

The Globalization of Electoral Politics in the European Union

Christina J. Schneider
Associate Professor
Jean Monnet Chair
University of California, San Diego
cjschneider@ucsd.edu

August 28, 2015

1. Introduction

The giant is fast asleep because those who could wake it up generally have no incentive to do so and those who have an incentive cannot (Green-Pedersen, 2012).

1.1. A Sleeping Giant?

A basic premise the delegation to international organizations is that governments can achieve superior policy outcomes.¹ There are a large number of potential benefits from delegating to the international level, but one recurring theme evolves around the ability of governments to insulate themselves from domestic politics to reach decisions that overcome short-term political considerations (which driven by their need to political survival in office) and that promote more efficient and effective outcomes in favor of societal interests. Potential benefits from insulating the decision-making process from domestic politics arise whenever the general social welfare considerations stand in conflict with short-term particularistic and politicized interests. Such conflicts arise in a large number of policy areas, including trade, peace-keeping, development, human rights, and the environment. The de-politicization of decision making, together with the expertise that international bureaucrats (with their claim to neutrality and to an a-political technocratic decision-making style) bring to the policy making process has been one of the main contributions of international organizations to foster and promote international cooperation between states.

Historically, the foundation and the design of many international organizations have often been grounded in the desire to insulate decision-making from domestic politics. For example, decisions to delegate trade policies to international organizations such as the World Trade Organization (WTO) or

¹Pollack (1997, 2006); Abbott and Snidal (1998); Moravcsik (1994, 2002); Hawkins et al. (2006); Schneider and Slantchev (2013).

the North Atlantic Free Trade Agreement (NAFTA) serve to insulate decision-makers from domestic economic interest groups with particularistic interests and thereby to reduce socially inefficient protectionist policies.² Decisions to delegate developmental policies to international organizations such as the World Bank or the African Development Fund aim to increase the ability of decision-makers to choose development policies that maximize sustainable economic and social development in the poorest countries in the world over policies that serve national geopolitical, economic, or other strategic interests.³ And decisions to delegate peace-keeping activities to international organizations such as the United Nations (UN) or the North Atlantic Treaty Organization (NATO) serve to promote the legitimacy of peace-keeping (and thereby its potential effectiveness) by signaling a broad consensus amongst sovereign states over particular geopolitical or economic interests of individual powerful states.⁴

The European Union is a very good example of an organization where such considerations played a central role for the institutional designers.⁵ Following the vision of one of its main founding fathers, Jean Monnet, none of the major institutions of the EU – including the European Commission, the Council, and the European Court of Justice – were designed with direct democratic mandates. The idea was to speed up the European integration process by minimizing the politicization of negotiations at the European level (Moravcsik, 1994). As Pascal Lamy observed when he was the chef of the cabinet in the European Commission in the 1980s:

Europe has been built in a St. Simonian way from the beginning; this was Monnet’s approach. The people weren’t ready to agree to integration, so you had to get on without telling them too much about what was happening. (CITATION; cited from Moravcsik

²CITE

³CITE

⁴CITE

⁵The EU changed its name several times since its existence from the original “European Coal and Steel Community” that was founded by six states in 1951 to the “European Economic Community” in 1957 to the “European Communities” in 1967 to the “European Union” in 1993. To avoid confusion of terms, throughout this book, I will use the term European Union, even though it technically did not come into existence until the Maastricht Treaty came into force in 1993.

(1994))⁶

This very premise on which governments decide to delegate decision making to international organizations has come under major criticism over the last decade. Many scholars and commentators assert that international organizations are elitist and technocratic. They argue that decisions that are taken in international organizations tend to be undemocratic and illegitimate because governments and bureaucrats are not accountable to domestic publics. That is, they believe that international organizations suffer from a “democratic deficit.”⁷ Concerns range from the increasing opportunities for executives to pursue their interests without domestic democratic scrutiny, the ability of corporate interests to influence the international policy making process unchecked, to the ability of international bureaucrats to exploit their independence and autonomy to pursue their own self-interested goals that may be in conflict with the broader interests of society.⁸

The concerns about a democratic deficit are particularly pronounced in the EU, where the potential costs of such a democratic deficit are very high given its status as the most deeply integrated international governance system in the world.⁹ European integration has led to the delegation of decision-making capacity from the domestic to the European realm in an increasing number of policy areas (at least in part due to the insulation of European politics from domestic politics). The EU has exclusive competence when it comes to decisions over the common economic policies or monetary policies within the European Monetary Union (EMU), and it has received an increasingly important role in making decisions in a number of other policy areas such as social policy, agriculture, fisheries, transport, energy, and foreign security policies.

Whereas both sides – those who argue that European politics should be insulated and those who argue that it shouldn’t be insulated from domestic politics – disagree on the value of non-politicization of European Union politics, they agree that the EU is not politicized on the domestic level.¹⁰ The politiciza-

⁶Saint Simon was a French technocratic utopian in the early 19th century.

⁷Scharpf (1992, 2006); Crombez (2003); Hix and Follesdal (2006); Moravcsik (1994); Nye (2001); Moravcsik (2008); Rohrschneider and Loveless (2010); Karp, Banducci and Bowler (2003); König (2007); Olsen, Sbragia and Scharpf (2002); Rohrschneider (2002).

⁸CITE

⁹

¹⁰Whereas there is general agreement that politicization at the EU-level is very low, there is disagreement about whether the EU in fact suffers a democratic deficit. See Fn. 7.

tion of European politics has not kept pace with the deepening of European politics. Negotiations and outcomes at the European level are not influenced by domestic electoral considerations because they do not tend to be salient among domestic publics.¹¹ For example, Green-Pedersen (2012) argues that “expectations about the impending politicisation of European integration are misplaced,” because the issues are unattractive for mainstream parties to begin with. The European Union is a “sleeping giant.” Even though the large amount of delegation makes it potentially very important for domestic electoral politics, its intended insulation from domestic political processes prevent the politicalization of European politics on the domestic level.

Despite this widespread notion of the insulation of European politics from domestic electoral politics, there is growing evidence that governments do indeed actively use negotiations at the European level to affect public opinion at home. For example, in 2004, one year before the British general elections, the European Commission proposed to eliminate the UK budget rebate, which returned to the UK about two-thirds of the amount by which UK payments into the EU exceeded UK budget receipts. According to the Commission the UK rebate was no longer justified. The British government spent the rest of the year assuring the British public that there would be no deal on future financing that did not protect the rebate. It also procured a deal with other EU member states not to discuss these issues before the British elections in May 2005 as originally planned, but to postpone the debate until after the election. After the French government publicly announced its backing of the Commission proposal in early 2005, the UK foreign secretary immediately replied in a BBC interview that Chirac’s statement was incorrect, and that the reasons for the rebate still applied, adding that his country would vehemently defend itself against any opposition to the rebate and, if necessary, would even use its veto to block any legislation to eliminate the policy. Just half a year after the elections, Blair agreed to cut the UK rebate by €10.5 billion without even obtaining concessions from the French on the reform of the Common Agricultural Policies—a compromise that the British government had publicly announced as being absolutely necessary for any potential reduction of the rebate.¹²

¹¹Another explanation is the lack of democratic accountability of European institutions
CITATIONS AND OTHER EXPLANATIONS

¹²Incidentally, Angela Merkel, the German Chancellor who had brokered the deal, was hailed in the German press for her extraordinary bargaining success. This deal not only broke the

In a more recent case, Germany stunned the world when it refused to agree to a financial bailout for crisis-stricken Greece in 2010. In April 2010 the Greek government had formally requested a bailout package from the IMF and the European Union.¹³ The proposal earmarked €45 billion in cash loans of which Germany was to pay €8.4 billion by May 19, 2010 (making it the biggest contributor to the bailout package). Even though the IMF and all other EU members agreed to the bailout, Germany was reluctant to approve such a deal officially.¹⁴ The biggest stumbling block to Germany's approval were regional elections in Nordrhein-Westfalen (NRW) on May 9, 2010. The federal government under then Chancellor Angela Merkel from the Christ Democratic Union (CDU) also had the government majority in NRW. The elections were important because they affected the majorities in the *Bundesrat*.¹⁵ An electoral defeat of the CDU-led coalition in NRW would have led to a loss of the majority in the *Bundesrat* (thereby leading to a situation of divided government) with very important implications for the decision-making ability of the federal government. Public polls indicated a close race with a small advantage of the governing CDU, but opinion poll experts predicted that the bailout debate could have a strong impact on voters' choice.¹⁶ A majority of Germans were against the Greek bailout, particularly in light of domestic austerity measures that were necessary to meet fiscal consolidation targets in Germany.¹⁷ In NRW, which had become one of the most indebted states in Germany (therefore also called "The Greece of Germany"), public opposition to the Greek bailout was 90 percent. To avoid negative electoral effects, Germany's then Chancellor, Angela Merkel, wanted to delay an agreement until after the regional elections. She was hailed domestically as the "Iron Chancellor," but became the "Madame No" of the EU. Her actions were harshly criticized not only in other EU countries, but in non-EU countries and on the domestic level as well.¹⁸ The uncertainty created by Merkel's tactic led to an almost uncontrolled in-

long deadlock between France and the UK, but also involved reductions in Germany's net contributions by €300 million.

¹³I discuss the European negotiations on the Greek bailouts in more detail in Chapter 7.

¹⁴Reuters, April 2010, "German elections bring forward a possible stalemate situation for EMU."

¹⁵The Bundesrat is the second federal legislative chamber. It represents the sixteen German states on the federal level.

¹⁶RP Online, May 2010, "Griechenland entscheidet die Wahl."

¹⁷Der Spiegel, April 2010, "Mehrheit der Deutschen lehnt Griechen-Hilfe ab."

¹⁸Der Spiegel, April 2010, "Euro-Angst treibt Merkel zur Griechen-Rettung."

crease in the price of Greek debt. This worsened the Greek situation and increased the threat of regional crisis contagion thereby endangering the stability of the euro itself.¹⁹ Under this pressure, Merkel agreed to the Greek bailout a few weeks before the NRW elections.²⁰ The Greek bailout (and the federal government's poor negotiation results) became the most important topic in the election campaigns.²¹ Despite early positive predictions, the CDU lost ten percentage points making it the worse electoral defeat of the CDU in NRW ever. The government eventually was replaced by a coalition of Social Democrats and Greens.²² Whereas the electoral defeat cannot be solely attributed to the federal government's handling of the Greek problem, I show in later chapters that it played a pivotal role in the week prior to the election.

These episodes present just two examples where EU members have either used bargaining behavior or outcomes at the European level in the hope of garnering political support at home or where they have tried to defer negotiations with potentially bad outcomes until after the national election in order to avoid political blame. They illustrate that European cooperation takes place in the shadow of national elections, and that at least in some issue areas European negotiations can be salient in and even affect outcomes of domestic elections. The two episodes are particularly interesting when addressing the question of the politicization of European decision-making because they raise a number of important questions about the relationship between cooperation in the EU and domestic electoral politics. In particular, how do national elections affect cooperation in the European Union? And when are we more likely to see that domestic electoral politics affect bargaining strategies and outcomes in the European Union?

This book analyzes the globalization of electoral politics in the European Union. I refer to the globalization of electoral politics as the extent to which government's bargaining behavior within the EU and the EU's policy outcomes are influenced by domestic electoral considerations. The book provides a theoretical and empirical analysis of how domestic elections affect EU gov-

¹⁹New York Times, April 2010, "As Greek drama plays out, where is Europe?"

²⁰Der Spiegel, April 2010, "Merkel's bluff called in poker over Greece."; Focus, April 2004, "Zwischenkredit vor Hilfspaket?"; The Wall Street Journal, September 2010, "On the secret committee to save the euro, a dangerous divide."; Der Spiegel, April 2010, "Euro-Angst treibt Merkel zur Griechen-Rettung." "Merkel's bluff called in poker over Greece."

²¹Der Spiegel, May 2010, "Rüttgers kämpft gegen Griechenland-Effekt."

²²N-tv, May 2010, "Quittung für die Bundesregierung. Rüttgers brutal zurückgestutzt."

ernments' foreign policies towards the EU (that is, their unilateral bargaining behavior within the EU), *and* how it affects the bargaining dynamics in the EU (that is, their collective bargaining behavior within the EU) in order to shed more light on whether and how national elections influence the timing, strategies, and outcomes of European negotiations.

Theoretically, the book develops an argument about the globalization of electoral politics, which takes into account that the welfare of domestic publics and interest groups has become more dependent on interactions at the European level. I argue that the integration of policies in areas that affect everyday life has politicized policy making in the European Union. Many policies that are decided within the European Union are not electorally relevant or even salient at the domestic level, but the increasing likelihood that the media, domestic parties, interest groups, or the public attribute importance to particular European policies creates uncertainty for governments who find it excessively difficult to obtain valid and reliable information on which issues will make it into the domestic political arena. Rather than risking to appear incompetent in policy areas where their negotiation behavior or outcomes were unexpectedly debated in the domestic political arena, governments shift electoral politics into the European arena if they believe that they may become important (they do not want to be caught red-handed).

In turn, national elections can affect both the unilateral and collective bargaining behavior and outcomes of EU governments in the European Union. EU governments want to signal to domestic audiences that they competently negotiate in their national interest and that they achieve outcomes that benefit their country. They can signal competence by taking positions that are in the national interest and by defending these positions more fiercely during the negotiation process than what they would do outside of the electoral cycle. They can also try to claim credit for policy outcomes that are in favor of their domestic interests, or they can try to delay the adoption of EU policies with outcomes that may not be in favor of their domestic interests.

The likelihood that governments use such strategies depend on their demand for such electoral cycles as well as their ability to induce these cycles on the European level. The need to appear competent in EU negotiations should be particularly strong when governments fear to be ousted from power because of very competitive elections or poor economic conditions at home, and when European issues are salient on the domestic level. But even if negotiations are salient and EU governments' domestic support weak, a government's abil-

ity to successfully pursue unilateral negotiation strategies crucially depends on collective bargaining within the EU. Whereas governments have the power to unilaterally influence foreign policies for domestic electoral reasons,²³ they are much more limited to influence EU policies, which are the culmination of an aggregation of the interests and the influence of 28 member states and other supranational actors, such as the European Commission and the European Parliament. Even within the Council of the European Union (the EU's main intergovernmental body), governments need to negotiate with 27 other member states. And whereas some issue areas are still decided by unanimity (thereby providing opportunities for opportunistic bargaining behavior), bargaining in the Council is characterized by cooperative consensus bargaining, which limits their ability to unilaterally influence bargaining outcomes.²⁴ Consequently, whereas truly competent governments should be able to secure better negotiation outcomes, their ability to signal competence also depends on the willingness of other EU member states "to scratch each others' back" during election periods.

Empirically, I present the results of almost ten years of qualitative and quantitative research on the domestic electoral politics of cooperation in the European Union. Using a number of different data sources on budgetary and legislative decision making allows me to analyze the relationship between European cooperation and national elections from various different angles. On one side of the relationship, I show that European cooperation occurs in the shadow of domestic elections. National elections induces EU governments to pursue less cooperative bargaining strategies in European negotiations. Electoral periods are characterized by position-taking and position-defending strategies in the Council rather than by compromise and consensus. National elections affect cooperation outcomes in the EU. Incumbents who face domestic elections often receive EU policy outcomes that favor the interests of their national audiences. I find not only that these governments receive significantly higher shares of the EU budgets before elections, but also that the EU policy will be significantly closer to their initial policy than in non-election years. That is, national elections can have a long-term effect by producing policies that would have been different in the absence of elections. In addition, I show that since

²³CITE

²⁴Mattila and Lane (2001); Heisenberg (2005); Achen (2006); Hayes-Renshaw and Wallace (2006); Kleine (2013).

it is very difficult for governments to time successful negotiation outcomes to the timing of national elections, negotiations are oftentimes delayed until after the election. The politicization of European bargaining becomes particularly prevalent when domestic elections are competitive, when the issues are salient for domestic audiences, and when backroom cooperation between EU governments is likely.

Whereas this book focuses on European negotiations and negotiation outcomes in the shadow of national elections, I also analyze when and how these strategies influence domestic support for the incumbent government. Public support for the governments depends on both the bargaining behavior of governments in the Council (i.e. whether they defend national interest in collective negotiations) as well as the governments' bargaining success during legislative and distributional negotiations. One of the most interesting findings in this regard, however, is that although public support significantly increases in these instances, the effect is oftentimes not strong enough to make an electoral difference (it does not have a strong effect on the incumbent's expected vote *share*). Overall, my findings indicate that governments have globalized electoral politics even in areas where it may not make a difference for domestic electoral politics, and the book provides an explanation for these seemingly paradoxical processes.²⁵

1.2. Can Domestic Politics Remain Domestic When Policy-Making Becomes Supranational?

The European Union provides an example of an international organization where member governments have delegated much sovereignty. Table 1.1 provides an overview of competences that have been partially or fully delegated to the European Union.²⁶ The table readily illustrates the invasiveness of EU

²⁵I provide a much more in-depth discussion of why that happens in later chapters. Briefly, I argue that there oftentimes is uncertainty about which issues become salient on the domestic level, and governments prefer to generate "unnecessary" electoral cycles in the EU over not generating "necessary" electoral cycles.

²⁶The Treaty on European Union (TFEU) defines the areas in which the EU has exclusive, shared or supporting competences. In areas of exclusive competence (Article 3 TFEU)

decision-making in almost all aspects of domestic life. Whereas the European Union decides on very few truly redistributive issues (i.e. there is no European social security system), many of the policies where the EU has at least shared competence are areas that tend to influence voters' welfare (at least when policies are made on the national level). For example, both decisions on economic policies as well as foreign policies are highly relevant for voters on the domestic level.

In addition to an increasing delegation of decision-making powers to European institutions, EU legislative output has significantly increased since the 1980s. Figure 1.1 uses data on legislative output in the EU and illustrates that the EU adopts between 400 and 600 legislative acts each year, with an average of 423 adopted legislative acts since 1985.²⁷ As a comparison, the United States adopts between 100 and 300 legislative acts (statutes) each year.²⁸ The majority of the 423 EU legislative acts are regulations (on average 298 a year), which are the most intrusive form of legislative activity in the EU. About 95 of these legislative acts are directives. Overall, in the time period between 1976 and 2009 over 2557 decisions, 5642 regulations, and 1017 directives were adopted.

The delegation of economic and monetary (and now fiscal) competencies to the European Union, and the increasing intrusiveness of European decision-making output appears problematic from an electoral politics perspective. The increasing intrusiveness of supranational decision-making constrains opportunistic governments from electioneering at the domestic level. Politicians are opportunistic and they want to provide public goods in order to raise voter welfare immediately before elections in the expectation that favorable economic (and other) conditions will cause voters to increase their support for the incumbent.²⁹ For example, governments can expand fiscal policies before elections

only the EU can act. In areas of shared competences between the EU and its member states (Article 4 TFEU) member states can act, but *only* if the EU has chosen not to. In these areas, both the EU and its member states may adopt legally binding acts. Finally, in areas of supporting competence (Article 6 TFEU) the EU can support, coordinate or supplement the actions of its member states, but it may not adopt legally binding acts that require the member states to harmonize their laws and regulations.

²⁷See Chapter 6 for a more in-depth discussion of the EULO data set.

²⁸The number of legislative acts in many European countries is higher. Germany, for example, adopted 1,924 legislative acts in 2009. However, about a third of these acts are based on EU legislation, which makes the comparison difficult.

²⁹It is out of the scope of this book to discuss the extensive literature on domestic political

Exclusive Competence (Article 3 TFEU)	Shared Competence (Article 4 TFEU)	Supporting Competence (Article 6 TFEU)
Customs Union	Internal Market	Human Health
Competition Rules	Social Policies	Industry
Monetary Policy	Economic/Social/Territorial Cohesion	Culture
Conservation of Marine Biological Resources	Agriculture and Fisheries	Tourism
Common Commercial Policy	Environment	Education, Vocational Training
Concluding International Agreements	Consumer Protection	Youth and Sport
	Transport	Administrative Cooperation
	Trans-European Networks	Civil Protection
	Energy	
	Area of Freedom, Security and Justice	
	Public Health Safety	
	Research, Technological Development	
	Outer Space	
	Development Cooperation	
	Humanitarian Policies	
	Common Foreign and Security Policies	
	Common Foreign and Defense Policies	

Table 1.1.: Delegation of Competences in the European Union since 2009 (Source: European Commission)

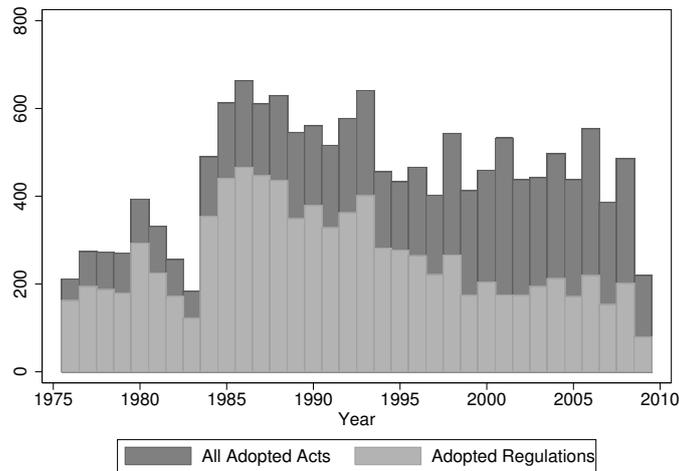


Figure 1.1.: Legislative Output in the EU, 1976-2009. *Source: EULO Data set*

and contract them afterwards. The underlying logic is that voters observe how well the government converts revenues into public goods and form expectations about its economic performance. Since not all incumbents are equally competent to provide this preelectoral increase in public goods they have incentives to exert hidden effort. That is, they increase deficits covertly before elections to finance the larger provision of public goods hoping that the electorate would attribute the increased provision of public goods to the incumbent's performance. Since governments can only signal economic competence if voters do not observe the increase in the deficit before the election, much research effort has gone into analyzing the conditions under which governments can overtly use deficits to affect public good provision before elections.³⁰

The findings of recent research paints a rather bleak picture of incumbent's opportunities to induce electoral cycles in fiscal policies in European countries. In particular, electoral cycles are not likely when fiscal transparency is high, and the increasing economic integration in the European Union has put more or less effective limits to the ability of governments to increase deficits before

business cycles. Drazen (2000*a,b*) and Franzese (2002) provide excellent overviews of this literature.

³⁰Alt and Lassen (2006); Shi and Svensson (2006).

elections.³¹ This could be bad news particularly for EU member governments because their incentives to signal competence have dramatically increased because of a general weakening of voters' identification with West European political parties over the past decades.³²

Not only have European governments lost some of their capacity to generate electoral cycles on the domestic level. With the increasing use of qualified majority voting (at least on paper) and the increasing size of the EU to now 28 member states, EU governments also have experienced a lower chance to ascertain that their most preferred policies are implemented at the European level. Informal consensus voting allows them to resist implementation of very unfavorable proposals at least if they are highly salient for the government,³³ but EU members are significantly less likely to implement their ideal policies, especially when preference heterogeneity among EU members is great. Political conflict at the European level can occur when new members join, or when domestic government coalitions of current members change.³⁴

³¹Hallerberg, de Souza and Clark 2002; Brender and Drazen 2005; Alt and Lassen 2006; Shi and Svensson 2006. Some scholars argue that any optimistic conclusions about the decline of opportunistic domestic politics are premature (von Hagen, 2003; Mink and de Haan, 2005; Schneider, 2010).

³²Kayser and Wlezién 2011. Kayser (2006) argues that as a consequence of European integration, governments now time elections according to the European business cycle to attract more votes.

³³But see also Achen (2006) who shows that even when EU governments use consensus rules, they take into account the formal distribution of votes and decision making rules. Consequently, the spatial location of EU policies are oftentimes very much in line with the distribution of formal bargaining power and preferences. See also Lewis (2005); Golub (1999); Thomson et al. (2006); McKibben (2013).

³⁴For example, income heterogeneity is one of the most important dimensions of conflict within the Council (Selck, 2004; Zimmer, Schneider and Dobbins, 2005; Veen, 2011a), and EU enlargements have increased income heterogeneity in the EU dramatically. EU members create factions along income lines, particularly on redistributive issues, with poor EU members representing particular policy interests and rich EU members representing different policy interests. There is no such clear increase in ideological heterogeneity (Schneider, 2014). Ideological preference heterogeneity in the Council is mainly affected by domestic government changes after elections. Political conflict increases transaction costs thereby diminishing opportunities for more cooperation (Schulz and König, 2000; Tsebelis, 2002; Tsebelis and Yataganas, 2002; König, 2007; König and Junge, 2009; Hertz and Leuffen, 2011). It also decreases the ability to provide side-payments and to conclude package deals, thereby diminishing opportunities for more cooperation (Scharpf, 2006; Schneider and Urpelainen, 2014; Schneider, 2014).

With the increasing delegation of policies to the European level, and the national governments' decreasing unilateral influence over the decision-making outcomes at the European level, one would expect that citizens of EU member countries should be particularly concerned with the ability and willingness of their government to push for and achieve EU policy outcomes that are in their best national interest. However, despite the increasing importance of EU policy making for individuals in the European Union, for a very long time findings on the interrelationships between European integration and domestic politics have been characterized by a public opinion gap.³⁵ Seemingly, European integration has not been very salient for domestic audiences when making electoral decisions on both the national and the European level and public opinion has only marginally influenced behavior of EU governments in European negotiations.

The literature about the effects of European integration on domestic politics has centered around the indirect and the direct electoral effects of European integration on domestic political conflict. *Indirect influence* of European elections occurs mainly through (i) elections to the European Parliament, (ii) the impact of European integration on economic voting. Whereas national politics are still very important to explain vote choice in elections to the European Parliament – voters tend to use European Parliament elections to punish national parties for domestic politics³⁶ – scholars have provided evidence that European integration has changed the patterns of economic voting in national elections.³⁷ That is, voters take into account the international business cycles when analyzing the economic competence of their governments.

Direct influence of European integration on domestic elections occurs mainly through what scholars have dubbed “issue voting.”³⁸ Issue voting takes place when individual preferences over European integration influence vote choices in national elections. Whereas the early period of European integration was

³⁵Hooghe and Marks (2006); Gabel and Scheve (2007); Steenbergen, Edwards and de Vries (2007); Bechtel, Hainmueller and Margalit (2014).

³⁶Reif and Schmitt (1980); Van der Eijk and Franklin (1996); Van der Eijk, Franklin and Marsh (1996); Van der Brug and Van der Eijk (2007).

³⁷Scheve (1999); Bohrer and Tan (2000); Mink and de Haan (2005); Kayser (2006).

³⁸Lindberg and Scheingold (1970); Eichenberg and Dalton (1993, 2007); Gabel and Palmer (2007); Anderson (1998); Gabel (1998); Gable (2000); Taggart (1998); Rohrschneider (2002); Karp, Banducci and Bowler (2003); Hooghe and Marks (2005, 2009); Tucker, Pacek and Berinsky (2002); Steenbergen, Edwards and de Vries (2007); Marks and Steenbergen (2004); de Vries (2008, 2010).

characterized by a “diffuse feeling of approval”,³⁹ more current research has provided evidence that positive and negative attitudes towards European integration can affect vote choice.⁴⁰ This can be explained by the increasing euroscepticism in Europe and by the increasing willingness of national parties to include attitudes towards European integration in their manifestos.⁴¹ For example, Carrubba (2001) argues in favor of an electoral connection. Increasingly positive public attitudes towards European integration are correlated with the political parties’ attitudes towards European integration.⁴² However, empirical evidence is mixed and some scholars argue that European integration has only had a weak or no influence on domestic political competition.⁴³ In a recent contribution, Green-Pedersen (2012) reiterates these findings, arguing that mainstream parties have no incentive to politicize European integration, which explains the public opinion gap.

Van der Eijk and Franklin (2004) try to explain these findings using the “sleeping giant” hypothesis: voters in fact have sometimes very strong attitudes toward European integration, but they do not have a national outlet to voice these opinions because pro- and anti-EU attitudes are orthogonal to domestic left-right issues. More recently, scholars have focused on analyzing whether issue voting is conditional on (i) the salience of the issue for voters and (ii) on the extent of partisan conflict which would provide outlets for voters’ attitudes.⁴⁴ One of the main conclusions of this research is that voters’ attitudes towards European integration can under certain conditions influence their vote choice. That is, voters with pro-EU attitudes are more likely to vote for pro-EU parties than eurosceptic voters. With the increasing number of salient issues decided on the EU-level, questions of European integration have

³⁹Lindberg and Scheingold (1970).

⁴⁰Evans (1998, 2002); Carrubba (2001); Gable (2000); Tillman (2004); Steenbergen, Edwards and de Vries (2007).

⁴¹Taggart (1998); Taggart and Szczerbiak (2001*a,b*); Steenbergen, Edwards and de Vries (2007); Marks and Wilson (2000); Carrubba (2001); Marks, Wilson and Ray (2002); Ray (2003); Marks et al. (2007).

⁴²See also Steenbergen, Edwards and de Vries (2007).

⁴³Mair (2000); Sitter (2001); Krouwel (2004); Holsteyn and den Ridder (2005). For example, Mair (2000) argues that European integration has had no influence on the national party system.

⁴⁴de Vries (2007); Tillman (2004); Börzel and Risse (2003, 2007); de Vries (2008); Schoen (2008); de Vries et al. (2011).

become a contested issues in national elections.⁴⁵ Along similar lines, Hooghe and Marks (2009) argue that the Maastricht Treaty marked the starting point of the politicization of European integration.

These are without doubt important findings, and my book builds on them in important ways. Similar to scholars such as de Vries (2007), I show that salience is a crucial precondition for a domestic electoral effect of European politics. But whereas existing studies focus on the more diffuse attitudes towards European integration through issue voting – that is, voters make decisions based on their attitudes towards European integration on a very general level –, I argue that one further step towards democratic accountability is the question of “policy voting.” That is, do voters take their governments accountable for the decisions that are made on the European level? Do they care about whether governments successfully represent their national interests in the EU? Does it matter whether governments do well and implement policies that are beneficial for voters in the national arena? Do they care about the collective goals? And most importantly, how does this affect governments’ behavior in the European Union, unilaterally and collectively? Whereas by now we have a good idea about issue voting in the EU, there is almost no research on EU policy voting.⁴⁶

We also know very little about how domestic elections actually affect unilateral and collective bargaining in the European Union. There is a very large body of work on intergovernmental and inter-institutional bargaining in the European Union.⁴⁷ Most of this work has focused on the formal and informal

⁴⁵Franklin and Wlezién 1997; Evans 1998; Gable 2000; Tillman 2004; Schoen 2008; de Vries 2010; de Vries et al. 2011.

⁴⁶One exception is the work by Schoen (2008) who shows that German voters’ attitudes towards Turkish EU membership affected their support for national parties. They were more likely to vote for parties that held attitudes about this issue that were close to their own. See also Schneider and Slantchev (2014).

⁴⁷Moravcsik 1991, 1993, 1998*a,b*; Moravcsik and Nicolaidis 1999; Moravcsik and Vachudova 2003; Schneider and Cederman 1994; Hug and König 2002; König and Slapin 2006; Thomson et al. 2006; Slapin 2008; Schneider 2007, 2008, 2009*a*, 2010, 2014; Schneider and Tobin 2013; Schneider and Urpelainen 2014; Aksoy and Rodden 2009; Bailer 2004; Carrubba 1997; Hug and König 2002; König and Slapin 2006; Lewis 2003, 2005; Plümper and Schneider 2007; Rodden 2002; Schimmelfennig 2001, 2003; Slapin 2008; Aksoy 2010, 2012; Golub 1999; McKibben 2013; Arregui and Thomson 2009; Hug and König 2002; Slapin 2009; McKibben and Western 2014; Thomson 2011; Schneider, Finke and Bailer 2010; Tallberg 2006; Finke et al. 2012.

sources of bargaining power, or has used various explanations of intergovernmental negotiations to explain policy outcomes and European integration in the EU. My book builds on the insights of this literature. In particular, I analyze how domestic elections affect the bargaining strategies and outcomes based on the rationalist intergovernmental and institutional bargaining models. My research provides significant support to some of the existing findings – such as the importance of socialization and backroom cooperation,⁴⁸ preference homogeneity or conflict,⁴⁹ issue linkages,⁵⁰ or issue saliency⁵¹ – but it shows that under certain conditions national elections will crucially alter both the bargaining strategies that EU governments employ in EU negotiations as well as the policy outcomes that we would expect based on the traditional bargaining models.

1.3. Towards the Study of Electoral Politics in the European Union

Given the increasing delegation of decision-making to international institutions, the globalization of electoral politics is a significant event not only for scholars of the European Union, but also for readers who want to understand the linkages between domestic electoral politics and international cooperation in the contemporary world. Whereas the EU is arguably the most deeply integrated international organization in the world, and the globalization of electoral politics should therefore be most prevalent in this system, I argue that the EU provides an ideal laboratory for analyzing these important events. The variation in the EU's electoral cycles allows for a much more in-depth test of the conditions under which electoral politics are (or will be) globalized to begin with. And whereas supranational institutions such as the European Commission and the European Parliament have much greater influence than supranational institutions in other international organizations (providing grounds for arguments that the EU is too idiosyncratic), many of the key decisions can still be understood by analyzing intergovernmental bargaining in the Council of the

⁴⁸Lewis (1998, 2003, 2005); Bostock (2002); Novak (2013).

⁴⁹Zimmer, Schneider and Dobbins (2005); Hug and König (2002); Schneider and Urpelainen (2014).

⁵⁰McKibben and Western (2014); McKibben (2015).

⁵¹Aksoy (2012).

European Union. The existence of an extensive body of excellent scholarly work on the European Union allows us to understand the role of supranational institutions better and to situate them into the context of the theories of global governance more generally.

Another advantage of analyzing the globalization of electoral politics in the EU is that existing data collection efforts – one example is the Decision-Making in the European Union (DEU) data set (Thomson et al., 2006; Thomson, 2011) – provides us with more extensive and more in-depth data for testing theories of global governance. Scholars have recently become more interested in analyzing the effects of domestic elections on international negotiations in a wide number of institutions.⁵², but most of these analyses focus on the ability of governments to receive greater benefits from the international organization during electoral periods without analyzing the effect of elections on the collective bargaining process in itself.⁵³ One reason for this research lacuna is the difficulty to obtain information and data on these international bargaining processes, which typically take place behind closed doors.⁵⁴ Using the data that exists on bargaining in the European context, and extending this data, allows me to provide a much deeper understanding of the mechanisms that are at play in EU negotiations during times of national elections.

My analysis provides first empirical evidence that electoral politics have globalized at least in the European Union. On one hand, incumbents seek to actively exploit negotiations in the EU in the hope to garner domestic support. They do so by (i) representing and defending national interests (rather than European interests) in negotiations, (ii) by trying to shift EU policy outcomes closer to their own ideal points, and (iii) by delaying decisions that may be unfavorable to them in domestic elections. At the same time, voters increasingly care about this behavior. They are more likely to support incumbents who

⁵²Dreher and Vaubel (2004); Schneider (2010); Rickard and Caraway (2014); Schneider and Slantchev (2014).

⁵³Dreher and Vaubel (2004) for example find that new net credits from the International Monetary Fund (IMF) are significantly larger in the pre-election period and that borrowing from the International Bank for Reconstruction and Development (IBRD) significantly declines after elections. Rickard and Caraway (2014) argue that elections give countries' more leverage in their negotiations with the IMF, thereby leading to less stringent labor market conditions in IMF loan programs. An exception is the work by Schneider and Slantchev (2014), which analyzes how domestic elections affect decision-making in the European Union during the European Debt Crisis in 2010.

⁵⁴Axelrod and Keohane (1985); Keohane (1986); Stasavage (2004).

can credibly signal to promote national interests in the European Union and who are successful in the negotiations. Whereas voters are only influenced in policy areas where issues are relatively salient, I show and argue that the electoral cycles in EU bargaining extend far beyond salient policy areas, at least in part because EU governments are worried that they may have an influence on domestic voters even though they don't.

The book also provides a new way of thinking about how domestic electoral politics may affect collective bargaining in the European Union. The received wisdom in international relations research is that internationalization and domestic governance are profoundly interdependent. From the inside out, political institutions, political competition, and regime type influence international negotiations, the content of international agreements, and behavior in international organizations.⁵⁵ From the outside in, international integration influences domestic political alignments, foreign policies, and the patterns of democratization.⁵⁶ There is little effort to understand how international integration has affected domestic electoral politics of governments in a multi-level system such as the European Union.⁵⁷ And whereas studies of comparative and international politics analyze how voters influence foreign policy positions that governments take,⁵⁸ the influence of voters in international organizations such as the European Union goes far beyond the unilateral actions of individual governments. Whereas governments can individually decide on their bargaining strategies, the negotiation outcomes are decided amongst other EU governments, as well as the supranational institutions. The book unravels this black box to show that the collective bargaining has a tremendous influence on the likelihood that EU governments can claim credit for EU policies at home. The literature finds that most EU bargaining is based on diffuse reciprocity.⁵⁹ My findings indicate that sometimes, in particular when governments have

⁵⁵Putnam (1988); Simmons (1994); Milner (1997); Milner and Rosendorff (1997); Martin (2000); Milner, Mansfield and Rosendorff (2000); Schultz (2001); Keefer (2007).

⁵⁶Katzenstein (1985); Gourevitch (1986); Rogowski (1989); Milner (1988); Keohane and Milner (1996); Pevehouse (2002); Kriesi (2007); Kriesi et al. (2008, 2012).

⁵⁷See Kayser (2006); de Vries (2007); Kriesi, Tresch and Jochum (2007); Kriesi (2007); Kriesi et al. (2008, 2012); Schneider (2010).

⁵⁸Putnam (1988); Milner and Rosendorff (1997); Milner, Mansfield and Rosendorff (2000); Broz (2002, 2005); Milner (2004); Milner and Kubota (2005); Milner (2006); Milner, Mansfield and Pevehouse (2008); Milner and Tingley (2010, 2011); Milner and Mansfield (2012); Chaudoin (2014).

⁵⁹Keohane (1986); Bueno de Mesquita and Stokman (1994); Lewis (1998); Stasavage (2004).

very different preferences over policy outcomes, reciprocal bargaining breaks down, which makes it difficult for governments to push through their electoral agenda. However, when governments are willing to scratch each others' back in secret, collective bargaining increases the chances that governments will look competent before national elections. The findings therefore provide new insights on the conditions under which such cooperative behavior is likely in the European Union.⁶⁰

My work focuses on intergovernmental bargaining in the EU, but it takes supranational European institutions seriously.⁶¹ The European Parliament has been granted an increasingly important role in the EU decision-making process,⁶² and the European Commission has been influential mainly through its agenda setting powers.⁶³ Both of these institutions have the explicit goal to prioritize European interests over the national interest, so their influence should serve to minimize electioneering in the Council. Yet, at the same time, they may have interests to maximize the changes of political survival for those EU governments that are very much in favor of European integration. In this book, I analyze the extent to which institutional rules, procedures, and preferences have influenced intergovernmental electioneering in the European Union. I provide some evidence that the supranational actors can have both a constraining as well as an enabling effect on electoral cycles in the EU.

Beyond analyzing the importance that domestic elections play in collective bargaining in the EU, my findings are important because they speak to the current debate on the democratic deficit in the European Union.⁶⁴ Whereas theoretical approaches to delegation in international relations has argued that the insulation of decision-making in international organizations from domestic electoral politics is one of the benefits of delegation because it prevents suboptimal policy outcomes,⁶⁵ the increasing decision-making power of the European Union in a very large number of policy areas has shifted the debate

⁶⁰See also (Schneider, 2010).

⁶¹Garrett and Tsebelis (1996, 2001); Tsebelis and Garrett (2001).

⁶²Crombez (1996, 1997).

⁶³Pollack (1997); Smyrl (1998).

⁶⁴Scharpf (1992, 2006); Crombez (2003); Hix and Follesdal (2006); Moravcsik (1994, 2008); Rohrschneider and Loveless (2010); Karp, Banducci and Bowler (2003); König (2007); Olsen, Sbragia and Scharpf (2002); Rohrschneider (2002). See also the forum articles in *Intereconomics*, November/December 2008 (DOI: 10.1007/s10272-008-0266-7).

⁶⁵Pollack (1997, 2006); Abbott and Snidal (1998); Moravcsik (2002); Hawkins et al. (2006).

considerably towards the question of whether supranational decisions are (or should be) democratically legitimate. Much of the debate in the literature is about whether European citizens are represented not just *de facto* – EU outcomes represent the population’s preferences – but also *de jure* – do the rules ensure that EU citizens are represented in the EU – and to which extent *de jure* representation is a necessary condition to reduce the democratic deficit. The findings here indicate that deliberation about the EU has grown, and that the increasing influence of EU policy outcomes on domestic electoral politics may indicate that the democratic deficit could decline with the extent to which voters use national elections (as opposed to European Parliament elections, which are still not representative) to vote on EU policies, a condition that has been seen as necessary by Hix and Follesdal (2006). Whereas the electoral cycles may have the potential to reduce the democratic deficit, they are also highly problematic in that they reduce the effectiveness and efficiency of European governance by triggering inefficient and biased policies in the election period. My findings demonstrate that electoral influence can also have adverse effects on democratic governance. When governments secretly help each other before elections, the electoral cycles that follow allow governments to pursue policies at the expense of the citizens who cannot observe this behavior. The lack of transparency therefore allows governments to neglect efficient and welfare-enhancing policies in favor of politically motivated policies when bargaining on the international level.

1.4. The Plan of the Book

Chapter 2 develops the main theoretical argument about the domestic electoral politics of international cooperation in the European Union. I focus on the supply side argument, that is, the effects that domestic elections have on unilateral and collective bargaining strategies and outcomes in the European Union. Whereas I develop a more in-depth argument about the demand side of the globalization of electoral politics (that is whether voters take the competence of its government in EU negotiations into account when going to the polls) in later chapters, here I assume that either voters truly care about the government’s competence or that governments believe that voters may care about their competence in EU negotiations. Based on this assumption, I argue that governments can use unilateral and collective bargaining strategies to

appear competent to their electorate. The chapter analyzes negotiations in the shadow of domestic elections under cooperative and non-cooperative behavior of other governments, and discusses the conditions under which electoral cycles are possible in either of these scenarios. The theory provides predictions about when and how electoral cycles exist in European negotiations. I show that whereas all governments like to appear competent before elections, electoral cycles are more likely when elections are competitive and when EU issues are more salient on the domestic level.

To shed more light on the globalization of electoral politics and the theoretical mechanisms discussed in the theoretical chapter, the book employs a variety of methodological approaches, both qualitative and quantitative, and analyzes negotiations in the shadow of domestic elections in a number of different settings. Table 1.2 provides a summary of my empirical findings in respect to the electoral cycle. One challenge to analyzing the effects of elections on international cooperation is the difficulty to measure salience of the issues that are discussed. In the EU, many issues are not salient on the domestic level, and one may not expect politicization in these instances. To start with, Chapters 3 and 4 analyze European negotiations in a highly salient policy area, EU budgetary politics, where we should be most likely to observe electoral cycles.

	Electoral Cycle in			
	Budget (Chapter 4)	Strategies (Chapter 5)	Outcomes	Delay (Chapter 6)
<i>Direct Effect</i>	Yes	Yes	Yes	Yes
<i>Indirect Effects:</i>				
Saliency	–	Yes	Yes	–
Power	Yes	Yes	No	–
Representation	Yes	No	Yes	–
Partisan Distance	Yes	Yes		
Influence of Parliament	Yes	Yes	Yes ⁶⁶	–
Electoral Competition	Yes	Yes	Yes	Yes
Unemployment	Yes	Yes	No	–

Note, “–” implies the relationship was not tested.

Table 1.2.: Summary of Findings

In Chapter 3, I provide an in-depth study of the negotiations over the EU financial framework for the period 2007-2013, which is based on personal interviews at various levels, archival research, and secondary resources.⁶⁷ The discussion illustrates how EU member governments' unilateral and collective bargaining behavior in intergovernmental negotiations is influenced by domestic elections, and it sheds some light on the conditions under which EU members are likely to scratch each others' back to create such electoral cycles. The case demonstrates very clearly that EU governments employed several strategies to create electoral cycles. Some tried to ensure increased benefits that would make them look successful at home, whereas others tried to delay the negotiations or agreements until after elections to avoid looking unsuccessful at home. Some used hard negotiation tactics such as threatening to use a veto, whereas others relied on backroom cooperation with other EU member states to secure better deals. Some governments were more successful in achieving negotiation successes, whereas others were less successful in doing so. The interplay between individual and collective strategies is particularly important – individual strategies were more likely to succeed where the government was able to secure special cooperative agreements behind closed doors. And finally, whereas this is not the focus of the discussion, I find that these negotiations indeed were politicized on the domestic level. Some governments were praised for their success in negotiations whereas others were punished by the electorate because they failed to achieve the expected outcomes.

Chapter 4 uses an original data set on annual intergovernmental EU budget negotiations in the Council from 1970-2006 and tests the main theoretical predictions using quantitative methods. Analyzing EU budget negotiations is a particular good test case because we have objective data on the bargaining success of individual governments – how much they received above of what one would expect given the formal allocation rules – and because the budget is allocated in regular intervals (on an annual level) which makes it easy to exploit it for electoral reasons. The analysis shows that electoral cycles in EU budget negotiations exist even on the annual level, even though formal rules should limit politicization. EU governments that face elections at home receive significantly larger budget shares than EU governments that do not face elections

⁶⁷As discussed in Chapter 3, the EU makes guideline decisions about its annual budgetary spending in multi annual negotiations. These negotiations are some of the most highly politicized negotiations in the EU.

at home. Consistent with the theory, I show that these findings are particularly salient when elections are very competitive and when EU governments are able to secure backroom deals with other EU governments. Political integration has not only failed to eliminate opportunistic strategies on the domestic level, but that it has created new opportunities for governments to exploit negotiations on the European level.

Chapter 5 expands on the analysis of EU budget negotiations in two ways. First, I analyze data on both unilateral and collective bargaining strategies and outcomes in EU legislative bargaining. Second, I analyze electoral cycles for proposals that vary in their degree of salience to EU governments. To analyze bargaining strategies and outcomes, I rely on the extension of the DEU data set, which is a massive data collection effort to analyze salience of proposals, governmental positions, and decision-making outcomes in the European Union.⁶⁸ The data allows me to analyze whether EU governments are more likely to take and defend positions that are in the national interest and whether they more likely to achieve decision-making outcomes that are in their national interest before elections. The findings suggests that the bargaining strategies and bargaining outcomes crucially depend on the electoral cycles on the domestic level. Governments that face elections are less likely to move from their initial bargaining position *and* they are more likely to achieve bargaining outcomes that are close to their ideal positions, especially when the proposals are highly salient to them. As I have argued theoretically, these electoral cycles are costly for other EU members – they have to agree on an inter-temporal issue linkage and therefore have much faith in other EU members cooperating with them when they need it – and the EU more broadly since resources are not spent efficiently but according to domestic electoral incentives. The finding that electoral cycles only exist when policies are salient provides support for this general argument. Salient policies are the ones that should be most relevant electorally so they should be the policies where (a) EU members facing elections should bargain the hardest for and (b) other EU members are most likely to cooperate and assume the costs, holding everything else constant.

Chapters 4 and 5 indicate that governments can often, but not always, generate electoral cycles in the European Union. Nevertheless, especially in legislative negotiations, where the duration of the process is endogenous to a number of factors that cannot be influenced by EU governments, it is sometimes

⁶⁸Thomson et al. (2006).

very difficult to time the adoption of legislative acts to the timing of domestic elections. Because of these challenges and the possibility that adoption of problematic proposals close to elections may have adverse electoral effects, governments may have incentives to delay decisions until after the elections. In Chapter 6 I analyze the conditions under which EU members delay negotiations as a strategy available to EU governments that may not be able to appear tough and successful during the negotiations. I use and extend the ‘European Union Legislative Output Dataset’ (EULO) data set on the timing of all legislative proposals that were negotiated in the European Union between 1977 and 2009 to test whether national elections affect the timing of legislative activity.⁶⁹ The results provide strong support for the notion that governments indeed attempt to delay the adoption of legislative proposals until after the elections. Proposals that are negotiated close to national elections are significantly less likely to be adopted than proposals that are negotiated in non-election periods. I show that the delay of particular proposals can even affect legislative tides in European negotiations, as long as a sufficient number of proposals within a given time period fall close to an election.

Chapters 7 and 8 provide an analysis of the demand side of the globalization of electoral politics hypotheses. Theoretically, I argue that electoral cycles can happen under two possible demand-side scenarios: first, EU negotiations outcomes are in fact salient and voters use their government’s competence in these negotiations when they make their decisions on who to vote for. Second, EU negotiation outcomes are not always salient but EU governments believe that they are salient – or are not sure whether they are salient – and pursue these policies in fear that not appearing competent would definitely be costly to them.

Chapter 7 traces the history of negotiations leading up to the first bailout in Greece in 2010 to trace the domestic effects of EU negotiations, using archival research, secondary resources, and personal interviews with officials from the German government and the European Commission. I show that electoral politics in Eurozone member states, particularly in Germany, played a crucial role in shaping the negotiations between members, as well as the timing and the specifics of the Greek bailout. Most importantly, fearing electoral defeat in a very important and highly competitive election in one of Germany’s states (*Bundesland*, Nordrhein-Westfalen (NRW), Germany tried to delay the bailout

⁶⁹Hertz and Leuffen (2011).

to Greece, which was very unpopular in Germany, until after the elections. The episode of the Greek bailouts is very illustrative because it shows not only how domestic elections affect bargaining and outcomes at the European level, but also the conditions under which the bargaining and outcomes on the European level can affect electoral politics domestically. In particular, whereas the first Greek bailout had significant negative effects for the reelection likelihood of the government, the third bailout, which happened right before a federal election in Germany, did not negatively affect public support for the government. I show that both outcomes can be explained within my theoretical framework of the globalization of electoral politics in the EU.

In Chapter 8, I use Eurobarometer data on citizens' approval of their national governments to analyze whether competence in EU negotiations is relevant to voters. The analysis focuses on whether public approval of the incumbent is affected by (i) the EU's bargaining strategies (whether it defends national interest), and (ii) the government's bargaining success (measured by legislative success and budget receipts). I find significant effects of EU governments bargaining strategies and success on the number voters who would vote for the government, but no significant effects for the percentage of votes that an incumbent government would receive. This implies that whereas there is a significant increase in the number of voters who approve of the incumbent, the changes are substantially not significant enough to change the vote share of an incumbent government. This indicates that whereas governments may increase their approval by appearing competent at the EU level, but they are less likely to actually significantly affect their reelection prospects. However, I also find that sometimes governments can improve even the electorally relevant vote share. The findings indicate that voters care, but oftentimes not enough to affect electoral outcomes. The uncertainty about which types of policies are important on the domestic governments makes them generate electoral cycles in a much larger context.

The book concludes by evaluating the strengths and weaknesses of the theoretical argument in light of the qualitative and quantitative evidence in Chapter 9. The chapter provides a discussion of the results in context of the European Union, but also discusses the contributions of the findings in the broader context of comparative politics and international relations. Most importantly, it explores the conditions under which the globalization of electoral politics is likely to take place beyond the multilevel system of the European Union.

5. Elections and EU Policies

Domestic elections matter in collective EU negotiations. The previous chapters on EU budget negotiations, a highly salient policy in the European Union, demonstrate that elections increase governments' bargaining success in terms of budget receipts. Electoral cycles are particularly likely when governments face highly competitive elections, when they are powerful in the Council negotiations, and when negotiations are characterized by cooperation. The case of EU budget negotiations provides us with deeper insights into the demand and supply side of electoral cycles in EU distributional negotiations. The richness of data on EU budgetary negotiations over a long time period allows us to draw more general conclusions about the historical prevalence of electorally induced bargaining outcomes in the EU.

The allocation of the EU budget has a number of characteristics that make it particularly attractive to exploit for domestic electoral purposes. The EU budget is highly salient, the ability to receive greater budget shares is a clear signal of competence,¹ and the timing of the negotiations and budget distributions are structured very tightly. The first two features increase incentives to get better budget deals before elections and the latter feature provides more opportunities to achieve the budget deals during electoral periods. This makes distributional politics uniquely qualified for domestic opportunistic politics. As discussed in previous chapters, the EU budget is mainly distributional and usually does not imply a change in substantive policies (i.e. much of the budget is still spent on structural transfers and agricultural subsidies).

Given these particular features of the EU budget process, a question that therefore remains is whether the globalization of electoral politics has also impacted the *content of European policies*. In particular, do domestic elections

¹The signal is clear because the budget allocation is re-distributional; EU budgets are not increased much and an increase in budget shares for one government implies decreases in shares for other governments. They have therefore conflicting interests and the government's ability to receive higher shares means that the government competently defended 'national interest' against the interests of other governments.

shape governments' bargaining strategies in European legislative negotiations in addition to distributional policies? And most importantly, can governments use domestic elections to shift policy outcomes in their favor? In contrast to distributional negotiations in the EU, which have short-term implications for domestic electoral politics but not necessary shape policies in the long-term, an electorally induced shift in EU legislative policies implies potentially long-lasting effects in the way that EU governments pursue particular policies. But also in contrast to distributional negotiations in the EU, the characteristics of the legislative decision-making in the EU provides considerable challenges to EU governments who face elections at the domestic level.

First of all, many legislative proposals in the EU are of very low salience. The EU adopts almost 40 legislative acts each month on average, with a variation between 0 acts and 170 acts, and most of this legislative output is highly technical and regulatory in nature. Given the number and nature of legislation adopted in the European Union, it is very unlikely that individuals at the domestic level are informed (or care) about the majority of EU legislation.

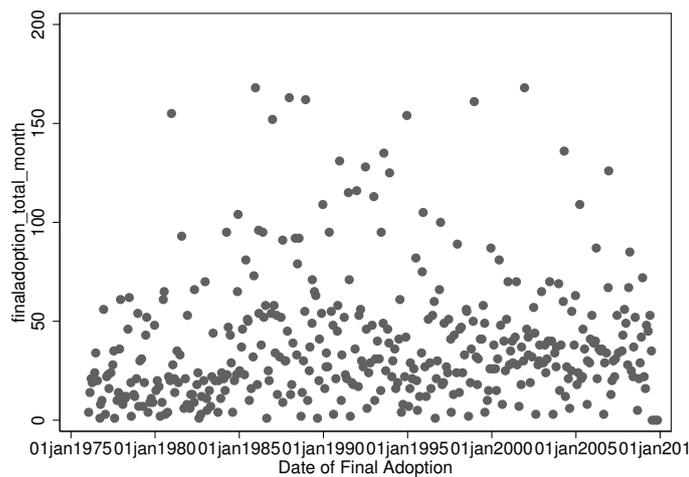


Figure 5.1.: Tides in Legislative Output in the EU, 1976-2009.

Second, even if proposals were highly salient, the structure and timing of the legislative process make it very difficult to attribute blame or credit of particular outcomes to individual governments. As discussed in Chapter 2, the outcomes of the legislative decision-making process is based on some vari-

ation of the aggregation of the interests and influence of 28 governments in the Council, the Commission, and the Parliament. And whereas interests in the budget allocation process (in respect to individual budget shares) generally conflict, they may converge considerably in other policy areas that are decided in the legislative process. Voters will have a difficult time to determine whether the government's credit claiming behavior is deserved (the government did in fact have a role in obtaining the good outcome) or undeserved (the government did not have a role but claims that it did anyway).² In addition, even if voters could attribute the credit correctly the timing of EU legislative proposals is not strictly determined exogenously, which makes it very difficult for governments to time the adoption of proposals (to signal output political competence) to any electoral cycle (see also Chapter 2). The timing of budgetary negotiations is largely exogenous and concluded roughly at the same time in the year. This allows governments to influence budgetary negotiations which outcomes fall closely to a domestic election. As discussed above, the same is not possible for most other legislative negotiations. Even if governments could influence the common position of the Council before a domestic election, the adoption of the proposal may take many more months (or years), and therefore fall after the domestic election. The European Parliament estimates that for the co-decision procedure, the average total average length of EU legislative decision-making is about 19 months for the period 2009-2014,³ but there is a significant amount of variation across proposals.

Using the data set "European Union Legislative Output Dataset (EULO)," which was provided by Hertz and Leuffen (2011) using PreLex and EURlex (these are the main data bases for monitoring EU legislative processes), Figure 6.1 illustrates that the duration of the EU legislative process varies significantly. Over 75% of legislative proposals are decided within the first 346 days of the introduction of the proposal into the decision-making process. About 90% of legislative proposals are finalized within 882 days, but some take as long as 10,000 days. According to the scholarly literature, which I discuss in Chapter 6, the variation in the timing of legislative proposals depends on a host of factors, some of which can not be manipulated by governments in accordance to the timing of domestic elections. For example, the European Parliament has become an important player in the EU legislative pro-

²See also Cruz and Schneider ((forthcoming).

³European Parliament (2014).

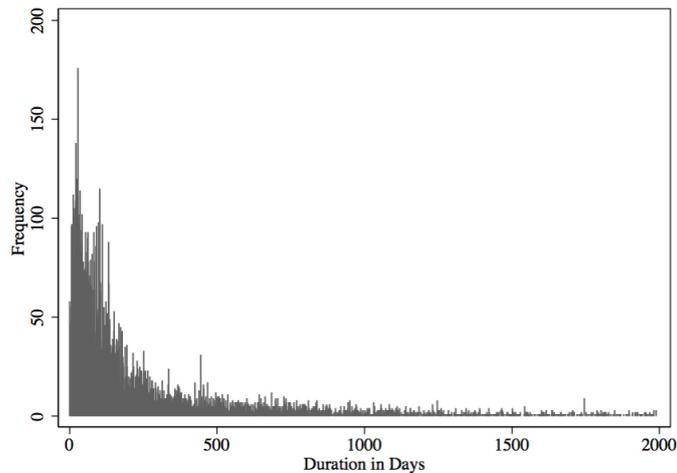


Figure 5.2.: The Duration of EU Legislative Decision-Making, 1976-2009.

cess through the ordinary legislative procedure, and even if governments were able to scratch each others' backs during the Council negotiations to present a common position which is in favor of a government that faces elections on the domestic level, the proposal first has to pass a vote in the Parliament, with possible amendments or even the creation of a conciliatory committee between the Council and the Parliament. And even if we just considered the timing of legislative negotiations in the Council, we find considerable variation in the duration of decision-making in the first reading of the Council.⁴

Consequently, even though there should be much incentive for governments to signal success in legislative negotiations at least for proposals that are salient on the domestic level it is almost impossible for a government to time the adoption of a proposal for which it received a favorable outcome to the timing of domestic elections. Of course, governments will use any opportunity to claim credit if the adoption of legislation in which they have been successful falls into an electoral period. Contrary to the electoral politics of the EU budget process, however, such electoral cycles in output competence will not be regularized and we would not expect to see a statistical effect of elections on output competence (here, government success in the adoption of legislative acts). Rather than aiming to time the adoption of successful proposals to

⁴Häge (2011).

domestic elections, governments will have stronger incentives to signal input competence by taking and defending positions that appear to be in the national interest (see Chapter 2).⁵ Consequently, for the legislative process I expect that governments use position-taking and position-defending strategies during electoral periods, rather than credit-claiming strategies.

In particular, if domestic elections fall into legislative negotiations that governments believe to be salient on the domestic level, governments have incentives to adopt negotiation strategies that they would have not adopted in the absence of elections. Signaling input competence implies that governments should be more likely to adopt positions that are in the national interest (rather than in the European interest) and more importantly, to signal that they are able to represent these positions consistently through the negotiation process. Defending positions can constitute a clear signal because governments tend to compromise significantly during European negotiations (see above). If a government is able to convince its voters that it is fighting the good fight then it can attract public support even in the absence of any ability to achieve particular bargaining outcomes before elections. As discussed in the theory, position taking can be a consequence of non-cooperative and cooperative behavior of Council members. In sum, *before elections EU governments should be less likely to change their positions from their initially stated positions, all else equal.*

The willingness to defend national interest in Council negotiations may have positive electoral consequences for governments at the domestic level, but it does not tell us whether and how EU policies are shaped by these electoral politics. I argue that position-taking behavior of EU governments does indeed affect the content of EU policies, if indirectly through the cementing of positions in the Council early in the inter-institutional negotiation process.⁶

According to the literature, the influence that governments can exert on legislative proposals mainly occurs in the first and second readings of the Council of Ministers. In the ordinary legislative procedure, EU governments develop a common position in the first Council reading. Subsequent readings mainly serve to defend the common position against amendment proposals from the

⁵Another strategy that I will analyze in Chapter 6 is to delay strategically the adoption of potentially problematic proposals until after the elections.

⁶As discussed above, I still believe that credit-claiming will take place but that this is not a regular preelectoral strategy.

Parliament.⁷ According to European Parliament (2014), between 1999 and 2014 the Council took an average of 11-17 months to decide on its common position.⁸ The remaining duration of the legislative process, which can take as long as 5 years, is divided in negotiations within the European Parliament, and between the European Parliament and the European Council.

If EU governments face domestic elections during (or shortly after) the Council negotiations, they will be more likely to take and defend positions that are in the national interest. Once the Council has made a decision on a common position – taking these positions now as given – it will use the common position as a baseline for negotiations with the European Parliament (where Coreper generally aims to protect the Council’s common position). Consequently, governments are less likely to change positions dramatically after the first Council reading, and any changes are derived from the aim of finding compromise with the European Parliament. It is therefore likely that governments will be more successful in the outcomes of the legislative negotiations *even if the adoption of the proposal falls after domestic elections*. In addition, the electoral promise can serve as a commitment device. Governments will be less able to move away from domestic commitments made early in the legislative process because they fear that they will be punished in future elections if they moved from their positions in order to achieve compromise in the Council (a typical practice).

One recent example in which a government has committed itself to a particular policy decision due to domestic elections is discussed in Chapter 7. Germany took a very tough stance after the Greek government announced in 2010 that it would need a bailout due to its debt problems. The German government was in a pickle because much of the Greek debt was owed to Germany banks, but because of domestic scandal where state-owned banks in Germany had been involved in highly risky lending practices and received massive bailouts from the German government (paid with taxpayer money), there was little chance that the German government would have received much public support for another bailout of German banks (this time for their risky lending practices in Greece).⁹ Consequently, rather than calling it a bailout for German banks,

⁷Bostock (2002); Häge (2011).

⁸Similar data is provided by Häge (2011) who shows that between 1976 and 2007, Council negotiations typically concluded in less than 365 days (with a somewhat longer duration in recent years, but always less than two years).

⁹*Der Spiegel*, February 20, 2008. “Worst Financial Crisis Since 1931? German State-Owned

the German government termed it a "Greek bailout," thereby putting all the blame on the Greek government for excessive spending policies throughout much of the 2000s. The tough stance against Greece was solidified by massive protests against a Greek bailout in Nordrhein-Westfalen, one of the largest states in Germany, where an election took place in May 2010. Angela Merkel's early decisions that were at least partially influenced by electoral politics committed the German government for the next years to a particular policy position towards Greece and the European Debt crisis in general. This stance has been very successful for the German government in terms of generating domestic public support (that is, it would have been coded as a bargaining success for all three bailout packages), but it has arguably created questions about the willingness of Germany to commit to the European interest over the national German interest.

In sum, *if elections fall during the Council negotiations, EU governments should be more successful in obtaining favorable policies, all else equal*. It is important to note that obtaining successful policy outcomes means that governments were able to shift the content of the policies towards the national interest because domestic elections took place; something that would not have happened in the absence of domestic elections.

5.1. A Data Set to Study the Domestic Electoral Politics of EU Legislative Negotiations

It is notoriously difficult to analyze opportunistic position-taking and credit-claiming strategies quantitatively. At the EU-level, an innovative data set called "Decision Making in the European Union" (DEU) offers the opportunity to study these questions in much greater detail.¹⁰ The DEU data set provides detailed information about legislative proposals negotiated between January 1999 and December 2001, and was collected through detailed interviews with experts working at EU institutions. The proposals differ from each other in many respects, such as the decision-making rule or legislative procedure. Most importantly for the purpose of my analysis, the data set provides

Banks on the Verge of Collapse.

¹⁰(Thomson et al., 2006; Thomson, 2011).

information on the bargaining strategies that governments use in the negotiations, the saliency of the proposals across countries, as well as the ability of governments in asserting their preferences during the negotiations (that is, their negotiation success).

The DEU data set is a massive data collection effort which began in 1998. The data set was first published in 2004 with a special issue Stokmans and Thomson (2004). It provides information on 66 legislative proposals that were negotiated from 1999 to 2001. The data were collected through extensive, semi-structured interviews with key informants.¹¹ The proposals were selected using several criteria. First, all proposals were subject to either the consultation or the co-decision procedure. Second, the proposals were discussed in the Council at various levels between January 1999 and December 2000. Third, all proposals raised some minimum level of controversy. Any proposal that fulfilled all of the three criteria was included in the data set.¹² To assess governments' and EU agents' positions on these proposals, the researchers conducted over 150 face-to-face interviews with 125 experts. On average, these interviews lasted 1 hour and 40 minutes. The experts were recruited from the permanent representations of the member states, the European Commission, and the European Parliament.¹³ Those were mainly civil servants who were responsible for representing their state in the Council discussions, and those that monitored the legislative negotiations very closely.

The collection of data on government's positions applies the spatial model of politics to specific controversies.¹⁴ For each policy issue (each proposal is divided into 1-5 individual issues), experts were asked to indicate the policy positions of governments (as well as the European Parliament and the European Commission) initially favored by each government after the introduction of the proposal before the Council formulated its common position. Interviewees were asked to situate a political actor's policy position on provided policy

¹¹Stokmans and Thomson (2004) and Thomson et al. (2006) provide a very detailed description of the data set.

¹²The sample is not a random sample of EU legislation. This is important in this case because a random sample would have resulted in a large number of unimportant technical legislation.

¹³The face-to-face interviews also served to assess the expertise of interviewees (Thomson and Stokman, 2006).

¹⁴Thomson et al. (2012).

scales.¹⁵ The coding process is described as follows:

The experts were first asked to identify the main disagreements or controversies raised by the legislative proposal in question. . . . For each issue, the expert was first ask to identify the actors that favoured the most extreme policy alternatives. These policy alternatives then defined the endpoints of the issue continuum used to represent this controversy, which for convenience we gave a range of 0-100.Thomson et al. (2012, 609ff.)¹⁶

Importantly, most experts used the positions taken by government's when the legislative proposal was introduced (or as soon as the government took a stance after the introduction). Using the same method, the research group coded information on the positions that governments represented in the final stages of the legislation negotiations as well as the actual decision making outcome. Using this data, I can generate variables that measure, first, the position-defending strategies of EU members during the negotiations and second, the success of EU members in the bargaining process.

Before moving to the operationalization of these variables, it is important to note that I do not use the measurements as indicators of policy preferences as some studies do. My assumptions underlying the data are much less restrictive. According to the theory, voters will make assessments on the willingness of their governments to change their initially stated policy position during negotiations (and the extent to which governments compromise on their ideal positions in order to achieve agreement in the Council). Stated positions may not reflect the true preference of the government but rather may be a strategic choice, but it would be unrealistic to assume that voters know the true government preference.¹⁷ Rather, they care about whether the policy position supports the national interest and the extent to which governments' are willing to move away from this position during the bargaining process.

HERE STUFF ABOUT HOW THE NEXT SECTIONS ARE STRUCTURED

¹⁵For examples, see Thomson et al. (2012).

¹⁶Any issue was supposed to (i) represent the main points of controversy, (ii) contain positions that define the substance of the alternative outcomes, and (iii) be unidimensional so that actors' preferences for the policy alternatives on each issue can be represented with single-peaked preference functions (Thomson and Stokman, 2006).

¹⁷Thomson (2011) analyzes the extent to which governments' positions reflect underlying domestic economic or political preferences and finds that positions are closely related to such attributes.

5.1.1. Measuring Position-Defending Strategies in the Council

To measure the input competence of EU members in the Council negotiations I follow the existing literature and focus on EU governments' willingness to move away from their initial policy positions during the negotiations.¹⁸ Policy positions that are announced at the beginning of the negotiations are typically a good representation of the official stand of a government, and they usually provide a good representation of the national interest of the government.¹⁹ These are usually the positions that EU governments share with their publics and with the media. They provide a benchmark for the positions that the government is taking during the negotiations.

Of course, Council negotiations take place behind closed doors, and the positions that governments take publicly are not necessarily the positions that they carry through the Council negotiations. Bargaining in the Council is attached to a very strong norm of consensus and it is expected from EU members that they are willing to move on their positions during negotiations to achieve outcomes that everyone can agree on.²⁰ That is, Council negotiations are typically characterized by compromise and cooperative bargaining, rather than by the representation of national interest and uncooperative bargaining. The data set illustrates this norm very nicely. On average, 80% of EU members change their position on at least one issue during the negotiations of any given proposal.²¹ For each proposal, they change their positions on 33% of issues, but the variation is great with some EU members not changing their positions at all, and some EU members changing their positions on all issues of a proposal.

I argue that opportunistic politicians who face elections are more likely to posture in the Council by declining to move from their initially stated policy position. If a government wants to signal that she is defending the national

¹⁸Arregui, Stokman and Thomson (2004, 2006); Arregui (2008); Arregui and Thomson (2009); Thomson (2011); Schneider, Finke and Bailer (2010); Aksoy (2012).

¹⁹Note, Thomson (2011) shows that these positions are typically not determined by strategic consideration of getting them through the legislative process.

²⁰Mattila and Lane (2001); Lewis (2003); Heisenberg (2005); Achen (2006); Hayes-Renshaw and Wallace (2006).

²¹The significance of this number is further illustrated by the fact that 45% of proposals include 1 issue, 76% of proposals have no more than two issues, and 92% of proposals have no more than 3 issues. Changing the position on one issue therefore represents a significant deviation from initial position.

interest during the negotiations, she should be less likely to change her position during Council negotiations. The lower the share of issues that the EU government changes her position on, the more able it will be to appear a tough negotiator on the domestic level, therefore catering to the preferences of the electorate to defend national interests in the EU. For each issue of every proposal, the DEU dataset codes whether a country moved away from her initial position on the issue. For each proposal, I therefore calculate the share of issues that the government changes its position on during the Council negotiations (*Position Change (%)*).²²

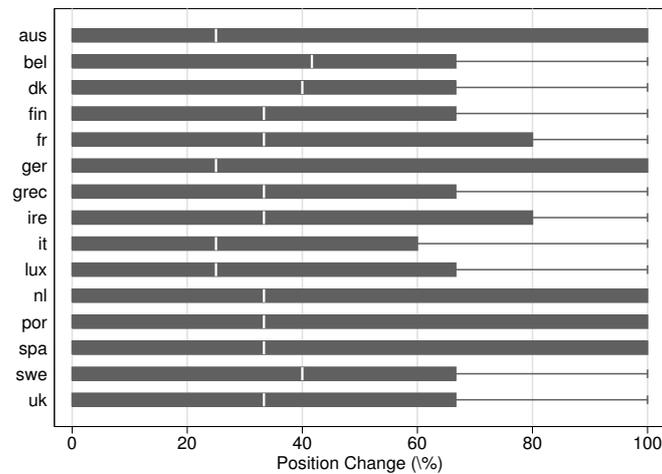


Figure 5.3.: Box Plots for Bargaining Strategies.

Figure 5.3 provides box plots for *Position Change (%)* for each EU member government. Two observations are important. First, there is much variation for each government in that all governments have experienced no position change and complete position change on all issues on proposals. Second, despite the variation across proposals for individual governments, the median values for

²²There are different ways to code the likelihood that EU members change their position during negotiations. Aksoy (2012), for example, uses a dummy variable which takes the value of one if a country changes the position on at least one issue in a proposal. I use the share of issues on which a government changes its position in order to better capture the extent to which the government cooperates, but my findings are robust to using a dichotomous variable instead. The results are available upon request.

the variable position change are very similar for all governments (between 25% and 40%). Consequently, the willingness to change positions in European negotiations is not strictly determined by characteristics inherent in certain member countries.

5.1.2. Measuring Bargaining Success of EU Governments

Governments should focus on signaling input competence during legislative negotiations, but as discussed above, these position-defending strategies should influence the decision-making outcomes of the legislative process as well. That is, EU members that experience domestic elections during Council negotiations should be more likely to succeed in negotiations. To analyze this relationship I rely on the existing research that has analyzed bargaining success.²³ *Bargaining Success* measures the extent to which a legislator obtains a policy outcome close to her ideal policy preference in bargaining over a proposal. The measure takes into account (i) the position of the status quo outcome, (ii) the importance of the issue under the proposal for the EU government, and (iii) the multidimensional structure of the proposal:

$$\text{Bargaining Success} = \frac{\max_t - |p^i - o| + 1}{\max_t - |p^i - sq| + 1} \quad (5.1)$$

where t is the proposal in a n -dimensional policy space for each EU government i (in the data set there are between 1 and 6 issue dimensions). Every $x \in X$ is a policy vector, and $x = \{x_1, x_2, x_3, \dots, x_X\}$. In addition, o denotes the policy outcome, with $o \in X$, $o = \{o_1, o_2, o_3, \dots, o_X\}$. sq denotes the status quo, with $sq \in X$ and $sq = \{sq_1, sq_2, sq_3, \dots, sq_X\}$. p^i denotes the initial policy position of EU government i with $p^i \in X$ and $p^i = \{p_1^i, p_2^i, p_3^i, \dots, p_X^i\}$. Finally, each member attaches some salience s^i to each of the issues, with $s^i \in X$ and $s^i = \{s_1^i, s_2^i, s_3^i, \dots, s_X^i\}$.

The measure of bargaining success is the ratio between the weighted difference between the outcome and the EU member's ideal policy and the weighted distance between the status quo and the EU member's ideal policy. The weights are the salience of the issues under the proposal (see below). This ensures that

²³Aksoy (2012). Further work that has used the DEU data set to analyze bargaining success is by Arregui and Thomson (2009) and Bailer (2004).

the distance for important issues figures more prominently into the calculation of the overall distance than the distance for less important issues.

In Equation 5.1, $|p^i - o|$ is the weighted distance between the outcome and the EU member's ideal policy:

$$|p^i - o| = \sqrt{(p_1^i - o_1)^2 * s_1^1 + (p_2^i - o_2)^2 * s_2^1 + (p_3^i - o_3)^2 * s_3^1 + \dots + (p_n^i - o_n)^2 * s_n^1} \quad (5.2)$$

Finally, $|p^i - sq|$ is the weighted distance between the status quo and the EU member's ideal policy:

$$|p^i - o| = \sqrt{(p_1^i - sq_1)^2 * s_1^1 + (p_2^i - sq_2)^2 * s_2^1 + (p_3^i - sq_3)^2 * s_3^1 + \dots + (p_n^i - sq_n)^2 * s_n^1} \quad (5.3)$$

The measure in Equation 5.1 is normalized in order to facilitate comparability of the measure across proposals that have different numbers of issues.

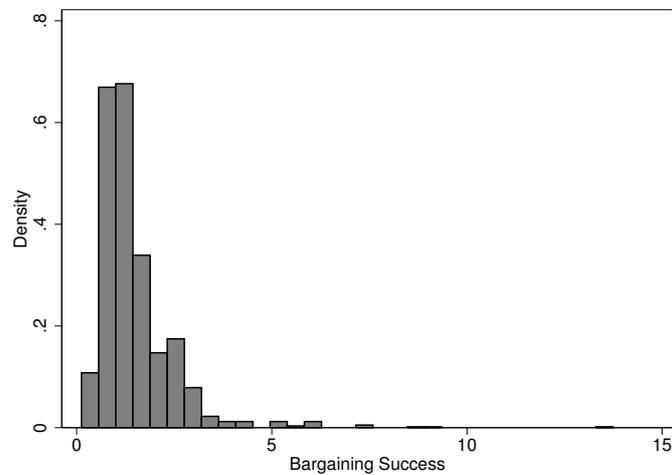


Figure 5.4.: Histogram for Bargaining Success.

Higher values for *Bargaining Success* indicate that the EU government has been more successful in bargaining over that proposal. Figure 5.4 provides a histogram to illustrate the variation in *Bargaining Success*. The variable ranges from 0.12 to 13.73 with a mean of 1.5. In fact, most observations fall in between 0.6 and 2.93. The value 13.73 is an outlier where Luxembourg was extremely successful in EU legislative bargaining. Since Luxembourg also had domestic elections that year, this may bias the results upward.²⁴

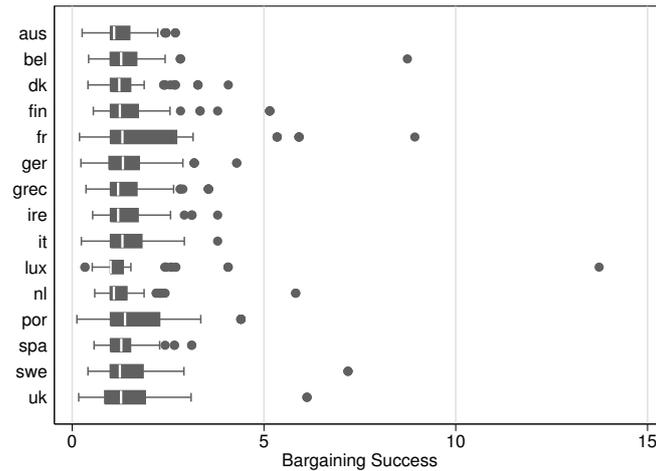


Figure 5.5.: Box Plots for Bargaining Outcomes.

Figure 5.5 further shows that although there is considerable variation in the success of individual countries on different proposals, the median values for *Bargaining Success* are very similar across countries. In other words, individual countries are not much more likely to be successful or unsuccessful on average, but their success varies across proposals.

5.2. Measuring Elections and Salience

EU members should be less likely to change their positions during election years (input competence). In order to test this hypothesis, I analyze the impact of the preelectoral period on *Position Change (%)*. *Election Year* is coded

²⁴The results are robust to excluding this outlier.

as 1 if an EU member has domestic legislative elections in the year of which the issue is negotiated, and 0 if not. In the data set there are 362 domestic elections overall, or 27% of sample observations.²⁵ The incentive of EU governments to engage in position defending strategies should happen throughout the entire legislative process, but the effect should be the strongest when elections fall within (or shortly after) the first Council reading, where most of the EU government's positions are solidified. I do not have data on the adoption of the Council's common position in the first reading, but according to Häge (2011) the first reading typically lasts about a year. Consequently, I will analyze whether government's change their bargaining behavior for legislative proposals for which elections fall within the first year of negotiations (measured from the day of introduction).²⁶ Nevertheless, I show below that elections that occur any time during the legislative decision-making process will lead to position-defending behavior by EU governments.

I do not expect all elections to have an impact on bargaining strategies and outcomes. Theoretically, I would expect the effect to be conditional on the demand and supply factors discussed in the theory. I test a number of my conditional hypotheses in Chapter 4 but I want to focus here on the influence of saliency as summarized in hypothesis 6. In particular, the effect of domestic elections on bargaining strategies and outcomes in the Council should depend on the saliency of the issues domestically. If issues are highly salient, and therefore likely debated in the domestic realm, governments should be less likely to change their positions during negotiations than if policy issues are not salient. Consequently, governments will obtain more favorable outcomes for proposals that are discussed during electoral periods.

The DEU data set codes the salience that a government attaches to each proposal. Experts were asked to estimate the level of salience each government attached to each issue on a scale from 0 to 100, with 100 indicating that an issue is of the highest importance to a stakeholder while a score of 0 indicates that the issue is of no importance whatsoever to a stakeholder (*Saliency*).²⁷ In

²⁵The following states experienced elections during the sample period: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom.

²⁶For some proposals the Council will not have established a common position within one year. The measure is more conservative since the exclusion of those cases will bias the effect downwards.

²⁷Saliency is measured for each issue of every proposal. Since my analysis is on the proposal-

particular, the scale was described to the experts as follows (Thomson et al., 2006, 42):

Stakeholders differ from each other in the salience or importance that they attach to issues. For example, a particular issue may be of great importance to one stakeholder but only marginal to another. Please estimate the salience each stakeholder attaches to each issue on a scale from 0 to 100. A score of 100 indicates that an issue is of the highest importance to a stakeholder, while a score of zero indicates that the issue is of no importance whatsoever to a stakeholder. A score of 50 indicates that the issue has an average level of priority for the stakeholder concerned, and that it is willing to use arguments but not power politics to convince opponents. Note that it is possible for a stakeholder to attach a high level of salience to an issue on which it takes a moderate position, and a low level of salience to an issue on which it takes an extreme position.

Several points are important. First, experts tended to first identify the actor with the highest salience on a particular issue and then scored the salience of other governments on the same issue. Consequently, whereas absolute salience scores may not be perfectly valid, for this analysis the important dimension is the relative salience values attached across different governments and across proposals.²⁸ Second, the concept of salience is measured independent of a government's initial and final position.²⁹ Finally, the coding instructions indicate that salience was measured as the extent to which a stakeholder places priority on the issue concerned. This does not necessarily mean that all salient issues are salient among the domestic public, but it generally means that the government places priority on the issue based on domestic political reasons. This could be because (i) the issue is widely discussed in the domestic media and the domestic public, (ii) domestic interest groups that are important for the government's survival in office care about that issue, or because (ii) government officials care about the issue for ideological reasons. Consequently, the

level, I use the average saliency score for all issues in each proposal as a measure of salience.

²⁸Thomson (2011, 45).

²⁹Thomson et al. (2006) find only very modest correlations between the extremity of positions and salience.

measure of salience is grounded in domestic political concerns, and whereas I cannot directly measure the public salience dimension, both interest group grounded pressure and government ideology are conceptionally very similar.

Proposals receive an average score of 51, on a scale from 0 to 100. About 4% of proposals are not salient at all (score of 0), and about 1% of proposals have a very high salience (score of 100). Most proposals range from 40-80 on the scale. Figure 5.6 provides data on salience that governments attach to a sample of EU legislative proposals in the time period of January 1999 to December 2000 (for more information see below). Importantly, this sub set of proposals were chosen on the requirement that there had to be a minimum level of intergovernmental conflict about the issues addressed.³⁰ Overall, there is very little intergovernmental conflict about most EU legislative proposals. Even amongst those conflictual proposal, very few have very high levels of saliency (a score of 100 for salience indicates highly salient proposals). If most EU legislation is not very salient, then it should not be electorally very relevant.

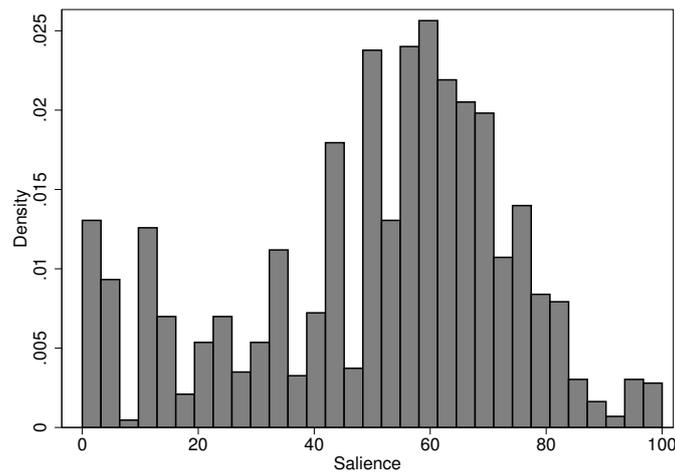


Figure 5.6.: Salience of Legislative Proposals in the EU

Figure 5.7 provides more information on the variation of salience across EU governments. The figure illustrates that governments do not attach the same

³⁰Thomson et al. (2006).

importance to all proposals, but that salience varies across proposals. Again, less variation is observed across governments. The median salience is around the value 50.

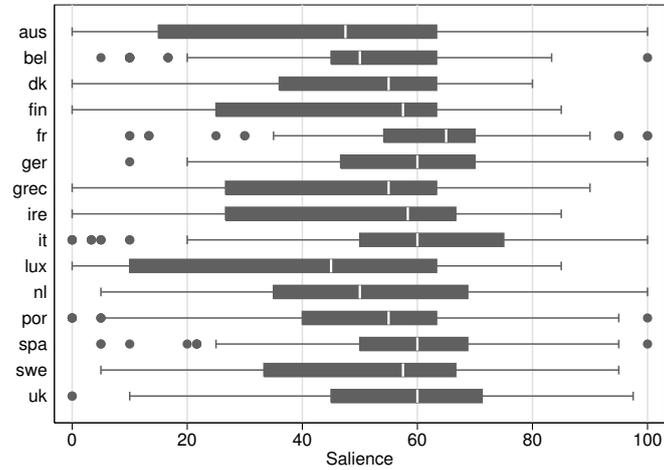


Figure 5.7.: Box Plots for Salience.

		No Election	Election
Strategies	Total	91.5%	43.8%
	Low Salience	95%	75%
	High Salience	89%	33%
Outcomes	Total	1.23	2.29
	Low Salience	1.17	1.24
	High Salience	1.26	2.72

Table 5.1.: Elections and Legislative Bargaining in Greece

We can use Greece as a nice illustration of how elections can influence bargaining strategies and outcomes when salience is high and low. Table 5.1 displays the values of *Position Change (%)* and *Bargaining Success* in election and non-election years, and when salience is below and above the average.

On average, Greece changed its position in 91.5% of issues when it did not face elections on the domestic level. It was very willing to move from its initially stated position to accommodate other EU members. Greece was significantly less cooperative in election years. During election years, Greece changed its positions in only 43.8% of cases; that is less than half of the position changes during non-election years. The negative effect of elections on cooperative bargaining becomes even more instructive when one controls for the salience of the proposals negotiated. When proposals were not very salient, Greece was willing to move its position in 75% of cases even during election years. When proposals were salient, Greece was willing to change its position in only 33% of the cases; that is almost three times less the position changes during non-election years.

The numbers also indicate that Greece's bargaining success in EU legislative bargaining is associated with domestic elections. The value of *Bargaining Success* increases from 1.23 when there was no election to 2.29 when there was an election. To illustrate the significance of this shift, note that this implies a move from the 50th sample percentile to the 90th sample percentile. This shift is driven by salient issues. Whereas there is almost no difference in election and non-election years when issues are not salient, bargaining success becomes much more likely in election years when the proposal is salient. The results for *Bargaining Success* are particularly significant for two reasons. First, bargaining success implies an actual policy outcome (one that would probably not have occurred without an election) with long-term effects. Second, the effect of elections is an indirect effect - elections that occurred in the initial phases of the legislative negotiations in fact seem to affect EU policies which are adopted *after* elections through the position-defending strategies that governments employ.

Of course, Greece is just one example, and a government's willingness to change positions depends on other factors as well. In my estimations, I control for a number of explanatory variables that have may confound the effect of elections on position changes and bargaining success. My choice of control variables largely is based on existing analyses in the literature.³¹ See Appendices A.1 and A.2 for the operationalization of all explanatory variables and

³¹Arregui, Stokman and Thomson (2004); Arregui (2008); Arregui and Thomson (2009); Aksoy (2012).

the summary statistics.³²

5.3. Empirical Results

The unit of observation is the EU member – proposal. That is, for each of the legislative proposals, I trace information on each EU member’s bargaining behavior and bargaining success. Since the dependent variables are measured as continuous variable in a panel data set, I estimate the model using a time series random effects model with robust standard errors. I rely on random effects estimation to be able to include variables that are constant over time, but the results are robust to using a fixed effects estimator. In addition, I include a time trend to control for systematic changes in the dependent variable over time.³³ Finally, the vast majority of negotiations are concluded within 45 months of their introduction. However, there are some outliers where proposals were in the process for more than 60 months. I restrict the main analysis to proposals that are in the negotiations for no longer than 60 months (the findings are robust to including all proposals).

5.3.1. Unconditional Electoral Cycles

Table 5.2 provides a summary of the estimation results for government’s ability to signal input competence to their electorate (*Position Change*). Model 1 is the main model, which includes the main control variables. Model 2 adds a time trend. Model 3 adds additional control variables that may be relevant as well as dummies for Germany, France, and the UK. Finally, Model 4 uses the alternative election variable. The model fits the data relatively well. The highly significant Wald tests in all model specifications indicate that we can reject the null hypothesis that jointly the coefficients are equal to zero.

It is instructive to analyze the unconditional effects before moving to the conditional effects. *Election Year* exerts a negative and significant effect on cooperative bargaining. If an EU government faces an election, the share of issues within a proposal that she is willing to change her position on decreases by over 4%. The effect is statistically significant at the 5%-level and robust to different model specifications and operationalizations of the independent

³²The control variables are slightly different for the two models.

³³Using time dummies do not change the main findings.

	(1)	(2)	(3)	(4)
	Model 1	Model 2	Model 3	Model 4
Election Year	-3.869** (1.836)	-3.881** (1.841)	-4.954** (2.263)	
Saliency	0.287** (0.131)	0.287** (0.131)	0.289 (0.233)	0.285** (0.127)
QMV	3.912 (13.290)	5.370 (12.760)	9.110 (15.219)	5.372 (12.867)
Distance from Partisan Mean (weighted)	-2.237 (2.405)	-2.246 (2.409)	-3.197 (3.595)	-1.771 (2.450)
Regulation	-13.035 (12.103)	-14.096 (12.414)	-26.354** (13.264)	-14.012 (12.497)
Shapley Shubik Index	-109.011 (103.464)	-109.526 (103.287)	-124.894 (123.285)	-99.002 (104.699)
GDP (log)	2.915** (1.453)	2.920** (1.454)	5.640** (2.365)	2.864** (1.403)
Budget Contributions (%)	-0.399* (0.213)	-0.399* (0.214)	-1.575** (0.666)	-0.405* (0.217)
Distance to Commission	2.902 (12.729)	2.980 (12.736)	1.977 (16.193)	2.602 (12.603)
Multidimensionality	9.404 (12.437)	10.064 (12.288)	12.815 (14.444)	9.238 (12.479)
Minority Government	-3.570* (1.915)	-3.580* (1.919)	-4.728* (2.484)	-3.517* (2.013)
Year		-4.607 (6.543)	-5.250 (6.374)	-5.011 (6.659)
Distance to SQ			0.044 (0.164)	
Germany			17.055 (12.195)	
France			17.027** (7.886)	
United Kingdom			12.018* (6.305)	
Agriculture and Fisheries			-6.763 (15.082)	
Employment and Social Policy			-49.894** (13.429)	
Economic and Financial Affairs			28.741* (16.369)	
Election				-9.728** (3.423)
Constant	-49.059 (35.048)	9164.146 (13084.771)	10397.616 (12751.542)	9973.705 (13316.145)
Observations	536.000	536.000	417.000	536.000
Wald Test chi2	20.577	21.727	2.862e+10	29.349

Standard errors in parentheses
* p<0.10, ** p<0.05

Table 5.2.: Elections and Bargaining Strategies in the Council.

variable. The effect is expectedly stronger when one takes into account any elections during legislative negotiations. If elections take place during the negotiations of legislative proposals then governments decrease their willingness change their positions by almost 10% of issues.

Position-defending strategies are not only influenced by elections. Table 5.2 shows a positive and significant effect of salience on *Position Change (%)*. Contrary to expectations, EU governments are more likely to change their positions when the salience of a proposal is large (however, the effect is substantively very small with 0.3%). This is somewhat surprising, but it may be the consequence of position-taking strategies early in the process. The findings for the other control variables in Table 5.2 also have some interesting implications.

This is particularly interesting for the UK which is usually seen as a country that blocks EU negotiations because of its eurosceptic population. At least for the data at hand, the UK government is significantly more likely to change its initial position. In addition, richer states are significantly more likely to move from their initial policy positions than poorer states, net contributors are less likely to change positions, and negotiations have become less cooperative over time. Larger EU governments, measured in total income, are more likely to move away from their initial positions, whereas the main contributors to the EU budget are less likely to move away from their positions. This is in line with much of the literature on decision-making in the Council.³⁴ Minority governments are more likely to defend their positions whereas France and the United Kingdom are more likely to move away from their initial position as compared to other EU governments. Finally, position changes are less likely when legislation concerns issues of employment and social policy.

Table 5.3 provides a summary of the estimation results for the effect of electoral politics on bargaining outcomes (*Bargaining Success*). Model 1 is the main model, Model 2 adds additional control variables. Model 3 replaces the election dummy with the alternative election variable. The model fits the data very well. The significant Wald tests in all model specifications indicate that we can reject the null hypothesis that jointly the coefficients equal zero.

Turning to the substantive effects, the findings show a positive effect of *Election Year*. All else equal, EU governments are significantly more successful for legislative proposals that were introduced in preelectoral periods. The

³⁴Thomson et al. (2006, e.g.).

	(1)	(2)	(3)
	Model 1	Model 2	Model 3
Election Year	0.208** (0.104)	0.223** (0.105)	
Position Change (%)	-0.001 (0.002)	-0.001 (0.002)	-0.001 (0.002)
Salience	0.012** (0.003)	0.011** (0.003)	0.012** (0.003)
QMV	0.258 (0.204)	0.316 (0.209)	0.230 (0.206)
Multidimensionality	-0.200 (0.238)	-0.222 (0.239)	-0.190 (0.234)
GDP (log)	-0.119 (0.139)	-0.113 (0.163)	-0.119 (0.138)
Shapley Shubik Index	0.985 (4.695)	-0.456 (4.549)	-0.405 (4.764)
Distance from Partisan Mean (weighted)	-0.053 (0.090)	-0.059 (0.107)	-0.031 (0.101)
Budget Contributions (%)	0.015 (0.015)	0.012 (0.034)	0.013 (0.015)
Distance to Commission	0.242 (0.412)	0.240 (0.406)	0.240 (0.401)
Distance to EP	-0.004 (0.459)	-0.013 (0.468)	0.028 (0.445)
Minority Government	0.153 (0.095)	0.154** (0.076)	0.095 (0.101)
Year		0.005 (0.109)	
Presidency		0.207 (0.132)	
Germany		-0.155 (0.440)	
France		0.389 (0.313)	
United Kingdom		0.160 (0.207)	
Agriculture and Fisheries		0.200 (0.229)	
Employment and Social Policy		0.252 (0.233)	
Economic and Financial Affairs		0.533 (0.380)	
Election			0.071 (0.228)
Constant	3.672 (3.375)	-6.667 (218.534)	3.805 (3.337)
Observations	536.000	536.000	536.000
Wald Test			
chi2	43.397	88.930	33.401

Standard errors in parentheses

* p<0.10, ** p<0.05

Table 5.3.: Elections and Bargaining Success.

significant effect is robust to the inclusion of a large number of variables that are theoretically assumed to affect bargaining success in the EU. In electoral periods, governments increase their chances of success by 0.2 on the range of the dependent variable (95% of observations fall within 0 and 2.9). As with the budget surpluses that governments can achieve before elections, the effect is substantially not extremely large, but it may be sufficient for governments to be able to announce success in front of their electorate. (Chapter 8 shows that these strategies are in fact oftentimes successful in increasing domestic voter support).

Model 3 provides us with an opportunity to study the microfoundations of the effect in more detailed. The election variable in that model takes the value one if the elections fall during any time of the legislative negotiations. I argued above that governments' ability to influence outcomes are significantly reduced after the first Council reading and that they are oftentimes unable to time the adoption of successful acts to domestic elections. This implied that the (regularized) effect of electoral politics on policy outcomes is likely to be indirect through position-taking and defending strategies. The results in Model 3 lend some support to this argument. Whereas elections that take place in the initial phases of the legislative process likely affect a government's bargaining success, elections that take place in later stages of the legislative process do not affect a government's bargaining success.

5.4. The Conditional Nature of Electoral Politics

I now move to analyze the conditional electoral effects that I discussed in Chapter 2. The DEU data set provides me with a unique opportunity to study the effect in variations of salience across proposals and EU members, and I will focus on this discussion. In order to analyze the effect that salience has on the relationship between domestic elections and bargaining strategies and outcomes, I estimate the main model (Model 1) but include an interaction term between *Election Year* and *Salience*.

Since the coefficients cannot be interpreted straightforwardly, I present the marginal effect of elections on proposal changes and bargaining success graphically. Figure 5.8 graphs the coefficient of *Election Year* on *Position Change*

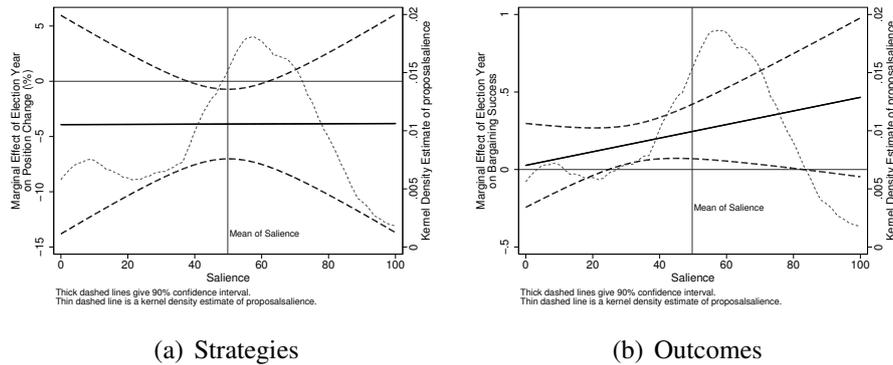


Figure 5.8.: Effect of Elections on Bargaining Strategies and Outcomes as Salience Changes.

(%)/*Bargaining Success* (solid line; the size of effect can be read from the left y-axis) for different levels of salience (x-axis). The thick dashed lines give the 90% confidence intervals, and the thin dashed line is a kernel density estimate of *Salience*. This provides us with an idea of the distribution of salience values across the sample. As summarized above, most of the proposals have salience scores between 40 and 80; the mean is 51 (see vertical line).

Figure 5.8(a) analyze the conditional effect for *Position Change*. The findings indicate that upcoming elections do *not* reduce the likelihood of EU governments to be cooperative during bargaining when the salience of the proposal is relatively low (below 40). However, if proposals are somewhat salient elections do in fact decrease the likelihood that governments move from their initial bargaining positions.³⁵ Figure 5.8(a) provides support for Hypothesis 6. EU governments are only likely to become uncooperative before elections when the salience of proposals is relatively high. Figure 5.8(b) provides a similar picture for *Bargaining Success*. EU members can only significantly increase their success in EU legislative bargaining when the proposal is very salient to them (and therefore important for domestic electoral reasons). Similar to the results for bargaining strategies, proposals do not have to be above-average important to be used for electoral purposes, but they do have to cross a minimum threshold of salience. In particular, the number of proposals that

³⁵For high levels of salience the effect turns insignificant which is most likely due to the low number of sample observations at these values (see kernel density estimate).

have low salience level are not likely to be used for opportunistic purposes.

These findings complement the findings in Chapter 4. Whereas the analysis of budget negotiations supports the electoral effect in a high-salience case, the analysis here shows that indeed low-salience cases are not very likely to induce electoral cycles which are costly to the other EU members and the EU as a whole.

Whereas this chapter focuses on analyzing the effect of salience on electoral cycles, the data also provides support for the electoral cycle more generally, thereby corroborating the findings for the EU budget negotiations. The strength of the electoral cycle in the use of legislative bargaining strategies does not only depend on the salience of proposals, but also on the domestic economic conditions (its need to get better outcomes in international elections), the domestic electoral pressure, and the influence of the supranational institutions.

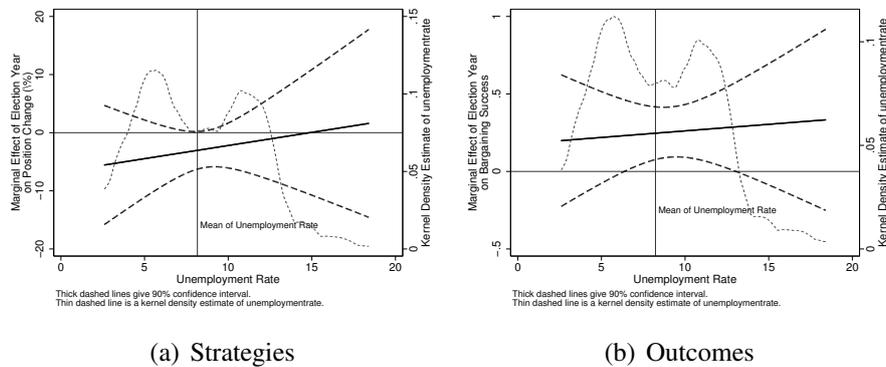


Figure 5.9.: Effect of Elections on Bargaining Strategies as Unemployment Changes.

Figure 7.5 first analyzes the importance of domestic economic conditions in the electoral period for electoral cycles in EU legislative bargaining. Overall, EU members that face domestic economic difficulties, here an above-average unemployment, are more likely to induce electoral cycles (but not always significantly so). For both bargaining strategies (Figure 5.9(a)) and bargaining success (Figure 5.9(b)), electoral cycles exist when unemployment rates are above average, but the conditional effect of unemployment is much weaker for bargaining strategies than for bargaining success. In fact, there exist no elec-

toral cycles when unemployment rates are very low or very high. The insignificant effect of elections on bargaining strategies when unemployment rates are higher than 10% most likely owe to the fact that countries with very high unemployment tend to be the poorest and least powerful countries in the EU (e.g. Spain and Greece).³⁶ It could also be that if reelection is almost impossible due to very bad economic conditions, other Council members should not have much incentive to help the incumbent government to begin with (owing to the high risk that their cooperation will be reciprocated in the future). The findings for bargaining success are stronger and indicate that electoral cycles exist when unemployment rates are above average. Overall, governments need to be in some (but not too much) electoral distress to successfully generate electoral cycles in bargaining strategies.

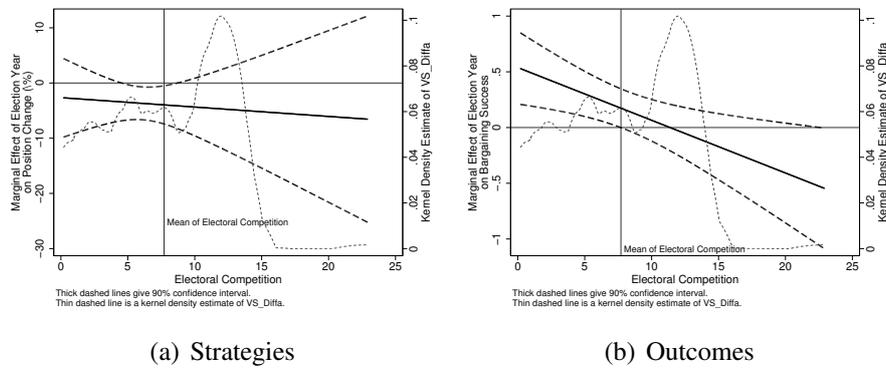


Figure 5.10.: Effect of Elections on Bargaining Strategies as Margin of Victory Changes.

The alternative measure of electoral competition points in the same direction. Overall, electoral cycles are more likely when the electoral competition is fiercer. Figure 5.10 shows that electoral effects do not exist for very uncompetitive and very competitive elections, but rather for elections that are more competitive than the average election but not extremely competitive. In particular, the Kernel density estimates in the graph show that there are three common types of electoral competitions: (a) very fierce with a margin of victory of less than 3%, (b) competitive with below average margins of victory

³⁶The Shapley Shubik index is negatively correlated with unemployment for unemployment rates larger than 10%.

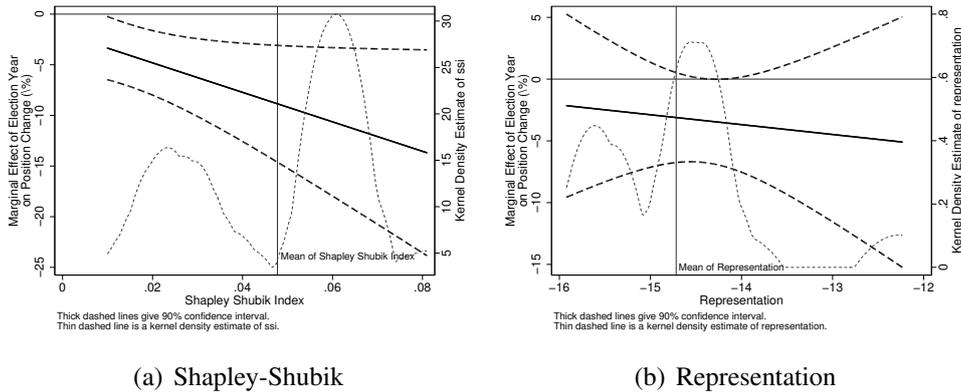


Figure 5.11.: Effect of Elections on Bargaining Strategies As Bargaining Leverage Changes

of below 7%, and (c) noncompetitive elections with margins of victory above 10%.

For bargaining strategies (Figure 5.10(a)), electoral cycles exist for (b) but not for groups (a) and (c). One reason for the finding that group (a) do not display electoral cycles in bargaining behavior may arise from the fact that the likelihood of turning a very competitive election with international bargaining behavior is relatively low, so governments who anticipate this will focus their efforts elsewhere. In addition, scenario (c) should be the scenario when other EU members may be least willing to help each other secretly. If they expect that the EU government won't be reelected they may be much less willing to shoulder the costs of backroom cooperation, as the EU government is not very likely to reciprocate in the future if it is not reelected. The findings is very much in line with the domestic economic conditions finding. If governments do very poorly on the domestic level, and their reelection prospects are very low, backroom cooperation is not very likely. For bargaining success (Figure 5.10(b)), electoral cycles are stronger in that they exist for both (a) and (b). In other words, EU countries in which electoral competition is above average are significantly more likely to experience bargaining success during electoral periods than other periods. The effect is not significant for countries, where the incumbent has a comfortable margin of victory.

Whereas electoral uncertainty seems to increase the likelihood of electoral cycles in legislative bargaining, there is not much evidence that formally pow-

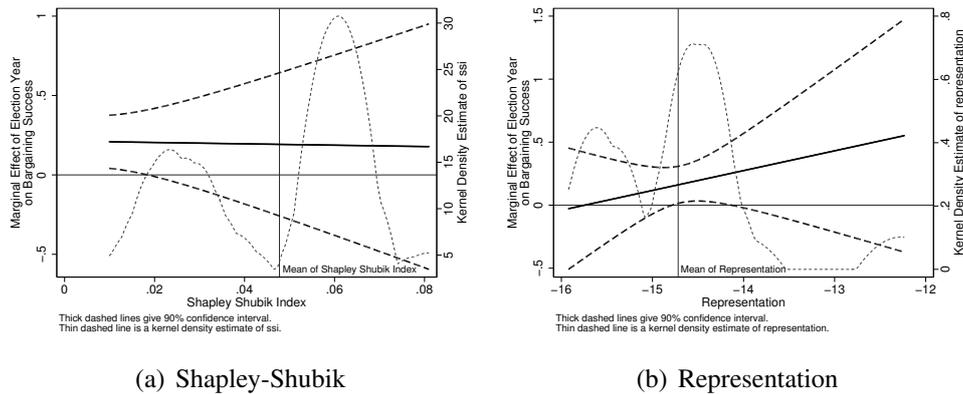


Figure 5.12.: Effect of Elections on Bargaining Success As Bargaining Leverage Changes

erful governments are more able to induce such cycles. Figures 5.11 and 5.12 present the marginal effects of elections for different levels of (a) the formal bargaining power of the EU government using the SSI index, and (b) the per capita votes of the EU government. Two findings stand out. First, the electoral cycle is independent of the formal power of governments, measured as the Shapley Shubik index. Second, the group of countries with more per capita votes, such as Luxembourg, seem to be more likely to induce electoral cycles both in respect to bargaining strategies and bargaining outcomes. At least for the electoral cycle, perceived formal voting power seems to be less important in providing opportunities for electoral cycles than representative power. The result, and in particular the difference to my findings for the budget cycles, is not surprising if one takes into account that most legislative decisions are based on informal consensus rule. That is, any government has the ability to refuse compromise and position changes, regardless of its formal power.

Since the legislative bargaining process is more likely based on informal negotiations, the ability to induce electoral cycles may indeed depend on the need to do so (as evident in the conditional effect of domestic electoral competition and economic factors) and the willingness of other governments to turn a blind eye on the uncooperative behavior during the negotiations (i.e. their willingness to scratch each others' back). Whereas the in-transparency of Council negotiations makes it impossible to know for sure whether electoral cycles are generate through cooperative or non-cooperative means, we can assess some

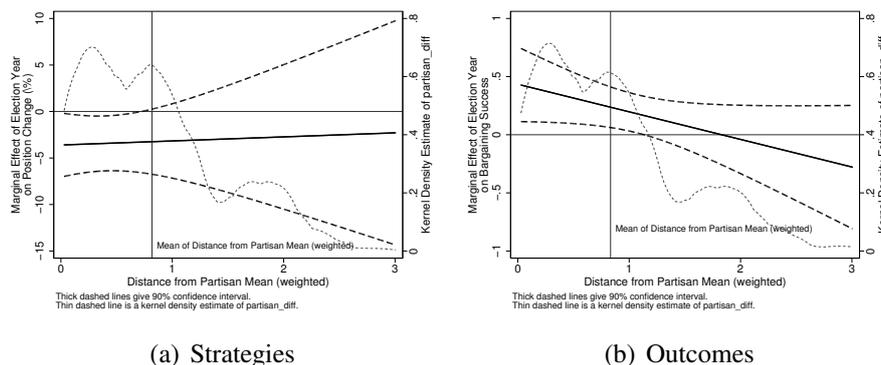


Figure 5.13.: Effect of Elections on Bargaining Strategies as Ideological Extremity in Council Changes.

of the factors that contribute to a cooperative environment in the Council. For example, EU governments should be more likely to cooperate with each other to generate electoral cycles, when they have largely similar preferences. Figure 5.13 indicates that as the government's ideological position shifts away from the average partisan position in the Council (on the x-axis, a value of 0 indicates that the ideological position of the government is at the average ideological position in the Council), the likelihood of electoral cycles diminishes. This implies that if governments have similar ideological preferences, and are more willing to cooperate with each other in general, they are more willing to accept posturing by like-minded governments who face elections on the domestic level (Figure 5.13(a)). As a consequence, governments that have similar ideological preferences to the Council are more likely to achieve move final policies towards their ideal points (Figure 5.13(b)). Governments that are further away from the average partisanship in the Council are not likely to pursue these strategies successfully.

The ability to generate electoral cycles should also depend on the power of the supranational institutions in the legislative process. The more influence the European Parliament has in the legislative decision-making process, the less likely should be electoral cycles, because the Council negotiations are followed by negotiations between the Parliament and the Council with the potential of amendments that are not conducive to electoral cycles. In order to analyze this question I distinguish between proposals that fall under the spe-

cial legislative procedures, and proposals that fall under the ordinary legislative procedure. The Parliament has much more influence under the ordinary legislative procedure. Table 5.4 shows the effect of elections on the likelihood that governments change their positions and are successful when decisions are made under each of these two procedures (note, the variable *Ordinary Procedure* is dichotomous so I just present the conditional coefficient for each of the two possibilities):

	No Ordinary Procedure	Ordinary Procedure
Strategies	-7.692** (3.068)	0.324 (3.165)
Outcomes	0.289* (0.158)	0.119 (0.124)

Standard errors in parentheses

* p<0.10, ** p<0.05

Table 5.4.: Decision Making Procedures, Elections, and Legislative Bargaining

Table 5.4 shows that electoral cycles in bargaining strategies and outcomes are likely under the special legislative procedures, but unlikely when decisions are made using the ordinary legislative procedure. When the Parliament is not a powerful legislative actor, governments are significantly less likely to move away from their initial position, and they are more likely to achieve better bargaining outcomes as a consequence. This effect does not exist under the In other words, the European Parliament has a restraining effect on electoral cycles when it is in a powerful position in the legislative process, at least in the unconditional setting.³⁷

Does this imply that European supranational actors would always aim to prevent electoral cycles in EU legislative negotiations? From the literature, we

³⁷It is important to note that these findings do not imply that electoral cycles never occur when the ordinary legislative procedure is applied. For example, the likelihood of electoral cycles in that setting could increase if the need for such electoral benefits is particularly high. It is out of the scope of the paper to test such triple interaction effects, but given that these effects likely interact and complement each other one has to interpret the results carefully.

know that the Commission’s positions tend to be more integrationist than those of the Council members, and that it attempts to use its agenda-setting powers to move decisions towards its ideal point. As a strategic actors, the Commission could in principle support the survival of governments that are more integrationist than the survival of governments that known to be eurosceptic. It could provide “electoral support” to governments that would be more likely to vote in the Commission’s favor, thereby supporting a Council with more integrationist members. In order to test this, I used data from the Comparative Party Manifesto data set on the positions of EU governments towards European integration, and analyzed whether electoral cycles are more likely for integrationist governments. Similar to the partisan variables, *Position Towards European Integration* is coded from party manifestos in Europe. The variable analyzes the scores of positive and negotiate statements towards the European Union. A positive score indicates that positive statements outweigh the negative ones. Data from Warntjen, Hix and Crombez (2008).

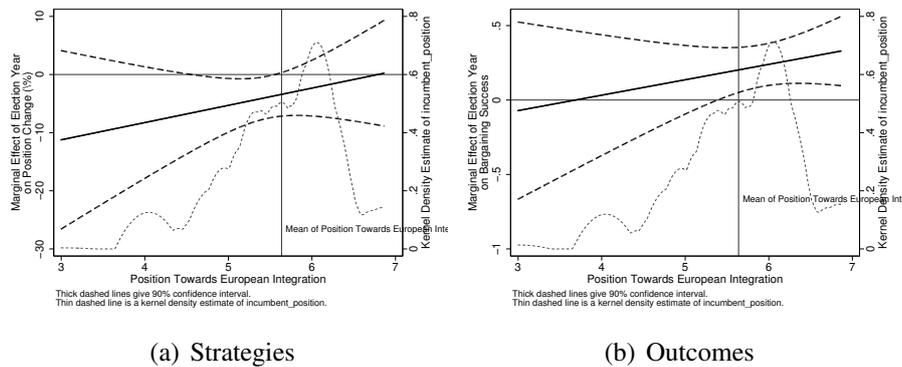


Figure 5.14.: Effect of Elections on Bargaining Strategies as EU government’s Position Towards European Integration Changes.

Figure 5.14 indicates that pro-EU governments are likely to induce electoral cycles, whereas governments that are more eurosceptic do not induce significant electoral cycles in bargaining behavior.³⁸ Whereas the effect is as ex-

³⁸Note, however, that the variable does not take negative values which implies that positive statements about the EU outweighed negative statements for all governments under observation. None of these governments is truly “eurosceptic,” but we observe significant variation in support of European integration.

pected for bargaining outcomes, it is weaker for bargaining strategies. In particular, the group of most pro-europeanist governments have a negative coefficient during electoral periods, but the effect is not significant at conventional levels of significance. Importantly, however, is that this finding contradicts the common wisdom that eurosceptic governments tend to bargain harder in the EU. At least for bargaining strategies, eurosceptic governments could simply refuse to move their positions to compromise in the Council. I find no support for such uncooperative strategies. Rather, more pro-European governments seem more likely (or able) to pursue their national interests during electoral periods.

To sum up, data on legislative bargaining in the Council suggests that EU governments are more likely to employ uncooperative bargaining strategies during electoral periods. Even though EU governments very frequently move from their initial policy positions in order to facilitate compromise in the Council, they are significantly less likely to do so when elections take place in the domestic realm. The electoral cycle in legislative bargaining strategies depends on the likelihood that posturing in negotiations are actually important for elections; that is, when proposals are salient, when governments have the formal leverage to induce the electoral cycle, and when domestic economic conditions are poor. And importantly, the seemingly uncooperative bargaining behavior tends to be the result of secret cooperation between EU members in the Council to help each other survive in political power. Posturing before elections through tough negotiation behavior is significantly more likely in situations when EU governments are willing and able to help each other.

5.5. Conclusion

Saliency matters. The case of EU budget negotiations allowed me to analyze the determinants of electoral cycles in EU membership benefits when saliency is very high – voters care a great deal about EU receipts. This chapter sheds some more light on electoral cycles at the EU level, when domestic saliency varies. The findings suggest that the bargaining strategies and bargaining outcomes crucially depend on the timing of elections on the domestic level. That is, the extent of international cooperation depends on the incentives of governments to pursue opportunistic policies before elections. As I have argued theoretically, these electoral cycles are costly for other EU members – they

have to agree on an inter-temporal issue linkage and therefore have much faith in other EU members cooperating with them when they need it – and the EU more broadly since resources are not spent efficiently but according to domestic electoral incentives. The finding that electoral cycles in legislative bargaining only exist when policies are salient provides support for this general argument. Salient policies are the ones that should be most relevant electorally so they should be the policies where (a) EU members facing elections should bargain the hardest for and (b) other EU members are most likely to agree to help each other in secret and assume the costs, holding everything else constant.

On a more general level, the findings in this chapter suggest that EU members use legislative bargaining in the European Union in order to try and increase their electoral prospects back home. Electoral politics have globalized, and now affect bargaining strategies and outcomes in the European Union. At the same time, it is important to note the limitations of opportunistic politics at the EU level, and these limitations are very nicely illustrated in the empirical findings. Electoral cycles exist on average, but there are a large number of instances where no electoral cycles are created in the European Union. Electoral cycles are not likely when policies are not salient, or when governments do not have the formal or informal power to create them, or when governments do not face sufficient economic problems at home to justify putting the costs of the European electoral cycle onto other governments. In fact, the sample in DEU data set used here is biased towards more salient cases as it excludes all technical proposals where no contestation occurred in the Council. Whereas this sampling strategy is advantageous because it allows us to analyze the variation in salience more explicitly (and there were a large number of cases with very low salience), expanding the data set to these cases would demonstrate that a very large number of proposals are not salient enough to be used to generate electoral cycles in the Council.

There appear to be a number of cases where EU governments should have incentives to generate electoral cycles but appear to be unable to do so. For example, EU countries with high unemployment rates on the domestic level should have been much more keen on being able to announce success in EU legislative bargaining before elections. But they do not. The inability to generate electoral cycles could happen for any number of reasons. Whereas I only analyzed interactions between two particular variables, the effect of unemployment on electoral cycles may of course also depend on the saliency of the

policies. And countries that have high unemployment rates may be generally less powerful to push through their agendas in the Council if other countries are less willing to scratch each others' back. And even if countries wanted to cooperate secretly, some proposals may be salient to a large number of EU members and shifting the policy in one direction to help a particular EU government electorally may hurt another EU government electorally at the same time.

Finally, electoral cycle in bargaining success exists, but that it is not a direct effect of elections at the end of the legislative process. Since the duration of legislative negotiations is endogenous to a number of factors that cannot be controlled by EU governments, they have no ability to generate regular (and statistically identifiable) electoral cycles in bargaining success. This is different from EU budget cycles where governments can time the allocation of the budget to domestic elections because the allocation is a repeated and very regular process. Electoral cycles in bargaining success still exist, but they exist as a consequence of electoral cycles in position-taking that occur mainly at the beginning of the legislative process. Since the governments' positions are solidified after the first reading of the Council, elections during this process are likely to generate better bargaining outcomes for EU governments even if the legislation is adopted after elections. That is, we do not see any significant changes in government's positions after the elections (i.e. they largely keep their electoral promises). And this implies, importantly, that the policies adopted at the EU-level and implemented domestically can change significantly due to the electoral politics within the European Union. Whereas electoral cycles in budget allocations tend to have short-term impacts, the electoral cycles in bargaining outcomes signify that electoral politics may change policies that have oftentimes long-lasting European and domestic effects.

The inability to generate electoral cycles at the end of the legislative process poses a challenge to governments that experience domestic elections during this period. Since they are limited in their ability to change outcomes at this stage, they may have to deal with how potentially problematic outcomes affect their electoral prospects. The question is whether there are any remedies to this problem. I argue that sometimes EU members may try to delay negotiations on policies that are electorally relevant in order to avoid potentially negative effects for public support. There are many examples of such strategies. A very prominent (and costly) one has been the unwillingness of the German government to agree on the Greek bailout, hoping that they could delay the

highly unpopular decision (which seemed inevitable) until after very important regional elections. Whereas the strategy failed in this case, it has succeeded in a number of other cases. In the next chapter I analyze the conditions under which EU members actually delay negotiations as a strategy available to EU governments that may not be able to appear tough and successful during the negotiations.