Three Worlds of Preference Formation in European Union Politics: Evidence from New Data on Eurozone Reforms

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Three Worlds of Preference Formation in European Union Politics:

Evidence from New Data on Eurozone Reforms

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Abstract

How do countries form positions for European Union negotiations? Which domestic and international actors matter in the formation of these positions? This paper argues that governments’ positions negotiated at the EU level can be traced back to the three different worlds of preference formation: i) a government model, in which the government plays the central and practically exclusive role; ii) a government and society model, in which multiple social and political actors voice their opinions; and iii) a government, society and business model that also includes economic actors in preference formation. This paper introduces a new dataset - EMU Formation - which codes the positions and influence of domestic and international actors in the formation of national preferences on reforms of the European Monetary Union that were negotiated between 2010 and 2015. We empirically classify which countries fall in each of the three worlds of preference formation. The findings reveal a striking - but varying - dominance of the government power in preference formation. This shows empirically that the national as well as EU executives are in a very strong position vis-à-vis the parliament and other domestic actors.

Keywords: preference formation, EU, EMU, reforms, crisis
1. Introduction

The emergence and the unfolding of the European economic crisis since 2008 has sparked great interest regarding which settings, actors and situations impacted the course of these dramatic events (Armingeon and Cranmer 2017, Wasserfallen et al. 2019, Tarlea et al. 2019, Walter 2016). Scholars in diverse intellectual traditions, from macroeconomics to political science, have attempted to explain the decisions that were taken on the European level. While many scholars put the preference of member states front and center, we know very little about how member states, that are represented on the European stage by their governments and heads of state, form the positions that they advocate for in European Union (EU) negotiations. We explore this question by analyzing which actors influenced governments’ preferences that they advocated in EU negotiations.

To this end, we develop a typology of three preference formation models and investigate novel dataset derived from 141 expert interviews conducted in all EU member states. The basic premise of this analysis is that different actors are involved in the preference formation in different EU countries. Our data measure the positions and influence of all potentially relevant actors in the formation of national preferences, which were advocated by respective governments in EU-level
negotiations. These position and influence scores are based on a standardized and comparative questionnaire and relate to controversial aspects of Eurozone reforms decided between 2010 and 2015.

Building on the international relations literature and the comparative studies on variations among EU countries with regard to their political systems and their political economy arrangements, we develop a comparative typology distinguishing between three ideal types of preference formation: i) a government model, in which the government plays the central and practically exclusive role; ii) a government and society model, in which multiple social and political actors voice their positions; and iii) a government, society and business model that also includes economic actors in preference formation. These three models differ in how the involvements of different domestic actors are embedded within the political, institutional, and socio-economic conditions of a country. In addition, we explore the role of external influences from EU institutions, other EU governments and international organizations in the formation of negotiation preferences in all member states.

Our empirical analysis indicates that the typology based on the three ideal-type models can explain much of the variation in preference formation among EU countries. While actual positions on EMU reforms reflect the immediate political
and economic circumstances (see Tarlea et al. 2019), we argue that the national process of forming these positions is shaped primarily by long-term institutional differences in political systems and political economy arrangements. We find that the preference formation on EU policies is dominated by the national government, with parliaments and business actors exerting influence only in some countries. At the same time, the views of EU bodies garner considerable influence across all member states. This shows that the national as well as EU executives are in a very strong position vis-à-vis other domestic actors. Our results provide empirical support for concerns about representativeness and legitimacy of the EU policy-making.

2. The three worlds of EU preference formation

National preference formation in foreign affairs has received increasing attention in comparative politics and international relations (Hermann 2001) as well as in the specialized literature on the European Union (Finke 2009, Hug and König 2006, Thurner et al 2002, Moravcsik 1998). We rely on existing accounts for identifying and conceptualizing the actors that matter in the formation of preferences that governments eventually advocate in EU-level negotiations. However, unlike existing accounts, we focus primarily on the question of which actors are involved in the policy formation and pay less attention to the positions that they promote. This
approach enables us to derive a comparative typology of preference formation and evaluate their variation with original that are comparable across all EU states.

The benchmark model for this study is characterized as “Government-only”, because the preference formation is centralized within a few government actors such as the office of the head of government and key ministries of foreign affairs or finance. It is rooted in the traditional realist international relations literature that treats states as by-and-large unitary actors represented by the government. Such literature assumes that other influential actors such as parliaments, media or interest groups prioritize domestic affairs over foreign policy (Uscinski et al. 2009), which leaves governments with a strong mandate to determine the national position (Hill 2003). They are expected to be ultimate decision unit due to their “ability to commit the resources of the government and the power to prevent other entities ... from reversing their position” (Hermann and Hermann 1989).

The government-centric world expects actors such as prime ministers, presidents, party secretaries, standing committees, cabinets, bureaucracies, interagency groups or legislatures as potentially relevant actors in preference formation (Hermann 2001). While the EU focused literature tends to emphasize the multi-level and multi-actor aspects of preference formation (Marks and Hooghe 2001), many studies
conclude that the executives remain in the strong position vis-à-vis the domestic legislators (Manow and Döring 2008, Thurner, Pappi and Stoiber 2002). After all, it is either the head of the government or key ministers that ultimately represent national positions in Brussels. They are in control from the onset of any negotiations, starting from technical consultations with the European Commission, through negotiations in COREPER, in Council formations and European Council.

We expect countries with centralized political systems such as France to be characterized by the government-only model. Similarly, governments with large and stable majorities, such as Hungary, are more likely to exert dominant influence on preference formation, then those with more precarious backing in the parliament. Since our empirical focus is on the reforms of the Economic and Monetary Union, we also expect that liberal market economies such as the UK or Ireland, which lack a tradition of close coordination in economic policy-making, are also more likely to conform to the “Government-only” model.

The second world of preference formation builds on the first one, but adds the involvement of political and societal actors. We label it a “Government and society” model as national preferences are also influenced by the systematic involvement of actors such as parliament, political parties, media or public opinion. In this world,
government it less dominant, as it interacts with others to form national position.

This model originates from the literature discussing the increasing influence of national parliaments on international negotiations (Martin 2005, Howell and Pevehouse 2005, Kesgin and Kaarbo 2010, Kaarbo and Kenealy 2016). In particular, there is strong evidence of parliamentary oversight in EU negotiations (Auel and Höing 2014, Winzen 2017, Finke 2009) as increased institutional power to monitor the activities of the government motivates more debates in the national plenary (Winzen et al. 2018). At the same time, empirical studies confirm that the involvement of the parliament and its committees varies across EU countries (Winzen 2013, Karlas 2012, König and Hug 2006).

The increased role of parliaments also increases the role of political parties at the EU negotiation table (Cowhey 1993), although the political standing of coalition and opposition parties also depends on particular political circumstances. The government is more likely to involve them systematically before and during high-profile events such as summits or Council presidencies (Rauh and De Wilde 2018), or when it is in a vulnerable position vis-a-vis the parliament due to numerous coalition partners (Laakso and Taagepera 1979, Nyblade and O’Mahony 2011) or when it has no or thin majority (Clare 2010, Laver and Schofield 1998, Oktay 2014).
The evidence is less conclusive with regard to the role of ideological orientation of parties on preference formation. Some have detected an impact of the partisan orientation (Hagemann and Hoyland 2008, Manow et al. 2008) in particular cases such as the presence of Green parties in government regarding EU environmental policy (Jensen and Spoon 2011). Other studies of voting behavior in the Council of Ministers do not find an effect of a government’s left-right orientation on the voting behavior (Hagemann et al. 2019, Bailer et al. 2015). Moreover, the effect of political orientation is likely to be cyclical as parties change in power. Since our data cover period longer then a single electoral term, we do not expect systematic effects of party ideology on the role of their role in the preference formation.

While national parliaments communicate and represent voters’ wishes indirectly, we consider public opinion and the media as additional factors influencing government’s stance. While foreign policy assumed for a long time that public opinion hardly matters (Aldrich et al. 2006), more recent studies recognize that voters care about international politics (e.g. Gelpi et al. 2007) and that they can exert some pressure in international negotiations (e.g. Trumbore 1998) and EU negotiations (Hagemann et al. 2017). Quite often, we can assume that voters are simply not sufficiently informed about EU legislative negotiations so that they are not taken into account.
(Bailer et al. 2015), however negotiations receiving attention by the media are ruled by different interests and dynamics (Hagemann et al. 2017).

Governments might be motivated to follow the ideas of the electorate according to the median voter theorem (Black 1948) since a policy giving in to clientelistic interest groups might be inefficient or detrimental towards the public. The pressure of voters might be particularly pronounced during the time when governments seek re-approval in elections and when they are under close scrutiny (Blais and Nadeau 1992, Rauh and De Wilde 2018). Saliency also increases the impact of the media which may either interact with the public opinion and strengthen the voice of voters or even play an independent role in influencing a government’s foreign policy decisions (Aday 2017, Iyengar et al. 1982, Iyengar and Simon 1993). The knowledge of the impact of the media on EU negotiations is so far rather limited apart from a study by Hagemann et al. (2017), which finds an impacted of higher media attention in national politics on the voting behavior in the Council.

We expect the “Government and society” model to apply to countries with strong tradition of parliamentary involvement in EU affairs. Danish and Finnish parliaments serve as traditional benchmarks for the active role in foreign and EU policy (Christensen 2015, Winzen 2012). In these cases, the government needs to
formally submit its negotiation positions to specialized parliamentary committees that scrutinize them to provide binding mandate for EU-level negotiations. Parliaments in Scandinavia, Netherlands, Germany and Austria tend to be the most active (Winzen 2012), while those in the newest member states were also provided with stronger role (Karlas 2011). In contrast, parliamentary committees in Southern member states such as France, Spain, Greece or Belgium provide their governments with broader mandates and greater leeway in EU negotiations. The Lisbon Treaty provided national parliaments with new participation rights through the Early Warning System, which tend to be used in the same pattern (Auel et al. 2015).

The third world of the preference formation - the “Government, society, and business” model - is the most inclusive one, because it also involves business interests. We expect it to be typical for coordinated market economies, where the formulation of economic policy systematically incorporates the positions of trade unions, employer associations and other industry representatives. The impact of interest groups is thus rooted in the underlying institutional frameworks that characterize different varieties of capitalism within the EU (Hall and Soskice 2001, Hancke, Rhodes, Thatcher 2007, Tarlea 2018) and impact the process of public policy formation (Collier, LaPorte and Seawright 2012). This model corresponds to the liberal intergovernmentalist framework of preference formation (Moravcsik 1997:
518), which defines states’ interests as an aggregate of individual interests - including organized economic interests.

We expect the “Government, society and business” model to be characteristic for the continental member states with established rules for interest mediation and social dialog. Such rules are likely to extend beyond domestic policy to EU policy-making in states like Austria, Germany, Netherlands, Sweden or Finland. At the same time, the inclusiveness of the preference formation may be increased by actor mobilization with regard to the specific issue being negotiated. The consequences of the Euro crisis were not distributed equally across member states, which made EMU reforms more salient in some member states. We expect that in such cases parliamentary or business actors mobilize and get involved in the preference formation even in countries that lack tradition of their involvement. Such politicization is likely in the countries such as Greece, Portugal, Ireland, Cyprus and Spain or Italy, where the economic consequences of the crisis were most severe. Similar effect may arise in creditor countries like Germany, Netherlands, Finland or Austria, which provide fiscal guarantees for stabilization programs, while benefiting only indirectly. Finally, the public opinion and media attention can be galvanized in poorer eurozone countries such as the Baltics or Slovakia by the controversy of guaranteeing financial support for richer economies.
Figure 1: Three Worlds of Domestic Preference Formation

Figure 1 visualizes the three worlds of preference formation, showing that there is a continuum from the most centralized to the most inclusive model. All of these three models are distinct from one another by the absence of one or two sets of domestic actors. As an additional dimension, external actors, such as European institutions, other EU governments, and international institutions, can also influence the formation of a government’s preferences. All three models can operate in relative isolation from the outside influence, but individual actors may also consider preferences of external actors as they strive to sway domestic debate to their
preferred position. We investigate this external dimension separately because there is no systematic reason for external influence to matter more or less in any of the three different worlds of preference formation. Accordingly, Figure 1 illustrates that this external influence potentially matters in each of the three worlds.

3. New dataset for empirical analysis

The EMU Formation (EMUf) dataset facilitates the empirical analysis of preference formation processes. It is based on 141 semi-structured expert interviews in each EU member state.\(^1\) The dataset includes position and influence scores for 22 internal and external actors.\(^2\) These actors can be grouped into six broad categories (Figure 2 and Table 1a in online appendix). The group of governmental actors consists of head of government office and lead ministries that are mandated to present national positions in the European Council as well as in ECOFIN Council and Eurogroup. The second group consists of parliamentary actors that provide the mandate for EU negotiations and hold the prime minister and lead ministries accountable for EU policies. The third one covers the voice of citizens as aggregated through opinion

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\(^1\) Since Croatia joined the EU only in the middle of the period covered by EMUf data, it is not included in the analysis.

\(^2\) The EMUf dataset also contains scores for national supreme court, which was marginally relevant only in Germany and Austria.
polls and media. The business actors - employers, trade unions and banking association - form the forth group. Finally, there are two groups of external actors - supranational EU institutions on one hand and other foreign governments and international organizations on the other. Together, these actors cover the full spectrum that the existing literature identifies as potentially influential in national preference formation.

Figure 2: Actors influencing national preference formation across all EU countries

Source: EMU Formation dataset

For each actor, the EMUf dataset provides position and influence scores on four
contested policy issues. These four issues are the most representative of the single underlying dimension of political conflict on EMU reforms, which is delineated by member states advocating fiscal transfers, on one side, and those emphasizing the fiscal discipline at the other (Lehner and Wasserfallen 2019). Specifically, two contested issues proxy the fiscal redistribution pole of the debate: (i) initial willingness to support Greece (GRC) and (ii) size of the European Stability Mechanism (ESM). The fiscal discipline pole of the debate is covered by: (iii) the legal form of the debt brake in the Fiscal Compact (FCO) and (iv) the blocking of Stability and Growth Pact sanctions by reversed qualified majority (SPA) (see Table 2a in online appendix for definitions). Member states’ positions on these four issues were divided into broad coalitions both among Eurozone members and non-members. This suggests they were politically salient in all EU countries and can provide useful observation on the underlying nature of policy conflicts and preference formation.

The definitions of the four contested issues are based on the document analysis and

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3 These four issues were selected from the EMU Positions dataset that consists of member states’ positions on 47 contested policy issues related to the support for Greece, the European Financial Stability Facility, the European Stability Mechanism, the Six- and Two-Packs, the Fiscal Compact and the Banking Union (see Wasserfallen et al. 2019).

4 Lehner and Wasserfallen (2019) applied several dimension-reduction methods to the EMU Positions data and their results suggest that the political contestation 2010 to 2015 was one-dimensional - the split between the coalition favoring fiscal transfers and the one insisting on fiscal discipline can explain most to the variation in member state preferences.
validation interviews (see Wasserfallen et al. 2019 and online appendix). They are defined as specific aspects of EMU reforms over which the EU member states and/or EU institutions held different policy preferences in reform debates between 2010 and 2015. The position score of each actor on given issue is coded within the unidimensional policy space delimited by the most extreme proposals on the given issue; the position implying the least integration is coded as 0, while the one implying most integration is coded as 100 (see online appendix). Actor’s influence is also coded within 0 to 100 policy space, but in this case the score indicates the influence exerted on the formation of national positions.

Position and influence scores are derived from semi-structured interviews, where experts assigned scores between 0 and 100 that express actors’ position and influence in preference formation on each of the four issues. Interviewees were selected on the basis of their personal involvement in the relevant decision-making process, mostly from ministries, but also from national parliaments, permanent representations, media or academia. Interviews were conducted by 22 interviewers on the basis of common manual and mutual quality control by the EMU Choices consortium.

Since we have collected between 3 and 8 interviews in each member state, position

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5 Interviews also collected answers to open and prompted questions, which are released separately from the coded data (see EMUchoices 2018).
and influence scores need to be aggregated to produce unique position and influence score for each actor on each of the four issues. In line with the prevailing best practice, we have used weighted averaging to maximize the use of all available information (see Leuffen, Shikano and Walter 2013). The average of scores from interviews is weighted by the quality ratings assigned to each interview (see online appendix).\(^6\) Moreover, to avoid potential bias from idiosyncratic interviews, we include only scores for actors that were indicated as influential by at least two interviewees.

### 4. The worlds of formation: empirical analysis

The analysis of influence scores from the EMU Formation dataset indicates that the involvement of actors in the national preference formation differs across EU states and broadly corresponds to the three models of preference formation. Figure 3 shows the frequency-weighted average of influence scores for the four groups of internal actors.\(^7\) At the bottom there are countries conforming to the “Government-only” model, because actors other than government were not seen as influential by the interviewees. The middle group of member states can be characterized by the

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\(^6\) The EMU Formation dataset contains several quality ratings that can be used for other aggregation methods, such as the winner-takes-it-all approach used the DEU project (Thomson et al. 2006).

\(^7\) The mapping onto models is based on a country having a non-zero frequency-weighted average of influence scores for the given groups of actors. We do not draw further distinctions from the average value, but for the classification focus solely on it being positive.
“Government and society” model, because parliamentary and/or media actors influenced the national position. Finally, the group of countries listed at the top conforms to the most inclusive model of preference formation, the “Government, society and business” model, because all groups of actors are involved in preference formation.

Figure 3: The three worlds of preference formation in data
As expected, the most inclusive world of preference formation consists of Austria, Denmark, Finland and the Netherlands. These countries are traditional examples of inclusive democracies, where policies are formulated after extensive consultations with all relevant stakeholders. They are typically classified as coordinated market economies, characterized by regular consultations and negotiations between governments, parliaments and social partners (see Hall 2018, Hall and Soskice 2001), which applies not only to domestic policy, but also to EU affairs.

Cyprus, Spain, Greece, Italy and Malta also map on the most inclusive model of preference formation. Unlike the previous group, these countries lack long-term political and economic institutions that underpin stakeholder participation and coordination in policy-making (Hall 2018). However, these countries were impacted most severely by the Euro crisis and had to undergo protracted fiscal austerity and structural reforms that were the hallmarks of the EU crisis management (Frieden and Walter 2017). Such pressures mobilized domestic actors towards greater involvement in the EMU reform debates (ADD REFERENCE). The inclusiveness of their preference formation thus resulted from more immediate circumstances than long-term institutional factors. At the same time, this explanation does not apply
to Portugal or Ireland that were also among the most impacted countries, but achieved quicker recovery.

The absence of Germany among states with the most participatory preference formation is somewhat surprising. Their domestic institutions traditionally support the involvement of employers, banks and trade unions in economic policy debates. Our interviews indicate that as the question of Greek stabilization programs got politicized by tabloid media, business actors avoided direct involvement. The government was well aware of industry preferences, especially of the exposure of German banks to Greece at the onset of the crisis (see Tarlea et al. 2019), and business actors relied on it, while taking a backseat in public debate (EMUchoices 2018: 80). Moreover, the governmental actors in Germany were directly involved in forging key compromises with their counterparts in France. These countries traditionally act as agenda-setters, therefore their preference formation processes precede those in other countries, which often respond to Franco-German initiatives (Degner and Leuffen 2019). Consequently, when it comes to discussing specific legislative proposals, the debate might be less inclusive as it builds on preceding agenda-setting debates.

Empirically, Germany is classified as “Government and society” model, together
with the half of the EU member states (see Figure 3). In all of these countries, governments and parliaments were involved in the preference formation. Only in Latvia, Estonia and Slovakia, media and public opinion played discernible role. It was largely galvanized by the issue of poorer Eurozone countries, sharing fiscal risks of stabilization programs for relatively richer Southern economies.

The consistent parliamentary involvement in all new member states, except Poland and Hungary, is somewhat unexpected as these countries are often classified as having centralized political economies without strong coordinating institutions (Hall 2018, Nölke and Vliegenthart 2009). However, in the EU affairs they benefit from legacies of strong parliamentary involvement in the enlargement process. As documented by Karlas (2012), new member states established and maintain oversight by parliamentary committees that is stronger than in most old member states and comparable to the parliaments in Scandinavia (see also Wizen 2012). This ensures that in Latvia, Estonia, Slovakia, Slovenia, Romania, Czechia, Bulgaria and Lithuania governments interact with parliaments when formulating national positions.

At the same time, the involvement of parliaments in countries confirming to the “Government and society” model differs across policy issues. Whereas in Germany,
Sweden or Slovenia, the parliamentary involvement seems to be consistent across all issues, in other countries it was more selective. In Belgium, Bulgaria, Czechia and Slovakia the fiscal compact induced the parliament to assert its views, whereas in the three Baltic countries, Luxembourg and Romania it was also the stabilization program for Greece (see Figure 1a in the online appendix). These data indicate that countries with more robust coordinating institutions apply them systematically, whereas is other member states the parliamentary involvement partially depends on the politicization of the specific issue.

Finally, there are four countries confirming to the centralized “Government only” model. The preference formation in France is the most centralized in the EU. It is not particularly surprising given the centralized semi-presidential political and administrative system that is rather unique among the EU countries. In the UK, Poland and Hungary the preference formation is also centralized in a few governmental offices (Figure 3). These three countries are not Eurozone members, therefore the EMU reform proposals are less salient in domestic debates. Moreover, all these three countries are liberal market economies, where the government economic policy-making is not embedded in strong coordinating institutions that would guarantee the influence of other actors (Hall 2018).
The three worlds of preference formation also differ in the openness towards external influences from EU bodies and international organizations such as the IMF (Figure 4). Member states with the most inclusive preference formation model are also more open to the views of external actors, especially the EU bodies that prepare and co-decide EMU reforms. External actors are less influential in the preference formation of two more centralized worlds of formation.

Figure 4: External influences on domestic preference formation

<table>
<thead>
<tr>
<th>Government, society and business</th>
<th>53%</th>
<th>21%</th>
<th>18%</th>
<th>8%</th>
<th>29%</th>
<th>13%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government and society</td>
<td>34%</td>
<td>9%</td>
<td>7%</td>
<td></td>
<td>16%</td>
<td>5%</td>
</tr>
<tr>
<td>Government only</td>
<td>32%</td>
<td></td>
<td></td>
<td></td>
<td>16%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: EMU Formation dataset
Note: The percentages express the frequency-weighted average of influence scores (IS)(see online appendix).

The comparison of relative influence across the five actor groups indicates that EU actors, such as the Commission, European Central Bank, European Council and European Parliament, are more influential than any other actor group, but the
government. This indicates an executive bent in the preference formation as the actors representing national political and societal interests are less influential than either national government or EU bodies in all countries. At the same time, external actors are most influential in the most inclusive “Government, society and business” model, where governments seem to be most receptive to consultations with other actors.

The dominant influence of governmental actors is also reflected in the fact that on average member state’s final position on the given issue was the closest to the one proposed by government (see Figure 5). In contrast, parliamentary actors were on average the furthest from the final position of the given member state, indicating that parliaments, media and public opinion were more likely to oppose government’s proposals. Unsurprisingly, the average distance of governmental actors from the final position is the smallest in the most centralized model, where it was unopposed (see Figure 2a in the online appendix).

**Figure 5: Actors’ distance from the national and EU positions**
5. Conclusion and further research

This paper argues that the variation in the preference formation across the EU is explicable by long-term institutional factors that determine actor participation, in combination with more immediate circumstances that can galvanize some actors' involvement. On the basis of existing literature, we argue that there are three "worlds" of preference formation that differ in terms of inclusiveness of actors. The baseline model is "Government only", where all decisions are centralized; in the "Government and society" world, preferences are formed by interaction between the...
governmental actors and parliaments, public and media; and finally, the "Government, society and business" world also includes business actors.

Data from the new EMU Formation dataset allow us to map EU countries across the three worlds of formation. The most inclusive model is characteristic to countries like Austria, Denmark, Finland or the Netherlands that rely on long-established coordination among the government, parliament and social partners in economic policy-making. However, during the Euro crisis, countries like Italy, Spain or Greece also mapped on this model, as the economic strain mobilized political and business actors to exert more influence than would have been expected by their long-term institutional characteristics.

In contrast the most centralized process of preference formation was observed in non-Eurozone countries, as the UK, Poland and Hungary matched the ‘Government only’ world. Since EMU reforms impact these countries with less immediacy, other actors let the position to be decided by the government. In countries fitting to the ‘Government and society’ world, the balance between institutional and circumstantial factors ensured some influence for the parliament and public, but not for business actors.
The empirical analysis also identified several features shared across all EU countries. First, the preference formation is dominated by central actors - head of government, lead ministries and central banks (see Figures 3 and 4). The influence of parliaments or other actors is substantially lower and the position of governments is always the closest to the one they eventually presented in Brussels (Figure 5). Second, the dominance of national governments is complemented by the strong influence of the EU bodies such as the Commission, Eurogroup and ECB, which also rank above parliamentary majority (Figures 2 and 3). The combination of these two insights, backed by systematic empirical evidence, supports the view that the preference formation on E(M)U policies is increasingly centralized in the hands of executives.

Our results also identify several questions for further research. One of them is the unexpectedly centralized preference formation in Germany. Together with France it is central to the EMU reform process and detailed understanding of domestic preference formation is important for the reception and perceived legitimacy of their positions by other member states. Similarly, the depth of the crisis experience mobilized actors in most impacted countries, but less so in Ireland and Portugal. Finally, while EU bodies are influential across all countries, there is notable variation in the extent of their influence on domestic preference formation. The EMU Formation dataset can facilitate systematic study on more disaggregated level, such
as the role of different actors, preference formation on specific policy issue or in groups of countries, such as Eurozone, small EU states or new member states. Moreover, this data can be complemented with the EMU Position sister dataset that covers further 43 policy issues and/or qualitative data from all 141 interviews that can support in-depth case studies of the EMU reform processes.

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Online appendix

1. Actor groups (Table 1a)

2. The definitions of the four contested issues and Codebook (Table 2a)

3. Data collection process (Table 3a)

4. Additional figures (Figure 1a and 2a)

Table 1a: Six actor groups in the EMU Formation dataset

<table>
<thead>
<tr>
<th>Actor group</th>
<th>Actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government actors</td>
<td>Head of government; Ministry of finance or economics; Ministry of EU or foreign affairs; National Central Bank</td>
</tr>
<tr>
<td>Political actors</td>
<td>Parliamentary majority; Parliamentary opposition; Parliamentary committees; National Supreme Court</td>
</tr>
<tr>
<td>Media and public opinion</td>
<td>Media; Public polls</td>
</tr>
<tr>
<td>Social partners</td>
<td>Banking sector association; Trade union association; Employers’ association</td>
</tr>
<tr>
<td>EU actors</td>
<td>European Central Bank; European Council; European Commission; European Parliament; Eurogroup; Economic and Financial Committee EWG</td>
</tr>
<tr>
<td>External actors</td>
<td>International Monetary Fund; US government position; German government position; French government position</td>
</tr>
</tbody>
</table>

Table 2a: Definitions and policy spaces of the four contested issues and Codebook link

**GRC: Initial willingness to support Greece (First Program):** Greece was nearing a sovereign default in early 2010. As the EU and Eurozone searched for
solutions, some member states expressed preparedness to support Greece, while others initially resisted such proposals. The Eurogroup agreed on March 15 2010 to make support available upon request (the Greek authorities officially requested support on May 2 2010). In the end, all Eurozone countries contributed to the first bailout package.

**Policy space:**
0: Not supportive of the stabilization program for Greece.
100: Supportive of the stabilization program for Greece.

<table>
<thead>
<tr>
<th><strong>ESM: The size of the ESM:</strong></th>
<th>After the European Council agreed to a permanent fiscal crisis mechanism - the European Stability Mechanism (EMS) – for the Eurozone, there was a debate about its size. While some member states preferred to match the effective lending capacity of the temporary European Financial Stability Facility, others argued in favor of a substantively larger lending capacity. The final agreement only matched the EFSF size.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy space</strong></td>
<td>0: ESM effective lending capacity at maximum 500 billion Euro (same size as combined EFSF of 440 billion and EFSM of 60 billion). 100: ESM effective lending capacity of more than 500 billion Euro at best 1000 billion Euro, or even more.</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th><strong>FCO: The legal form of the debt brake:</strong></th>
<th>Regarding the legal commitment to the stability and fiscal discipline (debt break and balanced-budget “golden rule”), some member state governments argued for a constitutional-type commitment, whereas others were reluctant to accept constitutional change due to misfit with their legal traditions and/or need to approve the change by the referendum. While the first two drafts invoked “national binding provisions of a constitutional or equivalent nature”, the final wording is “provisions of binding force and permanent character, preferably constitutional”.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy space</strong></td>
<td>0: Ordinary legislation. 50: Binding provisions, not necessarily constitutional. 100: Constitutional level.</td>
</tr>
</tbody>
</table>
SPA: The blocking of SGP sanctions by reversed qualified majority:
Some member state governments supported the status quo, when the Commission recommends sanctions and the Council approves them by qualified majority. Others argued in favor of sanctions imposed by the Commission’s decision, unless the Council blocks them by qualified majority. The final compromise introduced the reversed qualified majority voting.

Policy space
0: Against the introduction of the reversed qualified majority mechanism (i.e., support for the status quo).
100: In favor of the introduction of the reversed qualified majority mechanism.

The detailed Codebook is available from www.EMUchoices.eu/data/emuf

3. Aggregation Procedures

The aggregation of the influence scores involves the following steps:

i. The aggregation of scores from multiple interviews to a unique score:
This aggregation is done by weighted mean separately for influence and position scores. Each score is defined within the 0 to 100 range (at 5-point increments), so they can be reasonably treated as continuous variables for the purpose of aggregation. The weights are derived from a quality rating, based on the judgment of the interviewer conducting interviews in the given member state. To reduce potential bias arising from idiosyncratic views of a single expert, we have removed all influence scores that were not mentioned by at least two interviewees. The result is the EMUf_selective dataset (see EMUf Codebook for further details).

ii. The aggregation of EMUf_selective scores to a unique score per each actor in each country: The EMUf selective contains influence and position scores

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8 All-scores rating (AllScoresR) is an indicator of the quality of all numerical scores based on the judgment of the interviewer who conducted all interviews in the given member state. Codes/weights are: 1 = most informative scores, 0.8 = excellent scores, 0.6 = average scores, 0.4 good scores and 0.2 acceptable scores (unacceptable scores of 0 are not included in the dataset). See the EMUf Codebook for further details.
on 4 contested issues. We use weighted mean again, with the frequency of non-zero scores serving as weights (see Table 3a). In contrast to a simple average, the frequency-weighted one distinguishes between actors that are influential only on some issues and those that are influential consistently across all issues. The frequency-weighted average can also be interpreted as the proportion of maximum potential influence that was achieved by the actor.\textsuperscript{9} Table 3a depicts the difference between the simple and frequency-weighted average, which stems from the fact that simple average ignores missing values, while frequency-weighted one interprets them as zero influence scores.\textsuperscript{10} The latter approach is more consistent with the EMUF data collection, as expert interviewees were asked to assign a score to any actor, who influenced the preference formation. Hence, absent influence scores imply that actors exerted no influence on the national position.

Table 3a: Frequency-weighted average and simple average

<table>
<thead>
<tr>
<th>MS</th>
<th>Actor</th>
<th>GRC</th>
<th>ESM</th>
<th>FCO</th>
<th>SPA</th>
<th>Simple average</th>
<th>Frequency-weighted average</th>
</tr>
</thead>
<tbody>
<tr>
<td>MS1</td>
<td>Actor1</td>
<td>100</td>
<td>80</td>
<td>-</td>
<td>60</td>
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<td>60</td>
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<tr>
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<td>Actor2</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>100</td>
<td>25</td>
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</table>

Note: GRC = initial willingness to support Greece, ESM = size of the European Stability Mechanism, FCO = the legal form of the debt brake in the Fiscal Compact and SPA = the blocking of Stability and Growth Pact sanctions by reversed qualified majority.

\textit{iii. The influence scores for actor groups:} The scores for actor groups are simple averages of the relevant actor scores.

\textsuperscript{9} The maximum score per issue is 100. Across the 4 issues, the maximum sum of scores is 400, which is then divided by the actual sum of scores to get the frequency-weighted average.

\textsuperscript{10} To get the frequency-weighted average, the simple average is weighted by the proportion of non-empty scores; the weight is 1, when influence scores for all 4 issues are available; 0.75 for 3 issues; 0.5 for 2 and 0.25 for 1. In short, the sum of scores is always divided by 4.
4. Additional figures

Figure 1a: Issue coverage by parliamentary actors and media

<table>
<thead>
<tr>
<th>Government, society and business</th>
<th>Parliamentary actors</th>
<th>Media and public opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GRC</td>
<td>ESM</td>
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<tr>
<td>Government, society and business</td>
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Source: EMU Formation dataset
Figure 2a: Average distance from the final member state position in the three worlds of preference formation

Source: EMU Formation dataset