from parliaments and even sometimes detached from the government's (or the minister's) participation and insight. Even in the Danish case, where there are more formal than informal contacts and where the informal contacts generally comprise a “shadow” (Scharpf 1997) to the formal ones, there are several examples of corporatist coordination not oriented to the mandating procedure. There are also several examples of administrative units handling EU matters independently from parliamentary supervision and from control from the side of governments (Esmark 2002, Højbjerg 2002). According to the ideal of parliamentary government, any activity that involves the formulation,

ratification, or implementation of rules with general application must follow specific legislative procedures. Instead, politico-administrative processes take place autonomously from the parliament and from governments control. It is against this background that the first challenge to democratic governance arises: The administrative agencies possess considerable freedom and autonomy in handling EU matters. This freedom and autonomy is greatest in countries where no mandating procedure exists and where coordination is not concentrated in formal committees. Accordingly, the democratic challenge is greatest in Norway, Sweden, and Finland, but is not inconsiderable in Denmark.

2. *Politicization.* There are differences from country to country and from case to case in the factors that administrations take into account in preparing a governmental standpoint or a national standpoint. In most instances it is left open to the administrative agencies themselves to decide the extent to which the political agencies should be consulted; when it is to take place; and how such contacts should be organized. This also applies to contacts with other administrative authorities and with private interests. Only in the Danish case have limits been set on the independence of the administration in this respect. The point at which the line has been crossed between administrative coordination (in which only public authorities are required to be consulted), political coordination (in which political institutions, such as parliaments, parties, and party groups, must be consulted) and corporatist coordination (in which private interests must be consulted), is something that the administrative agencies normally decide for themselves (Jacobsson, Læg Reid and Pedersen 2004). This is where the second challenge to democratic government stands out: The coordination process empowers the administration to take political decisions. This may occur when the administration determines who is to be included in the coordination process, which interests (private and public) are to be taken into account, and when, how, and whether political institutions are to be consulted as well as offered the possibility to exercise control. Against this background, the challenge is that political processes are taking place in detachment from parliamentary supervision and from government decisions. Furthermore, administrative units possess considerable autonomy to organize working practices and to formulate the standpoint to be represented

by governments in EU organizations but also to decide which interests should be consulted, which interests are to be taken into account, and when political control is to take place.

3. *Exclusion.* We have seen that many private interests have access to the national systems of coordination. However, this openness is not systematic and does not follow procedures laid down in advance. The openness that occurs thus depends on factors that have little to do with the ideal of transparency and participation. The administration is made open as part of an attempt to efficiently represent national interests, not in order to enable the transparency and participation of the general public. At the same time, it is to a large degree left up to the administrative agencies themselves to decide how open they should be. Besides the formal rules giving external interests the right to consultation and hearings, it is left up to the administration to decide in which contexts consultation should occur, and with what status parties to these consultations should enjoy. The EU related administration, on the other hand, seems to be less transparent than other parts of the national administrations. In Denmark and Norway, the special committees are inaccessible to the general public. The same applies, to some degree, to the European Affairs Committees of the Danish Parliament (Folketing) and the Norwegian parliament (Storting). Naturally, the many informal contacts are closed to public insight or participation. It is against this background that the third challenge to democratic governance arises: There are no procedures by which the general public can gain insight into or participation in the national systems of coordination. At the same time, however, the EU administration is open, but only in relation to special interests selected by the administration.

4. *Captivity.* Empirical studies have shown that national administrations can become dependent on external, that is private, interests (Esmark 2002). Interests can capture the administration (Lowi 1979). This challenge is made more acute by the fact that private interests are able to by-pass the national public authorities and present their interests directly to the European organizations. In all four Nordic countries, it is the assessment of national administrations that companies and interest organizations make use of this opportunity, although not on a large scale or in a systematic manner. But the possibility exists and this raises the final challenge: The opportunity for private interests

to by-pass the national government and go directly to the EUs organizations in order to further their own interests. This provides organizations with the opportunity to avoid contact with the national authorities and, as a result, limits governmental control over the interests that are allowed to influence initiatives that may later become national law. This "detention" limits pluralism just as bypassing alters the conditions for consensus. Private organizations can as a "threat" use their ability to by-pass the national administrations (Pedersen 1998).

Over all, then, it is apparent that there are indicators pointing in the direction of democratic challenges but also that the democratic ideals have developed in a dynamic fashion to adapt to European integration. With only the four Nordic countries in mind, it is too early to talk about a "democratic deficit" at this level of multi-level governance. Nonetheless, important challenges are evident insofar as politicians are absent to a very great extent from the shaping of EU related national policies. This leads to the conclusion that EU politics are becoming bureaucratized and the national EU related bureaucracy is becoming politicized while the bureaucracy to some extent has become capable of determining the extent to which it wants to be subject to political control from parliament and/or the government. This is occurring with a considerable degree of closure with respect to the general public as well as in the relationship between the administration and special interests as illustrated by the fact that the latter can "capture" the administration (Jacobsson, Lægreid and Pedersen 2004).

## **Summary**

The results presented in this paper are supported by other national studies concerning the development of the relationship between administration and organizations in connection with the management of interest's vis-à-vis EU organizations (Sidenius 1998, 1999, Pedersen 2002). They are also supported by descriptions of the development of the relationship between authorities and interest organizations in general (Christiansen 1998, see also Christiansen & Sidenius 1999, Nørgaard and Christiansen 2003, 2003a, Pedersen 1995), but are contrary to Swedish studies that have shown that since the 1980s a general 'de-corporativization' has taken place (Hermansson 1993, Hermansson et al. 1999, Lewin

1992, Micheletti 1994, Rothstein 1992, Rothstein & Bergström 1999). On the basis of the data presented here it is difficult to confirm general claims about a 'de-corporativization'. The EU integration does not seem to have weakened the relationships between authorities and interests (Pedersen and Pedersen 2001). Not in the Swedish case either, where studies have shown a general trend towards de-corporativization. To the contrary, European integration has meant that the number of channels between administration and interests has been increased; that the means of managing interests have been combined; that contacts are more intensive and extensive; and that representation has taken new forms (i.e., becoming more informal than formal).

I have also presented evidence indicating that administrative agencies engage in relationships to organizations at the same time as organizations adopt a by-pass strategy and circumvent national administration by tying contacts to European organizations. And that the authorities are providing interests with voice while at the same time adopting a *within* strategy whereby they are undertaking significant coordination without including these interests. In all four countries the coordination of a plurality of private and public interests is taking place. However, there are significant differences among countries regarding the extent to which different interests participate in coordination of EU related policymaking. There are also differences among countries in terms of how coordination produces a national standpoint or a governmental standpoint.

Several indicators provide evidence that the organization of the national coordination system influences the formulation of the standpoint. In Denmark and Norway, the majority of contacts between authorities and interests are formal, which is in harmony with the organization of the coordination systems. In Sweden and Finland, the majority of contacts are informal, just as there are more internal working groups and public committees with EU related matters, as an indication of the organization of the coordination system in the two countries. Finally, there are several indicators providing evidence that there is not merely a coordination of interests, but also an aggregation of interests to form a national interest. This is most clearly the case in Denmark, where the national government is obligated to attain the Folketing's mandate in matters related to



the Council of Ministers and is, therefore, obligated to represent the views of a majority in the national parliament.

## Notes

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1. By experts I mean people from universities and business colleges that, similar to organizations and corporations, are neither subordinate nor superior to a minister or political leadership.

<sup>ii</sup> Aggregation of interests is to be understood in the sense that Almond & Powel, among others, utilize the concept: “Political aggregation, then, consists of the processes that combine demands into policy alternatives and mobilize resources behind these policy alternatives” (Almond & Powel, 1978: 198). Aggregation, therefore, simply means that interests are combined to form political alternatives that can be forwarded for decision in the parliament, for the government, or in another decision-making organ. The reason for raising the question about aggregation is therefore to assume a difference between a coordination and an aggregation of interests, and that it is first when interests are both coordinated and aggregated that the result can be referred to as a national interest. In that context, coordination is defined as a relationship in which administrative, political, and private interests are involved without necessarily being combined; just as aggregation is defined by the relationship in which administrative, political, and private interests are involved, but are also combined to form political alternatives.

<sup>iii</sup> In both instances, exit is the foundation for the chosen strategy. In the second instance (corporatist coordination) a number of parties are drawn into stable and sustained corporatist coordination and are thereby granted a voice (Hirschman 1970, 1981).

<sup>iv</sup> The response rate was 82%. The agencies were all part of the state, directly subordinate to the national government, operated in the entire nation, and had permanent administrative personnel. Municipalities and local agencies were not included in the investigation. Further description of this investigation can be found in Jacobsson, Lægheid & Pedersen, 2001, p. 36ff, and in Jacobsson, Lægheid and Pedersen 2004: 21ff.

<sup>v</sup> Contact’ is here defined as formal or informal, oral or written communication between public and private (national and European) agencies dealing with EU related matters within the framework of the established *acquis communautaire*. The number of communications per timeframe assessed by the administrative agencies measures the intensity of these contacts. The extensivity of contacts on the other hand is measured by the number of agencies involved in contacts, i.e. are administrative agencies in contact with private interests as well as with other agencies and EU organizations or only for example in contact with other administrative agencies

<sup>vi</sup> The combined response is more than 100, as the respondents have provided multiple answers to the individual question.

<sup>vii</sup> By ‘involved’ we mean the private interests’ representation in public committees, established formalized or ad hoc. Interest organizations in Denmark are formally involved in the coordination system

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through their participation in 13 of the 32 special committees. Norway has followed the Danish example and has also established special committees; however, these do not include representatives from private interests. Instead, they are involved in so-called reference groups, which are established ad hoc by the special committees. Sweden has not introduced a formalized system with special committees as in Denmark and Norway. Each department decides for itself, which coordinating organs are to be established and who is to participate. In Finland a large number of consultative EU-sections with participation from affected departments and authorities, as well as private interests, have been established and are responsible for coordinating EU-questions. As such, it is only in Denmark that private interests (interest organizations) have attained the right to be represented in formally established decision-making committees.

<sup>viii</sup> It is naturally not without problem to include independent experts under the category private interests. I do so in this case as the data clearly reveal that the administration is in a situation where a decision must be made as to whether organizations, corporations, or independent experts are to be included in the management of EU related matters. The competition becomes apparent in the sense that there are significant differences in the four countries whether organizations and/or corporations and/or experts are involved.

<sup>ix</sup> Two national Danish surveys asking organizations and private firms to assess their contacts to national administrative agencies and political institutions and to EU organizations affirms these findings (Christiansen and Nørgaard, 2003: 123ff., 2003a: 32ff.). They also point to the fact that the by-pass strategy is becoming more important during the 1990s and that especially labor market organizations in 2000 are using the go-through strategy as often as the by-pass.

<sup>x</sup> While there are not as many groups and committees that have been established to manage EU matters in Denmark, the administrative agencies find that they meet representatives from private interests more often in the existing committees and groups than is the case with the administration in the other Scandinavian countries.

<sup>xi</sup> In identifying ideals a number of public primary and secondary sources have been used – laws and other authoritative norms, debates in Parliaments, public statements from Governments or commissions in Parliaments, legal evaluations, and decisions by courts and expert commissions (see Højbjerg and Pedersen 2002).