

The more, the merrier? Interest groups and legislative change in the public hearings of the German parliamentary committees

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Introduction

In modern democracies, legislation is hardly possible without the involvement of organized interests. First of all, interest groups aggregate the many and complexity individual interests and provide decision makers with information about the citizens' view and preferences. The interaction between organized interests and decision makers is therefore not only beneficial to legislation but also to democracy. Furthermore, groups can provide legislators with important technical information and expert knowledge that is needed when developing legislation. Lobbying is therefore sometimes considered to form a legislative subsidy consisting of policy information, political intelligence, and help in the development of legislation (Hall and Deardorff 2006).

Administrations and ministerial bureaucracies are the first and most important venue for interest groups, since governments usually have the policy initiative. However, parliaments also play an important role both in agenda-setting and decision-making. A parliamentary majority is required to enact or amend bills, and most parliaments have instruments available for agenda-setting, which makes them attractive for groups. Consequently, the last decades have seen an adjustment of the picture that interest groups' use of the parliamentary channel was described as a rather ineffectual (Binderkrantz 2014). Although recent studies revealed the importance of parliaments as venues for interest groups (Kriesi et. al. 2007; Binderkrantz 2005) and some attention has been devoted to interest mediation in parliaments (Liebert 1995; Rommetvedt et al. 2012), empirical studies of parliamentary interest mediation are still scarce, particular compared to the studies about lobbying in administrations (see Lehmruch 1987).

In our opinion, a more explicit focus on the interaction between groups and legislators and study of interest group strategies, access, and influence over time and across countries would enhance our knowledge of the policy process (see also Binderkrantz 2014). In recent years, the Danish INTERARENA-Project (Interest groups across political arenas) drawing on resource exchange theory, has aimed at explaining the influence of interest groups in administration, parliament and media arena in Denmark, the UK, and the Netherlands (Binderkrantz et al. 2013, 2014; Pedersen, Halpin and Rasmussen 2014). Building on the INTERARENA research design, we analyse the presence of interest groups and experts in all public hearings of the permanent committees of the German parliament (Bundestag) in 2011. This formalized communication between interest groups and parliamentarians in public hearings has so far been little investigated (von Winter and Blumenthal 2014: 8; von Beyme 1998: 47). The number of empirical studies on interest groups in public hearings in Germany falls behind the number of their counterparts in other European countries (Sack and Fuchs 2014: 164). We hope that our cross-sectional analysis yields some insights into the role of committees, policy areas, and interest groups in the German parliament.

We examine two main arguments. The first argument is that interest groups do not act as veto players, but as legislative change agents. Veto players are individual or collective actors who have to agree to policy changes and are specified by the constitution or the political system (Tsebelis 2002: 2). Clearly, according to this definition interest groups are no veto players, not even in most corporatist settings. Nevertheless, interest groups may be able to exert a *factual* veto position in legislation. However, we seek to demonstrate that interest groups are not even factual veto players in German parliamentary legislation, but that they can act as successful change agents who bring undesired legislation closer to their own policy preferences.

Our second argument is that business interests are better able to trigger legislative changes than other types of interests. As part of the criticism of pluralistic approaches which assume equal opportunities and an open competition of diverse interests, corporatist and neo-pluralistic approaches highlighted the structural asymmetry between different kinds of interests. They put into question the notion that different types of interests have the same capacities to organize and act collectively (Olson 1965; Lindblom 1977; Offe and Wiesenthal 1985). This is of great interest, because an asymmetric representation of interest groups in parliamentary hearings may distort the political process and turn the positive effects of group involvement into negative ones.

This paper is structured as follows. In the first section we discuss the role of interest mediation and committees in the German Bundestag. In the second section we present the data for our empirical analysis, before we test our hypotheses in the third section by means of two regression analyses, one aimed at establishing if interest groups are factual veto players or not and the other designed to analyze if they are change agents. Furthermore, we control for the impact of interest group types and density, policy areas and institutional factors. The conclusion in the fourth section summarizes our main findings and discusses their implications for future studies of interest mediation in parliaments.

The role of parliamentary interest mediation and parliamentary committees

Interest groups can operate as ‘venue shoppers’ and move between different access points to decision making (Baumgartner and Jones 1993). Here, the strength of parliament affects the emphasis groups give to lobbying parliament. The extent of influence parliament exert on legislation is on the one hand dependent on its relationship towards the executive. This relationship varies with the mode of interest mediation that is prevalent in modern democracy, on the majorities in government and parliament and on the institutional setting of government and parliament. First, in corporatism, decisions tend to be made in the pre-parliamentary stage and are only formally adopted

by legislatures. Accordingly, the widespread decline of corporatism may lead to a strengthening of parliaments and pull interest groups towards more parliamentary lobbying. Secondly, parliaments are more important to interest groups when the majorities in executive and legislative differ, as is often the case in the Scandinavian parliamentary democracies Sweden and Denmark and regularly in presidential political systems. In these circumstances, parliaments are politically more powerful, since most governments must then obtain parliamentary majorities with one or more opposition parties. Combining parliamentary and government lobbying seems to be the most promising strategy, when the government can no longer make credible commitments (Rommetvedt et. al. 2012: 467-468, see also Binderkrantz 2005, Kriesi et al. 2007).

Thirdly, parliament's functions and resources affect its influence on legislation. Some legislatures are particularly important with regard to agenda-setting, while others are more powerful in shaping legislation (see Döring 1995; Strom, Müller and Bergmann 2003) which may affect the type of groups that lobby parliament (Binderkrantz 2014). Furthermore, it matters if the main task of the parliament is debating of or working on bills. So called debating parliaments claim to be the main forum for the formation of public opinion. Consequently, their most important arena is the plenary, while parliamentary committees are of minor importance. In contrast, in working parliaments power is located in the committees, while the plenary discussion is of secondary importance. Their professionalised structures enable parliamentarians to become influential legislators by concentrating on specific issues (Steffani 1979: 95-97). In his comparison of 23 parliaments, Martin Sebaldt illustrated that working parliaments like those in Germany, Finland, Austria and the United States affect legislation more effectively than debating parliaments. Their legislative power is grounded in their large staffs which are able to pursue legislation based on their expertise and in an effective structure of committees, where parliamentarians can specialize and professionalize. In the debating parliaments in the UK, Ireland, France, and Switzerland parliamentarians concentrate on the plenary debate, while committees are less professionalized (Sebaldt 2009).

The German Bundestag is considered to operate as a working parliament. International comparisons of parliamentary powers attribute a wide range of agenda setting and legislative powers to it (Döring 1995; Fish and Kroenig 2009) which turns it into a 'most likely' case (see Eckstein 1992) for parliamentary interest group representation. Its parliamentary power is ensured by an effective system of committees. Its internal division of labour allows for a professional review of bills which often results in amendments to government bills (Sebaldt 2009: 157-159). The rules of procedure of the Bundestag describe the permanent committees as bodies responsible for preparing the decisions of the Bundestag (§ 54 (1) Go-BT). The committees are made up of members from the various parliamentary groups in proportion to their strength in parliament. They mirror the structure of the

Federal Government so that there is a permanent committee for each of the government departments. After their first reading in the plenary of the Bundestag, bills are referred to the relevant permanent committee. However, many bills affect more than one policy area, and it is not always obvious which committee will put in charge as leading committee. If several committees are appropriate, the bill is referred to all of them for consideration, and one is put in charge as the leading committee. The committees usually revise the bills, which then pass the Bundestag in their committee version. Thus, the members of the committees do a considerable amount of the policy work involved in the process of adopting legislation. Therefore, committees may be a good venue for organizations to act as change agents by moving the bills closer to their interests. Committees may also decide to reject a bill, which turns them into potential veto players. Therefore, they could also serve as venues for interest groups who may act as factual veto players.

One of the most important powers that parliamentary committees have is the right to hold public hearings and to invite representatives of social groups to them. The public hearings serve several functions. First, the hearings enhance the legitimacy and transparency of decisions. Since they take place at a relatively late point in time in the legislative process, not only interest groups, but also parliamentarians use them to justify their positions (von Beyme 1997: 234; von Winter 2014: 194). Secondly, the hearings generate knowledge, on the one hand about *policies* by inviting experts and stakeholders who provide information about the respective issue. Committees obtain information from experts to learn more about the background of the issues on which they deliberate. This practice reduces the dependency of the parliamentary position on the information provided by the ministerial bureaucracy (Liebert 1995: 412). Thirdly, the hearings provide knowledge about *politics* by revealing the different positions on the topic as well as the sources of opposition and support (Sack and Fuchs 2014: 162). They provide interest organisations and policy experts with the opportunity to represent their views at the Bundestag (von Winter 2014: 194). Thus, hearings also contribute to the transparency of private interest group positions in the legislative processes (Liebert 1995: 412).

In public hearings, interest mediation is highly visible in the Bundestag. International empirical studies suggest that parliaments are contacted by groups who are also well represented in other relevant institutions (Binderkrantz 2005; Rommetvedt et al. 2013). Accordingly, the parliamentary strategy is not necessarily a “weapon of the weak” (Binderkrantz 2014). This holds also true for Germany, where the committee members tend to invite the relevant organizations in the policy area they are in charge of. The hearings are meant to mirror the arguments, actor constellations and conflicts in the policy area (von Winter 2014: 194-196) as well as party political alignments. Usually, the invited groups don’t miss the opportunity to present their views and don’t grant publicity to their competitors only. In sum, invitations to public hearings are considered to be a significant indicator for

the relevance and standing of interest groups (von Beyme 1997: 208-213; 1998: 47). Analysing the composition of hearings in different policy areas, at different points of time or in different countries can contribute to an understanding of parliamentary decision-making and of patterns of interest representation (von Winter and Blumenthal 2014: 8) even though procedural variations must be taken into account.

It is important to note, however, that the presence of interest groups in public hearings does not necessarily say anything about their actual influence on legislation. Access as contacts between interest organizations and public institutions signifies political importance and constitutes a necessary step toward achieving influence, but is not equal to influence (Eising 2007: 331-332). Influence is only obtained when groups affect political decisions (Dür and de Bièvre 2007). Clearly, access can come without influence and influence may come without access. Therefore our research project aims both at measuring the presence of groups in public hearings as an indicator of access, and at measuring their impact on bills as an indicator for their influence on legislation. The extent of influence resulting from interventions of interest groups in the legislative process was so far mostly gauged based on case studies (Sack and Fuchs 2014), while quantitative analyses aimed mostly at studying the input (von Beyme 1997, 1998) or the access (von Winter 2014) of interest groups to parliament.

In this paper we test the following four hypotheses. First, we assume that there is a structural asymmetry between different kinds of interests to organize and act collectively. Mancur Olson (1965) argued that diffuse interests, like those representing the environment or consumers, are dominated by concentrated ones. Small groups organize and achieve political influence more easily than large groups who seek to provide collective goods that will not (only) benefit their members. The latter have greater difficulties to organize because of the problem of free riding with respect to public goods. Regarding unions and business groups, Claus Offe and Helmuth Wiesenthal (1985) suggest that interests of workers and capitalists are, to a different extent, subject to the risk of distortion. Caught in the problem that workers can neither fully submit to the logic of the market, nor escape from it, worker's organizations are constantly involved in processes of finding out what their interests are and how they can be pursued. In contrast, capitalists find it easier to clarify their preferences than the working class; collective action is much easier for the former than the latter. Charles E. Lindblom (1977) notes a privileged position of business compared to other interests in the relationship between state and market. Since business interests serve a fundamental function for economic prosperity and political stability, government will give them priority. In sum, these studies posit a structural advantage of producer and employer interests over other interests, for instance

employees' or public interests. Therefore our **hypothesis 1** is that business interests are more likely to act as veto players and change agents than other types of actors.

Secondly, we expect that the substance of the policy advocates' statements bear on the likelihood that a proposal passes as well as on the amount of change it undergoes. Although the impact of public hearings on legislation is often estimated to be low, by triggering processes of policy learning hearings may lead to significant changes of bills (Sack and Fuchs 2014; von Beyme 1997: 241). When analyzing the impact of interest group statements, we suggest distinguishing between individual statements and the balance of statements on a bill. Regarding the former, we assume in our **hypothesis 2a**, that stronger opposition of an interest group against a bill is more likely to trigger a veto against a policy proposal or to cause at least a larger amount of changes to the bill than minor opposition of an interest group. However, parliamentarians do not only judge individual statements, but also the overall opinion of the invited actors on a bill, which leads us to our **hypothesis 2b**: If there is a balance of interest group and expert positions against a bill, it is more likely that the bill is vetoed or changed than if the balance of interest group and expert positions is in favor of the bill.

Thirdly, we do not just take into account the types of interest organizations and the types of positions these assumed but analyze also if lobbying in a crowd makes a difference. Here, we need again to distinguish between individual and aggregate effects. For individual policy experts and interest groups it may be harder to get their voices heard if many rather than few actors participate and compete in legislative debates. Moreover, the political competition of the policy advocates may even some political demands out and leads to political stalemate. The more organizations are invited, the more unclear the situation tends to be. As a consequence, parliamentarians may follow the arguments of the invited experts (von Beyme 1997: 235). Nonetheless, at the aggregate level, we suppose that myriads of policy statements in a policy debate should lead to greater policy change than fewer policy demands. Accordingly, our **hypothesis 3** is that Bills debated by a larger number of policy advocates are vetoed more often and will undergo greater changes during the policy process.

Furthermore, we control for several other factors that might affect the presence and influence of interest groups statements in public hearings on bills. First, interest group participation and influence may vary across different *policy areas*. In older, established, and mainly redistributive policy arenas like economic or social policies, corporatist patterns of interest mediation prevail resulting in a limited number of singular, noncompetitive, hierarchically ordered and functionally differentiated organizations which inhibit a representational monopoly within their respective categories (Schmitter 1979: 13). These umbrella organizations and peak level groups can hardly be excluded from the hearings. In contrast, in younger, less entrenched and mainly regulatory policy areas like environmental policies, interest representation is more pluralistic, which means a larger number of

multiple, competitive, non-hierarchically ordered interest groups which do not exercise a monopoly of representational activity within their respective categories (Schmitter 1979: 15). Thus, more interest groups should participate in public hearings in pluralistic policy areas than in corporatist policy areas, and interest representation in the former should be more fluid. Secondly, the participation of policy experts and interest groups may vary along parliamentary committees, since committees are in charge of different policy areas and as they may, to some degree, develop their own logic and routines of consultations. Thirdly, we control for the type of bill. Some laws (Einspruchsgesetze) can be passed without the consent of the Bundesrat, the legislative body that represents the Länder in Germany's cooperative federalism. However, consent laws (Zustimmungsgesetze) impact on Länder competencies or capacities, and can only be passed if they obtain the consent of the Länder representatives in the Bundesrat. Accordingly, it should not only be more difficult to pass consent laws. These should also be subject to a larger amount of modifications and amendments.

In this analysis, we cannot vary the impact of political majorities in the Bundestag. In 2011, the conservative Christian Democratic Party and the Free Democratic Party formed the government majority. As parliamentary interactions with organized interest are mediated mainly by parties and parliamentary groups acting as gate keepers (Liebert 1995: 411) and as every parliamentary group has a right to invite experts and interest groups in line with their relative strengths in parliament, access (and influence) may differ with parliamentary majorities and party-political alignments of interest groups. For instance, the presence and influence of unions and environmental interest groups might enhance when Social Democratic or Green parliamentary groups are part of the government majority in parliament.

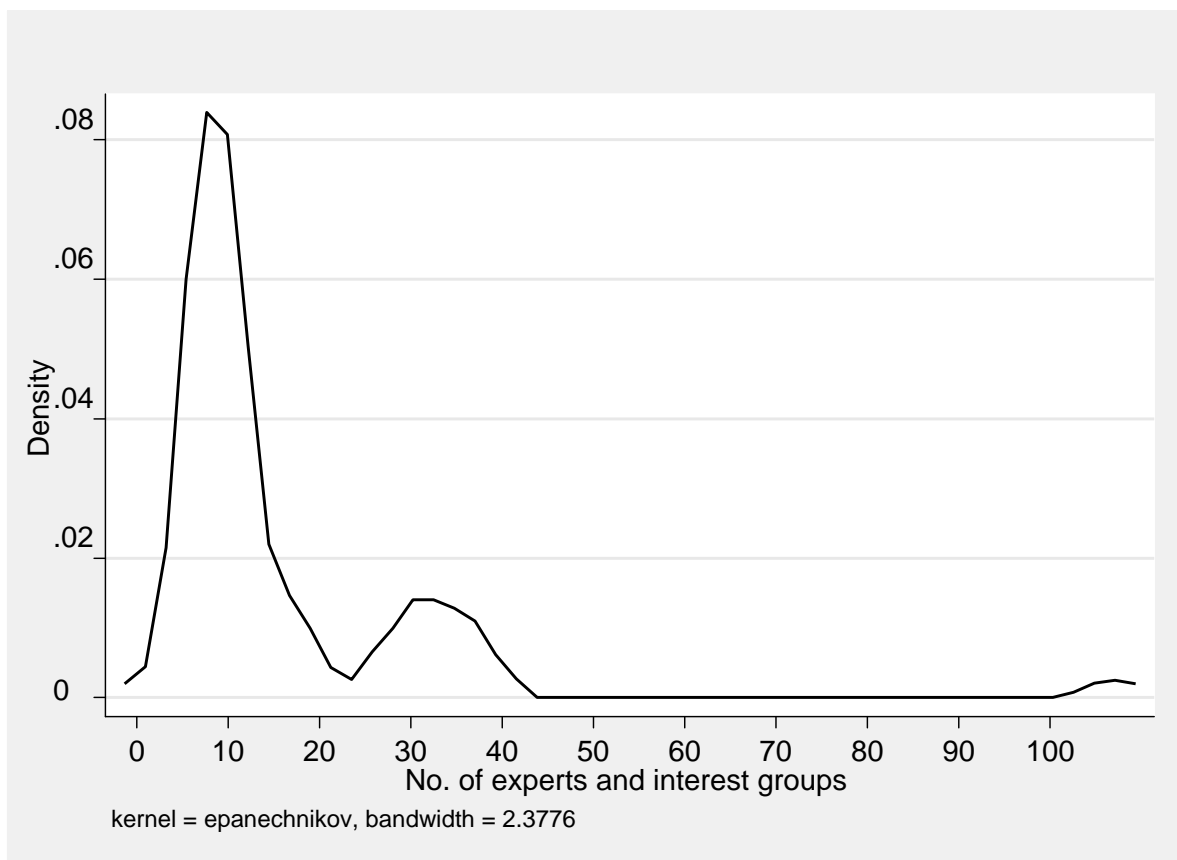
Research design and data

We test our hypotheses in an empirical analysis of the position papers and expert statements that were invited to the public hearings of the standing committees in the Bundestag in 2011. We concentrate on invited position papers and statements in public hearings related to bills and exclude positions that are not related to legislative proposals. We also limit our attention to bills introduced by the federal government or the majority parties in the parliament (from here on: government bills) because all bills introduced by the opposition parties in 2011 were vetoed by the majority parties in the German parliamentary democracy. This selection of data has some drawbacks, but offers also important advantages: A first drawback is that the exclusion of non-invited statements which may bring with it some bias in the population of groups that we analyze in favor of officially recognized

and potentially more influential groups. Secondly, focusing on the year 2011 excludes developments over time such as changing party political majorities in the Bundestag. However, we hope to remedy this problem in future studies as data on public hearings are available over time. Thirdly, the concentration on legislative proposals may cause us to ignore non-legislative debates. However, the concentration on the involvement of interest groups in parliamentary legislation is due to the fact that the core function of interest groups is the representation of interests vis-à-vis political institutions. As bills are more likely to lead to an authoritative allocation of values that matter to interest groups than non-legislative issues and as we conceive of interest groups as rational actors, we expect that these understand that it is best to 'shoot where the ducks are', to put this in Jeremy Richardson's words (Coen and Richardson 2009).

As a result of these considerations, we analyze 868 position papers and expert statements that were invited to the 57 committee hearings on the set of government bills that were introduced in the German Bundestag in 2011. The data indicate a very unequal participation of interest groups and experts in German legislation: On average, 15 experts and interest group representatives participated in a committee hearing, with a minimum of one and a maximum of 107 (in a health committee hearing on the *Versorgungsstrukturgesetz*). Interestingly, 15 is the median number of lobbyists that were identified in the study of a random sample of 142 national policy issues in the United States (see Baumgartner and Leech 2000). Insofar, the level of lobbying activities towards the German Bundestag corresponds well with that in other modern federal democracies. In 63 per cent of the committee hearings, no more than 10 experts or interest group representatives were present. In sixteen per cent of the committee meetings, 30 to 38 policy advocates were present (see Figure 1).

Figure 1: The number of policy advocates per committee hearing (Kernel density estimate)



Empirical analysis

Description of variables

In this section, we present our empirical analysis to test our conjectures. We are mostly interested in the question what impact interest groups exert on German legislation: Are they factual veto players that forestall undesired legislation or are they change agents that seek to bring legislation closer to their own policy preferences? To answer this question we proceed in two steps employing two different dependent variables: First, we investigate the impact of interest groups on the institutional passage of German legislation, i.e. we probe the conjecture that interest groups are veto players. Our first dependent variable “institutional passage” has four categories: (1) Bill accepted without changes by the Bundestag, (2) Bill accepted with modifications by the Bundestag, (3) Bill accepted with modifications in the conciliation committee of the Bundestag and the Bundesrat, and (4) Bill not accepted. It is uncommon for bills to pass the German parliament without any changes, however important or unimportant they may be: Only 50 position papers (5.8 per cent) in our set of 868 statements were related to bills that were passed without any further changes. Most bills get

modified during the debate within the Bundestag: 644 statements (74.2 per cent) refer to bills that passed the Bundestag with modifications. 157 position papers (18.1 per cent) related to bills that passed after negotiations with representatives of the German Länder governments in the conciliation committee. It is also rare for government bills not to get accepted: Only 17 (or 2 per cent) of the position papers related to bills that did not pass because they were vetoed by the Bundestag, the Bundesrat, or terminated at the end of the legislative session. Below, we calculate the role of interest groups in the legislative process by means of a multinomial logit regression.

Secondly, we investigate more closely if interest groups act as change agents who seek to move the tabled bills closer to their ideal point preferences. To obtain comparative data on a large number of policy proposals, we highlight the quantitative amount of change to government bills as our dependent variable. We coded the number of changed articles in the introduced bills and put them in relation to the number of articles in the original bill. Data on 854 expert and interest group statements is available for this variable which ranges from 0 (no changes were made to a bill) to 1 (the number of changed or added articles amounted at least to the number of articles in the introduced bill). The upper limit of the variable was censored at a maximum of 1 because in some cases the Bundestag has added articles to the bill such that the changed proposal included more articles than the original bill. On average, 56.5 per cent (standard deviation 32.1 per cent) of a bill's articles were changed in the course of the parliamentary debate, indicating that it is quite common for the German parliament to modify bills during the legislative process. As our dependent variable consists of proportions that range from 0 to 1, we calculate a generalized linear model that includes a logit transformation of the extent of legislative change (see Baum 2008).

Our core explanatory variables center on the role of interest groups in the German legislative process. First, we coded all actors who tabled invited position papers or gave invited statements based on the INTERARENA coding scheme (see Binderkrantz et al. 2013, 2014; Pedersen, Halpin and Rasmussen 2014). Then, we formed a dummy variable for producer and employer interests (business interests) to verify if they operate according to a different logic of collective action than other policy advocates. The reference category is formed by all other types of actors, such as policy experts and other types of interest groups such as occupational interests or identity groups. Secondly, we examine if policy statements affect the likelihood that proposals are vetoed or undergo changes. To that end, we included four dummy variables for the positions that were taken by the invited interest groups and policy experts towards the government bills: (1) The agent is fully against the policy proposal. (2) The agent has significant objections against the policy initiative. (3) The agent supports the proposal in general but has some objections to central significant parts of the initiative. (4) The agent fully supports the policy initiative. The reference category is formed by the neutral expert

statements. Furthermore, we consider the overall balance of positions on each bill in the policy debates. We calculate the latter as the sum of oppositional positions ('full opposition' and 'substantial objections') minus the more supportive positions ('some objections' and 'full support'). Therefore '0' means a neutral position, a positive value on this variable an oppositional position and a negative value a supportive position. Thirdly, we analyze if lobbying in a crowd makes a difference. We gauge the impact of the interest group density on vetoes and amendments to bills by including a variable that counts the number of invited interest groups and experts in each public hearing.

In the following analyses, we control for the impact of important institutional factors areas. First, in the 17th electoral term from 2009 till 2013, the Bundestag had 22 permanent committees, fifteen of which invited expert statements and interest group position papers. To control for committee procedures and responsibilities, we included dummy variables for four committees that invited almost two thirds of the 868 interest group and policy experts' statements: Budget (219 submissions), Health (145), Environment, Nature Conservation and Nuclear Safety (105), Labor and Social Affairs (77). This selection ensures the presence of the committee that is responsible for the largest spending block in German politics – Labor and Social Affairs, as well as the committee that attracts the largest interest group population – the Health committee. Furthermore, we include a committee that is in charge of major regulatory tasks – the Environment committee, and the committee that scrutinizes not only the public budget but is also an important regulator of financial markets and macroeconomic issues – the Budget committee. The reference category is formed by the remaining 11 committees that invited policy statements referring to government bills. Among the institutional factors, we also control for the type of bill. In Germany, so called *Einspruchsgesetze* can be passed without the consent of the Bundesrat while *Zustimmungsgesetze* (consent laws) can only be passed if they obtain the consent the of the Länder representatives in the Bundesrat (and in the conciliation committees formed by the Bundestag and the Bundesrat in case sincere disagreements between the Bund and the Länder arise over these laws) because they impact on Länder competencies and capacities. Given these negotiation requirements in Germany's federalism, it is likely that *Zustimmungsgesetze* are more frequently vetoed and amended than *Einspruchsgesetze*. Moreover, interest group participation may vary across different policy areas even when controlling for the parliamentary committees' responsibilities. We coded the policy area into which the government bills belong based on the Policy Agendas project. To control for the potential impact of policy areas, we include dummy variables for policy areas that do not fully coincide with the responsibilities of parliamentary committees and exclude policy areas that coincide fully (or almost fully) with the responsibilities of a parliamentary committee. For example, we did not include a dummy variable for health policy because the Health committee handled all 145 health policy position papers as the leading committee. In contrast, we included dummy variable for the policy

area Legal and Justice Affairs in the study because the 63 position papers in this policy area were handled by three different leading committees: the Budget committee (29 statements), the Legal Affairs committee (27), and the Internal Affairs committee (7). Further policy area variables in the analysis are Energy Policy and Family and Social Affairs. The reference category is based on all remaining policy areas to which we attributed position papers.

Table 1: Definition of variables

Variable label	Variable definition
<i>Interest groups and positions</i>	
Type of interest group: Business interest group	1 Business interest group. 2 Other type of actor.
Position: Fundamental opposition	1 The agent is fully against the policy initiative. 0 The agent presents policy expertise without taking position.
Position: Significant objections	1 The agent has significant objections against the policy initiative. 0 The agent presents policy expertise without taking position.
Position: Some objections	1 The agent supports the policy initiative, but has some objections. 0 The agent presents policy expertise without taking position.
Position: Full support	1 The agent fully supports the policy initiative. 0 The agent presents policy expertise without taking position.
Interest group density	Number of interest group and expert positions per bill.
Balance of positions on bills	< 0 in sum a supportive position on a bill. 0 in sum a neutral position on a bill. > 0 in sum an oppositional position on a bill.
<i>Committees</i>	
Budget	1 Budget committee 0 Other committee
Health committee	1 Health committee 0 Other committee
Environment, Nature Con- servation and Nuclear Safety	1 Environment, Nature Conservation and Nuclear Safety committee 0 Other committee
Labor and Social Affairs	1 Labor and Social Affairs committee 0 Other committee
<i>Policy area</i>	
Legal and Justice Affairs	1 Legal and Justice Affairs 0 Other policy areas
Energy	1 Energy 0 Other policy areas
Family and Social Affairs	1 Family and Social Affairs 0 Other policy areas
<i>Type of law</i>	
Consent law	1 Consent law (Zustimmungsgesetz) 0 No consent law (Einspruchsgesetz)

The statistical analysis

Next, we discuss the role of interest groups as veto players in the German legislative process. We develop our multinomial logit model on the institutional passage of bills in three steps. First, we present a base model that includes only the parliamentary institutions and the policy areas as control variables. Secondly, we introduce the type of interest groups and the types of position taken as explanatory variables. Finally, we gauge the impact of the interest group density and the balance of positions on a bill in policy debates. The significant likelihood ratio tests for all three models allows us to reject the null hypothesis that none of the variables included in the model is significantly associated with the institutional passage of bills in the German parliament. The Pseudo-R² indicates that the models account for 34 per cent (base model) to 50 per cent (full model) of the variance of the dependent variable. Table 2 presents the regression analysis on three outcome categories of the institutional passage of bills. The category ‘bill passed without changes’ forms the reference category.

Table 2: Interest groups and the institutional passage of bills in the German parliament

Outcome [reference category: Bill passes without changes]	Explanatory Variables	(3) Full model	(2) Base + interest group and position types	(1) Base model
Bill passes with Changes	Labor and Social Affairs Committee	11.549 (0.01)	17.422 (0.01)	19.280 (0.00)
	Budget Committee	-9.826 (3.76)**	0.214 (0.37)	0.638 (1.45)
	Health Committee	-4.360 (0.00)	17.752 (0.01)	20.047 (0.00)
	Environment Committee	-3.804 (4.24)**	-1.820 (3.16)**	-1.056 (2.90)**
	Energy policy	-3.565 (4.11)**	0.497 (0.93)	1.126 (2.57)*
	Legal and Justice Affairs	15.520 (0.01)	17.094 (0.01)	18.892 (0.00)
	Social and Family Policy	15.828 (0.00)	16.706 (0.01)	18.790 (0.00)
	Consent law	4.222 (2.31)*	1.382 (2.49)*	1.042 (2.45)*
	Business interest groups	1.440 (1.92)	1.004 (1.80)	
	Full opposition	-1.821 (1.95)	-1.125 (1.49)	
	Substantial objections	0.068 (0.08)	0.706 (1.09)	
	Some objections	0.115 (0.14)	1.130 (1.82)	
	Full support	-1.016	-1.345	

		(1.19)	(2.19)*	
	Interest group density	0.485		
		(4.36)**		
	Balance of positions on bill	-0.242		
		(2.75)**		
	Constant	-5.908	0.468	0.601
		(2.52)*	(0.60)	(1.06)
Bill passes in con- ciliation committee	Labor and Social Affairs Committee	11.696	20.968	22.945
		(0.01)	(0.01)	(0.00)
	Budget Committee	-14.513	0.933	1.026
		(5.31)**	(1.49)	(2.08)*
	Health Committee	-41.845	2.519	3.445
		(0.02)	(0.00)	(0.00)
	Environment Committee	-1.469	0.925	1.437
		(1.46)	(1.32)	(2.74)**
	Energy policy	-25.670	-16.244	-16.859
		(0.02)	(0.01)	(0.01)
	Legal and Justice Affairs	15.948	16.223	18.044
		(0.01)	(0.01)	(0.00)
	Social and Family Policy	16.883	16.773	18.744
		(0.00)	(0.01)	(0.00)
	Consent law	6.644	4.498	4.165
		(3.55)**	(6.56)**	(7.32)**
		Business interest groups	1.442	0.865
		(1.81)	(1.43)	
	Full opposition	-0.936	-0.246	
		(0.86)	(0.28)	
	Substantial objections	0.019	0.565	
		(0.02)	(0.75)	
	Some objections	0.176	1.302	
		(0.20)	(1.84)	
	Full support	-0.825	-1.438	
		(0.82)	(1.92)	
	Interest group density	0.705		
		(6.13)**		
	Balance of positions on bill	-0.294		
		(3.26)**		
	Constant	-14.478	-6.714	-6.466
		(5.77)**	(5.86)**	(6.64)**
Bill does not pass.	Labor and Social Affairs Committee	-14.812	-1.011	-0.961
		(0.01)	(0.00)	(0.00)
	Budget Committee	-35.379	-16.703	-17.871
		(0.02)	(0.01)	(0.01)
	Health Committee	-64.898	-1.967	-1.152
		(0.01)	(0.00)	(0.00)
	Environment Committee	-23.413	-19.118	-20.525
		(0.01)	(0.01)	(0.00)
	Energy policy	-24.953	-17.901	-18.879
		(0.01)	(0.00)	(0.00)
	Legal and Justice Affairs	-2.033	0.118	0.757
		(0.00)	(0.00)	(0.00)
Social and Family Policy	-2.405	-0.934	-0.149	
	(0.00)	(0.00)	(0.00)	
Consent law	-14.913	-15.860	-17.645	
	(0.01)	(0.01)	(0.01)	
	Business interest groups	0.628	0.229	

		(0.47)	(0.19)	
	Full opposition	-18.231	-17.252	
		(0.01)	(0.01)	
	Substantial objections	1.146	1.581	
		(0.92)	(1.45)	
	Some objections	0.559	1.531	
		(0.49)	(1.51)	
	Full support	-17.499	-17.683	
		(0.01)	(0.01)	
	Interest group density	0.913		
		(2.77)**		
	Balance of positions	-0.194		
		(1.43)		
	Constant	7.959	15.959	17.718
		(0.01)	(0.01)	(0.01)
<i>N</i>		733	733	868
Measures of fit				
	Log-Lik Intercept Only	-567.066	-567.066	-670.260
	Log-Lik Full Model	-282.936	-368.806	-462.625
	D (df = 685, 691, 841)	565.872	737.612	925.251
	LR (k = 45, 39, 24)	568.259	396.519	415.269
	P	0.000	0.000	0.000
	AIC	0.903	1.121	1.128
	AIC*n	661.872	821.612	979.251
	Pseudo-R ²	0.5011	0.3496	0.3098

Note: Multinomial logit model. * $p < 0.05$; ** $p < 0.01$

We begin our discussion with the most common outcome, the passage of bills with changes, and our control variables. Regarding the institutional variables, there is consistent evidence across all three models that bills handled by the Environment committee are less likely to pass parliament with changes (rather than without them) than proposals that are handled by the other committees. Furthermore, as expected, *Zustimmungsgesetze* (consent laws) are more likely to pass the legislative process with changes than *Einspruchsgesetze*. However, not all parliamentary institutions matter. We do not find significant differences between the Health Committee and the Labor and Social Affairs Committee, on the one hand, and other parliamentary committees, on the other hand. Moreover, the policy areas included in the models do either have no effect on the institutional passage of bills (Family and Social Affairs, Legal and Justice Affairs) or their effect is inconsistent across the three models (Energy Policy). Let us now move to our experimental variables. Including the types of interest groups and positions they voice in the second model does not add much explanatory leverage. Contrary to hypothesis 1, business interest groups are not more likely to insert changes in bills than other types of interest groups. And in contrast to hypothesis 2a, full or substantial opposition to a bill is not more likely to trigger parliamentary changes than a more supportive position. Finally, model 3 indicates that the density of policy experts and interest groups and the balance of positions in the policy debates matter greatly to the institutional passage of bills. As

expected in hypothesis 3, the involvement of a greater number of policy experts and interest groups increases the likelihood that a bill will undergo changes in the legislative process. But contrary to hypothesis 2b, a balance of positions that is largely in favor of the bill but includes proposals for specific changes increases the likelihood that the bill gets changed compared to a balance that objects strongly to it. Moreover, including interest group density and the balance of positions on each bill as explanatory variables alters the relevance of other factors. When controlling for the cumulative involvement of interest groups and policy experts, it is less likely (model 3) rather than more likely (model 1) that energy policy bills pass the Bundestag with amendments (than without them). Similarly, when controlling for the cumulative impact of interest group participation bills handled by the Budget committee as leading committee are less likely to undergo revisions. It appears that the cumulative effect of lobbying matters more to the change of bills during their institutional passage than the types of interest groups and the types of position that were advocated.

During the conciliation committee negotiations, parliamentary committees and legal institutions continue to matter. However, only *Zustimmungsgesetze* have a consistent effect in all three models. Consent laws are more likely to be discussed in the conciliation committee (than to pass without changes) than *Einspruchsgesetze*. The parliamentary committees and their representatives in the conciliation committee continue to matter, but their impact depends much on the constellation of interest groups and experts. Bills led by the Budget committee are less likely to enter the conciliation committee stage when controlling for the cumulative impact of interest groups. Bills led by the Environment committee are not more likely to enter that stage when controlling for interest group involvement. Policy areas do not make a difference at all. Neither does including the types of interest groups and positions in model 2 which is again evidence in contrast of hypotheses 1 and 2a. However, according to model 3, a greater interest group density is associated with a greater probability that a bill is taken to the conciliation committee which supports hypothesis 3. Finally, a balance of positions in favor of a limited number of specific changes increases the likelihood that the bill gets changed during the negotiations in the conciliation committee, invalidating hypothesis 2b. Once more, considering interest group density and the balance of positions alters the relevance of other factors.

Finally almost none of our explanatory variables matters when a proposal is not passed by the end of the legislative process (third outcome): Neither committee procedures, the type of law, interest group activities, nor policy areas or the balance of positions account for a fully-fledged veto. Interest group density is the only factor that increases the likelihood of a veto against a policy proposal compared to the passage of a bill without any changes. Evidently, outright vetoes are caused by factors that are, for the most part, located outside the scope of our model (such as intra-coalition

battles or Bund-Land disagreements). Obviously, this invalidates our hypotheses 1, 2a and 2b which state that business interest involvement and strong interest group opposition (individually and collectively) make it more likely that bills fail. It seems therefore safe to conclude that individual interest groups do not have the capacity to act as factual veto players when bills are debated in the German parliament. This holds for business interests as much as for other types of interest organizations. However, the cumulative impact of policy experts and interest groups clearly bears on the passage of bills in the German parliament. A greater number of interest groups in a policy debate makes for more protracted negotiations and can even promote a veto against government bills.

Let us now look more closely at the role of interest groups as change agents in the legislative process. Table 3 presents the empirical results of our second regression analysis on the extent of a bill's change as a result of the parliamentary debate. Once more, we proceed in three steps that are similar to those above. The base model presents only the institutional and policy variables, the second model adds the interest group and position types, and the third model includes also the interest group density and the balance of positions on a bill.

Table 3: Interest groups and the change of bills in the legislative process (GLM with logit transformation of the degree of a bill's change)

	(3) + interest group density and balance of positions	(2) + types of groups and positions	(1) Base model
Labor and Social Affairs Committee	-0.678 (2.80)**	-0.154 (0.76)	-0.182 (0.91)
Budget Committee	-0.040 (0.24)	0.693 (6.31)**	0.743 (7.35)**
Health Committee	0.132 (0.47)	2.396 (11.69)**	2.520 (13.86)**
Environment Committee	-0.686 (4.60)**	-0.445 (3.11)**	-0.318 (2.58)**
Energy policy	-0.554 (3.53)**	-0.168 (1.33)	-0.118 (1.02)
Legal and Justice Affairs	1.463 (7.49)**	1.445 (7.63)**	1.555 (8.40)**
Social and Family Policy	0.860 (4.34)**	0.782 (4.23)**	0.837 (4.65)**
Consent law	0.268 (2.41)*	0.350 (3.20)**	0.310 (3.08)**
Business interest groups	0.239 (2.09)*	0.244 (2.14)*	
Full opposition	-0.650 (2.46)*	-0.645 (2.60)**	
Substantial objections	-0.021 (0.12)	0.015 (0.09)	
Some objections	-0.081 (0.52)	-0.121 (0.81)	
Full support	-0.163 (0.87)	-0.337 (1.74)	
Interest group density	0.035 (9.12)**		
Balance of positions on bill	0.002 (0.21)		
Constant	-0.633	-0.339	-0.452
Labor and Social Affairs Committee	(4.13)**	(2.27)*	(4.94)**
<i>N</i>	719	719	854
Fit measures			
Log pseudolikelihood	-320.6664	-329.5386	-386.4127
AIC	.9365	.9556	.9260

Note: Base category – bill passed without change in the Bundestag. * $p < 0.05$; ** $p < 0.01$

The analysis corroborates that the parliamentary institutions impact on the extent of change in government bills. First of all, *Zustimmungsgesetze* tend to undergo more changes than *Einspruchsgesetze*. Secondly, the extent of legislative change varies across committees. Bills that are

debated in the Environment committee undergo fewer changes than bills handled by other committees. Else the effects of different committees on the amount of changes incurred by a bill depend on the constellation of interest groups involved in the policy debate. The first two models suggest that bills led by the Budget committee or the Health committee undergo a greater amount of changes than those led by other committees. When controlling for interest group density and the balance of positions on a proposal in model 3, this effect disappears. Furthermore, there are differences across policy areas: Social and family policy bills as well as legal and justice affairs bills face more changes than proposals in other policy areas. Including interest group and position types in model 2 adds to these findings that business interest group involvement leads to a greater number of changes to a bill than the participation of other types of actors. This supports hypothesis 1. While business interest groups are not able to veto government bills, their proposals for changes to these bills are more readily received by the government parties than the demands of other interest groups. The types of positions interest groups voice are also associated with the extent of legislative change, albeit in ways that differ from hypothesis 2a. Compared to neutral policy expert statements, fundamental opposition against a government proposal is associated with fewer rather than more changes being made to this proposal (in models 2 and 3). Evidently, outspoken opposition is not rewarded by the Members of the German parliament. Finally, model 3 illustrates that interest group density matters a great deal. The involvement of more policy advocates promotes not only a greater degree of bill change but affects also the impact of other variables. When controlling for the number of involved interest groups, neither the Health committee nor the Budget committee have any longer distinct effects on the amount of changes that are made to a bill. On the other hand, proposals coordinated by the Labor and Social Affairs Committee tend to undergo fewer changes. Moreover, energy policy is marked by fewer changes than other policy areas when considering the number of participating energy policy actors.

In sum, our findings suggest that interest groups are not factual veto players in German legislation. The cumulative impact of interest group participation in the German parliamentary committee hearings can, however, promote a veto against a government bill. Nonetheless, interest groups should be looked at as change agents in German legislation during its parliamentary debate. In that respect, we found evidence that the members of the German Bundestag are more receptive to the demands of business interest groups than to the demands of other types of interest groups. Furthermore, the cumulative impact of interest groups and policy experts is important: The more policy advocates are involved in a debate, the greater is the amount of change to a bill no matter if the majority of the groups is in favor or opposed to the proposal. This suggests that interest group pluralism and policy competition do not hinder political change.

Conclusion

In this paper we analyzed the impact of interest mediation in the committees of the German parliament (Deutscher Bundestag). Our first argument was that interest groups are change agents rather than factual veto players, and our second argument was that business interests are better able to trigger legislative changes than other types of interests. In the following we present and try to interpret our main findings and discuss their implications for future studies of interest mediation in parliaments.

First, our empirical analysis provided evidence that individual interest groups do not have the capacity to act as factual veto players when bills are debated in the German parliament. In fact, almost none of our explanatory variables accounts for a veto against a government bill. The only exception is interest group density, which is discussed below.

Secondly, interest groups are best viewed as legislative change agents. As expected, business interests have a greater capacity to act as change agents than other types of actors. The members of the German Bundestag are more receptive to their voices than to those of other interest groups. This may be explained by three factors. First, business groups are particularly privileged because they control crucial economic resources (Lindblom 1977). Secondly, business groups are well equipped with their own resources, especially staff and money, which are important when seeking access and influence. Thirdly, the political majorities at the time of our study may be biased towards business groups. The Government was led by Chancellor Angela Merkel and supported by the parliamentary groups of the conservative Christian Democratic Union/Christian Social Union of Bavaria (CDU/CSU), and the liberal Free Democratic Party (FDP). Thus, government and parliamentary majority were free-market-oriented, which raises the question if these patterns would hold also under a social democratic majority government.

Thirdly, strong opposition by an interest group against a policy proposal does not cause a larger amount of changes to the bill than minor opposition. In fact, voicing fundamental opposition against a bill does not seem to influence the parliamentarians. In order to understand this result, it is important to remember two things. On the one hand, parliament is neither the first nor the most important venue for most interest groups; organizations already try to influence the ministerial draft bill before it is brought to parliament. On the other hand, there are two kinds of invited groups: insiders who are already consulted in the pre-parliament stage, and outsiders, who have no access to the administration (von Beyme 1997). Therefore, when legislation reaches parliament, deals and compromises have already been struck, probably to the disadvantage of excluded interests. Thus, committees may be more open for the arguments of insider groups and experts, and fundamental

opposition is voiced by those groups who were not consulted and are of minor importance for parliamentary majorities.

Fourthly, lobbying in a crowd makes a difference. Bills debated by a larger number of interest groups tend to undergo a larger number of changes during the policy process. Not only was the cumulative impact of a greater number of interest groups in a policy debate the only factor that increases the likelihood of a veto against a policy proposal. The involvement of a greater number of policy experts and interest tends also to increase the amount of changes that are being made to bills. Furthermore, the balance of positions of all invited interest groups and experts matters more to policy-makers than the types of positions that individual interest groups took on. A balance of positions that is largely in favor of a bill but includes specific proposals for changes, it is more likely to lead to changes in parliament or in the conciliation committee even though the bill might not undergo a larger amount of changes than other bills. Generally, it appears that the cumulative effect of interest groups and experts matters more to the change of bills during their institutional passage than the positions that were advocated. Two causal mechanisms might be at work here. On the one hand, the involvement of a greater number of invited actors to hearings could be an indicator for a controversial or ambiguous issue. As a consequence, parliamentarians may be more receptive to the arguments of the invited experts and interest groups and policy learning in the hearings may take place. On the other hand, inviting a large variety of actors to the hearings could indicate a pluralistic pattern of interest mediation, which is likely to strengthen parliament compared to corporatist patterns, where pre-parliamentary decision-making prevails.

To increase the robustness of our findings, we currently expand our analysis to a larger number of years. A longitudinal analysis would not only contribute to the generalization of our findings, but also allows controlling the impact of other political majorities in the parliament. Our future research involves also a cross-sectional comparison with other parliaments and case studies for a more fine grained explanation of our results.

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