

## CHAPTER 61

# The Changing Shape of Public Relations in the European Union

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□ Lobbying and public relations in the European Union (EU) have dramatically expanded during the past decade.<sup>1</sup> This is a consequence of the increasing transfer of power from member states to the supranational level. The expanding lobbying community forms one part of a developing EU policy community. This chapter documents the increased importance of lobbying and public relations at the European level, sets out some of their characteristics, and underlines the Anglophone preponderance in lobbying provision and elite media. It is argued that there still is no genuine “public sphere” in which European matters are discussed; rather, to the extent that there is a common communicative space, this is dominated by a variety of elite interests.

### CHARACTERISTICS OF THE EU SCENE

Considered as a quasi-polity, the EU consists of four main institutions: the European Commission, the European Council of Ministers, the European Parliament, and the European Court of Justice. Together, these constitute a unique institutional arrangement.

The Commission is the “motor of the integration process” (Christiansen, 1996, p. 78). It formulates policy and implements EU legislation; therefore, it is the main focus of lobbying activities. Commission officials increasingly rely

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on groups and firms to supply them with good information and expertise and to suggest workable policy solutions (Mazey & Richardson, 1993). Lobbying groups with an interest in the policy area will "befriend" such people, gain their trust, and supply them with expertise.

Whereas the Commission pushes the political and legislative agenda, it is the Council of Ministers (drawn from all the member states) that is the key forum for intergovernmental bargaining. The Council's procedures are, however, more secretive than those of the Commission because of the intergovernmental nature of negotiations. Member states want to be able to put their own spin on proceedings and to play down any element of compromise. This makes the Council less accessible to lobbying groups; therefore, this body tends to be more dependent on national civil servants (Mazey & Richardson, 1992). What we learn of these decision-making processes through national media allows member-state governments to give the impression of victories and a lack of compromise over other EU countries. When asked about access to the institutions of the EU, British journalists claimed that it was most difficult to get information about the decisions made by the Council (Morgan, 1995).

The Parliament is the only directly elected body in the EU. Since the Single European Act of 1987, and even more so since the Treaty of European Union of 1991, the Parliament has had an increased role in "co-deciding" legislation with the Council of Ministers (Earnshaw & Judge, 1996). Its increased power has made it more of a focus for lobbying activities. The Parliament often transmits the causes of interest groups and lobbyists by pressuring the Commission, the Council, and national members of Parliament (MPs).

A key example of the Parliament recently flexing its muscles was its inquiry into bovine spongiform encephalopathy (BSE, or so-called "mad cow disease") during 1996-1997. The Commission was indicted for a cover-up of the risks of BSE so as to protect the beef industry. This is seen in the Commission and in the Parliament as a key historical moment in a longer term process. As Ken Collins, member of the European Parliament (MEP), chair of the Parlia-

ment's Agriculture Committee, and member of the BSE Inquiry team, put it, "BSE is unique. . . . There hasn't ever been a crisis like that before. It affected [political relations with the Commission] more than anything else I have ever known" (interview, May 25, 1998). As a result of the inquiry, several Commission officials were removed from their posts, and there was an organizational change that gave the Consumer Affairs Directorate much greater powers while removing some of the powers of the Agriculture Directorate ("Committee of Inquiry," 1997). The constitutional effect was to increase the Parliament's influence in such matters in the future.

The Court of Justice is perceived by many analysts as having made a substantial contribution to the process of European integration by its judicial activities, decisions on the interpretation of EU legislation, challenges to member states over the nonimplementation of regulations, and the resolution of arguments between the institutions over the legal basis of regulations. Citizens and interest groups from the member states also have taken cases to the Court of Justice challenging member states' implementation of legislation. Many cases are referred by national courts to the Court of Justice for clarification of EU legislation that, according to some commentators, allows the Court of Justice considerable scope in interpreting the intentions of the original treaty. Its interaction with other institutions and interests in developing both community law and policy has been crucial for European integration (Wincott, 1996, p. 183).

An indication of the impact of EU legislation on the national political space—to take the British case—and the extent to which power has moved beyond national boundaries can be seen from the following figures presented in a recent "think tank" report. It is claimed that 80% of economic and social legislation and 50% of all legislation is decided at the EU level, that 20% to 30% of civil service time is taken up with EU matters, and that 90% of EU decisions are made by national civil servants behind closed doors. As with other member states, EU law has precedence over U.K. law, impinging on all areas except housing, civil liberties, and domestic crime (Leonard, 1997).

The emergent European public sphere and its core constituent, the EU policy community, occupy a paradoxical position: The European polity suffers from a severe "democratic deficit," whereas the policy process in Brussels, Belgium, is extremely transparent in comparison to that of member states such as the United Kingdom. As David Earnshaw, director of government relations at SmithKline Beecham (and a former lobbyist and researcher for a leading Labour MEP), put it,

Everybody says . . . that Brussels is the most open transparent political system you are ever going to work with. . . . This is a very open, transparent, participatory, political system. It is why one can have an influence not just on tactical things going through the legislative system, but even on the design of the thing. (interview, May 26, 1998)

Such sentiments are shared by many nongovernmental organizations (NGOs) and interest groups. Yet, at the same time, the results of the process both in terms of the lack of democratic influence on policy outcomes and in terms of the dominance of sectional business interests, tend to speak of a policy arena that is closed. Furthermore, the limits of secrecy in EU institutions have been contested. *The Guardian's* Brussels correspondent John Carvel, backed by his newspaper and by the Danish and Dutch governments, took a successful case against the European Council for denying him access to documents "which should have been available under its freedom of information code" to establish the trail of ministerial accountability (Carvel, 1995, p. 17). A subsequent Council report on rules for disclosure of information was itself the subject of information management by both the Council and the Commission when it first was declared secret and then released ("EU: Secrecy Report," 1996).

In essence, the system is very open for those able to participate in it. Our research in Brussels showed that access to senior civil servants and other policy actors was comparatively easy. The emergent Euro-elite, however, mainly comprises business and political interests together with a range of NGO and interest group representatives. There is a marked lack of integration of the

wider civil society into the European policy arena. Strikingly, this lack of widespread public engagement contrasts with the relative openness of the Euro-political institutions to those who actually gain access to them.

#### THE POLITICO-BUSINESS ELITE AND ITS MEDIA

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Aside from the particularized activity of political exchange, there is a general framework of communications available to a European policy elite. There are newspapers and magazines that self-consciously address a European (as well as a global) elite audience conceived as composed of political and economic decision makers whose common language is English. The *Financial Times*, with a 9% share of the elite's "important business reading," is the most widely read daily newspaper in the 15 EU countries, Norway, and Switzerland. For this purpose, Europe's elite is defined as "the top 4 percent in terms of income and executive activity" (Research Services Ltd., 1996, p. 17).

The *Financial Times* is owned by Pearson PLC and is based in London. Although the newspaper has globalized its marketplace, Europe undoubtedly is a crucial regional market for the *Financial Times*, which publishes in the United Kingdom, France, Germany, Sweden, and Spain. Within Europe, among senior people in the continent's largest businesses, the newspaper outsells its daily competitors in 17 countries. In the key EU member states, especially France and Germany, members of the economic elite are willing to read a newspaper published in English because of its international standing. Inside the EU, the *Financial Times* is "usually cited as being favoured by official sources" because of its "European-wide readership" (Morgan, 1995, p. 333). Despite its global reach and ambitions, the newspaper's European edition contributes to a common agenda for a fraction of Europe's elite.

Along with the Benelux countries, France and Germany are the continental states of greatest interest to *The Economist*, owned by the Lon-

don-based The Economist Newspaper Ltd. Like the *Financial Times* but in the weekly market, *The Economist* is the most widely read newspaper of its category across Europe, amounting to 3% of the potential readership. The company holds that there is "a pan-European business-government elite . . . speaking English on a daily basis, using it in business and personal life." For *The Economist*, the EU's development offers "transnational cultural opportunities" for selling its product (interview with Simon Philips, marketing executive of *The Economist*, April 21, 1998). Survey figures support these views: Of the top 4% of employees across 14 of the richest European countries examined (a mere 5.7 million people), 68% speak or read English, and of these, more than 38% use some English at work, albeit with major variations among countries (Research Services Ltd., 1995, p. 11).

The Economist Newspaper Ltd. also has recognized the potential of the political microculture in Brussels described earlier, launching *European Voice* in October 1995 based on the model of Washington, D.C.'s *Roll Call*. *European Voice* is a weekly newspaper with a "village feel" to it aimed at all the top people in the Brussels micropolity. The publication has "the exclusive cooperation of the European Commission, the Council of Ministers, and the European Parliament, who circulate 7,000 individually addressed copies of the newspaper to commissioners, their cabinets, MEPs, and A grade civil servants." Other targets are registered lobbyists, the business community, and the press, with a total circulation reaching 16,000 (<http://www.european-voice.com/advertise/2.p15>, January 1999; interview with Hugh McCahey, marketing executive of *The Economist*, April 21, 1998).

#### THE PUBLIC RELATIONS INDUSTRY IN EUROPE

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The public relations industry in Europe is very unevenly developed. In 1996, 13 of the top 15 European consultancies were U.S. or British owned. The world's largest advertising, marketing, and

communications conglomerates (e.g., Lopex, Cordiant, Grey Advertising, Young and Rubicam, McManus Group, Interpublic) each owns 1 of the top 15 European agencies, and the very largest corporations (e.g., Omnicom, WPP) each owns more than 1.<sup>2</sup>

The public relations market in Britain is far bigger than those in other European nations (Table 61.1). Part of the explanation for this lies in historical, political, and economic differences among Western European states along with cultural differences in policy styles. However, the size and development of the public relations industry in the United States and Britain is a key reason why British and U.S. firms dominate the market in most member states of the EU. In 1995, only the Netherlands had more than 6 independent agencies in the top 20, and Italy had only 1.<sup>3</sup> The lobbying scene in Brussels, the seat of the European government, is also dominated by U.S.- and British-owned or Anglophone consultancies. Most of the bigger agencies are Anglophone in origin and operating language (although nearly all Brussels lobbyists are at least bilingual).

Concentration of ownership is also occurring. Many of the leading Brussels lobbyists are subsidiaries of multinational communications corporations. For example, GPC Market Access is owned by Omnicom, European Strategy is owned by Lopex, and APCO is owned by Grey Advertising. In 1998, one of the biggest and most respected independent lobbying firms, Adamson Associates, was taken over by Charles Barker BSMG, itself a subsidiary of the U.S. giant, True North. This move probably signaled the beginning of the end for independent public relations or lobbying consultancies of any significant size in the Brussels arena, although the strength of the accountancy, law, and management consultancy sectors might slow down the takeover process. Lobbying and public affairs in Brussels have acquired a specific character because of these professions. Although much of the impetus to develop the consultancy industry came from specialization within public relations as well as from the more traditional development of ex-ministers, MPs, MEPs, and civil servants acting as lobbyists, the heightened complexity of regu-

TABLE 61.1

Relative Sizes of Public Relations Agencies in Europe, the United States, and Japan

Country	ICO Members, 1991	ICO Members' Employees, 1991	Members' Fee Income, 1991 (thousands of ECUs)	Fee Income of Top 10 Agencies Combined, 1995 (thousands of British pounds)	Estimated Fee Income of Industry as a Whole, 1997 (billions of dollars)
Belgium	16	187	12,640	16,494	
Denmark	12	60	4,920		
Finland	24	119	12,000		
France	26	589	43,620	55,813	0.7
Germany	30	975	66,359	54,981	0.9
Greece <sup>a</sup>	16	64	2,300		
Holland	50	396	27,326	20,400	
Ireland	25	250	13,200		
Italy	21	440	34,098	18,199	
Norway	12	40	2,800		
Portugal <sup>a</sup>	4	45	1,060		
Spain	16	250	19,444	15,671	
Sweden	23	182	20,000		
Switzerland	11	228	20,780	22,416	
United Kingdom	163	4,145	239,400	133,255	3.1
United States				642,221	16.6
Japan					2.4

SOURCES: Figures in the first three columns are from the International Communications Organization cited in Mazur (1992). Figures in the fourth column are from "Europe: Top European Consultancies" (1996); figures for United States are from O'Dwyer's Web page (<http://www.odwyerpr.com/rankingspagecopy.htm>). Figures in the fifth column are from WPP Group PLC (1998).

NOTE: ICO = International Communications Organization; ECUs = European Currency Units.

a. *Observer*.

latory regimes in the EU has meant that some law practices have become specialists in advocacy and regulatory analysis. In addition, the lobbying and public affairs industries in countries such as France and Germany owe much more to these professions than is the case in Britain. More than 150 law practices and a similar number of

accountancy firms are active in Brussels, many in some form of lobbying (Landmarks, 1997).

In Britain, the public relations consultancy sector expanded nearly 10-fold in real terms between 1979 and 1997 (Miller & Dinan, 2000). Most medium-sized to large British public relations consultancies now offer advice on Euro-

pean policy and legislation. Most of the bigger global consultancies also have public relations or lobbying offices in Brussels (e.g., Burson-Marsteller, Hill & Knowlton, Grayling Group, GCI, Fleishman-Hillard Shandwick, Edelman, Countrywide Porter Novelli).

In 1988, the total number of lobbyists in consultancies was estimated to be 500 (van der Straten Waillet, 1989, p. 11), and by the end of the 1980s, Berry (1991) reported that "only a small number" of British consultancies had "gone to the lengths of establishing associate offices in Brussels" (p. 213). The Single European Act of 1985 and the Treaty of European Union of 1991 have been crucial markers of the rise in lobbying capacity both in the consultancy and the in-house or trade association sectors. By the mid-1990s, the lobbying presence had increased dramatically. Estimates vary, but most suggest that there were between 10,000 and 15,000 full-time lobbyists working in Brussels for consultancies and also, more important, for companies, trade associations, and the like (Benoit, 1998; Clarke, 1996). In the early 1990s, Mazey and Richardson (1993, p. 14) estimated that there were 3,000 organizations and 10,000 lobbyists.

Staff levels doubled during the 5 years between 1993 and 1998, and the figure could double again by 2005. In 1998, half of the top 10 lobbying consultancies had been in Brussels only since 1990 or later, and only 2 had been in existence for more than 11 years (Benoit, 1998; Gardner, 1991, p. 56). Indeed, some notable players on the British lobbying and public relations scene, such as APCO and Shandwick, arrived in Brussels as late as 1995 (Bevan, 1995; "Boosting Own Brands," 1995).

Lobbyists apparently spend between 7 billion and 10 billion Belgian francs (between \$190 million and \$270 million) a year in Brussels (Benoit, 1998, p. 10). As a consequence, the Belgian public relations market is made up of a relatively high proportion of consultancies with high fee income. Only the Belgium, Switzerland, and U.K. markets included consultancies with more than £10 million fee income in 1997 (Hollis Directories Ltd., 1998, p. 26). Unsurprisingly, Belgium also has the highest proportion of consultancies that conduct European campaigns (p. 28). There

was a marked upturn in the pace of public relations and lobbying activities following the Treaty of European Union in 1991 (Hollis Directories Ltd., 1994, p. 41). However, even the bigger lobbyists do not necessarily bring in huge fees, and profits often are modest by public relations standards. Lobbying and public relations consultancy activities focused on the European institutions currently are undergoing marked growth. According to our sources in lobbying and public relations in Brussels, budgets topping £1 million may be spent by multinational corporations or collective interests in a single lobbying campaign. This is not surprising given the impact of EU regulations on cost structures in the European marketplace.

One of the key factors in the rise of the public relations and lobbying scene in Brussels was the early recognition of the significance of the European marketplace by U.S. multinationals. Large corporations, such as Coca-Cola, Alcoa, Dupont, Monsanto, Ford, IBM, and General Motors, set up government relations teams in Europe and began hiring public relations consultancies. "Of the 500 companies with [in-house] lobbying/government relations offices in Brussels, one third are American" (Benoit, 1998, p. 10). In addition, the flood of U.S. multinationals quickly led to U.S.-based public relations companies setting up offices in London, Brussels, and other European capitals (Mazur, 1992). Setting up offices in London was an obvious choice for many U.S. consultancies given the proximity of language and other cultural similarities as well as the significance of the city as a European financial center. However, some multinationals, such as IBM, also set up operations in Brussels. It is likely that the Anglophone dominance in public relations and lobbying will strengthen as new member states are admitted to the EU. Large companies in countries such as Sweden have tended to opt for English-speaking consultancies when entering the EU given their linguistic preferences (interview with Steven Atack, executive search consultant and editor of *Public Affairs Newsletter*, October 15, 1997). The lobbying and public relations industries targeting the EU have not yet faced the type of criticism aimed at their British equivalents (Greer, 1997; Leigh &

Vulliamy, 1996). However, lobbying activities and the outside interests of MEPs also have become an issue debated by the European Parliament since the early 1990s. In early 1996, MEPs voted in favor of a code outlawing the acceptance of gifts from outside interests and introduced a register of lobbyists that is notable for the lack of rigor with which it is enforced (Butler, 1996, p. 2; for a discussion, see Greenwood, 1998).

### LOBBYING IN PRACTICE

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The extensive "Europeanization" of governmental processes is reflected in the development of a truly transnational European political community. It is apparent that a supranational public space has indeed evolved around the policy-making actors in the various institutions. There are certain organizations that play an active role in policymaking and, therefore, have a more Pan-European approach to their activities than do others. These include the Union of Industries in the European Union and the European Trade Union Confederation, both of which are regularly consulted by the EU. Many other organizations have expanded, and in some cases have initiated, their advocacy activities to influence EU legislation. But even here, much of this activity ultimately relates back to national or regional interests.

This can be illustrated by reference to British business interests. Small and medium-sized British businesses and their representatives, such as the Institute of Directors, have been less enthusiastic about the EU than have larger corporations, particularly in the financial sector, and organizations such as the Confederation of British Industry. Their skepticism has, in some cases, led to a reliance on national government as a bulwark against Europe (PR Central, 1996). One consequence of this is that some British companies are less reliant on public relations and lobbying in Brussels than might be expected. Gerry Wade, a public affairs consultant with extensive in-house lobbying experience in Brussels, set up his consultancy in London:

We had a very serious discussion about opening our office in Brussels because it was our view that that is where the action was going to be longer term. Thank God we didn't because we would have been out of business very, very quickly. (interview, January 29, 1998)

The officially recognized regions of member states tend to have representative offices in Brussels. Despite criticism of this development by the national governments of some member states, the European Commission established a Consultative Council of Regional and Local Authorities, which is consulted on policies regarding regional development (Mazey & Richardson, 1992). In 1995, it was estimated that there were some 60 territorial offices in Brussels (Mitchell, 1995). These actors often cooperate with particular industries important for their regions. According to Gardner (1991), the involvement of regional representatives in a lobbying campaign "can impart a European 'spin' to an issue" (p. 67). Canel's (1994) analysis of the activities of EU regional agencies argued that the majority of the work involves "information mediation" in that the agencies provide details of EU policies and plans to other bodies at the national level as well as to regional governments in different countries. In general, regional bodies, such as other sectoral and industrial groups, have to establish liaisons with central government representatives in the EU on common lobbying strategies (Mazey & Mitchell, 1993).

EU information initiatives also are intended to work through regional links for reasons of "subsidiarity" and to recognize the growing legitimacy and voice of regions at the EU level. A good example of such regional articulation is Scotland Europa, which represents a variety of both public and private sector interests but mainly serves as an information office. Many sectoral interests do not operate through Scotland Europa, largely because relevant competencies remain with central government. Consequently, some Scottish interests have been expressed through U.K. representation, leaving it up to relevant British ministers, especially the Scottish secretary, to exert influence on the line taken at the EU level (Mazey & Mitchell, 1993;

Mitchell, 1995). Now that Scotland and Wales have devolved, their regional representation in the EU will develop in line with the changes in governance in those countries.

Non-EU interests also are extremely visible. As noted, U.S.-based multinationals have long seen Europe as a single marketplace, albeit one with different cultural and national sensitivities and regulations. According to nearly every writer on the subject (e.g., Gardner, 1991; Greenwood, 1997; Mazey & Richardson, 1993), the most important operator is the EU committee of the American Chamber of Commerce, widely noted as an extremely skilled and effective lobbyist for the interests of U.S. capital.

Although U.S. and other multinationals do have a privileged role in the EU arena, other interests also are at play. The case of the EU's Cocoa Directive highlights the increased complexity of lobbying inside the European Union and draws attention to the crucial role of both coalition building and resources in lobbying.<sup>4</sup> The Cocoa Directive has been one of the longest running lobbying battles in the EU arena. It revolves around the attempt to harmonize European-level policy on the constituents, definition, and labeling of chocolate. In 1973, when the United Kingdom joined the EU's precursor, the European Economic Community, it obtained an exemption from the general rule that chocolate had to contain only cocoa butter. This allowed British manufacturers to include up to 5% of non-cocoa vegetable fat and still call the product chocolate. The issue has been whether to move to the U.K. standard or to retain the Belgian/French standard.

The arguments have involved the chocolate manufacturers in each European country, their national trade associations, Europe-wide trade associations, and European umbrella associations of national trade associations. The European Parliament and the European Commission also have been involved. Countries that export much of the cocoa butter or, alternatively, the vegetable oil also have a direct interest in the debate. So, developing countries such as the Ivory Coast, Niger, and Mali have been involved in the debates, as have development and fair trade interest groups such as Oxfam. The lobbying effort

since 1973 has been immense, involving a wide range of Brussels-based and wider European public relations and lobbying consultancies together with the government relations officials of corporations and various trade associations and business interest groups (Mann & White, 1998).

Such debates and the mediation of interests that accompanies them are extremely complex and take up extensive resources and effort on the part of the interested parties. Yet, a telling symptom of the democratic deficit is that they are barely reported in member states and certainly do not become major issues in the domestic media.

## CONCLUSION

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Lobbying and public relations activities in the EU are increasing in scope and intensity. They also are diversifying by targeting not just the EU institutions (although that is their primary arena) but also national and regional governments in the member states. Trade associations, corporations, and interest groups also are increasingly finding themselves the subjects of lobbying and coalition building by the growing cohorts of promotional professionals.

Lobbyists and public relations people form a key part of the emergent European political elite. Their personal and professional histories are intertwined with other elements of both the European and member states' political elites. Many key actors have experience in party politics, have occupied research positions for politicians, have lobbied in consultancies, or have worked in civil service or journalism. Lobbying and public relations are largely undertaken for corporate and other sectional interests, and they increasingly mediate between these and the EU's institutions.

At present, the dominant trend in the evolution of EU-centered public relations and lobbying appears to be reinforcing intense interaction within a relatively closed policy community. This tendency is further supported by developments in some Europe-wide media sustaining a restricted communicative space that, above all,



serves the European elites (Schlesinger, 1999; Schlesinger & Kevin, 2000). Consequently, the EU's "democratic deficit" appears more likely to increase than to decrease.

#### NOTES

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1. The European Union consists of the following 15 member states: Austria, Belgium, Denmark, France, Finland, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

2. WPP-owned agencies include Hill & Knowlton and Ogilvy, Adams, and Rhinehart (ranked 5th and 14th, respectively), and Omnicom owns Porter Novelli International, Fleishman-Hillard Europe, and Ketchum PR Europe (ranked 2nd, 10th, and 11th, respectively).

3. Figures on European companies are from "Europe: Top European Consultancies" (1996) and "Europe: Top European Agencies" (1997), both *PR Week* supplements.

4. Information on the Cocoa Directive is from interviews, especially with Andrew Johnson of Charles Barker, May 27, 1998; as well as from Mann and White (1998) and PR Central (1996).