

## THE EXTERNAL ENVIRONMENT OF PUBLIC AFFAIRS IN THE EUROPEAN UNION:

### PUBLIC POLICY, PROCESSES AND INSTITUTIONS

Philosophers tell us that it is logically impossible to “step into the same river twice”. For lobbyists it is equally true that you never lobby the same European Union twice. The process of change is continuous, subtle and unrelenting. Treaties are the milestones by which the Union marks the passage of current practice into legal form. Each act of lobbying and the response to it creates new precedents and open new possibilities. The Union is a vast dance to the music of power. Prime ministers, parliamentarians, diplomats, consultants, civil society and corporations constantly form new patterns and learn new steps. The speed and complexity of this continent-wide barn dance has accelerated in 2004 – the Year of Change. The coincidence of the end of the quinquennial cycle of the Union with both a major enlargement and a new Constitutional Treaty has kept everyone on their toes. The study of public affairs is a valuable exercise in its own right but it can also tell us a great deal about the societies which play host to public affairs practice. This chapter seeks to shine light on the European system of public affairs by comparing it with the American model and by examining commonly-expressed criticisms of both.

It has been suggested that *‘Public Affairs takes place in a macro-environmental context of public policy processes and institutions (aka the “non-market” environment) with which its practices interact. Public policy processes and institutions include the social, political and legal arrangements that structure interactions outside of, but also in conjunction with, agreements and exchanges made in private markets.’* Such a concept has its roots in the American experience and should be interpreted very differently in the European context.

This “non-market” environment for public affairs in the US operates in the context of a single, albeit federal, state with an old written constitution, a galaxy of lawyers and a tradition of litigation. Of course the system can be amended and it changes naturally as society shifts and evolves. There is clearly a difference between the functioning of the American political system as taught in the 1950s as a stable model of checks and balances and the current unhappy state of a system dominated by interests. However, the evolution is of a straight line nature and can be tracked and examined in a single political culture.

The situation in the European Union is very different. The Union is composed of different states. Each nation has developed different approaches to the role of the state, in some cases dating back more than a thousand years. Perhaps above all, each of the twenty-five states was exposed to extreme traumas in the 20<sup>th</sup> century from fascism to communism, via occupation, civil war and loss of empire. The European

Union that emerged from the experiences of 1914-45, aptly described as Europe's Second Thirty Years War, has advanced by international treaty. The treaty process from 1949 onwards was not a straight line advance dictated at a gathering of a few Founding Fathers. Rather it advanced along the lines of least resistance, sector by sector. This "journey to an unknown destination" danced to an essentially federalist vision. However, each individual step was dictated by functionalist compromise, resulting in cumulative complex Treaty documents. Each successive Treaty enshrined current practice and short-term aspiration. Only in the 21<sup>st</sup> century has the Union given birth to the so-called "Constitutional Treaty" which aspires to give Europe a single, logical and transparent constitutional document.

This path towards a constitution has been influenced by public affairs at every stage in a complex series of feedback mechanisms. For example, there was much more reference to Transport than to Agriculture in the Treaty of Rome, of 1957, yet primary agricultural lobbies were successful in creating the huge structure of the Common Agricultural Policy, whereas transport remained of little interest in the Union until comparatively recently. The European Union as it exists in 2004 is a shifting compromise between the supranational "community method" and various forms of inter-governmentalism. In a Europe of 25 nations there are now 26 forms of public affairs. It is the 26<sup>th</sup> variant that is the most important to master for public affairs success. This is the practice of public affairs in the European institutions – the Council of Ministers, the European Commission, the European Parliament, the European Court and the range of agencies and institutions scattered across the European landscape in the American tradition of pork barrel.

The European Union may have something approaching a single internal market, a substantially common currency and jointly-conducted negotiations on external trade, but its divisions are much more deeply rooted than the equivalent divisions apparent inside the USA. To influence this behemoth the public affairs practitioner needs a sense of history and cultural empathy, in addition to the toolkit of public affairs skills that apply in any political market. Good public affairs practice at the level of the Union requires sensitivity to national, regional and local identities, since sensitivity to ethnic and religious factors is built into the national structure of each state in a way that is not true in the melting-pot of America. There is a much wider range of living standard between the poorest and wealthiest states of the European Union than is the case in the USA. The countries of the Union overwhelmingly use Roman law, which often sits uncomfortably with the cultural inheritance of the Anglosphere. Perhaps the sheer difference of Europe is underlined by the fact that the Union now operates with a total of twenty official languages.

The European Centre for Public Affairs owes its birth to the first great cause celebre of European public affairs. In 1980, the so-called Vredeling Directive, on which the author served as European Parliamentary rapporteur, was an attempt to insert Dutch and German models of worker involvement into the boards of multinational companies. In the face of such provocation, many blue chip American companies dispatched phalanxes of Washington-trained experts to Brussels. The result was a tragi-comedy. Their lack of empathy for a complex political system that they did not understand proved instantly counterproductive, but brilliantly illustrated the gulf between different political systems and traditions on either side of the Atlantic. After

nearly twenty years of teaching by the European Centre for Public Affairs such mistakes are seldom made nowadays in either direction.

The European Centre for Public Affairs defines public affairs as “organised attempts to influence decision-making within a political system”. The phrase is therefore used to cover a much wider range of activities than is the case in the USA. It embraces corporate communications, government affairs, regulatory affairs, media relations, aspects of public relations and corporate social responsibility. The public affairs specialist in Europe is expected to be omni-competent, from monitoring and research through strategy-setting and coalition building up to the ten percent of the activity that involves lobbying contact with the target decision maker or stakeholder.

If the non-market environment is so different on both sides of the Atlantic, what can we say about the practice of public affairs in each society? In a well-established state, public affairs functions discreetly and without undue public comment. It plays a role similar to the plumbing of a house. One is only aware of it when it breaks down. In recent years the public affairs plumbing of the US political system has come to be regarded as the cause of just such a stink. Fareed Zakaria devotes a chapter to this subject in his recent book, *The Future of Freedom*. Writers as diverse as Thomas Barnett (*The Pentagon's New Map: War and Peace in the 21<sup>st</sup> Century*), Emile Todd (*After Empire*) and Timothy Garton-Ash (*Free World*) all refer to the impact of new lobbying processes on the way in which American policies are shaped. Garton Ash in particular draws our attention to the way in which the commercial and political marketplace of Washington differs from that of Brussels. ‘As analysts jostle for attention in the crowded market for ideas, they have to shout loudly like traders on the floor of a stock exchange. Shouting loudly to clinch an intellectual “trade” requires overstatement. It means taking a grand, simplifying idea and, egged-on by your magazine editor or book publisher, pushing it further: The End Of History! The Clash Of Civilisations! Europeans Are From Venus! ...’ He further draws our attention to the political marketplace: ‘in Washington, some three to five thousand jobs in government are filled by political appointees every time a new administration comes to power.’ In a land rich in communication, the impact of public affairs on American opinion helps to shape the worldview of the United States and thus, via the conveyor belt of globalisation, has a direct impact on the rest of the world. This is especially true given the emaciated state of those few institutions of political globalisation – as opposed to economic globalisation – which currently function. Conversely, the widespread sense of the ill-health of the American political system has also played a great part in shaping the world’s view of the United States, the declining respect in which it is held and the collapse of faith in its benevolent intentions.

In the US Congress, continuous gerrymandering by both major parties, substantially aided by computers, has produced a political system with very few swing seats. The country now reflects an almost perfect division between red and blue with the power of incumbency ever more influential. Participation levels have continued to drop. The direct power of money as expressed through Political Action Committees has continued to grow. The Democrat and Republican party structures have in essence become “Potemkin” parties, with only a passing reality during the primary season. This is not to argue that the interest groups are all-powerful in the system. The tobacco companies have certainly been forced back in recent years despite their sophisticated and well funded public affairs efforts, and it seems likely that the food

companies will face a similar road on the issue of obesity. If one were to believe American commentators' criticisms of their own political system, these trends have clearly created a permanent government by "interests" and an end to the separation of powers. These great entrenched interests make it very difficult for the American system to adapt to changes in the political environment. Defence policy was immensely slow to change after the Cold War and continued to reflect traditional assumptions about the desirability of big ticket spending, even if this produced armed forces ill equipped to deal with the asymmetrical angst of a Bin Laden. Similarly the power of certain fossil fuel companies to block America and the world's transition to a fossil fuel-free, climate-friendly energy policy has been on display in Administrations both Democrat and Republican. There is a vigorous debate about the failings of the American political system and the dominance of money which seems to co-exist quite happily with the continued functioning of the much-criticised system. This is not the place to examine the details of this money culture. It is in any case a much more subtle animal than is usually admitted by Europeans. Luigi Graziano in his excellent 2001 book, *Lobbying, Pluralism and Democracy*, is a fine example in the tradition of de Tocquville of a European with empathy producing new insights into the way America works. If one was to pick one particularly salient cause, amongst a range of other issues, for the dominance of monied interests in the American political system, it would be the freedom to produce political television advertising and the exorbitant cost of doing so.

This is not to say that money plays no role in the political contests of European states, and of course there are criticisms of the way European politics is run, especially from the traditional Left. There are well-documented cases of corruption at the highest level in Italy, France – and perhaps most surprisingly Germany, in the case of Chancellor Kohl. There are sleazy transactions in Britain, slush funds in Slovakia and backhanders in Belgium. And of course it would be foolish to overlook the influence of state-owned and parastatal companies in certain European states, and the intimate relationship between politics, business and administration in many European political cultures. One could detect some early signs of the Americanisation of the European political process in the late-1990s. Silvio Berlusconi capitalised on the collapse of the Italian post-war political system and used his money and media influence to create his own party, *Forza Italia*, which propelled him into the Prime Minister's office in a rather un-European way. Similarly, wealthy individuals such as Sir James Goldsmith and his Referendum Party, have had and will continue to have a major influence on the European debate by their articulation of Euroscepticism. The UK Independence Party, with its funds drawn largely from a single eurosceptic Yorkshire businessman, used American political techniques and advice to take 15% of the popular vote in the European Parliament Elections of 2004. However, nowhere in Europe is the political process as centred around the gathering of election funds as is the case in the USA. And at the level of the European institutions elections are still cheaper to run and less influential in outcome. Politicians take their seats in the European Parliament more on the basis of party position than on their individual ability to raise money and run. Put quite simply, elections are vastly cheaper in Europe, and politicians devote less time to gathering in cash. In consequence, European complaints about the practice of public affairs are rarely systemic. They tend to revolve around individual cases of over-aggressive lobbying or improper behaviour. Only on the far Left is there an extensive criticism of the practice of public affairs, a viewpoint perhaps best

documented in *Europe, Inc.*, produced by the Corporate Europe Observatory in Amsterdam.

How will the practice of public affairs in the European Union continue to change along with its political evolution? As the European corridors of power become more crowded with new arrivals and new issues, the professional public affairs community may need to review whether the current level of self-regulation is sufficient. Notwithstanding the Martin Report on corporate lobbying in the European Parliament and the stupidity of individual lobbyists in the case of chocolate eggs, there is no reason why the European Parliament and the other institutions should adopt an aggressive stance towards lobbying of all kinds. If they do so it will be because public affairs practitioners have failed to explain the validity of their craft. Much better that professional lobbyists propose any changes, rather than wait for some heavy-handed imposition in response to an as yet unknown idiocy – an idiocy perpetrated by individuals who neither understand nor respect the current delicate balance based as it is on the inter-institutional need for elegant information flow. Journalists and public affairs practitioners are essential lubricants of the European political system. Both must be alert to the need for change in their behaviour in this new Europe.

Similar changes are visible in the public affairs of the other key European institutions. Nowadays the power of the European Commission depends more than ever on the personality and credibility of its leadership. If the Commission can collectively succeed in recovering from its mid-life crisis, it may yet exercise as much influence as in its heyday. The complexity of the new system will be its ally. The fragile flower of its morale depends however on a shared ability to visualise what kind of institution it will be in ten years. It will remain however the paramount target for pro-active lobbyists, who are themselves part of the Commission's decision-making in the underground chambers of Commission-led comitology. It is the Council of Ministers for whom the next five years looks most challenging and where creative lobbyists could fish convincingly for power and influence. Working at the level of twenty-five is more than a numerical adjustment for the Council. It requires new practice, much of it centred around the increased significance of the Council Secretariat. New mechanisms for influencing the European debate in 25 capitals will also need to be developed. This will be a challenge for public affairs practitioners of all kinds, whether they style themselves as diplomats, civil servants or civil society activists. Despite the high profile of corporate lobbying, public affairs in the European Union is overwhelmingly a matter of both member states and third country governments lobbying each other.

Taken together these myriad challenges should be an invitation for Europe-based lobbyists to think of new ways of reaching their goals. Those who believe that more of the same will be sufficient in a Union of twenty-five, heading towards thirty-five, will be painfully disappointed. The merely mechanical is doomed to lose out to the innovative and the courageous. Effective public affairs, whether by diplomats, civil society, trade associations or officials can no longer be "learned on the job". Every player in the game should now be setting themselves training and competence targets for the next five years. It is generally agreed that a Europe of fifteen member states represented the outer limit of instinct and amateurism in European public affairs. In reality nobody can now claim credibly to understand the public affairs of twenty five

nations. The day of the renaissance public affairs prince, who armed with a decent education and three languages, could make a good fist of universal European coverage is now past. It is not just the formal structures of the Union which need to adapt to the new challenges. European public affairs is now a team effort requiring preparation and planning.

Only the congenitally foolhardy make long-term predictions about the future of public affairs. Logically, the continued evolution of a global political space to match the economic integration of existing globalisation should produce a convergence of practice amongst the different traditions of public affairs around the world. Many of the great international public affairs practices are ultimately owned by American companies and insofar as public affairs is taught at all at Universities and business schools it tends to be American models which predominate. On the other hand, it is apparent that European and American world views are on divergent trajectories. If this is the case in 2004, in what remains a predominantly Atlantic world, how much more will it be the case in 2050 in a multi-polar world where the public affairs traditions of Asia are of at least equal importance?

Tom Spencer

Executive Director European Centre for Public Affairs and  
Visiting Professor of Public Affairs, Brunel University.



© Tom Spencer