A political economy of preferences in EU negotiations

An analysis of the determinants of positions in the Council of Ministers

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Abstract

Quantitative and qualitative studies of EU negotiations and decision-making procedures assume that the partisan preferences and the attitudes of the EU member states are the crucial variables which explain the behaviour of political actors in the EU. I demonstrate that the negotiation positions of the EU delegations in Council of Ministers negotiations are determined to a large extent by their structural, often economic interests—such as the amount which they contribute to the EU budget. Furthermore, the principal-agent relationship between the domestic constituency and the government can explain a government's interest in some specific issues such as consumer protection or fishery policy. Partisan preferences such as a party's position on a political left-right dimension, however, are not as important to explain a government's position.

Keywords: negotiation position – partisan politics - political dimension - preference — strategic and sincere positions

Introduction

During his two periods in office, the German chancellor Gerhard Schröder earned his nickname "Auto-Kanzler" due to his fierce defence of the interests of the German car industry. In two major legislative discussions – the end of life vehicle directive[1] and the takeover-directive[2] – the German opposition to a Commission proposal caused either serious delay or the failure of a Commission proposal. These tactics were aimed to protect the interests of one of the most important German industrial sectors: the car industry. Notwithstanding the special connection Gerhard Schröder has with the automaker Volkswagen, his behaviour demonstrated that a government can behave very predictably in the interests of a national industry within the EU regardless of its partisan preference. This elicits the question: to which extent negotiation positions of EU governments can be explained by structural and partisan interests.

In the last decades EU researchers have concentrated on explaining the linkage between national and European politics, such as the effect of national parliamentary elections on European parliament elections (van der Eijk and Franklin, 1991). Alternately, they have analysed the conflict of dimensions within the European Parliament (Hix et al., 2006) and to a lesser extent within the Council of Ministers (Mattila, 2003; Zimmer et al., 2005) in order to see whether the conflict dimensions are the same on the supranational level as on the national. But hardly anyone has analysed the effects of partisan politics within the EU Council on EU legislation. Among the first to execute such a study are Manow and his coauthors (2008) who rightly suggest that there is an astonishing research gap concerning the preferences of EU governments. Manow et al (2008) show that the political center of gravity in the Council moved from the right in the 1950 towards the left in the 1990s and that it provoked a change in social policy However, their analysis concentrated mainly on a very few crucial decisions taken on European Council summit negotiations, which take place approximately four times a year[3]. In my analysis presented below, I can show that the partisan positions do matter less in

the more frequent Council negotiations, whereas direct, structural interests of the EU member states serve well to predict the EU government positions on negotiation issues. In a first step, I demonstrate how structural variables can explain the positions of the EU governments in Council of Ministers negotiations to a large extent. In a last part of the analysis I discuss and investigate possible reasons not to represent the actual, structural interests of a country, and whether there might instead be reasons to assume strategic extreme positions.

Preferences of States

In the literature about international relations we find different theories explaining the determinants of negotiation positions (Bräuninger, 2001). Based on the assumption that states behave like "billiard balls" in an international system, realists claim that preferences of states result from their positions in the state system. A classical and important determinant of this position in the realist theory has been the capacity of a national military for signifying the power position of a state (Morgenthau, 1967). In the realists' view, the different characteristics of policy domains or the various domestic interests within states do not influence the position of a state in the international system. When neorealists developed this approach further, they agreed that military resources were not the only determining factor in deciding a state's position. Economic interdependencies and domestic factors can exercise a serious influence in this area (Keohane and Nye, 1989). One example of how positions can be derived from the structural interests of EU member states was presented by König and Bräuninger (2000) when they derived the positions of EU member states from their domestic agricultural interests and unemployment rates.

The liberal theory within the international relations theory attributes an even stronger influence stemming from a state's preference for domestic variables, and calls them the defining elements of a state's interest. Moravcsik (1997:518) defined in his liberal institutionalist approach states interests as aggregates of individual interests and explained that states represent "some subset of domestic society". On the one hand the fundamental

preferences of states are structural interests, defined by the economic situation of a state, and on the other hand they are social interests, defined by the domestic desires of a state. The government functions as agent representing the interests of the principals at the domestic level. The more privileged a societal group is, the more likely it is to have a better representation of interests in its national government (Moravcsik, 1997). Schelling (1960) termed the possible effect of domestic groups on international negotiators the "paradox of weakness". With this term he explained how a government negotiator can press for concessions at the international level by illustrating how critical and sceptical his domestic constituency is. In the history of EU negotiations there is an abundance of examples for such concessions e.g. the Danish and British exemptions from the Maastricht Treaty obligations concerning social policy.

In a similar vein, Hug (2003) criticizes the methods of intergovernmental approaches to studying the European integration process, citing them for frequently ignoring the link between pivotal actors at the domestic level when they are analysing state preferences. This is especially surprising because democratic governments have an inherent need to pay attention to their constituencies when they want to remain in power, and also because international bargains often have to be ratified at the domestic level (Hug, 2003). Similarly, in his study on the preference formation in the negotiations over the International Treaty on the Seabed Convention, Bräuninger (2001:37) was able to show that domestic preferences determined states' preferences to a larger degree in contrast to endogenous factors of the negotiation process, as adherents of the social-constructivist approach would claim.

Apart from the structural interests of a state – determined by its economic situation and its domestic interest groups – the partisan preference of governments might serve as useful explanation for a negotiation position. Several authors maintain that the partisan orientation of governments—in particular their position on the left-right scale matters—for explaining their negotiation position. Marks and Wilson (2000) convincingly demonstrate that

partisan party families matter more than nationality when they analyze the positions of national parties on European integration. However, this strand of the literature concentrates predominantly on the question of whether the Left-Right dimension is more important than the Anti-Pro-EU-Integration dimension to explain party positions in the EU (Hix, 2001; Hooghe et al., 2002; Ringe, 2005; van der Eijk and Franklin, 2004), in particular the European Parliament. For the European Council, Manow et al. (2008) show that the Left-Right orientation of EU governments is a precondition to explain EU social policy.

For the EU Council of Ministers, very few studies have investigated the question of which positions are represented in this body, partly due to the fact that these positions were not available. When analysing the final votes in the Council of Ministers, Mattila (2003) explains the probability of a EU government to agree or to vote no on a legislative proposal with its position on the Left-Right scale to explain. He finds that left-wing governments are less likely to vote negatively in the Council than right-wing governments (Mattila, 2003:36).

Analysing roll call votes in the Council of Ministers, Hagemann (2007) and Mattila (2004) find that the Left-Right-wing dimension of EU governments is one of the major conflict dimensions in the Council. However, using the DEU data set other researchers have suggested that the political dimensions break down along a North-South dimension (Kaeding and Selck, 2005; Thomson et al., 2001; Zimmer et al., 2005), and a regulatory versus market-based solutions dimension (Zimmer et al., 2005). Dobbins et al. (2004) expand upon these analyses with the prediction that the accession of new member states will lead to a strengthening of the producer-oriented, markedly protectionist political dimension.

These results lead me to think that structural interests of the states—such as economic interests, or (in the case of institutional negotiations) state size or the length of membership (Leuffen and Luitwieler, 2006), and domestic preferences— matter a lot in the Council. Following this line of reasoning, they might be more essential to explain the negotiation position of an EU government in Council negotiations than partisan preferences. When

governments are faced with the choice between defending a constituency's economic sector or demonstrating their partisan opinion, they tend to opt for the former option, especially in such salient cases as mentioned in the introduction when one of the most important industrial sectors – the carproducers - felt threatened and thus motivated the Social-democratic German chancellor Schröder to opt for a an anti-environmental, anti-shareholder view in the Council negotiations.

When positions do not reflect preferences: strategic positions

One explanation of why governments might not choose to directly represent their sincere interests lies in the potential use of strategy. Strategies are a "skill of a different kind" (Dixit and Skeath, 1999) and an expression of an actor's attempts to influence negotiation circumstances by reacting to other players' positions. In game theory the term strategy denotes a plan for a player to play a game (Morrow, 1994:352). A player chooses this strategy according to the information he has about the other players (Morrow, 1994:66). Such strategies can include a bluff, such as signalling a more extreme position than is actually intended. These signalling games characterise situations in which an actor with private information sends a signal to its counterpart to which she is supposed to react (Gibbons, 1997; Morrow, 1999; Spence, 1973). The effect of strategies depends therefore on the asymmetrical distribution of information, on the goals and the strategies of other players. For EU negotiations, Schneider and Cederman (1994) demonstrated that an extreme position is an effective tool to achieve a particular goal in the European Council.

The strategy of choosing an extreme position is said to be less efficient when all negotiators employ that same strategy because agreements become less likely (Fisher et al., 1984:24). An example of such a failed threat strategy due to strong resistance can be seen in the British blocking strategy during the BSE crisis. Out of anger about the embargo against British beef, the British delegation refused the agreement to certain legislative proposals which required unanimity in May and June 1996 (Dinan, 1999:262). Since the other 14

governments showed an even higher degree of determination to continue the beef blockade, the British government ultimately had to realise its mistake, and gave up this blocking strategy. The high degree of resolve of the 14 counterparts was probably achieved by the wide-spread fear of contaminated beef in the EU.

A strategy of starting tough and then gradually making concessions is a more effective means of reaching an optimal division of resources than a strategy in which a softer position is maintained throughout the negotiations (Rubin and Brown, 1975:275). This effect is even stronger when the counterparts stick to a soft and lenient strategy and are prepared to make concessions (Rubin and Brown, 1975:268).

In this section, I have discussed three variables that determine the preference of a government in international negotiations: structural interests, domestic interests, and strategies. In the first part of my empirical analysis, I show how state preferences can be inferred "by observing consistent patterns of state behaviour" (Moravcsik, 1997:544). Based on the intergovernmentalist approach, I shall postulate in my first hypothesis that EU governments assume positions which reflect their economic or redistributive interests in Council of Ministers negotiations.

H1: Positions in Council of Ministers negotiations are a reflection of the economic interests of the EU member states.

Apart from economic interests, the different domestic-level societal interests directly influence the positions of governments. A position that directly represents the opinion of an important interest group, or raises a lot of awareness in the public, can be taken up for two reasons: one, a government wants to show its domestic constituency that its European-level representative defends its interest, and two, the negotiating delegation might want to use this constraint as bargaining leverage against its counterparts in the Council (Putnam, 1988; Schelling, 1960).

H2: Positions in Council of Ministers negotiations are a reflection of domestic interests in the EU member states.

Correspondingly, I assume that actors will only choose to have no position on a certain topic if they do not care about the topic, and have no interest in the issue at stake. König, Finke and Daimer (2005) analyse why actors in EU negotiations over the future Constitution of the European Union might not have a bargaining position for strategic reasons. They state that it might be advantageous for an actor to hide his position on a specific issue and identify certain scenarios in which this is likely. In the context of the EU Constitution negotiations, they assume that actors are not keen to show their preference publicly when they prefer the status quo, and are faced with a majority of negotiation partners far away from its position and they can prove this assumption with their data. By contrast, I assume that the strategic use of missing positions might well occur in such unique negotiations as the Convention negotiations, but that they are less likely in frequent sometimes weekly Council negotiations. Consequently, I propose the following hypothesis:

H3: Missing positions in Council of Ministers negotiations occur not for strategic reasons but if member states have no interest in a certain topic.

Taking the advantages of strategies into account, it should be stated that strategies can come at a cost. If negotiators exaggerate the use of strategies and do not stick to their commitment, they might lose their credibility and thus their threat potential (Hovi, 1998). There is a strong temptation to invent a constrained win-set, but the danger is high that a "bluff" will be detected by negotiation counterparts—especially in an information-rich environment such as the Council of Ministers negotiations, where it is not uncommon for negotiators to meet with daily regularity. No one is likely to believe a diplomat's dramatic descriptions of how bound her home front is, if these descriptions have never been true in the past (Schelling, 1960:27). Therefore, I postulate that strategies such as an extreme position are only assumed in exceptional situations. When the British government successfully obtained a number of

concessions in the lengthy and tough negotiations on the EU directive on artists' resale rights in 2000[4], this negotiation success could have been interpreted as proof of how a tough and intransigent extreme position can pay off in legislative negotiations in the EU. Due to the hard outlying position of the UK, the final common position of the Council contains a maximum ceiling of royalties that an artist might receive thus seriously distorting the original idea of the proposal. The British delegation achieved special consideration to its "vital interest" in protecting the future of the British auction houses Sotheby's and Christie's, where 90% of the European auction sales occur[1]. Negotiation studies show that bold strategies are worth the effort since higher aspirations lead to higher payoffs (Zetik and Stuhlmacher 2002(Wolfe and McGinn, 2005). I infer in my fourth hypothesis that governments take an extreme position if they are especially concerned about a certain topic.

H4: The higher the interest of a member state in a negotiation issue, the more likely it assumes an extreme position in Council of Ministers negotiations.

Additionally, some member states might also take into account whether they actually stand a chance to influence a final vote by the mere number of their votes. Thus, large member states might be rather tempted to assume a position far from the opinion median, if they perceive a greater chance of preventing a winning majority in qualified majority voting, in contrast to smaller states that might more easily be ignored. In order to see whether pure hard power factors—such as votes or alternately the aspirations of delegations— influence the choice of an extreme position, I shall proceed to test the following hypothesis.

H5: The bigger a member state of the European Union, the more likely it assumes an extreme position in Council of Ministers negotiations.

Before I commence with testing these hypotheses, I shall discuss some data-related problems, concerning the definition of states' preferences in negotiations. Afterwards, I shall introduce the data used for the analyses.

Data on State Preferences

So far, studies on EU Council of Ministers negotiations have suffered from a lack of data due to the extreme secrecy that shrouds Council of Ministers negotiations (Gabel et al., 2002). The predominant method for detecting the negotiation positions of states in EU negotiations has been the analysis of negotiation documents (Bueno de Mesquita and Stokman, 1994; Hopmann, 2002; Hug and König, 2001; König, 1997). This method has the advantage of being easily traceable by other researchers and is cheaper than interviewing (Sullivan and Selck, 2007). Less frequent is the direct interviewing of negotiation participants, a method used in the research project "Decision Making in the European Union"(Thomson et al., 2006), which identified the opinions of the EU member states in 66 EU proposals, by interviewing the negotiators of the national delegations or civil servants from the Council of Ministers. They gained information on the negotiation issues, the positions of the member states, and the salience the participants attributed to the negotiation questions—information which is difficult to deduce from negotiation protocols.

Both methods of identifying negotiation positions—documents and interviews—suffer from the fact that it is unclear to which extent the positions reflect the actual preferences of actors, or only strategic positions assumed in order to ensure some bargaining leeway. Most analyses of EU negotiation, e.g. case studies on summits (Dinan, 1999; Hösli, 2000; Moravcsik, 1998) or quantitative analyses on Council of Ministers negotiations (e.g. (Bueno de Mesquita and Stokman, 1994; König, 1997; Thomson et al., 2006) assume that the stated opinions of the government leaders or their diplomats reflect their true opinions. However, they are faced with the criticism that the stated opinions might not be expressions of the actual interests of states, since there could be strategically chosen statements (Bueno de Mesquita, 2004). While Achen (2006) considers it possible to gather their "ideal" (or sincere) positions, Bueno de Mesquita (2004) believes that it is practically impossible to ascertain the real opinion of a negotiator. Especially in situations with incomplete information, he argues,

where there is a low probability for finding out the real preference of negotiators, it is far too advantageous for a diplomat to assume a strategic position. If this is the case and the positions are actually strategic, the negotiation analyses would be seriously biased. Consequently, in view of the fact that analyses of negotiations are based on the preferences of actors—as is the case with many other political science studies—the question of which variables determine the positions of actors is highly relevant in order to measure hypotheses about the behaviour and results in international negotiations.

Data used for this Analysis and Operationalization

The primary source of information is the data set "Decision Making in the European Union" which includes detailed information on 66 legislative proposals by the European Commission (Thomson et al., 2006). The goal of this data set was to create a collection on information on day-to-day negotiations in the Council of Ministers, in order to test bargaining models. Each legislative proposal needed to raise at least a minimum level of controversy in order to be considered. The selection criterion was whether "Agence Europe", a daily comprehensive news service reporting about European Union activities, mentioned a proposal and whether an EU expert confirmed that the proposal was contentious. The Council had to discuss a proposal within the data collection period of the DEU project (2000- 2002). The legislative proposals that were selected were either subject to the consultation or the co-decision procedure; both procedures can require unanimity or qualified majority in the Council of Ministers.

Interviews were only conducted with experts who had a chance to witness the whole bargaining process between and within the diverse legislative bodies of the EU, typically officials from the European Commission, the Council of Ministers, or the Permanent Representations of the Member States in Brussels. The first task in the interviews was that an expert identified the controversial issues within a proposal. Based on this, they had to indicate the position which the decisive actors (member states, the Commission, and the European Parliament) took after the introduction of the proposal before the Council formulated its

common position. The experts had to locate the two EU actors holding the two most extreme positions on the two end points 0 and 100 of our dimension to represent the stakeholders' opinions on that issue. Intermediate positions taken up by the remaining EU actors represent less extreme positions, or compromise solutions achieved in the negotiation. Especially in the cases where qualitative and not numerical issues were negotiated, we relied on our interviewees' expertise to identify the political distances of the negotiating parties. The majority of issues (109 of 162) reflect a ranked ordering of policy positions; 33 of the issues are dichotomous where the EU actors only hold extreme positions; and in 20 cases the measurement is on a scale level, indicating that all points on the dimension have a substantive meaning (e. g. financial transfers to a certain EU programme).

Other questions—apart from asking for the status quo and the outcome—pertained to the salience attributed to the contested issues, which we defined as the importance actors attached to the negotiation issues. Salience was measured on a scale between 0 and 100, with 100 indicating that an issue was of highest importance and 50 marking an average priority.

Another measurements for domestic constraints on the level of the population can be derived from the attitude of the population toward consumer protection in the EU as noted in the Eurobarometer surveys of the European Union. Data about the payments and subsidies to and from the EU budget were all drawn from the relevant statistics of Eurostat (http://epp.eurostat.ec.europa.eu). In order to test for the attitude towards the EU and the left-right positions of EU governments, I used the data from the dataset created by Benoit and Laver (2005) in which they gathered the positions of parties on the Left-Right-scale and on the question of whether they favoured shifting more authority toward EU authority (=1) or reducing such shifting (=20). Each government represented in the Council at the time when the Commission initiated one of the 60 proposals received a value for its EU friendliness, based on its Left-Right-position (1=Left, 20= Right) and EU-Friendliness. For coalition governments, e.g. in Germany, I weighted the values according to the size of coalition parties.

The Determinants of Negotiation Positions

In the following analysis, I will present two methods of analysis in order to analyse the preferences of EU governments. The first form of analysis is a multivariate OLS regression analysis, which delineates the way in which EU governments choose their positions on financial, consumer and institutional issues[5]. In the case of financial issues, I assume that the structural interests of EU states can be deduced from the contributions and payments they receive from the EU budget. The dependent variable in this first analysis of financial issues is the position of the EU governments on a scale from 0 to 100, where a higher scalar position means spending more money. The two other dimensions – consumer issues and institutional issues – are also scaled in such a way so that a higher position on the scale means more consumer protection and more EU integration. Table 1 displays the results of the multivariate analyses.

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Table 1 around here[6]

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The independent variable Netto measures the profit from the EU budget, and represents the difference between the contributions and the payments of an EU member state to the EU budget. Disregarding all other aspects of these negotiation issues –concerning cultural, fisheries and other topics—the netto variable can explain 27% of the explained variance. This suggests that a state is more prepared to spend money on EU policies the more it has benefited form the EU budget. The variable that accounts for the partisan preferences of the EU governmnents is not significant when tested for its single influence on the positions in financial issues. However, when we account for the financial interests of the EU member states, the effect becomes significant. Then, the negative coefficient indicates that right wing governments gravitate toward lower EU expenditure than left wing ones, thus confirming Hibbs' (1977) famous hypothesis on the influence of parties on public spending.

When trying to predict the preferences of the EU governments on issues concerning consumer protection, such as labelling of honey or the strength of a health warning etc, I could not find a variable that compellingly explained the choice of opinions. Neither various measurement of consumer protectionism (such as the "percentage of people in a country which think that they have a high level of consumer protection in their own country") can explain the positions of the EU governments on the issues of labelling of products. The partisan variable points in the expected direction, indicating that right wing governments are inclined towards less consumer protection than left governments are, however this variable is not significant.

By contrast, the analysis concerning the choice of positions in institutional affairs shows that the position of governments on the shift of authority towards the EU is significant, and shows the expected effect. The more reluctant the governments are to attribute power to the EU, the more inclined they are to guard their rights in interinstitutional disputes concerning conflicts about the appropriate voting mechanism in comitology commissions (QMV or unanimity), and to guard the degree of autonomy given to the Commission on some regulation boards. The partisan preference variable indicates that parties that are more to the political right tend to be more careful about shifting rights towards the EU, confirming findings of Hix (2005:173) which state that in some EU member states, the Left is more pro-European than the right. I could not test the partisan and integration variables in one model because they are highly correlated (Pearson correlation coeffient 0.8) and would have caused multicollinearity.

In this first analysis I have shown that financial interests and attitudes towards European integration can explain the positions EU governments likely to take in EU negotiations, to some extent. In the case of financial and institutional issues, the budget variable respectively the EU-attitude variable explained a larger part of the variance than the pure Left-Right- variable. Therefore, I draw the first conclusion that the pure partisan

preference is less helpful predicting positions of EU governments in daily negotiations of the Council of Ministers.

I shall now add a second analysis of the determinants of negotiation positions, based upon data generated by Zimmer, Schneider and Dobbins (2005) who investigated the underlying dimensions of the 150 negotiation issues in the DEU data set. With the help of a correspondence analysis of the Council negotiation positions, Zimmer and her coauthors (2005) showed that the dominant dimensions in the Council negotiations were a North-South dimension, caused by the different interests of these states in market regulation, protectionism and financial contributions to the European Union[7]. By splitting the negotiation issues in the policy domains of internal market and agriculture they could explain that their calculated latent policy dimensions cover between 66 and 86% of the variance of positions (Zimmer et al., 2005:412)(see Appendix A2 for the values of these dimensions).

The reduction of the 150 issues to a few latent dimensions with the help of correspondence analysis offers several advantages, in contrast to analysing the positions on the actual issues directly. Firstly, interviewer effects—discrepancies caused by different interview partners— such as "ex-post rationalizations" have a much smaller weight if the dimensions get reduced to a few latent ones. Secondly, effects depending on the special negotiation situation or differing interviewer styles matter less (Bradburn and Sudman, 1979).

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Table 2 around here[8]

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Table 2 shows the results of OLS analyses in which I explain the positions of EU member states in the policy sectors internal market, agriculture, and fisheries—using structural and partisan variables. These variables assess the interests of the member states and thus give an indication of whether interests determined by economic or domestic interests or partisan

positions determine the position of a delegation. As I did in the first model, I use the EU budget variable to explain the first dimension of positions in internal market negotiations. The reasoning behind this test is the assumption that states receiving a greater share of the EU budget have a different interest in EU internal market issues than others. The significant and negative coefficients of the payment variables demonstrate that countries benefiting financially from the EU prefer to be located on the left hand side of the first latent internal market dimension. The second model shows the impact of the Left-Right orientation of EU governments on this dimension and shows that EU states which are more right-wing are usually located at the other end of the scale. However, this variable is not significant. I refrained to test the two variables in one model due to the small number of cases.

From the topics with the highest loadings on these dimensions, Zimmer, Dobbins and Schneider (2005) define the second dimension of the internal market as one which is dominated by consumer protection and producer interests. In order to test for consumer protectionism, I use data from a Eurobarometer survey in which citizens in the 15 EU member states were asked whether or not they think there is a high level of consumer protection in other EU countries (column 2 of table 1)[9]. This question measures a sort of missionary behaviour of citizens, e.g. in Scandinavia or Germany, who think that other EU countries are not as advanced as they are in consumer issues. One might get this idea by following internal market negotiations, in which countries with high consumer protection standards such as Denmark and Sweden, who are at one end of this scale, try to impose their ideas on more liberal countries such as UK or Ireland, which are located at the opposite end of the scale. Even this relatively approximate measure of consumer protection explains a quite large percentage (39%) of the variance on this second dimension of internal market negotiation positions. In order to operationalize producer interests as a counterpoint to consumer interest, I evaluated the influence of the industrial takeover in a country as well as the industrial production on the positions. Both variables do not show a significant effect (analysis not

shown here but available from the author upon request). This could be a sign that the measurements do not capture producer interests well enough. These are relatively difficult to measure, because their interests are very heterogeneous. The different interests of car producers, tobacco companies, and dozens of other industry sectors might be too wide spread to be implemented in such an analysis.

The partisan preference of the EU governments does not help to explain the positioning on this dimension. The negative variable points in the expected direction – indicating that right wing governments tend to assume positions on the other side of the scale than consumer protectionists, but the variable is not significant.

In another crucial policy area of the EU—agricultural policy—the measure of the share of people employed in the agricultural sector explains why actors are located on the right hand side of this dimension (column 3 of table 2). The larger the workforce employed in the agricultural sector, the further to the right the country appears in the first agricultural dimension. Already, this crude measure of a state's interest in the domain of agriculture can predict more than half of the variance to be explained on this dimension. When I control for partisan preferences, the variable turns out to be not significant.

Comparable results can be obtained in the area of fishery policy, where I controlled for the amount of fishers and the yearly amount of caught fish, which explain to some degree (31 %) the positions of the governments. Again, party politics do not help to explain the opinions of the negotiators in the policy area.

These two first analyses using the direct positions and using the latent dimensions indicate that the structural interests of states are better indicators for predicting which opinions states will have in EU legislative negotiations, in contrast to partisan politics. A country whose employment force is highly dependent on the fishery sector will always behave in a predictable way in fisheries negotiations, disregarding whether the other EU

member states have to deal with a right- wing or left-wing government. Only in few instances we could find an influence of partisan preferences of the respective EU governments during the period of investigation (2000-2002) showed an effect on the positioning of governments on this or other dimensions. This means that the underlying interests represented in EU negotiations rather stem from structural and domestic interests, instead of party politics.

In a similar vein, I expect that a lack of interest will result in a missing position in a negotiation. When the researchers of the DEU research group asked the experts for the positions of the member states, they tried to make sure that missing positions did not arise out of memorisation problems, but out of legitimate non-existence. A missing position in the data set is supposed to mean that a state did not have an opinion on a certain topic. Therefore, I expect that missing positions are due to a lack of interest in certain issues. I measure the interest of the EU delegations using the salience in which they held a negotiation issue, as well as with the more crude measure of economic size of EU countries (GNP). I use this economic measure to account for the general width of interests of larger member states. Larger member states typically have more diverse industry sectors and thus a larger variety of interests in EU negotiations, compared with smaller ones.

The logistic regression analysis in table 3 shows that higher salience and more economic power decreases the probability of having a missing position in the DEU data set[10]. The higher the interest and the more economic power a government has, the more likely will it assume a position on a negotiation topic. This result confirms the third hypothesis—that governments will not hold back their opinions in the Council of Ministers for strategic reasons, and that their missing positions are an indication of their true lack of interest.

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Table 3 around here

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The analyses above illustrate that a large percentage of the positions of EU delegations are an expression of their actual interests. However, I could not explain all of the variance of positions. The remaining unexplained variance could be due to interests which were not controlled for; this could be quite probable because I used relatively crude measures in the absence of better ones. In an analysis of the residuals, I could not find a systematic pattern of variables, such as size or EU support, which might explain why states do not locate themselves according to their interests. Alternately, of course, the unexplained variance could be due to measurement errors.

In addition, it is probable that—in spite of the frequency of meetings and good knowledge of each other—the negotiation delegations assume strategic positions which cannot be directly explicated with their structural or domestic interests. As outlined above, extreme positions at the beginning of a bargaining round are a popular method for negotiators to demonstrate their determination to the other participants. Presently, I will analyse the circumstances under which such behaviour occurs (e.g., in highly contested proposals or situations when governments are under extreme pressure).

Extreme Positions

To get a clearer picture of the relationship I will employ an OLS regression (shown in table 4) to ascertain which of the independent variables' salience and size can explain the extreme positioning of member states in legislative proposals. I measure extremeness with the absolute values of the residuals from the multivariate analyses shown in table 1. The higher the value of the residuals, the more extreme a position.

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Table 4 around here

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As expected, increased interest in a policy area seems to encourage states to choose extreme positions. In the case of financial issues, salience has a negative impact, whereas in the case

of institutional issues it has a positive effect. This could reflect the fact that in financial issues, other variables (such as the payments into the EU budget) are more decisive to explain positions. However, this may also be explained by the possibility that governments realize that they have to assume extreme positions in order to get their ideas realized in institutional issues.

The number of votes controls for the size of the EU member states, and its negative coefficient indicates that bigger member states tend to avoid extreme positions in financial questions, whereas they tend towards being more extreme in consumer and institutional questions (although these results are not significant). Overall, it seems that choosing an extreme and maybe strategic position is not so much a product of a state's power resources, but rather of a state's need for concessions, and the characteristics of the negotiation situation.

With two dummy variables accounting for the codecision procedure and the existence of majority voting, I controlled for the institutional effects of the legislative procedure. The negative sign on the dummy variable for issues under qualified majority voting demonstrates that EU governments realize that extreme positions are not as effective in majority voting, so they tend to avoid them. Theoretically, a government that chooses to take an extreme position is more likely to draw the outcome towards its position in situations of unanimity voting. Such a veto player can strongly influence the negotiation result, ensuring that an outcome is equal to or only slightly different from the status quo (Tsebelis, 1999; Tsebelis and Chang, 2001). Taking on an extreme position in qualified majority voting situations is useless, however, because the majority can simply ignore the laggard. Although unanimity voting is still often practiced in the Council (Hayes-Renshaw et al., 2006), the possibility of achieving an agreement without a laggard decreases the chances for an extreme position in situations of majority voting.

The positive coefficients of the codecision variable demonstrate that negotiators use the extreme position strategy especially when they are faced with the more complicated

legislative procedure of the European Parliament and thus indicates that more complicated discussions tend to provoke more extreme positions. The involvement of the EP increases the level of contestation, because it contributes more opinions and actors to the legislative discussion. The positive and significant coefficient of the length variable[11] elucidates once more that lengthier discussions are associated with extreme positions.

These results demonstrate that some characteristics of actors and situations increase the likelihood of extreme and therefore strategic positions. This seems to be especially relevant in exceptionally salient cases, whereas the routine are more compromise-and result-oriented negotiations in the Council.

Conclusion

In the above analyses, I demonstrated that negotiation statements in the Council are actually a reflection of the structural and domestic interests of states. I was able to show that even relatively basic structural and domestic level variables influence the states' choice of position on certain topics. Particularly in frequent and sometimes repetitive negotiations, as in the Council, positions stated at the beginning of bargaining rounds reflect states' interests to a large extent, and are not mere negotiation strategies designed to bluff and hide an actual position.

However, I do not deny the use or the possibility of strategic positions. To a certain degree I found evidence for a strategic choice of positions, because bigger states and states with an increased interest in matters more often choose extreme positions. This provides some support for the idea that that such a position is not unrelated to strategic considerations. Yet the higher frequency of Council negotiations, in contrast to EU summit negotiations, leads to a less common use of strategies in these day-to-day negotiations. The shadow of the future (Axelrod, 1984) ensures the government that government representatives in Council negotiations cannot too easily bluff and use bold strategies carelessly. Therefore, I claim that

strategic, as well as sincere considerations determine day-to-day negotiations in the EU. Dramatic strategic moves are reserved for exceptional bargains, whereas the daily business of negotiating the huge amount of EU legislation is determined by the sincere interests of the governments. These interests are more typically determined by the industries and citizens of EU states than by the partisan preferences of their governments.

Similarly to the results of König and Bräuninger (2000), who used structural variables from the agricultural sector to predict bargaining positions and possible negotiation coalitions after Eastern enlargement, it might be worthwhile predicting future bargaining positions and conflicts in future Council negotiations dependent on the actors after the various Eastern enlargement rounds. Based on their structural interests and their domestic situations, we could envisage how conflict might evolve in the future. In my study I have shown that it is worthwhile to take domestic variables such as consumer protectionist attitudes and some strategic considerations into account. However, these are more important than considering the various partisan preferences of new incoming EU governments.

8929 words

Table 1 Analysis of Policy Dimensions

	FinancialIssues			ConsumerIssues			Institutional Issues	
Netto benefit from EU budget	0.00***		0.00***					
	(0.00)		(0.00)					
Left-Right preference of EU govts.		0.22	-1.85**		-0.48	-0.49		-2.46
		(1.05)	(0.93)		(0.73)	(0.74)		(1.39)*
Attitude to Consumer Protection				0.02		0.03		
				(0.12)		(0.12)		
EU Integration Attitude of EU govts.							-3.91	
							(1.76)**	
Constant	63.46	57.98	82.63	50.00	56.16	54.88	89.10	81.50
	(2.46)***	(11.12)***	(9.91)***	(6.51)***	(8.03)***	(9.82)***	(15.42)***	(14.95)***
Observations	133	133	133	377	377	377	97	97
Adjusted R-squared	0.27	0.01	0.29	-0.00	-0.00	-0.00	0.04	0.02

Table 2 Analysis of the latent policy dimensions

	1. Dimension Internal Market "Market Regulation"	1. Dimension Internal Market "Market Regulation"	2. Dimension Internal Market "Consumer Protection"	2. Dimension Internal Market "Consumer Protection"	1. Dimension Agriculture "Agricultural Subsidies"	1. Dimension Agriculture "Agricultural Subsidies"	1. Dimension Fisheries "Fishery subsidies"	1. Dimension Fisheries "Fishery subsidies"
Netto benefit from EU budget	-0.0001***							
	(0.00)							
Left-Right preference of EU govts.		0.35*		-0.13		0.07		0.06
		0.18		(0.09)		(0.14)		(0.09)
Percentage of persons who believe that there is not a high level of consumer protection in other EU countries			0.12***					
			(0.04)					
Share of employees working in the agricultural sector as percentage of workforce					19.36***			
					(5.21)			
No of fishers in 1995							0.00**	
							(0.00)	
Constant	-0.12	-3.46	-3.22***		-1.21	-0.78	-0.27	-0.68
	(0.34)	(1.87)	(1.04)		(0.42)	(1.55)	(0.00)	(0.94)
n	15	14	15	15	15	15	13	15
Adjusted R2	0.16	0.18	0.39	0.05	0.47	-0.05	0.31	-0.03

*** significant at the 1% level ** significant at the 5% level * significant at the 10% level

Table 3 Logistic regression of missing positions in the DEU data set

	MissingPosition
Salience	-0.027***
	(0.00)
GNP	-0.001***
	(0.004)
Constant	-1.919
Log-likelihood	-227.28
Pseudo R-square	0.085

Table 4 Multivariate Analyses on Extreme Positions

	Financial Issues			Consumer Issues			Institutional Issues		
Salience of Government according to issue	-0.11*	-0.10	-0.09	0.04	0.03	-0.00	0.13	0.07	0.07
	(0.06)	(0.07)	(0.07)	(0.04)	(0.05)	(0.04)	(0.07)*	(0.08)	(0.08)
Votes of Member State in the Council	-0.14	-0.15	-0.16	0.33	0.33	0.42	-0.11	0.01	0.01
	(0.46)	(0.46)	(0.47)	(0.34)	(0.34)	(0.33)	(0.65)	(0.63)	(0.64)
QMV		-1.05	-0.92		-7.73**	-1.96		-0.39	-0.37
		(3.17)	(3.19)		(3.63)	(3.72)		(3.41)	(3.51)
Codecision Procedure		1.24	1.53		-2.88	0.18		10.96	10.96
		(2.81)	(2.87)		(2.35)	(2.37)		(4.07)***	(4.10)***
Length of Legislative Procedure			-0.01			0.01***			-0.00
			(0.01)			(0.00)			(0.00)
Constant	29.99	29.24	31.43	32.13	42.09	29.51	28.20	28.14	28.21
	(4.47)***	(4.77)***	(6.22)***	(3.07)***	(5.24)***	(5.71)***	(4.78)***	(5.15)***	(5.71)***
Observations	133	133	133	377	377	377	96	96	96
Adjusted R-squared	0.01	-0.00	-0.01	0.00	0.01	0.07	0.01	0.06	0.05

Standard errors in parentheses significant at 10%; ** significant at 5%; *** significant at 1%

Appendix:

Table A1

Independent Variables used for the analyses in table 1 -4

Variables	Mean	Std. Dev.	Min	Max
Netto benefit from EU budget	-717.2	3974.22	-11400	4483
Left-Right preference of EU govts.	10.50	2.64	6.286994	16.99
Attitude to Consumer Protection	52.59	18.42	19.9	83.6
EU Integration Attitude of EU govts.	8.49	1.94	5.156748	12.61
Percentage of persons who believe that there is not a high level of consumer protection in other EU countries	25.77	5.20	18	36.6
Share of employees working in the agricultural sector as percentage of workforce	.06	.051	.018	.19
No of fishers in 1995	17116.85	21670.91	624	75009
Salience	59.07	23.28	0	100
GNP	568.6	642.01	21	2026
Length of Legislative Procedure	628.62	504.47	89	2073

Table A2: Values of the underlying dimensions of table 2

Actor	1. Dim.Internal Market	2. Dim.Internal Market	1.Dim. Agriculture.	1. Dim.Fishery
Austria	0.78	1.10	-0.96	-0.97
Belgium	-1.34	-0.477	0.11	-0.88
Denmark	1.25	1.16	-1.76	-0.73
Finland	1.36	0.009	-0.99	-0.61
France	-2.16	0.33	1.11	-0.55
Germany	1.01	1.51	-0.89	-0.55
Greece	-1.25	-0.39	2.15	-0.37
Ireland	1.01	-1.22	0.70	-0.26
Italy	-2.02	0.31	1.15	-0.16
Luxembourg	0.99	-1.24	-0.39	-0.14
Netherlands	0.69	-1.58	-1.22	0.27
Portugal	-4.1	0.38	1.86	0.76
Spain	-1.98	0.21	1.97	1.33
Sweden	1.27	1.07	-1.80	1.39
UK	1.7	-1.15	-1.06	1.47

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Endnotes:

[1] COM(1997)358 Proposal for a Council Directive on end of life vehicles

[2] COM(1995)655 Proposal for a 13th European Parliament and Council Directive on company law concerning takeover bids

[3] These EU Council summits are designed to outline the major political direction of EU policies, whereas the daily Council of Ministers negotiations tackle the whole array of legislation including issues—from labelling cosmetic products tested on animals to slaughtering BSE- infected beef.

[4] COM (1996) 97 Proposal for a European Parliament and Council Directive on the resale right for the benefit of the author of an original work of art

[5] The second analysis will investigate dimensions condensed by principal components analysis.

[6] The list of issues used for table 1 is available from the author upon request. It is not listed here due to space limitations.

[7] They identify the meaning of the dimensions by looking at the meaning of the issues with the highest loading factors on the calculated dimensions.

[8] The second model is calculated using robust regression which excluded one strong outlying case, therefore the number of cases is only 14.

[9] Eurobarometer Survey on Consumer Protection, Special Report, 193, November 2003, Question 27

[10] The dependent variable „missing position“ is 1 if a position is missing, 0 if a country holds an opinion on a topic.

[11] The variable length measures the duration of a legislative discussions starting with the initiative of the Commission and ending with the adoption of the proposal.