Under Stress: Europeanisation and Trade Associations in the Members States

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Abstract

Until today, it is relatively disputed how European integration impacts on domestic associations and the patterns of public-private interactions at the national level. While some predict a withering away of national corporatisms, others predict they would be reinforced. By making organization theory available to institution-theoretical approaches, the paper offers a conceptual means that makes it possible to present an encompassing and theory-guided picture of the impact of European integration on societal structures in the member states. Associations - in the presented cases, business associations of the transport sector in Germany and the Netherlands -, as intermediate organisations operate at the interface between private and public actors and incorporate the dynamics of their political and economic environments in both structural and strategic terms. It is argued that the way in which the configuration of associations within a sector changes in the course of European integration relates to efforts at this intermediate level to maintain or increase its relative autonomy from both its constituencies and its interlocutors.

Kurzfassung


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1. Introduction

Since its early days, research on European integration has primarily addressed processes of institution-building and policy-making at the European level. While both rich empirical knowledge about these processes has emerged as well as theoretical views to cope with these empirical findings, relatively little attention has been paid to the impact of European integration on nation states. Only recently has the literature on Europeanisation begun to address questions concerning how Europe affects the member states. Yet, this branch of research is still immature: there are relatively few empirical studies available, and there is little common ground amongst scholars about definitions, criteria and concepts employed to grasp the impact of European integration on domestic political and socio-economic structures.\(^1\)

What has been said with respect to the research on European integration and its impact on domestic structures in general also holds for the research concerning the representation of interests. Given the importance of organised interests in national political systems, it comes as no surprise that a great deal of attention has been paid to the role that interest groups play in the process of European integration.\(^2\) However, rather than a clear picture, a "kaleidoscope of impressions" (Kohler-Koch 1994, 167) has emerged, which reflects the variety of different views about how European integration
should proceed in practice, or of how to interpret the changes observed in the institutional configuration. The consequences of European integration for domestic associations and the patterns of private-public interaction are even more opaque. While some predicted a withering away of national corporatisms, others predicted that they would be reinforced (M. Olson Jr. 1995; Schmitter and Grote 1997).

This said, the intention of the paper is twofold. It is to contribute to the field of comparative political and economic studies, as it offers original empirical material on how Europe makes an impact on the domestic structures of two member states. What is more, by appealing to a model which aims at understanding the development and functioning of business associations, the paper offers a conceptual means that makes it possible to present an encompassing and theory-guided picture of the impact of European integration on societal structures in these member states. The advantage of this approach is that it makes it possible to grasp the dynamics of European integration by explicitly taking into account the changes in both the political and the economic environments of associations. Associations – in the presented cases, business associations of the transport sector in Germany and the Netherlands –, as intermediate organisations, operate at the interface between private and public actors and incorporate the dynamics of their political and economic environments in both structural and strategic terms. This focus on the complex patterns of interaction between the associations and their environments makes it possible to discard the assumption that societal structures at the domestic level functionally adapt to external pressures. Rather, the proposition is that the way in which the configuration of associations within a sector changes in the course of European integration relates to efforts at this intermediate level to maintain or increase its relative autonomy from both its constituencies and its interlocutors, with the role of public actors being of utmost importance.

To develop the argument, a presentation of the conceptual framework is first laid out, then followed by two empirical sections that provide the necessary information concerning the changes in the economic and political environment of the associations, on the one hand, and their organisational and strategic adjustment, on the other. The intention of the final section is to interpret these findings and to link them to the discussion about the impact of European integration on the domestic structures in the member states.

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2. Associational Adjustment to Stress

To start with, Europeanisation is interpreted as a process in which individual and corporate actors structurally and strategically adapt to changes in their political and economic environment. Although European integration generally does not have the negative connotations of a crisis, it can be assumed that the economic and political impact of the integration process significantly influences the organizational development of associations. Numerous questions arise in reference to this: Which patterns of reaction can be observed and how can these be explained? Is it true that "jurisdictional integration in Europe undercuts the guilds and other special-interest groups of the day" (M. Olson Jr. 1995, 13) or will the corporatist Sisyphus be on his way uphill again as associations manage to successfully adapt to their members’ strategies within the internal market and to politics within a multi-level polity (Schmitter and Grote 1997)?

2.1 Why Focus on the National Level?

Most generally, European integration can be conceived as generating integrative forces that lead to both closer interactions between the formerly separated political units and the economic enmeshing
of markets. According to *neo-functionalist arguments*, this integrative dynamic is about to spur a shift in decision-making competencies and actors' loyalties from the national to the European level, and thus contribute to gradually eroding the importance of the nation state as a point of reference for associations. In so doing, European integration is supposed to generate organisational adaptations by improving the organizational representation at the European level, despite that this occurs at the expense of national associations.

Empirical evidence, however, frustrates these neo-functional assumptions, and instead, strongly supports the conclusion that despite the high degree of transnational interaction, associational attention has not been diverted away from the national theatre (Kohler-Koch 2000, 5). Rather, the findings show that associations and firms have established contacts with both levels of decision-making and with interest groups addressing national targets even more often than before (Sidenius 1999). There are further reasons for focusing on the national level.

First, especially in those policy areas where there is greater interest in not making decisions than in making them, the pressures at the national level are the main reason that associations maintain a strong national base (Schmitter and Streeck 1991, 143). Second, the large majority of organised action and sectoral forms of public-private intermingling are located at the national level. It is here that one would expect the changes caused by the integration process to leave their most visible marks. According to the proponents of 'private governance dumping' (cf. for the notion van Waarden 1994, 220), the most dramatic consequence of negative integration is that it can restrict the existent patterns of discriminatory treatment that the public interlocutors’ exert on associations. Thirdly, recent studies have suggested that national arrangements of concertation disputations at both the macro and the meso level can survive if the participants manage to shift the functional content from demand to supply issues (Heinisch 2000; Traxler 1995; Traxler and Unger 1994; Visser and Hemerijck 1997). In addition, in their attempt to meet their increasing EC obligations, governments “will have to rely more and more on the negotiated consent of their respective social partners in order to obtain the ‘voluntary and active assent' that is so important for competitive success” (Schmitter and Grote 1997, 36p).

This said, it is apparent that to realistically assess how Europeanisation makes an impact on the organisation of interests at the national level it is necessary to account for the political and socio-economic context in the individual member states (cf. Kohler-Koch 1994, 178). Assuming that associational landscapes within the members states are equipped with a certain robustness against corrosive influences, one might expect that "while European integration may induce some regulatory convergence, nevertheless national specificities regarding self-regulation persist and maintain regulatory diversity across Europe" (van Waarden 1994, 257).

### 2.2 How to Analyse Change and Adjustment

The integration process can be expected to cause effects in three dimensions: the socio-economic environment in which interest associations act, the formal organisation of associations, and the institutional target structure of associations (Streeck 1987, 492). Taking the economic and the political-institutional environment as independent variables, this study investigates how Europe-induced changes in these variables make an impact on the associational configuration within the transport sector in Germany and the Netherlands. Generally, it is assumed that factors deriving from the economic environment exert different pressures on the associational landscape than those deriving from the political-institutional environment. While the former foster the concentration of the representation of interests in the system, the latter primarily lead towards differentiation and
fragmentation.

This assumption is based on the idea that business associations – like other organisations – strive for a stable and (relatively) autonomous supply of resources and autonomy in making strategic decisions. To do so, associations have to incorporate the heterogeneous demands of different environments into their organisational structures and strategies. On the one hand, the logic of membership requires organisational structures that are capable of adapting to fragmented and segmented interests. In this dimension, uncertainties about whether financial and political support will be steady pose a risk to an associations’ strivings for autonomy. To reduce this risk and to increase their organizational security, associations may address their external environment, within which public actors are of utmost importance. When targeting public interlocutors, however, it is expected that associations contribute in one way or another to the performance of public policies. Thus, the logic of influence requires certain organisational prerequisites: for example, the most encompassing membership structures possible and/or the capacity to get their members to act in the interest of some wider collectivity (Streeck and Schmitter 1981). (6)

In this respect, the development organisational structures and strategies of organisations can be viewed as efforts to cope with these imperatives by reconciling the two political logics in structural and procedural terms. Although the two imperatives frame both intra- and interorganisational properties and organisational behaviour, they are not deterministic. Rather, we can assume that associations, as collective actors, have some latitude in strategic choice with respect to their performance standards and their strategies (Lehmbruch 1991, 132). The relative autonomy of associations requires the existence of margins within which associations can act independently. According to this proposition, European integration effects the relative autonomy of associations by affecting associations’ possibilities for extracting resources from their environments either by abolishing certain institutionalised forms of public-private interaction or by creating new opportunities to extract resources from one of the associations’ environments.

In order to gain better control over factors that might explain the European impact on this particular institutional factor, this study compares two countries that have relatively similar political-economic policy-making patterns. For instance, in comparison to the clientelistic patterns in Italy (see Kerwer forthcoming) or the etatistic structure in France (see Douillet and Lehmkuhl forthcoming), both Germany and the Netherlands have long established corporatist systems. By reducing the number of explanatory factors, such a design makes it possible to delineate the differential impact of Europe. This differential impact is assumed to relate not only to how firms in different countries have responded to the external pressure of European integration or to how they and their governments have dealt with the internal problems related to industrial competitiveness (Schmidt 1996, 243). Rather, Europe’s impact also relates to changes in associational systems. To describe the changes in the economic and political environment of associations, the next section summarises the major features of European integration in the field of road haulage, a sector that has only relatively recently been subject to substantive European policy decisions.

3. Economic and Political Integration and European Transport Policy

3.1 Europeanisation of the Transport Industry

The specific character of the transport sector, being both derived from industrial production (on the
demand side of transport services) and an industry in its own right (on the supply side of transport services), implies that the economic-integration process has had a twofold impact on the sector. Both the changing status of transport in the industrial production process and sector-specific developments must be taken into account if one wants to assess the impact that the economic integration in the EC has had on the associational systems in the German and Dutch road-haulage sectors. The overall impression is that on both the demand and the supply side transport has manifested itself as an extremely dynamic sector in the past two decades.

In response to increased international competition, European industry has been generally restructured. The reorganisation of the production system has affected all three stages of business activity: namely, the acquisition of resources, the production of goods or services, and distribution and sales (O’Donnell 1994, 47). The general growth of trade and the restructuring of the entire production and retailing system had a significant impact on the transport industry. The increase in the exchange of inter-regional and international goods was paralleled by an even greater demand for transport services. Given the differentiation between product and production concepts, the transport industry faced demands for high-quality services, specifically in terms of flexibility, reliability and, more generally, comprehensiveness and logistical content. As a consequence, transport markets became internationalised, diversified, and segmented (Coopers & Lybrand 1997).

Faced with new developments, the road haulage industry has been undergoing radical changes, and the transport-supply industry reflects the specialisation and segmentation that has developed on the demand and product side. In general, ‘value-adding’ has become the catchword, while the role of physical transport has been declining. Larger enterprises are developing into logistics-organisers which offer comprehensive control of the logistics chain. Medium-sized firms face more difficulties in adjusting. To achieve efficient size they are increasingly setting up networks which allow them to expand geographically and to use “shared-utilities.” However, the majority of firms are small enterprises that compete for physical distribution on highly-contested markets (NEA 1997).

3.2. The Common European Transport Policy

Although the Treaty of Rome contained provisions for a Common Transport Policy in Europe, until the mid 1980s there was a deadlock between proponents of a straightforward liberalisation (United Kingdom, the Netherlands) and countries which linked their support for liberalisation to the concomitant harmonisation of technical, social, and fiscal measures (France, Germany, Italy). Since international transport was governed by a complex patchwork of bilateral agreements between member states, customs and border controls constituted crucial obstacles to cross-border transactions and trade between member states. From the 1985 onwards, however, transport policy-making has made significant progress. The most important policy changes consisted in abolishing all the restrictions to cross-border transport and opening domestic markets to foreign hauliers (Kerwer and Teutsch 2000; Lehmkuhl 1999, 36-54).

The most significant effect caused of introducing the Common European Transport Policy and the contemporaneous economic developments was that the established regulatory frameworks at the national level began to erode. As such, European provisions which were to be transposed into national legislation had a less important impact than those which were concerned with liberalising international transport. More bluntly, indirect pressure was more important in bringing about the changes of regulatory regimes at the national level than the requirement of implementing binding European legislation. While the provisions on technical, social and fiscal issues could be transposed into national legislation without great difficulties, the pressure exerted by the...
liberalisation of international transport was more important, especially for those regimes which were highly regulated. In particular, the right for non-resident hauliers to operate in other Member States (cabotage) was of utmost importance. The impact of cabotage derives from the fact that, as a regulation governing international transport markets, it directly confronts different national regulatory regimes with one another. Thus, cabotage has become a symbol for the liberalisation of domestic markets which were formerly relatively closed. The question is then how these changes were processed at the national level and how they have affected the systems of interest representation in Germany and the Netherlands.

4. European Integration and National Associational Systems

Following Schmitter’s and Streeck’s concept, this section is concerned with the dynamics in the relationship associations and their major task environments. In examining these issues, I will first address the logic of membership variables and describe by way of comparison how the transport sector in the two countries under study has changed because of the economic impact of European integration (4.1); I will then turn my attention to the logic of influence variables, in particular to regulatory changes (4.2); finally, in a third step, the previous descriptions will be used to fuel the empirical study by showing how changes in the economic and political environment have influenced the associational configuration in both countries (4.3).

4.1 Logic-of-Membership Variables: The Sector Structure

As has been described, the economic transformation from Ford-like mass production to the post-Ford conditions of flexible specialisation has brought about new production patterns and a differentiation within the transport industry according to the dimensions of size, product and territory, all three being frequently linked to each other. The road-haulage industry in both countries is characterised by a huge number of small and very small firms and a relatively small number of big companies which have a high share of the total turnover of the industry despite their limited number. Yet, compared to a country like Italy, in which about 95 per cent of all haulage firms are one-man businesses (Sleuwaegen 1993, 228), the average company size in Germany and the Netherlands is quite large. Nevertheless, over time the countries have had both common trends and differences. Both countries have experienced a growth in the average firm size since the 1970s, and in particular from the 1980s onwards. Today, despite the abundance of very small, small and medium-sized enterprises, about 5-7 per cent of the big and very big companies in both countries have about 40 per cent of the market share.

Principally, the company size and the type of performance offered are related, and it can be said that with an increase in specialisation there is a relative decrease in competitive pressure. This aspect can be illustrated by the extreme cases of mere physical transport, on the one hand, and the technologically highly-advanced provision of logistics services, on the other. The first describes a market segment in which international and national deregulation and liberalisation policies have lowered the entry barriers, thus further contributing to a tendency for over-capacity. In this segment, it is mainly small hauliers who fiercely compete, and transport prices are the major currency in this competition. In contrast, competition in the area of highly-sophisticated services is relatively weak. Suppliers of logistics services have generally managed to establish close relationships with their clients, and both technical and organisational skills make their services difficult to substitute.

Both countries under study today are characterised by a significant heterogeneity in the sector:
different markets are characterised by different degrees of competition, and firms differ with respect to their size, their performance and the degree to which they co-operate with other companies. The last point hints at one final aspect of the heterogeneity of transport markets. The more the resourcing and delivery activities of manufacturers and general industry have expanded in territorial terms, the more the markets for transport services have stretched over local, regional, national and international distances. This significant regional market segmentation is reflected in the transport industry by the fact that in short-distance markets smaller hauliers dominate, while medium-sized firms frequently offer inter-regional transport, and larger companies concentrate on international transport.

4.2 Logic-of-Influence Variables: The legal-institutional environment

The regulatory changes in both countries have been characterised by a transformation towards more deregulated and liberal provisions that aim to decrease the restrictions to market access and to regulate market functioning

Regulatory Transformations

In Germany, the legal provisions governing the transport industry have traditionally revolved around the nationalised railways. The regulations have affected other modes of transport, especially where they endangered the quasi-monopoly of the railways; that is, road haulage over middle and long distances. In addition to differentiating between short-, medium-, and long-distance transport, the Road Freight Haulage Act of 1952 contained a licence requirement, a limitation on the total number of licences and tariff structures, corresponding to the railway tariffs. A federal agency (Bundesanstalt für den Güterfernverkehr) was in charge of controlling that legal obligations were met.

Since 1998 three important elements have significantly transformed German transport regulation. Firstly, in order to avoid discriminating against German hauliers, the transpositions of the European cabotage provisions led to an abolition of the distinction between short- and long-distance haulage. Secondly, the quantitative restriction on licensing was replaced by licensing according to the Community provision on qualitative licensing. Thirdly, the taxation system has gradually been transformed by lowering the taxation on fixed costs (vehicle tax), and by increasing variable costs (fuel) through various measures, including the introduction of road-pricing elements.

In contrast to Germany, the regulation of the Dutch transport sector has never been driven by the motivation to restrict one mode of transport in favour of another. Rather, rooted in the country’s tradition of regional planning, public intervention has been legitimised by the public actors' objective of co-ordinating the development of the transport sector by regulating the supply and demand of transport services. Nevertheless, the instruments employed to achieve this objective have been the same: the control of market entry, the use of tariffs, and the application of fiscal instruments. The recession in the 1970s highlighted the failure of these measures to fit the supply and demand of the market; the sector suffered from both over-capacity and cut-throat competition. The ineffective system of compulsory tariffs was abolished, and the government tightened restrictions to cope with oversupply by fixing a maximum loading capacity for single firms in 1975 (‘tonnage-stop’). However, the new system employed to regulate capacity proved insufficient, impractical, and ultimately to be a hindrance to economic activities and innovation. Moreover, the implementation and control of the entire regulatory system was cost-intensive. As a consequence, from the early 1980s onwards, in the Netherlands all transport-related actors, the government, regulatory agencies, industry, carriers, and forwarders, were clearly dissatisfied with the existing regulatory arrangements.
Together with all transport-related actors, the Dutch government set the agenda to shift to liberalised transport markets from 1984 onwards (Lehmkuhl 1999, 136ff). The preparation of the new legislation was based on ‘Community ideas, and liberal ideas, and fed by the market-force thinking of the government’ (interview Ministerie Verkeer en Waterstaat, November 1995). Until 1992, the gradual amendments led to the abolishment of fixed tariffs and the replacement of quantitative restrictions on market access by qualitative ones such as occupational qualification, solvency and reliability.

Despite certain similarities in the regulatory change, there were a number of significant differences. On the one hand, the transformation in the Netherlands occurred before the Common European Transport Policy directives to liberalise market access. By contrast, the changes in Germany, having taken place only after the major European decisions had been made, were not entirely voluntary, but tended to be forced by European liberalisation policies instead. The fact that national deregulation tended to be either more voluntary or more forced was mirrored in the respective politics of regulatory changes. While in Germany there was not a smooth shift from policies which substituted markets to those regulating them (Teutsch forthcoming), a broad consensus supported the transformation of the regulatory framework in the Netherlands. To understand these different patterns of transformation it is necessary to understand that the variables for the logic of membership and the logic of influence are linked to the respective role of associations in Germany and the Netherlands and their organisational structure.

4.3 Changes in the Associational Landscape

Taking the characteristics of the sector into account, one would have expected fragmented associational systems in both countries. The existence of a large number of small and very small firms, fierce competition, market differentiation and regional segmentation are all indicators that poorly developed associational systems would tend to emerge. What was observed, however, was surprising: in Germany a highly concentrated associational system, faced with significant challenges from the mid-1990s onwards, witnessed a further concentration; similarly, in the Netherlands there was also a process towards concentration, although one that began significantly earlier. According to the theoretical model guiding this paper, these developments must be interpreted as the outcome of the tension between factors of both centrifugal economic push and centripetal political pull, with the latter dominating the former. Before delineating how the associational landscape in both countries changed in the course of European integration (4.3.3), however, I must spell out how the associations were affected by the changes in their environments (4.3.1) and how associations adapted to these challenges (4.3.2).

4.3.1 Changes in the Resource Influx

In Germany as in the Netherlands, changes in the economic and political environment of associations in the transport industry have had a significant impact on the influx of resources such as financial support and legitimacy. With respect to the relation with their constituencies, associations in both countries experienced similar developments. The internationalisation and differentiation of markets contributed to a general lack of transparency which, in conjunction with a permanent over-supply, fostered the trend to engage in cut-throat competition. As a consequence, there were a number of bankruptcies and many companies were taken over as part of the process of growth in international business; both of these developments had detrimental effects on the financial basis of many associations. At the same time, the European policies of liberalisation and the subsequent national deregulatory policies led to a much stronger struggle for legitimacy among the associations in
Germany than in the Netherlands. This is largely due to the fact that deregulation has rendered the previous political raison d'être of transport associations in Germany unnecessary. In Germany those associations functioned to preserve the existing regulatory framework in order to guarantee protection from domestic and foreign competition; after deregulation, however, the desire for protection no longer provided an incentive to become or to remain a member of an association in Germany. This situation was different in the Netherlands, however: because protection from competition never was of similar importance there, European and national deregulatory policies were not perceived as a threat. Rather, they were seen as providing the possibility to expand internationally; this has also made it possible to strengthen the link between associations and their constituency, since smaller firms in particular relied on the informational capacity of their association concerning market developments.

With respect to the relationship between associations and their public interlocutors, significant differences could be observed in Germany and the Netherlands. For reasons of clarity, these changes are described separately.

**Germany**

Given the various ways in which interests are involved in policy implementation, it is justifiable to classify the public-private interaction in the German road-haulage sector as corporatist in nature. But this is not all: for these peculiar ways in which road hauliers' interests are involved in policy-making and implementation, the transport demand side had a certain predominance. This has effected both for the price-setting committees and the regulator agency. The dominance of the road transport associations in the price-setting committees is clear from two facts: first, there are simply more of them; second, when compared to the associations of the transport demand side, it is clear that these associations have a privileged legal status. An assessment of the regulatory agency, the Bundesanstalt für Güterfernverkehr, comes to a similar result. On the one hand, the associations of the controlled parties could exercise a certain influence on the BAG. This was based on the fact that the agency was financed by the fees and fines of the road hauliers and shippers, or in other words, by those it was obliged to supervise. What is more, the hauliers' and forwarders' associations were not only represented in the administrative council of the BAG, but – in a ratio of ten to four – they dominated the side of the transport users. However, this mixture of the supervised and the supervisors went even further, as the BAG bestowed the haulier co-operatives (Straßenverkehrsgenossenschaften) – as the economic arm of haulier associations – with the right to check way-bills and to check the correct application of tariffs. Because the obligatory fee was an important part of the co-operatives' budget, it made it possible for the associations to maintain certain services.

The forms of institutionalised public-private co-ordination described above were rendered invalid by the European-level agreements to liberalise international transport and cabotage and the subsequent deregulation of transport markets in Germany. First, after the abolition of the mandatory tariff system, the tariff commissions were dissolved. Second, the BAG was reorganised and rate controlling ceased to be one of its important duties. A change in the legal status was also part of the reorganisation. In 1994 the agency was renamed the Bundesamt für den Güterverkehr (The Federal Office for the Transportation of Goods). It is now subordinated directly to the Ministry of Transport and no longer financed by fees and fines from the industry but entirely by the state budget. Part of the change in the legal status consisted in the removal of the executive board, which has correspondingly rendered it impossible for industry to exercise control over the organisation. Thus, along with this regulatory transformation, associations lost a number of political privileges that had previously been used to increase their constituencies' willingness to participate in implementing public policies.
The Netherlands

Similar to the German case, in the Netherlands branch associations are involved in preparing and implementing legislation, which they do either by taking up direct contacts with the Ministry and one (or more) organisations, or by participating in one of the several consulting and bargaining venues that exist. What is striking about the case in Holland is that the changes did not affect the basic form of institutionalised interactions between public and private actors much; instead, the main tendency was that neo-corporatist structures successfully adapted to the neo-liberal context and allowed for a substantive policy change. European integration in general, and the reform of transport regulation in particular, actually reinforced characteristic features of the Dutch institutional context and strengthened corporatist patterns of concertation and consultation. One major difference from the former situation is that the functional content of concertation shifted: it was no longer concerned with regulating market access, but focussed on stimulating market forces and industrial competition instead.

Thus, on the one hand, the government’s acceptance of its triple function as guardian of a liberal regulation, stimulator of quality improvements, and advocate of the interests of the domestic industry at the European level constituted an important prerequisite for the smooth shift towards ‘supply-side economics’ and for bringing Dutch and European transport policies into alignment. On the other hand, a second important prerequisite was that the government believably convey its willingness to compensate for potential losses due to the restructuring of the transport industry, and to back the industry’s self-regulation. Indeed, by delegating public authority to the sector’s interest representation, the government achieved a twofold objective: it provided an incentive for a concentration process in the associational landscape and provided compensation to the associations for converting public policy objectives into industry practice, related, for instance, to concern with environmental damage. This said, we must take a look how associations in both countries adapted to the formal and material changes in their environments.

4.3.2 Associational Adaptations

Embedded in economic internationalisation, European integration has induced significant changes in the business and political environment of firms, and by that, it has also altered the demands that enterprises in the road-haulage sector impose upon their interest organisations. Most generally, one can say that in both countries European integration has tended to have a negative impact on the willingness of firms to participate in collective action. Faced with this decrease of support, associations in both countries have made great efforts to emphasize the importance of associational representation for individual firms, e.g. by expanding their activities, by increasing their internal differentiation and by providing specialised services for their members.

The way in which the associations in the road haulage sector of both countries have adapted to these changing demands has been very similar. The general trend has been characterised by internal differentiation. This differentiation has occurred with respect to the provision of both collective and selective goods. Concerning collective or, more precisely, category goods, that is goods affecting the sector as such, the representation function, for instance, has changed as associations have assigned increasing importance to European institutions in the policy-making process. The founding of offices in Brussels is only the most visible expression of the importance associations assign to European institutions. Concerning the provision of selective goods, that is, goods or incentives which make it possible to discriminate between members and non-members, associations have either built in-house
specialised units or they have established associated external consultancies. These consultancies aim to satisfy various demands on firms in the transport sector: for information, for instance, or for changes in domestic legislation or legislation in foreign markets, and for developments in regional, national, and international markets. However, associations have not been uniformly affected by the demand for specific services. For example, smaller hauliers' demands for external advice on legal, technical and economic matters is much higher than that of bigger companies, which are equipped with sufficient internal knowledge. Hence, associations organising larger companies are much more concerned with strategically consulting on future market developments, whereas those associations which have a high share of smaller hauliers are more concerned with the daily business of the industry. This leads us, finally, to take a closer look at the configuration of associations and how this has changed in both countries.

4.3.3 The Transformation of Associational Systems

Germany

In Germany, combining sector-specific traditions and the regulatory framework stimulated the emergence of an associational system composed of four associations active in short- and long-distance road haulage and forwarding: for short distances, the Bundesverband des Deutschen Güternahverkehrs, and for long distances, the Bundesverband des Deutschen Güterfernverkehrs. Many firms were members of both the transport association and the forwarding association, the Bundesverband Spedition und Lagerei. While this double-membership of firms was partly due to the economic link between transport and forwarding activities (such as storage and cargo consolidation), the existence of a fixed tariff structure with high prices forced many forwarding firms enter transport markets themselves. In contrast to the federal organisation of these association, i.e. firms are members in regional associations which in turn are members of the federal association, the Vereinigung Deutscher Kraftwagenspediteure has a direct membership format – representing about 500 of the 600-700 economically-important enterprises.

Certain particularities of the German transport market, such as its geographical size and the traditional importance of freight forwarding, resulted in a functional distinction between local, regional and interregional transport, on the one hand, and transport and forwarding, on the other. The legal framework strengthened this functional distinction by legally differentiating between short- and long-distance transport and, in addition, by creating certain overlaps in the domains of transport and forwarding associations. These overlaps between associational domains were governed by agreements either of co-operation or of demarcation.

The Common European Transport Policy and the introduction of cabotage rendered the main pillars of the existing regulations in the German road haulage sector, and by that, made certain rent-seeking activities impossible and no longer offered protection from domestic and foreign hauliers. European integration called into question what might have been considered a coalition for redistribution among the associations. Thus, reopening conflicts at the interface between associations, which were formerly pacified, has been one important consequence of European integration. This impact has been amplified by a further effect of European integration. European economic integration has brought about enormous dynamics in the transport industry, leading to the fragmentation and differentiation of transport markets. These dynamics have given a new momentum to the demarcation of associational domains. In particular, in areas in which associational domains have overlapped – that is, between short- and long-distance transport and between transport and value-added services – associations have started to compete for members. This competition for
members has become most visible in the way the associations have renamed themselves in the attempt to become more attractive to old and new members.

Hence, the overall impact of European integration on the associational system in the German road-haulage sector can be described as follows: economic and political integration induced a shift away from the legally-generated segmentation of associational patterns to patterns of organisation which correspond with economic-functional orientations of enterprises in the transport industry. The overall impact of this shift on the associational system was ambiguous, as it spurred inclusive and exclusive strategies at the same time. On the one hand, one important result of the struggle in the formerly-pacified domain between short- and long-distance transport was that the restructuring contributed to further centralising the representation of interests since, firstly, the majority of the Landesverbände decided to remain or to become members of the larger association for long-distance transport and, secondly, the two formerly-separated associations merged in 1999. Not all associations have pursued this strategy of inclusiveness: some have tried to sharpen their profile by being more exclusive. For instance, the Vereinigung Deutscher Kraftwagenspediteure, which in former years was a member in either the long-distance or in the forwarder associations, now intends to represent the economic importance of its membership itself and less compromised through a membership in any other association.

The Netherlands

The associational landscape in the Dutch road-freight transport bears a number of similarities to the situation in Germany. Despite a fragmented market structure, the organisational representation is highly concentrated. The pre-existing fragmentation was not due to legal entanglements, as in the German case, but was the expression of a Dutch phenomenon: namely, the highly-institutionalised vertical fragmentation of sub-societal structures according to denominational and social cleavages. Since the mid-1980s the process of depillarisation has reached the road-transport sector and has contributed to the concentration of interest representation. In this respect, market-driven impacts, regulatory reform, and the active involvement of government reinforced one another and led to organisational restructuring.

Traditionally, the field of road-freight haulage reflected the pillared organisation of Dutch society, that is, numerous small and medium-sized enterprises were organised in accordance to their denominational or societal frame of reference. Since the mid-1980s, there have been several attempts to overcome the organisational fragmentation, all of which failed due to heterogeneous interests of small and large enterprises or due to personal rivalries between central persons involved. The pressure to unify the interests of the road-freight sector increased with the ongoing changes in the economic and institutional environment. In particular, the government was actively involved in promoting the restructuring of the associations, employing a policy of sticks and carrots. At the end of the process of associational mergers, two remained: Transport en Logistiek Nederland, an encompassing association, representing about 70 per cent of hauliers, and Koninklijk Nederlands Vervoer, a more smaller, exclusive association organising the economically most important enterprises. Despite their co-operation in many fields and on many issues, the ongoing associational overlap in the upper segment of economically-important firms is subject to associational competition.

Figure 1

Figure 2
In sum, European integration has primarily had an impact on the associational systems in the Dutch road-haulage sector by adding economic impetus to a societal process of depillarisation, that is, a decline of cohesion within sub-societal units. While the cohesion deriving from denominational sources has been in general decline since the 1970s, the common interest in strengthening the sector’s competitiveness has increasingly gained importance since the 1980s, leading to a bundling of associational forces. In general, this may indicate that the effects of the logic of influence variables were stronger than the impact of the logic of membership variables. In 1997, however, two very small associations split off from TLN, clearly indicating that TLN’s strategy of incorporating heterogeneous member interests does not satisfy all member firms.\(^8\)

4.4 Interpreting Patterns of Change

As might be expected, thus far both similarities and differences could be observed. On the one hand, there were similarities in the way in which the configuration of associations in the transport sector in both countries adapted to the changing demands of their environments: the organisational development was characterised by a concentration process in both cases. On the other hand, there were significant differences: the associational systems were restructured at different times and according to different time frameworks, and the way in which the regulatory framework was transformed differed in each case. There is good reason to relate these differences to the relative dependence of the associational resource influx on the pre-existing regulations and to the role of public actors.

In Germany, the earlier involvement in implementing the pre-existing provisions guaranteed associations an income that allowed for an expansion them to expand their internal structure and their services, which, in turn, increased their importance for its constituencies. European integration has led to the abolition of the tariff system and, in so doing, has closed off this source of revenues. In addition, the revision of the transport regulations in Germany that accompanied European integration removed some avenues for the preferential treatment of transport associations. Thus, European integration has not only affected the material side of the associations, it has also challenged their representational function, which aimed at protecting established firms against competition from domestic and foreign hauliers.

An additional feature of the situation in Germany was that established patterns of public-private interactions were not provided with in-built incentives for structural change. Neither firms not associations had an interest in substantive regulatory changes. While the pre-existing regulatory framework guaranteed protection from foreign hauliers, it also provided associations with a relatively comfortable position in terms of finance and legitimacy. This structural-conservative character of transport policy-making in Germany is underlined by the fact that public actors were not given the power to initiate the reorganisation of the regulatory framework for the transport sector in general. Rather, the government was a prisoner of its own legislation, which had been built up around the state-run railways.\(^9\)

European policies in both the road-haulage and the railway sectors have significantly contributed to unravelling this knot, caused by intended and unintended structural conservatism; they have also made it possible for public actors to loosen themselves from the transport industry's tight embrace.

The most interesting difference between the German and the Dutch cases is that in the Netherlands the patterns of public-private interactions have been strengthened. For its part, this strengthening has been both a condition and an effect of the changes that have taken place in the Netherlands in the context of European integration. Several factors contribute to explaining these findings. Firstly, the inflow of resources to the hauliers associations in the Netherlands did not depend on a specific, protectionist regulatory framework, as it did in Germany. Thus, associations were affected by the financial impact of European integration not by changing the regulatory framework, but through the individual behaviour of their members. Faced with an increase in competition, on the one hand,
transport firms were less willing to pay their membership fees, and, on the other, they pled for a better representation of their interests in the increasingly-complex arena of multi-level policy-making.

The associational system has been restructured as a result of the transformation process, because both their constituencies and interlocutors have called for concentration and centralisation. For the members, overcoming traditional fragmentation has been important in helping to make their interests known to both national and European policy-makers. For public actors, a more encompassing association was preferable because they can "place a lot of the burden of reconciling divergent interests upon the associations' internal decision-making process" (Traxler 1987, 19). Government paid compensation to the associations for taking on the burdensome role of convincing reluctant constituents to participate in the restructuring process by increasing the degree of authoritative power delegated to the associations. At the same time, centralisation of the associational system has been a necessary condition for the realisation of the Dutch government's pro-active policy-making approach. It is only through co-operation with well-developed interest associations that it has been capable both "of developing a longer term view of the sector's development and of convincing members to abide by that view" (Coleman 1997, 135).

5. Conclusions

In empirical terms, the most important finding of this study is that economic and political integration in Europe does not necessarily have a negative impact on the capacity of associations to achieve relative autonomy at the national level. Rather, the extent to which European integration challenges the established balance between the demands of their constituencies and of their public interlocutors depends on the degree to which this balance relies on the pre-existing regulatory framework. In addition, the capacity of public actors to offer compensation to associations for participating in policies of competitive deregulation was of utmost importance.

In the German case, most associations relied a great deal on the protectionist regulations, which not only supplied them with a material income and helped to legitimise them, but also pacified domains in which there was overlapping interest. The liberal bias of European policies led to a dramatic decrease in the influx of resources to the associations. As this dramatic break was not able to be compensated for by their public interlocutors, it was of central importance that the associations adapt to the changing demands immediately, in order to regain organisational stability. In The Netherlands, by contrast, it was argued that adapting the domestic regulation to economic and political changes in Europe would result in more efficiency, i.e. that at the end of the process both the transport industry and their associations would be better off. After a process of mergers, the larger remaining association managed to incorporate the sector’s quite heterogeneous interests, and to honour its involvement in the sector’s transformation public authority was delegated. Thus it became even more autonomous from the associations.

In theoretical terms, the Schmitter-Streeck model, conceiving of associations as constantly torn between the conflicting demands of their constituencies and their public interlocutors, convincingly served as a means for delineating and explaining the impact of economic and political integration in Europe. In so doing, it enriches institution-theoretical approaches to studying the domestic impact of Europeanisation by employing organisational theory. The value of the model is twofold. On the one hand, it qualifies the emphasis on the view that a 'misfit' between institutional factors at the European-level and domestic processes is a necessary condition for expecting any change when studying policies, politics, or polities in Europe (Börzel and Risse 2000). There is nothing at the
European level to which the configuration of associations at the national level can be related: neither could we empirically find a European-level configuration of associations; nor is there any dominant European model of interest representation with the domestic configuration standing in a ‘fit’ or ‘misfit’ relationship. Rather, the observed changes could be related to the association’s reliance on the pre-existing regulatory framework and to the role of national governments.

On the other hand, this observation may indicate a more general shortcoming still evident in some of the Europeaisation research shares today. While the traditional research on European integration tended to overemphasise a bottom-up perspective by taking processes of policy-making and institution-building at the European level as the main dependent variable, research on the domestic impact of Europeanisation runs the risk of overemphasising a top-down perspective by taking European policies, politics, or polity as the point of reference for domestic change. What both approaches tend to miss is a more dynamic view that integrates the empirical findings and theoretical interpretations into a coherent concept that makes it possible to achieve a more encompassing understanding of developments in Europe’s multi-level polity, policies, and politics. In this respect, in the present study the Schmitter-Streeck model has only been used to illuminate one dimension of the supranational-to-domestic and domestic-to-supranational loop. Yet, both dimensions are so closely interlinked that, in separating them, one runs the risk of ignoring their reciprocal causation. To capture the particular dynamics of European governance in a more encompassing way requires that both dimensions be related to one another. The model is certainly apposite to this task. It is possible, for example, to integrate the findings of this study into an analysis of how associations cope with the multiplication of policy-making arenas in the multi-level European polity.

Finally, however, it would definitely be going too far to maintain that all the changes that have been observed and all the adaptations of associations were induced by European integration. It is undisputed that European integration represents a process of immense political and economic importance that both actors and institutions must pay their specific tribute to. Nevertheless, in some respects, European integration only speeds up the pace of developments that already have their own momentum at at both the national and the international level.

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Endnotes

(*) The authors wishes to acknowledge the helpful comments by the anonymous referees of the EIoP.


(2) Haas 1964; 1968.


(4) On the importance of historical crisis for the development of associations see van Waarden 1991.


(6) In addition to these 'political' imperatives, there are two 'organisational' imperatives, that is, the logic of goal formation and the logic of efficient implementation, which are part of the micropolitics within any association.

(7) Council Regulation 1841/88; Council Regulation 881/92; Council Regulation 3118/93.

(8) The 20 founding members of Wegvervoer Nederland felt their regional interests were no longer sufficiently represented by TLN, while the Vereiniging Eigen Rijders Nederlands was founded as a reaction to the significant increase of owner-drivers.

(9) Given the poor competitiveness of the railways, any deregulation of road transport would have implied a further increase in competition in transport markets which, in turn, would have led to a further decrease in the share of the railways – thus implying an additional increase in the subsidies
required for the railways.
**Figure 1**

Changes in the German Associational Configuration

![Diagram showing changes in the German Associational Configuration]

**Figure 2**

Changes in the Dutch Associational Configuration