

*Member state performance in
intergovernmental negotiations: the
case of the European Union Stability
and Growth Pact*

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I, Susan Ann Fuchs, confirm that the work presented in this thesis is my own. Where information has been derived from other sources, I confirm that this has been indicated in the thesis.

Abstract

This thesis examines the effects of negotiation context on the performance of member states in intergovernmental negotiations in the European Union. Drawing on the case of the Stability and Growth Pact, this thesis considers the distinction between negotiations that aim to establish original EU-level policy, versus those that aim to reform existing EU-level policy, and the impact this has on the outcome of negotiations vis-à-vis states' positions. The original, policy-making negotiations are referred to as 'uploading' negotiations, and the reform negotiations are referred to as 'reuploading' negotiations. The main research question to be answered is: **Do differences between 'uploading' and 'reuploading' negotiations affect member state negotiation performance in each?**

While the EU literature has tended to reveal a disproportionate level of influence by big member states, there is a lack of consideration given to the context in which negotiations take place, and how that impacts on the potential for states to influence negotiation outcomes, as well as to the specific mechanisms for influence. This project fills that gap, using an in-depth, qualitative study of the performance of Belgium, France, Germany and the Netherlands, in the 'uploading' and 'reuploading' negotiations over the SGP, in order to draw conclusions regarding the effects of specific bargaining resources on the potential for member states to influence negotiations, as well as the way in which negotiation context mediates the utility of those resources. In so doing, this thesis generates a host of interesting conclusions, and contributes to a wide range of literatures, from empirical, conceptual and theoretical standpoints, ultimately demonstrating that it is essential to consider both bargaining resources and negotiation context, in order to understand negotiation outcomes, and the influence of individual member states, in intergovernmental negotiations over EU policy.

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Section 1 - Introduction

Chapter 1 - Introduction

The decisions and policies that emerge from the European Union (EU) are often the result of negotiations, both between member states in the Council of Ministers, and between the Council of Ministers, the Commission and the European Parliament. Thus, in order to understand why the EU pursues a particular course of action or establishes a certain policy, it is useful to examine the preceding negotiations, and consider the positions of negotiating parties. Along those lines, it is also crucial to consider which parties are more or less influential in negotiations, as well as when and why this is the case. Drawing on the case of the Stability and Growth Pact (SGP), the aim of this thesis is to demonstrate whether EU negotiations under different circumstances, and the resultant policies, can be expected to reflect the positions of some parties more than others. In other words, this thesis examines how the potential for negotiating parties to influence the outcome of negotiations relates to the negotiation context, considering the specific distinction between negotiations that take place to establish EU-level policy, and those that aim to reform existing EU-level policy, and analyzing the impact of these distinct negotiation contexts on the potential for member states to influence the outcome agreement. The original, policy-making negotiations are referred to as ‘uploading’ (Börzel in Bulmer and Lequesne, 2005) negotiations, and the reform negotiations are referred to as ‘reuploading’ (Kaarlejärvi, 2007) negotiations. Focusing on intergovernmental negotiations between EU member states, this thesis answers the following research question:

Do differences between ‘uploading’ and ‘reuploading’ negotiations affect member state performance in each?

In so doing, it makes an empirical contribution to studies of the SGP, a conceptual contribution to understanding the contexts of ‘uploading’ and ‘reuploading’ negotiations, as well as differences between them and a theoretical contribution, through combining a rational choice institutionalist

approach with in-depth analysis of the role of specific bargaining resources for explaining states' influence in intergovernmental negotiations.

Despite important changes between 'uploading' and 'reuploading' negotiations, little attention has been given to studying the effects of these changes on the distributional outcome of negotiations. One important contribution on the subject is a study by Dimitrova and Steunenberg (2000), in which the authors argue that the individual status quo of each member state party to Council negotiations, rather than one status quo common to all, a change that results from the distinct default condition in original and reform negotiations, respectively, should be considered when modeling a range of acceptable outcomes to negotiation parties, and hence the likelihood of reaching agreement on EU-level policy. Another contribution is a study by Fritz Scharpf (1988) of the effects on decision-making in the German Federal system and the then European Community, of changing default condition from original to reform negotiations, with the default condition in the former negotiations being no established policy and in the latter being the same policy as that established in original negotiations. Scharpf argues that in both systems, under conditions of unanimity, any actor benefitting comparatively from the status quo, relative to outcomes contained in the zone of agreement, will resist policy change, with the implication that, once established, it is difficult to reform existing policies even when they are clearly suboptimal. Crucially, in contrast to the study at hand, which focuses on the distributional outcome of negotiations and the specific resources states can rely on to secure a favorable distributional outcome, the studies by Dimitrova and Steunenberg, and Scharpf, focus on the effects of changing default condition for negotiation outcomes generally.

On the subject of individual member state performance, or influence, research has tended to reveal a disproportionate level of influence by big member states in EU negotiations (for example Moravcsik, 1998; Thomson et al., 2006), though aside from formal procedural effects such as voting rules and legislative process, there is a general lack of attention to the specific context in which negotiations take place, and how that serves to heighten or diminish the influence of states generally found to succeed in EU negotiations. Further to that, it is essential to understand the specific causal

processes through which member states influence negotiation outcomes, regardless whether it is the case that big member states dominate negotiations under any context. While Moravcsik (1998), Beach (2005), Bailer (2004; 2006; 2008) and Tallberg (2008) have made particularly useful contributions to understanding the role of certain bargaining resources in lending influence to national and supranational actors in EU negotiations, questions remain over the specific causal processes at work, and the extent to which these are mediated by changing context in ‘uploading’ and ‘reuploading’ negotiations. Thus, this thesis undertakes a qualitative, process-tracing analysis of the negotiation performance of Belgium, France, Germany and the Netherlands in the ‘uploading’ and ‘reuploading’ negotiations over the SGP, which took place between 1995-97 and 2004-05, respectively, in order to draw conclusions regarding the effects of specific bargaining resources on the potential for member states to influence negotiations, as well as the way in which negotiation context mediates the utility of those resources.

Negotiation performance, the dependent variable in this study, is defined as the extent to which a member state influences negotiations to affect the outcome agreement (Bailer, 2004; Thomson et al., 2006). Where a member state has deliberately influenced negotiations to achieve an outcome that is close to, or similar to, own policy positions over the issues negotiated, this is considered to be negotiation success. The independent variables that are expected to impact on the outcome of negotiation performance include various bargaining resources member states might rely on to wield influence. Specifically, the bargaining resources this thesis analyzes are preference intensity, information, content expertise and process expertise. Preference intensity is defined as “the relative value [a state] places on an agreement compared to the status quo alternative,” (Moravcsik, 1998: 62); information is defined as knowledge about participants’ policy positions, the reasons behind those positions, and the level of salience attached to them (Naurin, 2009); content expertise is defined as “technical knowledge of the issues under negotiation” (Tallberg, 2008: 701); and process expertise is defined as “knowledge of the institutional framework of negotiations” (Tallberg, 2008: 701). While some of the negotiation literature groups information, content

expertise and process expertise together as a subset of information or expertise (see Beach, 2005; Tallberg, 2008), I consider that a negotiating party can possess information about other parties' preferences, yet lack content expertise, for instance, which is why this thesis considers each of these bargaining resources separately.

The expectation is that a lower preference intensity, increased information, increased content expertise or increased process expertise, will all have the general effect of improving member state negotiation performance. This is in line with findings from previous contributions regarding preference intensity (for example Moravscik, 1998), information (for example Beach, 2005), content expertise (for example Tallberg, 2008) and process expertise (for example Tallberg, 2008) as bargaining resources in EU negotiations. What these contributions do not address, though, is the contextual conditions surrounding the utility of preference intensity, information, content expertise and process expertise, insofar as those contextual features differ between 'uploading' and 'reuploading' negotiations. The argument this thesis advances is that the incidence of 'uploading' versus 'reuploading' negotiations is an important intervening variable, impacting on the relationship between bargaining resources and negotiation performance, with the expected result that preference intensity will be less relevant for negotiation success in the context of 'reuploading' than 'uploading', while information, content expertise and process expertise will be less relevant for negotiation success in the context of 'uploading' than 'reuploading'.

In tracing the specific causal processes through which these resources lend influence to the states that utilize them, and examining the mediating effects of negotiation context on those causal processes, this thesis generates a host of interesting conclusions. Among these are the finding that preference intensity is essential for negotiations success in 'uploading', though largely irrelevant in 'reuploading', where content expertise and process expertise are seen to be highly effective for achieving negotiation success. However, the utility of content expertise and process expertise for negotiating successfully is found to be minimal in the context of 'uploading' negotiations. Similarly, the negotiation context in 'uploading' serves to diminish the relevance of

information, yet neither is information found to be a particularly useful bargaining resource in ‘reuploading’ negotiations.

This thesis also contributes to a wide range of literatures, from empirical, conceptual and theoretical standpoints. To begin with the empirical contribution, this thesis undertakes a study of the SGP as an instance of intergovernmental negotiation in a densely institutionalized context. Conclusions from this case are relevant to additional instances of intergovernmental negotiation in the EU, as well as other settings for institutionalized cooperation between states, beyond the EU. Findings from this analysis also have important policy implications regarding past and future implementation of the SGP, and Eurozone governance more broadly. The debt crisis in the Eurozone, ongoing since 2010, has laid bare not only flaws in the design of Economic and Monetary Union (EMU), but in the process of intergovernmental decision-making in the EU more generally. In undertaking a detailed analysis of intergovernmental negotiations over the SGP, this study identifies some important obstacles to arriving at agreement, as well as the role of negotiation context in shaping those obstacles, all of which has implications for the current state of affairs in the Eurozone.

Crucially, this thesis provides important analytical leverage over the question of influence, and which member states can be expected to influence the outcome of negotiations over the design of a banking union, the balance between national fiscal discipline and increasing solidarity among Eurozone members and a host of other questions integral to the future of the single currency. In addition to this, the detailed analysis this thesis conducts of the process of negotiations that led to the original and reformed SGP, provides for heightened understanding of the political and practical difficulty of addressing design flaws in the Eurozone that are so apparent today, and which can be traced back to past compromises required for completion of the single currency. Thus, as the concluding chapter elaborates, this thesis can contribute policy advice, regarding the state of affairs in the Eurozone and the potential to improve upon the design of EMU, to both individual member states and the supranational composition of the EU.

Related to the policy implications, this thesis makes a significant empirical contribution to studies of the SGP. The SGP has thus far been the

focus of a wide range of literature. It has been treated as a case of rules-based fiscal policy, and hence assessed with regard to a criteria of desirables for fiscal rules (for example Buti et al., 2003; Begg and Schelkle, 2004). Along similar lines, there is a body of literature that sought to contribute to the debate over SGP reform that began in late 2003, identifying weaknesses and resultant targets for change in an updated SGP (for example Buti et al., 2003; Begg and Schelkle, 2004; Hallerberg, 2004; see Begg and Schelkle, 2004; Heipertz and Verdun, 2010 for an overview of this literature). Yet another strand of literature treated the SGP as one element in the design of EMU, analyzing it as a component in overarching assessments of the EMU architecture, particularly regarding the national-level impact of that supranational architecture, on Eurozone members (for example Dyson, 2002; 2008). Finally, there are contributions that seek to explain the SGP as an example of international cooperation, focusing on the politics surrounding its establishment and reform (for example Brunila et al., 2001; Heipertz and Verdun, 2004; 2005; 2010). While there is, thus, plentiful literature on the broad topic of the SGP, there is as yet no comparative analysis of the changing context between ‘uploading’ and ‘reuploading’ negotiations over the SGP, and the extent to which this mediates the relative influence of member states or the process through which they seek to influence the outcome agreement. This thesis contributes such an analysis, which adds value beyond the realm of empirical studies of the SGP.

In addition to contributing a distinct approach to empirical studies of the SGP, this thesis also builds on existing conceptualization of negotiation context, and distinctions between policy creating and policy reform negotiations in the EU. In distinguishing between negotiations that take place in the absence of established EU-level policy, and those that take place in the presence of established EU-level policy, this thesis draws on the Europeanization literature, as described in chapter 3. The Europeanization literature emphasizes the relationship between national and supranational levels in examining the EU, and along those lines, identifies ‘uploading’ as a crucial stage in the EU policy process. The concept of ‘uploading’ as applied in the Europeanization literature, refers to the process whereby national actors attempt to shape EU policy through negotiations both across member

states and between member states and Brussels, eventually resulting in the establishment of policy at EU-level, which member states then ‘download’ for implementation at national level (Featherstone and Radaelli, 2003: 34; Börzel, 2001; Bulmer and Burch, 2001 in Featherstone and Radaelli, 2003: 34). While the majority of Europeanization literature highlights only ‘uploading’ and ‘downloading’ stages in the EU policy process, one contribution questioned this approach, on the basis that failed implementation may lead to another stage, of ‘reuploading’, which is the process of negotiating reforms to existing EU-level policy, following a failed ‘downloading’ stage (Kaarlejärvi, 2007: 127). In conducting a detailed, comparative analysis of ‘uploading’ and ‘reuploading’ negotiations over the SGP, this thesis builds on existing conceptualizations of ‘uploading’ and ‘reuploading’, in order to identify differences between these negotiation contexts, and the impact of those differences on negotiation processes and outcomes, neither of which questions receive sufficient treatment in existing literature.

The theoretical framework through which these changes between ‘uploading’ and ‘reuploading’ negotiations are analyzed represents yet another contribution of the study at hand. This thesis adopts a rational choice institutionalist approach to analyze the ‘uploading’ and ‘reuploading’ negotiations over the SGP, which provides the opportunity not only to test theoretical arguments derived in line with the approach, but also to refine those arguments. Specifically, the rational choice institutionalist approach is essential for highlighting how contextual changes between ‘uploading’ and ‘reuploading’ negotiations can be expected to impact on the strategies adopted by rational actors pursuing the goal of negotiation success, in each case (Aspinwall and Schneider, 2001). In other words, the expectation is that rational actors pursuing the fixed goal of negotiation success, will privilege distinct bargaining resources in ‘uploading’ and ‘reuploading’ negotiations, in response to the differential utility of a given resource under each context. However, the theory is not specific regarding the causal processes through which these contextual changes will interact with specific bargaining resources, to affect states’ negotiation performance. In providing an answer

to this question, this thesis can enhance the potential for rational choice institutionalist analyses to explain negotiation outcomes more generally.

Further to that, in focusing on states' bargaining resources, namely preference intensity, information, content expertise and process expertise as explanatory factors for negotiation success, whilst simultaneously considering the effects of negotiation context in mediating the utility of these resources for negotiation success, this thesis joins, synthesizes and contributes important findings to a long-standing debate that spans the various literatures on negotiation. For example, conclusions drawn here can address questions regarding which of these bargaining resources are most important to wield influence in international negotiations, how exactly states can deploy these resources to influence negotiations and the extent to which answers to the preceding questions are conditional on the circumstances of a given negotiation situation, to name but a few (for example Cox et al., 1975; Zartman and Berman, 1982; Mastenbroek, 1989; Bailer, 2004; 2006; 2008; Tallberg, 2008). In a world where ever more policy areas are subject to, or could benefit from, international cooperation, there is a great deal of academic and practical importance to enhancing understanding of intergovernmental negotiation processes and outcomes, which is a central aim of this study.

1.2 Plan of the Thesis

1.2a Introductory Chapters

In addition to the current chapter, this introductory section of the thesis contains chapter 2, which provides an introduction to the SGP. Chapter 2 explains the role of the SGP as the main architecture for fiscal policy in EMU, operationalizing fiscal policy targets set in the Maastricht Treaty to gain single currency membership, for the period after the single currency was launched. Chapter 2 also describes key changes to the SGP, resulting from its most recent reform in 2011, with the intended results that it can address more effectively trends in both private and public debt in member states, carry a more potent threat of sanction for member states with excessive public

deficits and deal with a wider range of macroeconomic indicators of economic health, than previous iterations of the pact have been designed to address.

Following this contemporary discussion, chapter 2 provides an overview of the historical process of economic and monetary integration in the EU, beginning with the collapse of Bretton Woods, at which point many states decided to float their currencies, while most European states had an interest in maintaining fixed exchange rates, and decided to establish a regional system that some hoped would lay the groundwork for deepening integration, with the ultimate goal of establishing a single currency (Dyson and Featherstone, 1999). In addition to describing the various steps in the process to EMU, chapter 2 introduces a debate that has run through the history of economic and monetary integration, namely that between advocates of a single currency absent strict preconditions regarding economic convergence, and those advocating prior economic convergence as an essential step for the success of a single currency (Moravcsik, 1998; Dyson and Featherstone, 1999). This debate was reflected in negotiations over the SGP, which the German government proposed in 1995 partly in response to the question of economic convergence, especially regarding continued convergence once the single currency was established (Stark, 2001).

The following sections of chapter 2 address the implementation record of the SGP, beginning with that of the original pact, from the launch of the euro in 1999, and drawing the conclusion that, while the pact benefitted from benign economic circumstances at the time of the euro's launch, it was soon revealed to suffer from considerable flaws, not least its ineffective sanction mechanism that was thwarted by the machinations of France and Germany in November 2003 (Heipertz and Verdun, 2010). While onlookers were pessimistic (for example *Agence France Presse*, 2005; Smith, 2005; Thornton, 2005), and flaws remained apparent, the 2005 reform agreement that resulted from 'reuploading' negotiations did not have much opportunity anyway to prove its worth, or otherwise, because, despite benign circumstances immediately after its launch, the economic climate then deteriorated so far, so fast, with the onset of financial crisis not long after

(Heipertz and Verdun, 2010). This is the general conclusion advanced in chapter 2, on the record of the reformed SGP. The final section of chapter 2 describes the empirical contribution the thesis makes to studies of the SGP, namely in treating it as a case of intergovernmental negotiations under the separate contexts of ‘uploading’ and ‘reuploading’, with the aim of analyzing why the SGP looks the way it does from an explicitly negotiation-centric, rational choice institutionalist approach.

1.2b Theoretical Framework Chapters

The subsequent section of the thesis, composed of chapters 3 and 4, describes the theoretical framework. Chapter 3 provides conceptual foundations, including discussion of the Europeanization literature that introduced the concepts of ‘uploading’ and ‘reuploading’, though has not given much consideration to differences between these negotiation contexts, or the extent to which such differences might impact on the potential for member states to influence the outcome of negotiations in each. After reviewing the contributions by Dimitrova and Steunenberg (2000) and Scharpf (1988), which, while not from a Europeanization perspective, do identify the potential impact of differences between these negotiation contexts for the general outcome of negotiations, I reiterate how this thesis contributes a distinct approach, in analyzing the effects of negotiation context on the distributional outcomes of negotiations for individual member states, rather than features of the collective outcome. Further to that, both of these aforementioned contributions focus solely on default condition, with Scharpf (1988), for example, arguing that a change in default condition between original and reform negotiations, from no EU-level policy being the default condition in the former to existing EU-level policy being the default condition in the latter, will impact on the likelihood of securing a negotiated agreement. While also considering default condition along similar lines to Scharpf (1988) and Dimitrova and Steunenberg (2000), this thesis considers additional features of distinction between ‘uploading’ and ‘reuploading’, which are introduced in chapter 3, and which represent value added from the contribution at hand.

Chapter 3 describes how four key features of negotiations, namely default condition, preference composition, interdependence and distributional conflict, differ between ‘uploading’ and ‘reuploading’ negotiations, insofar as default condition in ‘uploading’ is maintenance of different national policies, while default condition in ‘reuploading’ is maintenance of existing EU-level policy, preferences in ‘uploading’ are composed of whether to establish EU-level policy and how that potential policy should look, while preferences in ‘reuploading’ are about whether to reform existing EU-level policy and how it should look, interdependence is more symmetrical in ‘reuploading’ than ‘uploading’ and the level of distributional conflict is higher in the latter than the former. Chapter 3 links this characterization of the two negotiation contexts with the expectation that particular bargaining resources will be differentially useful for influencing the outcome agreement in each one, due to the four features of distinction highlighted. Thus, in addition to laying the foundations for the rational choice institutionalist analysis of member state negotiation performance in ‘uploading’ and ‘reuploading’, chapter 3 details an important conceptual contribution this thesis makes, in clarifying understanding of ‘uploading’ and ‘reuploading’, different stages in the EU policy process whose distinct qualities have not received sufficient consideration in the literature to date, particularly regarding the implications of these distinctions for the distributional outcome of negotiations under each context.

Chapter 4 picks up where chapter 3 concludes, describing the rational choice institutionalist approach through which this thesis analyzes the effects of differences between ‘uploading’ and ‘reuploading’, on member state negotiation performance in each context. In addition to the utility of a rational choice institutionalist approach for theorizing the effects of changing context between ‘uploading’ and ‘reuploading’ on the strategies states will pursue to achieve negotiation success, chapter 4 explains how the theoretical framework combines a rational choice institutionalist approach with an analysis of the specific bargaining resources that can be expected to lend influence to states that possess them, in a given negotiation setting. Crucially, the focus on distinct context in ‘uploading’ and ‘reuploading’ leads to the expectation, derived from the rational choice institutionalist

approach, that specific bargaining resources will be more or less relevant for negotiation success in each context, with preference intensity dominating ‘uploading’ negotiations, and information, content expertise and process expertise prevailing in ‘reuploading’ negotiations.

Chapter 4 also provides important conceptual information, including a review of various approaches to conceptualizing negotiation performance, the dependent variable in this study, as well as preference intensity, information, content expertise and process expertise, the independent variables, and clarifies how each of these concepts are defined for the purposes of the study at hand. Beyond clarifying key concepts, chapter 4 introduces the causal argument regarding each of the bargaining resources under analysis, justifying not only the expectation that possessing these bargaining resources will improve member state negotiation performance in general, but also the further prediction that changing context between ‘uploading’ and ‘reuploading’ negotiations will mediate the causal role of each bargaining resource, in affecting states’ negotiation performance. Thus, chapter 4 articulates the eight hypotheses to be tested, which are derived from the preceding causal arguments regarding each of the independent variables.

Along those lines, drawing on key contributions by Moravcsik (1998), Naurin (2009), Tallberg (2008) and Beach (2005), among others, an essential step in chapter 4 is to set out the specific causal processes through which preference intensity, information, content expertise and process expertise are posited to affect negotiation performance generally. Integrating the predictions derived in line with the rational choice institutionalist approach, the chapter then presents the posited causal processes taking account of the intervening effects of ‘uploading’ versus ‘reuploading’ negotiations, whereby a low preference intensity is not expected to improve states’ negotiation performance in ‘reuploading’, while it is in ‘uploading’, and a high level of information, content expertise or process expertise, while expected to impact positively on negotiation performance in ‘reuploading’, is not predicted to impact on negotiation performance in ‘uploading’. Finally, chapter 4 articulates the theoretical contribution this thesis makes, which lies in specifying, testing and refining predictions that would elude a rational

choice institutionalist analysis alone, yet are made possible by combining this approach with in-depth examination of specific bargaining resources. Related to this, an additional theoretical contribution is made through the synthesis of a wide and diverse body of negotiation literature, to address questions variously pursued by all.

1.2c Research Design Chapter

Following chapter 4 is the research design section of the thesis, which includes chapter 5 on concept measurement, data collection and analysis, as well as case selection. This chapter explains how the variables described in the preceding section are operationalized so as to generate empirical evidence, beginning with the dependent variable, negotiation performance, which is evaluated in light of the qualitative distance between states' policy positions and the outcome agreement, for each issue debated in the negotiations. The data requirements and relevant sources are described, for assessing the negotiation performance of each member state, which include a variety of secondary sources, media reports, primary sources from the EU as well as national archives and interviews with negotiation participants, all of which contribute toward establishing the content of member state positions, such that these can be compared with the final issue outcomes to assess states' negotiation performance.

Chapter 5 goes on to describe how each of the independent variables is operationalized using multiple indicators, which, while presenting a challenge in terms of data collection and analysis, was essential to enhance the validity of measurement for such abstract concepts as this thesis examines. Again, sources included an array of primary and secondary material, as well as further interviews with negotiation participants. After explaining the data collection and analysis carried out to arrive at values of the independent variables, chapter 5 describes the data requirements for the process-tracing analysis, including additional primary and secondary sources, media and further interviews, the latter being particularly important for this component of the study.

Given the particular challenges involved in process tracing, researchers have identified a case study approach as complementary to

process-tracing analysis (for example Gerring, 2004), which chapter 5 discusses in justifying case selection. In addition to satisfying important requirements for research design, which chapter 5 details, the SGP meets a most basic requirement of the study, having been through both ‘uploading’ and ‘reuploading’ negotiations. Further to this, chapter 5 explains the utility of the SGP in providing the opportunity to select nested cases for analysis, namely the four member states this thesis examines, including Belgium, France, Germany and the Netherlands. In line with Gerring (2004) and Vennesson (2008), the chapter justifies selection of these states on the grounds that process-tracing analyses require a certain amount of case comparability, which would not hold if all member states that participated in ‘uploading’ and ‘reuploading’ negotiations over the SGP, were included in the analysis.

Beyond justifying the decision to focus on a select group of member states, chapter 5 details the process involved in identifying Belgium, France, Germany and the Netherlands specifically, for study, which rests on the need to introduce variation in the independent variables of interest, whilst controlling for certain extraneous variables, such as membership length, that, though not the subject of analysis, could be argued to impact on a state’s negotiation performance (Tallberg, 2008). Finally, chapter 5 articulates the particular value added in tracing the process through which these states influenced, or failed to influence, the outcome of ‘uploading’ and ‘reuploading’ negotiations over the SGP. It is through the in-depth study of these states’ negotiation performance, capturing the process through which they attempt to wield influence, rather than only the outcome of negotiation success or failure, that this thesis can enhance understanding of the specific causal mechanisms through which the bargaining resources examined, operate in practice.

1.2d Empirical Chapters

The empirical section of the thesis, including chapters 6 through 10, follows the research design section. Chapter 6 presents findings regarding the independent and dependent variables, for each of the four member states under analysis, in the ‘uploading’ and ‘reuploading’ negotiations over the

SGP. Thus, the aim of chapter 6 is to provide an overview of the empirical evidence, which is referenced over the duration of the empirical section of the thesis. While chapter 6 answers some important questions, such as which member states negotiated successfully, which states had the lowest preference intensity, or the most information, content expertise and process expertise in ‘uploading’ and ‘reuploading’, and therefore alludes to the answers of such questions as whether preference intensity is differentially useful for negotiation success in different contexts, it also leaves a great deal to be explained. Notably, chapter 6 does not address the causal mechanisms linking the independent variables with the dependent variable, leaving the heavy lifting of distilling findings from the process-tracing analysis to chapters 7 through 10.

Chapter 7 presents findings for the independent variable preference intensity, including the key findings that Germany had the lowest preference intensity for reaching agreement in ‘uploading’ negotiations, and relied on this to negotiate successfully in ‘uploading’, while Belgium had the lowest preference intensity in ‘reuploading’, though this did not afford the Belgian delegation what influence they wielded in ‘reuploading’ negotiations. In addition to these findings, chapter 7 tests predictions advanced in line with each of the four states’ values for preference intensity, derived from hypotheses regarding the relationship between preference intensity and negotiation performance, as well as the hypothesized effects of context in mediating that relationship. Thus, chapter 7 discusses some of the processes through which states sought to influence negotiations in ‘uploading’ and ‘reuploading’, which serves to confirm a number of the predictions advanced regarding preference intensity, and is also supportive of the causal process through which preference intensity was posited to affect negotiation performance, subject to the impact of changing context between ‘uploading’ and ‘reuploading’.

The picture that emerges from this chapter is of the incredible import of a low preference intensity for negotiating successfully in ‘uploading’, as seen in the success of Germany and, to a slightly lesser extent France, the latter state also having a low preference intensity for agreement in ‘uploading’ negotiations. Also apparent, though, is the irrelevance of

preference intensity for negotiation performance in the context of ‘reuploading’. The implications of these findings for literature on preference intensity, namely that the utility of preference intensity is more conditional than typically appreciated (for example Moravcsik, 1998), and for the literature that aims to characterize negotiation tactics and bargaining styles, namely that it is important to consider both context and resource capabilities, rather than emphasizing one or the other (for example Dür and Mateo, 2010; Elgström and Jönson, 2000), are considered before the chapter concludes.

Chapter 8 discusses the independent variable information, detailing findings regarding the effects of information in ‘uploading’ and ‘reuploading’ negotiations, including that Germany and France had the joint highest levels of information in both ‘uploading’ and ‘reuploading’, yet this variable played only a secondary role in explaining the negotiation performance of these states. Further to that, chapter 8 reports that the process-tracing analysis largely disconfirms the causal mechanisms through which information was posited to affect negotiation performance, indicating the need for additional research to enhance understanding of the role of information in intergovernmental negotiations. Despite these disconfirmatory findings, the hypothesized effects of negotiation context to limit the utility of information as a bargaining resource in ‘uploading’ negotiations were confirmed. Thus, before concluding, chapter 8 reflects on potential contributions to existing literature on information as a bargaining resource (for example Mastenbroek, 1989; Bailer, 2006; Tallberg, 2006; 2008; Naurin, 2009), including that findings from the case at hand suggest a need to refine understanding of exactly how information operates as a resource for influence in intergovernmental negotiations.

Chapter 9, on the independent variable content expertise, reveals that while France, Germany and the Netherlands possessed similarly high levels of content expertise in ‘uploading’ negotiations, none of these states relied on content expertise to achieve negotiation success, whilst the Belgian delegation, despite having the most content expertise in ‘reuploading’, relied on a different resource to achieve the successes they did in ‘reuploading’. Rather than concluding that content expertise is not in fact an effective bargaining resource in intergovernmental negotiations, the process-tracing

analysis demonstrates that the Dutch delegation relied on a high level of content expertise to achieve considerable success in ‘reuploading’ negotiations, confirming that this is a useful bargaining resource under the right conditions. Along those lines, analysis of member state negotiation performance in ‘uploading’, in line with predictions derived from the hypothesized effects of content expertise, and the intervening effects of negotiation context, indicate that content expertise was not an effective bargaining resource in ‘uploading’ negotiations over the SGP. This is as expected, and chapter 9 discusses how these confirmatory findings regarding the conditional utility of content expertise as determined by negotiation context, question literature that emphasizes resource capabilities alone as the determinant of member state bargaining tactics (for example Dür and Mateo, 2010). Also on the subject of contributions to existing literature, chapter 9 suggests the need for additional research to clarify the causal mechanisms linking content expertise with negotiation performance, given that these remain underspecified, and findings regarding the role of content expertise in Dutch success in ‘reuploading’ negotiations over the SGP, cannot be generalized in the absence of further research.

The final chapter in the empirical section of the thesis, chapter 10, discusses findings for the independent variable process expertise, including that Belgium had the most process expertise in both ‘uploading’ and ‘reuploading’ negotiations, yet failed to negotiate successfully in ‘uploading’, whilst achieving considerable success in ‘reuploading’. This is supportive of the argument that negotiation context conditions the utility of a given bargaining resource, with process expertise, specifically, expected to be less relevant for success under the context of ‘uploading’ than ‘reuploading’. The posited mechanisms linking process expertise with negotiation success are only partly confirmed in the case of Belgian success in ‘reuploading’ negotiations, though the posited process whereby context limits the effectiveness of process expertise for achieving success in ‘uploading’, yet does not limit the exercise of influence with recourse to process expertise, is apparent in the finding that Belgium was instrumental in forging the compromise agreement over the original SGP in ‘uploading’ negotiations. In other words, Belgium was able to wield influence in

‘uploading’ negotiations by deploying process expertise, yet, as predicted, this did not lead to negotiation success, given that the compromise proposal did not reflect a uniquely Belgian position, rather representing a middle way between the opposing positions of France and Germany, the two states who dominated ‘uploading’ negotiations owing to their low preference intensities.

These findings presented in chapter 10 represent important contributions to the literature on process expertise as a bargaining resource (for example Beach, 2005; Tallberg, 2008), notably in demonstrating the need to consider contextual limitations on the utility of process expertise to affect negotiation performance. They also contribute to the debate surrounding whether negotiations should be characterized collectively on the basis of the circumstances surrounding them (see Elgström and Jönsson), or viewed through the lens of individual parties’ bargaining resources (see Dür and Mateo, 2010), with the conclusion from this chapter being that there is a need to consider both elements in analyzing intergovernmental negotiations.

1.2e Concluding Chapter

After summarizing preceding chapters, the concluding chapter of the thesis departs from a focus on the role of specific bargaining resources, and their relationship with states’ negotiation performance as mediated by context, to present an overarching comparison of ‘uploading’ and ‘reuploading’, and to consider the most recent ‘reuploading’ negotiations over the SGP, in 2011, as well as how the context of these negotiations compares with that of the ‘uploading’ and ‘reuploading’ negotiations that have been the subject of analysis throughout. The main conclusion is that the most recent ‘reuploading’ negotiations share important similarities with the ‘uploading’ negotiations, owing to the real possibility of collapse or partial dissolution of the Eurozone that formed the backdrop of the 2011, though certainly not the 2004-05 ‘reuploading’ negotiations. This comparison provides for the elaboration of policy implications, which emerge from the analysis undertaken over the course of the thesis, regarding the sovereign debt crisis in the Eurozone and the potential to find a lasting solution to design flaws in the single currency, which the crisis has made so apparent.

Specifically, analysis of the ‘uploading’ and ‘reuploading’ negotiations reveals that where the political difficulty of reaching compromise is so great as to threaten the breakdown of negotiations, the response is to compromise in such a way as to sacrifice clarity of content, so that states not prepared to cross a certain line, are not explicitly forced to do so. This was seen in the case of ‘uploading’ negotiations over the SGP, as described in the empirical section of the thesis, though it was less notable in the case of ‘reuploading’ negotiations, owing partly to the fact that states were locked into cooperation and thus had little choice but to prepare to cross most lines in aid of reforming a dysfunctional policy.

To the extent that the threat to exit negotiations, rather than cross certain lines, was a feature of the most recent ‘reuploading’ negotiations in 2011, and is hanging over the ongoing process of reforming Eurozone governance, it is apparent how the current situation mirrors a context in ‘uploading’ negotiations more so than in ‘reuploading’ negotiations. In other words, the specific situation resulting from the Eurozone crisis, whereby continued existence of the single currency, and of all current states’ membership in the single currency, is far from certain, has the effect of making the 2011 ‘reuploading’ negotiations, and any ongoing attempts to reform Eurozone governance, more similar to ‘uploading’, where the larger question of completing the single currency hung over negotiations, than to a typical ‘reuploading’ situation, as seen in the 2005 ‘reuploading’ negotiations, where policy has already been established and its maintenance is not in question. One implication of this is that, as mentioned above, politically expedient, yet ultimately incomplete compromises may continue to emerge in response to EMU’s failings. Thus, to simplify greatly what is covered at length in the conclusion, this leads to the prognosis that the only chance to definitively solve the crisis in the Eurozone is to eschew politically convenient compromises, and tackle the ambiguity surrounding the economics of EMU.

Following this discussion, the concluding chapter of the thesis speaks to wider implications of findings herein, considering how this case, as an example of intergovernmental negotiations, might apply to additional EU policy areas subject to intergovernmental negotiation. This concluding

chapter also looks beyond the EU, to consider how findings from this study can apply to other institutionalized settings for intergovernmental cooperation, such as the WTO or IMF, which, while arguably differing from the EU in density of cooperation, size and scope, among other things, do feature decision-making through intergovernmental negotiations. This chapter also draws attention to questions that have been raised rather than answered, over the course of the analysis, and where future research could be particularly fruitful. Finally, the concluding chapter reiterates the central message of the thesis, that both bargaining resources and negotiation context matter, and should be taken into account, in order to enhance understanding of intergovernmental negotiations.

Chapter 2 - Historical Context

Introduction

This chapter begins by describing the role of the SGP as the main architecture for fiscal policy in EMU, highlighting its central components that include limits on permissible levels of public debt and deficits for member states, and a sanctioning mechanism intended to penalize states that breach those ceilings, among other elements. Particular attention is given to detailing the most recent reforms to the SGP, in 2011. From there, the chapter sets the historical context surrounding establishment of the SGP, addressing previous, failed attempts at European monetary integration, prior to the Maastricht Treaty that enshrined a commitment to full economic and monetary union, and highlighting how the SGP was partly a response to flaws in the design of EMU that emerged from Maastricht. In so doing, this section of the chapter engages with literature that has sought to explain the process of economic and monetary integration in Europe, with a focus on motivations for this process, as well as explanation of why the EMU institutions look the way they do (for example Dyson, 1994; Dyson and Featherstone, 1999; Moravcsik, 1998; Frieden et al., 1998; Frieden, 2002). An understanding of the debates that have surrounded economic and monetary integration, particularly regarding economic convergence, and whether this was a necessary precondition for successful monetary union, were central to negotiations over the SGP, insofar as this policy represented some recognition that lasting economic convergence was indeed essential to the stability of a single currency.

Following the historical discussion, attention turns to implementation of the original SGP, which benefitted from benign economic circumstances early on, though ultimately failed to compel the budgetary sustainability from Eurozone members that it was intended to deliver, a point articulated through focus on the events of November 2003 that precipitated SGP reform. Along those lines, literature is addressed that has sought to analyze the design and implementation of the SGP, from both economic and political perspectives, with the former focusing in particular on design features, or flaws, of the original pact; examples of this literature abound in the period following the SGP crisis of 2003, as experts sought to contribute to the

reform debate (see Buti et al., 2003; Buti and van den Noord, 2004; Begg and Schelkle, 2004). The latter body of literature tends to consider how design of the pact relates to economic trends among Eurozone states, as well as the politics of implementation (for example Dyson, 2002; 2008; Heipertz and Verdun, 2004; 2010), and such studies are also covered in reviewing the implementation record of the original pact. The chapter then discusses the implementation record of the reformed pact, including consideration of how the SGP relates to the sovereign debt crisis that has gripped the currency union since 2010, and attention is drawn to the focus on deficits, at the expense of debt, by which the SGP was characterized, as well as failure to account for the potential dangers of excessive private debt, both of which features of the pact arguably contributed to the crisis still ongoing in the Eurozone.

The final section of the chapter highlights the empirical contribution of the thesis, which marks a departure from existing studies in its explicitly comparative approach to considering member state influence in the ‘uploading’ and ‘reuploading’ negotiations over the SGP. This approach to the SGP is unique in its in-depth examination of member state influence, and of the specific mechanisms utilized to wield influence in ‘uploading’ and ‘reuploading’ negotiations over the SGP. Before concluding, the chapter notes that this thesis has important policy implications, with regard to the sovereign debt crisis in the Eurozone, which represents a particularly timely contribution of the analysis undertaken here.

2.1 The Role of the SGP in EMU

The SGP is the backbone of fiscal policy coordination in EMU. It is an example of ‘hard coordination’, using sanctions and specific quantitative indicators to compel economic convergence amongst Eurozone members, with the aim of safeguarding the stability of the single currency (Linsenmann et al., 2007). The pact, originally established in 1997, consists of a preventive and a corrective mechanism. The preventive mechanism is intended to address fiscal imbalances in member states before they become excessive, thus a central procedure under this component of the pact is the submission by member states of annual programs detailing how they will either achieve

or maintain sound fiscal positions in the medium term (Hallerberg and Bridwell, 2008). These programs are referred to as either stability or convergence programs, depending on whether the submitting state is an EMU member or non-member, respectively. Both the Commission and Council examine these programs, though the Commission only offers an assessment, while the Economic and Financial Affairs Council (Ecofin) issues a formal opinion on the program of each member state. The stability (convergence) programs require multi-annual planning, according to common accounting standards throughout the EU (Savage, 2007).

These programs are not, however, the only element of the preventive mechanism of the SGP, which includes two further policy instruments. The first of these is known as the early warning, which the Council can address to a member state, on the basis of a proposal by the Commission (Hallerberg and Bridwell, 2008). The purpose of this instrument is to prevent the occurrence of an excessive deficit, where the fiscal trend in a member state appears excessive. The second instrument is known as policy advice, and is used by the Commission to address policy recommendations to member states, regarding the broad implications of their fiscal policies. As opposed to most Commission functions under the pact, which involve providing information and recommendations to Ecofin, rather than to member states directly, the policy advice instrument is an opportunity for the Commission to bypass Ecofin (Hallerberg and Bridwell, 2008). Still, the power of the Commission to affect the policy choices of Member States is constrained by the position of Ecofin in handling the disciplinary process under the corrective arm of the pact. The excessive deficit procedure (EDP) is the central process governed by the corrective arm, and is triggered when a member state's national deficit exceeds the 3% of GDP threshold, as agreed under the Maastricht Treaty (Hallerberg and Bridwell, 2008). If it is determined that a member state has exceeded the deficit ceiling, the Council has the responsibility of issuing recommendations to the state, aimed at reducing their deficit in a given time period. If the member state fails to observe these recommendations, the corrective arm provides for further measures, including the possibility of monetary sanctions for Eurozone members.

Following the most recent agreement, in December 2011, there are important changes to the functioning of the SGP and Eurozone economic governance more generally.¹ Regarding the preventive arm, in order to facilitate progress toward the medium-term objective (MTO) that states have been required to pursue since the establishment of the SGP, the MTO defined as an annual structural deficit that does not exceed .5% of nominal GDP will be integrated into member states' national legal systems, with a sanctioning mechanism for states failing to make sufficient progress toward the accompanying expenditure benchmarks (European Council, 2011). Further to that, the new agreement sets minimum requirements for budgetary frameworks at national level, so as to ensure that all administrative levels of government are contributing to efforts to meet the MTO and comply with debt and deficit limits.

A key change to the corrective arm of the pact is that member states can now be sanctioned for failing to observe the debt target of 60% of GDP, whereas in past, sanctions were only possible in the case of violating the deficit ceiling. This is part of a broader initiative to rebalance the pact, which has been criticized for its singular focus on budget deficits (for example Heipertz, 2003). Along those lines, the new rules establish a macroeconomic imbalance procedure (MIP), which provides for the sanctioning of states that fail to observe targets aimed at enhanced competitiveness and other indicators of a country's macroeconomic health. This procedure relies on a new scoreboard system of indicators, coupled with in-depth analyses of member state economies, in order to capture emerging imbalances and, where necessary, force their correction with recourse to the MIP.

Finally, the new agreement includes a key change to decision-making procedures, whereby sanctions will now be imposed under the corrective elements of the pact, unless a qualified majority of states votes against this. Whereas the decision-making process bound up with the previous pact, regarding imposition of fines under the EDP, required that a qualified majority of member states in Ecofin voted in favor of sanctions, it is now

¹ See European Commission website: http://ec.europa.eu/economy_finance/economic_governance/ for a detailed description of the updated SGP and Macroeconomic Imbalance Procedure.

necessary to have a qualified majority vote against sanctions in order to prevent that step in the process. This is intended to make it more difficult for states to escape the sanctions procedure, and is viewed as a big step in the direction toward automaticity of fines, which was notably lacking in previous iterations of the SGP (interview, Council secretariat b).

2.2 Economic and Monetary Integration from Bretton Woods to Maastricht
The Maastricht Treaty that enshrined a commitment to full economic and monetary union, and the SGP that emerged in response to some gaps in the design of EMU set out in Maastricht, were only two steps in a long process of European monetary integration that began in the 1960s, with the decline of the Bretton Woods exchange rate regime. In response to the impending collapse of Bretton Woods, Europe's leaders began considering a regional exchange rate regime (Dyson and Featherstone, 1999). As analyses of the path to European economic and monetary union have sought to demonstrate, there were a number of reasons why then European Community (EC) members preferred to maintain a fixed rate system, despite the flaws that had become apparent with Bretton Woods. These included such motivations as limiting trade disruptions caused by exchange rate instability, facilitating administration of the Common Agricultural Policy, which would be complicated by currency fluctuation, and the political goal of furthering cooperation and stability on the continent through a shared currency (for example Frieden, 2002; Dyson and Featherstone, 1999).

Thus, in 1970, the Werner Plan was drawn up by a group of experts chaired by then Prime Minister of Luxembourg, Pierre Werner. The plan set a timetable for the completion of full economic and monetary union, which, though endorsed by EC leaders in 1971, was never fully implemented (McNamara, 2005). A key reason for this was French opposition to relinquishing sovereignty as far as would have been required by the agreement as it was, and another reason behind the failure of this original plan was the unworkability of the 'snake-in-the-tunnel' fixed exchange rate regime, which began in 1973 with the participation of the Benelux countries, France, Italy, Germany, Denmark and the UK. Although Germany and the Benelux countries managed to maintain relatively stable exchange rates, the

other participants struggled as a result of economic divergence, and the system fell apart after 1976, when the French franc was forced out, at which point the snake ceased to be a viable route to full economic and monetary union (Dyson and Featherstone, 1999).

Despite this early failure, the European Monetary System (EMS) was proposed in the late 1970s, as a new exchange-rate regime with a great deal of similarity to the defunct snake. However, one important change had occurred in the run up to the EMS, which made a fixed exchange rate regime more feasible than it had been at the time of the previous, failed attempt. Specifically, there was increasing movement away from Keynesianism, with convergence instead around German-held ideas about the importance of controlling inflation. This policy convergence, which was particularly pronounced in France during 1976-81, had the effect of making economic convergence, and the related goal of monetary integration, somewhat more achievable (Dyson and Featherstone, 1999).

Whether as a result of policy convergence or economic demands for the removal of exchange rate instability to facilitate trade (Frieden, 2002), or some combination therein, the EMS, which began in March 1979 with membership that included all EC members excepting the UK, did not meet with early success. Indicating that any policy convergence had been insufficient to make the EMS more workable than its failed predecessor, the same states that had struggled to maintain fixed rates under the snake, notably France and Italy, also struggled early in the EMS, a condition that continued until 1987 (Dyson and Featherstone, 1999). From that point on, though, the EMS system worked relatively well, and an important goal of the Commission headed by Jacques Delors was to strengthen and extend the EMS. In conjunction with this, the European Council had finalized the Single European Act in 1985, which included a commitment to monetary union, and in 1988, the European Council tasked Delors with chairing a Committee to develop a plan for completing the single currency. The group's report, which was delivered to the Madrid European Council in 1989, formed the basis for the eventual design of EMU contained in the Maastricht Treaty (McNamara, 2005).

As has been the case throughout European monetary integration, a central debate surrounding Maastricht was between those states, such as Germany, that wanted a stable single currency, which would come into force only in the case of sufficient economic convergence amongst its members and a stability-oriented monetary policy implemented by a fully independent central bank, and those states, such as France, that emphasized economic goals such as limiting unemployment and the need for an economic government to counterbalance an independent central bank (for example Dyson, 1994; Dyson and Featherstone, 1999; Moravcsik, 1998).² While these competing goals rested on distinct orientations regarding the utility and appropriate politicization, or otherwise, of monetary policy, as well as highly varied experiences with inflation, the process through which these goals were reconciled into an agreement for the design of a single European currency, was unquestionably political (see Moravcsik, 1998; Dyson and Featherstone, 1999). The eventual compromise reflected German influence to a great extent, in that five convergence criteria were set, which any states wishing to adopt the single currency must first meet.

However, there was a lack of detail surrounding exactly how the final decision on membership in the single currency would be taken, leaving room for political maneuver by Heads of State and Government, in the absence of a state fully satisfying these convergence criteria (Moravcsik, 1998). The convergence criteria were as follows: no potential member may have an inflation rate more than 1.5 percentage points higher than the average of the three lowest inflation states; no potential member may have a deficit to GDP ratio in excess of 3%; no potential member may have a debt to GDP ratio in excess of 60%; prior to adopting the single currency, potential members must have first been member of the exchange-rate mechanism for two consecutive years; the nominal long-term interest rate of any potential member must be within 2 percentage points of that of the three states with lowest inflation (OJ C, 1992). Thus, the design of the single currency laid out in Maastricht, placed a great deal of emphasis on price stability, as seen in both the convergence criteria and the independent ECB with a treaty mandate to prevent inflation.

² For in-depth analysis of Maastricht, see Dyson and Featherstone, 1999.

One open question in the EMU arrangement that emerged from Maastricht was how to maintain economic convergence after the launch of the single currency (Stark, 2001). In other words, while the convergence criteria were a boon for inflation-wary states, notably Germany, there was no mechanism in Maastricht to ensure that these criteria would be observed after states had passed the membership test (Hallerberg and Bridwell, 2008). Thus, there was no guarantee that the euro would remain a stable currency, given that inflation-prone states might adhere to the convergence criteria just long enough to gain membership, but not after. Further to that, leaving room for maneuver in the final decision over single currency membership, which was a feature of Maastricht (Boyes, and Bremner, 1995), served to increase the risk that states with poor stability credentials would be allowed into the single currency (*Financial Times*, 1996a), implicating further threats to its stability in the absence of some measures to compel continued economic convergence. The need to address these gaps in the Maastricht agreement prompted the German Bundesbank to request that some further guarantees be provided, regarding the lasting stability of any future single currency, before they could give their support for completing the project and, related, before public support could be gained for the single currency (interviews, British treasury and German finance ministry a; Stark, 2001). Thus began work on the German finance ministry's proposal for a stability pact.

2.3 Origins and Implementation of the SGP

At the urging of the Bundesbank, the German finance ministry began work in 1995 on proposals for an additional component to the EMU framework, which would deliver some guarantee that the single currency would be at least as stable as the D-Mark (Stark, 2001). After conducting extensive analysis based on historical trends and in-depth country studies, as well as projections for the impact of unexpected shocks, among other factors, the German finance ministry drew up their proposal for a stability pact, which set strict rules and guidelines for the budgetary policies of any future single currency members, and entailed automatic sanctions in the case that states violated these rules (interview, German finance ministry a; Stark, 2001). Before formally unveiling this proposal in November 1995, representatives

of the German finance ministry visited their counterparts in all EU member states, as well as consulting with Commission officials, in order to gauge initial reactions to the proposal, and to underline the importance of such an agreement for Germany's participation in the single currency.

The evidence is mixed in terms of how others responded. For example, one Commission official has said that reactions to the proposal were very negative, and in fact the whole idea would have been brushed off had it been proposed by any state other than Germany (interview, Commission a). In contrast to this, others have said that they reacted favorably to the idea of some mechanism to ensure continued convergence after the launch of the single currency, especially in light of the incompleteness of Maastricht on that score, though noting that positive reactions to the idea of a stability pact were combined with opposition to the stringency of the specific agreement proposed by Germany (for example interviews, Belgian finance ministry a; Dutch finance ministry b; British treasury; Stark, 2001). There was also concern over whether the Maastricht Treaty would need to be reopened in order to accommodate the German proposal, which was widely opposed (interview, Commission a; Traynor, 1995; Heipertz and Verdun, 2010). In any event, then German Finance Minister, Theo Waigel, went ahead with the proposal, officially unveiling the idea for a stability pact at an Ecofin meeting in November 1995, and the Commission circulated a proposal in January 1996, which was based on the German one, though absent the same stringency by which the former version was characterized. From there, the 'uploading' negotiations over the SGP officially began.

Final agreement over the original SGP was reached at the Amsterdam European Council in June 1997. A deal had been struck over nearly all outstanding issues surrounding the SGP, during the Dublin European Council of December 1996, and the intention was to finalize the legal agreement at Amsterdam, though it became necessary to revisit the political agreement following the June 1997 electoral victory of the French Socialists, who had campaigned on a promise to reopen the agreement reached in Dublin (Stark, 2001). It was this final step in the negotiation process, the Amsterdam summit, that led to the addition of a resolution on growth and

employment to the pact agreement, which was a concession to the French socialists, who required some political victory to sell their domestic public, if they were to agree to the pact at that point (interviews, British treasury official and Dutch finance ministry a; Barber, 1997).

Implementation of the original SGP began with the launch of the single currency in 1999, and continued until November 2003, at which point failure to initiate the EDP against France and Germany, and the subsequent decision by the Commission to take the Council to the European Court of Justice (ECJ) over this failure, marked the end of the original SGP and paved the way for SGP reform. Early implementation of the pact was fairly successful, aided by the benign economic circumstances that prevailed in the late 1990s, which also facilitated economic convergence amongst EU member states, in advance of the euro's launch (Bearce, 2009). However, the change in economic conditions from the time of the US recession in 2001 meant that, having ceded control of monetary policy, Eurozone governments were limited in their potential to combat the effects of recession, with fiscal policy the only tool at their disposal (Bearce, 2009). It was at this point that failings in the SGP began to emerge.

One flaw of the SGP that was revealed by the economic downturn was its asymmetrical design (Buti et al., 2003). The SGP imposed strict limits on Eurozone states, with regard to deficit levels, but was far less specific on the question of imposing budgetary discipline in good times, so as to protect against fiscal overruns in bad times. The result of this was that member states found themselves with too little room for maneuver, and the choice was between enacting expansionary fiscal policy to combat recession, on one hand, or abiding by the rules of the SGP on the other, but not both. At this point, a second, related flaw in the SGP became apparent, which was the practical difficulty of implementing the corrective arm of the pact (Buti et al., 2003).

While some states, such as Portugal and the Netherlands, violated the SGP ceiling in the short term, yet responded to initiation of the EDP by lowering deficits in a timely manner, despite difficult economic circumstances, this was not the case for all states (Heipertz and Verdun, 2010). Both France and Germany initially violated the 3% ceiling set by the

SGP in 2002, and did so for the subsequent two years, in the case of the former, and four years, in the case of the latter. Not only did these states fail to respond to repeated warnings from the Commission, but when the time came, in November 2003, to escalate the EDP toward imposing sanctions for continued violation of the pact, France and Germany relied on political maneuvers to ensure that the Commission's recommendation to impose sanctions did not receive the necessary support in the Council, for passage (interview, Commission d; Evans-Pritchard, 2005; Heipertz and Verdun, 2010). As Chapter 8 discusses in greater detail, while the French and Germans played similar roles in the 2003 crisis, their motivations were very different, with the Germans seeking exception for the negative short-term effects of structural reforms that Chancellor Schroeder was undertaking, which were expected to benefit the economy considerably in the long-term, while France was displaying a more characteristic lack of engagement with the SGP (interview, German finance ministry b; Howarth, 2007).

Apart from the motivations of these states for failing to abide by the pact, and undertaking political machinations to avoid sanction, which is a crucial point to consider and one returned to in later chapters, the events surrounding failure by Ecofin to uphold the Commission recommendation that France and Germany be sanctioned, made apparent the unworkability of the pact in its then current form. Thus, the political implications of SGP design rendered largely irrelevant any positive elements of its design, for economic policy. In other words, while Buti et al. (2003) arrive at a fairly favorable assessment of SGP design, against a benchmark of desirable criteria for fiscal rules (see Kopits and Symansky, 1998), and Dyson (2002) identifies positive effects of the SGP, for Eurozone members' budgetary orientations, the politics surrounding implementation of the corrective arm of the pact, which became clear with the experience of France and Germany in 2003, necessitated reform of that aspect, at a minimum. Specifically, if some states could repeatedly violate the pact, and rely, for instance, on the ambivalence of fellow states, or fear of other states that they might soon breach the pact and require good will in return, to avoid sanction, then the SGP could no longer be considered an effective tool for ensuring lasting economic convergence amongst Eurozone members. Further to that, the

Commission decided to take the Council to the ECJ for violating their institutional responsibility under the SGP, which effectively prevented the pact from functioning until a decision was reached over the legality or otherwise of the events that had taken place, in what was to be known as the SGP crisis of November 2003 (Heipertz and Verdun, 2010).

Returning to analyses of the more explicitly economic aspects of SGP design, in addition to flaws that became most apparent under the negative economic conditions of the early 2000s, there were various other weaknesses, which at the very least complicated the functioning of the pact, and potentially made it unworkable, even in the absence of the 2003 crisis. First, the medium-term budgetary objective that all states were required to aim for under the SGP did not, being a common target, take into consideration the highly varied economic conditions in different Eurozone states. For example, a state such as Italy, which had long been running a very high public debt, and a state such as Germany, with a comparatively low level of public debt, were required to aim for the same medium-term budgetary target of close to balance or surplus, despite the fact that Italy would require years of considerably higher surplus than Germany, in order to bring their debt in line with the 60% ceiling under the SGP, no less ensure long-term sustainability.

Along similar lines, there was no mention of special efforts required from certain states, depending on, for example, their specific pension burden or demographic composition. Neither was there any recourse for the pact to accommodate states undertaking structural reforms that had a negative budgetary effect in the short-term, but beneficial long-term effects. This is to name only a few points, but the general conclusion is that the disappointing implementation record of the original SGP resulted from an economic downturn just after the launch of the single currency, flaws in the design of its preventive arm, and the political difficulty surrounding implementation of its corrective arm, which arguably necessitated a stronger preventive arm (Dyson, 2002; Buti et al., 2003; Begg and Schelkle, 2004; Heipertz and Verdun, 2010). Thus, following the SGP crisis of 2003, and a ruling from the

ECJ³ in 2004, which served to confirm the unworkability of the pact as it was, it became clear that the SGP had to be reformed.

2.4 The Reformed SGP: From Implementation to Financial Crisis

Reform of the SGP technically began with a Commission proposal in September 2004, though the bulk of reform negotiations took place between January and March 2005, with political agreement concluded at the European Council of 22-23 March. While there was general satisfaction amongst the Commission and member states in the Council, over the SGP reform agreement, the ECB publicly criticized the proposed reforms in the immediate run up to agreement, and expressed concerns about the final outcome agreement as well (interview, Commission d; Evans-Pritchard, 2005; *Agence France Presse*, 2005). Thus, the reformed SGP was greeted with skepticism, and there was considerable doubt about its potential to compel fiscal convergence between Eurozone states, from the very start. Nonetheless, benign economic circumstances flattered the new pact, just as they had flattered the old pact early in its tenure, and most states respected the budget limits set by the new SGP. A notable exception to this positive trend was Greece, which had been found to be submitting inaccurate budget data, both to qualify for entry to EMU, and to respect the rules of the SGP once admitted (Heipertz and Verdun, 2010). While the need to ensure that member states were submitting accurate statistics had been addressed in parallel to the SGP reform negotiations, Eurostat, the statistics agency of the European Commission, was given only moderately enhanced power to check figures, and so unreliable data remained an issue, as in the Greek case (interview, Council secretariat b).

An important weakness of the pact that was improved upon only moderately with the 2005 reforms was the lack of attention to debt levels and states' progress toward the 60% of GDP limit that the pact envisaged for Eurozone members' public debt. Under the reformed pact, as under the original pact, states like Belgium and Italy ran incredibly high public debts, without sanction from the SGP, which continued to focus almost exclusively

³ See Heipertz and Verdun (2010) for in-depth discussion of the ECJ ruling.

on member state deficit levels. Neither did the pact consider private debt as a factor in the economic health of member states. For this reason, Spain was judged a success, consistently observing the rules of the pact and maintaining low public debt and deficit levels, despite the fact that Spanish consumers were racking up a dangerous amount of private debt that would ultimately be transferred to the public balance sheet after the financial crisis of 2008 (*BBC*, 2012).

Along those lines, it is worth noting that any review of the implementation record of the reformed SGP must be seen in the context of the extreme circumstances surrounding the financial crisis and related fiscal crisis that gripped Europe from 2008, only three years after the launch of the reformed pact. This is the case not only because the severe recession that resulted from the financial crisis made it unlikely and even undesirable for states to abide by the pact, but also because design flaws in the reformed pact that are so apparent in light of the crises that have plagued the Eurozone since 2008, might not have figured in an analysis of the pact prior to that point. For example, the exclusive focus of the pact on public, rather than private debt, was not a frequent criticism prior to the financial crisis, though with the benefit of hindsight, it is highly apparent that considering public debt levels alone is problematic in light of potential risks to budgetary sustainability from excessive private debt, as seen in the cases of Spain and Ireland.

With the onset of financial crisis in 2008, member state responses initially diverged, in terms of whether to implement significant stimulus measures to counteract the downturn, and the German government under the leadership of Angela Merkel was hesitant to go beyond relatively small stimulus measures, ultimately implementing bolder spending only after repeated criticism, domestic and international, that her response to the downturn had been too conservative (for example Dempsey, 2009; Dempsey and Kulish, 2009; Kurbjuweit and Neukirch, 2009). The Commission urged all member states to enact stimulus measures so as to produce a coordinated EU stimulus, which there was no common budget for, and also acknowledged that violation of the SGP deficit limits would be a likely byproduct of such stimulus programs (Council of the European Union, 2009;

Commission of the European Communities, 2009). While it was not yet known at the time, this marked the end of the reformed SGP, given that the economic circumstances under which states might again be expected to observe the pact's rules, would not return until after the Eurozone debt crisis was in full swing, and another reform of the pact had been undertaken.

In the way of a general conclusion, then, the reformed pact did not really have a chance to be assessed in any meaningful sense. Judging from the process of the Eurozone debt crisis to date, the pact clearly failed to produce lasting economic convergence among Eurozone member states. Its focus on deficits rather than debts is symptomatic of the assumption, prior to the current crisis, that budgets close to balance or in surplus would lead automatically to debt sustainability (interview, Luxembourgish finance ministry), and its failure to consider more general economic imbalances, beyond the question of public debt levels, meant that Spain was judged a Eurozone success story, a difficult judgment to maintain in light of its current economic position. Reforms to the pact, in its most recent iteration, go some way toward addressing these failings in the preventive side of the pact, as well as making it easier for states to be sanctioned under the corrective arm.

It remains to be seen when economic conditions may be ripe for the newest version of the pact, agreed in 2011, to be implemented fully and without exception. Regardless, it seems that the course of events surrounding the Eurozone debt crisis have revealed that even an improved SGP is not sufficient to ensure the success of the single currency, absent more of the common features of long-lasting currency unions, such as mutualized debt, fiscal transfers, common banking regulation and a bank resolution mechanism, among others (Whyte, 2011). Further to this, the failure of the SGP to effectively produce the lasting economic convergence it was intended to deliver, which might, if realized, have precluded a debt crisis of the sort currently underway, is due in part to the politicization of SGP design, a point that subsequent chapters of the thesis return to, and elaborate on.

2.5 The SGP as a Case of Intergovernmental Negotiations In two Contexts

This thesis treats the SGP as a case of intergovernmental negotiations in the two contexts of ‘uploading’ and ‘reuploading’, with analysis of each of these negotiations as nested cases, providing for diachronic variation (Gerring, 2004). In order to introduce synchronic variation (Gerring, 2004), this thesis analyzes the performance of four member states, namely Belgium, France, Germany and the Netherlands, in the ‘uploading’ and ‘reuploading’ negotiations over the SGP. These negotiations took place mainly at three levels in the intergovernmental configuration of the EU: the Monetary Committee (MC)/Economic and Financial Committee (EFC)⁴, with representatives from each member state typically being the highest official in the national finance ministry; Ecofin and the Eurogroup⁵, composed, respectively, of all member state finance ministers and finance ministers only from Eurozone member states; and the European Council, composed of Heads of State and Government.

While the technical process of negotiations was largely similar in both ‘uploading’ and ‘reuploading’, one important change that had occurred between these negotiations was that the introduction of the euro had led to a divide between Eurozone and non-Eurozone members. Thus, the bulk of negotiations at ministerial level in ‘reuploading’ took place in the Eurogroup, which is an alternative formation of Ecofin composed only of those states whose currency is the euro. Chapter 5 expands on this point in discussing case selection.

Another difference between ‘uploading’ and ‘reuploading’ is that, from the start of 2005, negotiations at the level of civil servants in the EFC were conducted in a working group chaired by the Luxembourgish EFC representative⁶, whose state then held the Council Presidency, rather than in the formal configuration of the EFC, then chaired by the German representative. The reason for this was a perceived need to conclude

⁴ Since the start of stage III of EMU, the Monetary Committee has been renamed the Economic and Financial Committee.

⁵ The Eurogroup was not yet in operation at the time of ‘uploading’ negotiations.

⁶ One result of this change is that the standards applied to the formal EFC grouping, for providing minutes, are not upheld for the working group, which precluded access to EFC minutes for the purpose of data collection. This was unproblematic, given the variety of additional sources, as well as access to multiple negotiation participants, for in-depth interviews.

negotiations as quickly as possible, for which participants deemed the formal EFC configuration to be sub-optimal, not least because it was chaired by a German representative, while Luxembourg held the Council Presidency at that time (interviews, Luxembourgish finance ministry, Council secretariat b). Thus, coordination between the three levels was facilitated with the adoption by the Luxembourgish EFC representative of the chairmanship of an EFC working group that could meet as frequently as necessary, to address only the SGP dossier. Notwithstanding these minor technical differences between the ‘uploading’ and ‘reuploading’ negotiations over the SGP, they are highly comparable, and this thesis thus departs from existing studies of the SGP, to undertake a comparative, process-tracing analysis of member state performance in these two negotiation contexts.

The SGP has previously been the focus of a wide range of literature. As a case of rules-based fiscal policy, it has been analyzed against a criteria of desirables for fiscal rules, namely the Kopits-Symansky criteria⁷, in order to assess the effectiveness of its design (for example Buti et al., 2003; Begg and Schelkle, 2004). In a similar vein, such contributions sought to build on assessments of the original SGP, with the aim of contributing to debate over SGP reform. Thus, these analyses of SGP design aimed at identifying weaknesses and hence targets for change in any reformed policy (for example Buti et al., 2003; Begg and Schelkle, 2004; Hallerberg, 2004; see Begg and Schelkle, 2004; Heipertz and Verdun, 2010 for an overview of literature that contributed to the reform debate). Again, these analyses focused on economic dimensions, treating the SGP as a case of rules-based fiscal policy, to be assessed in terms of the extent to which it delivered, or could be reformed to better deliver, desirable economic outcomes.

In addition to being an example of fiscal policy rules, the SGP is also one element in the design of EMU, and it has thus been the subject of consideration in analyses of the whole architecture of EMU (for example Dyson, 2002; 2008; Linsenmann et al., 2007). These aim to assess the viability and/or performance of the single currency through consideration of its various facets, which include the SGP as one feature of EMU design, and

⁷ See Kopits, G. and Symansky, S. (1998) ‘Fiscal Policy Rules’, *IMF Occasional Paper*, 162.

extend to employment coordination, the Lisbon process and the Broad Economic Policy Guidelines, among other things that figure in the operation of the single currency. Such contributions share with the initial category of economic analyses, a focus more on the effects of the SGP, than on its causes. In other words, the aim is to explain how the SGP, either independently, or as part of the policy architecture of the euro, impacts on economic policy-making and performance across the Eurozone.

On the other hand, there is a body of literature that treats the SGP as an example of international cooperation, requiring explanation for why sovereign states agreed to such an endeavor (for example Brunila et al., 2001; Heipertz and Verdun, 2004; 2005; 2010). These contributions tend to focus on the legislative process that led to establishment and reform of the SGP. While the contributions of Heipertz and Verdun, in particular, focus on explaining the outcomes of SGP negotiations, in terms of identifying the theoretical framework most useful for understanding these outcomes, others emphasize the positions of various member states over SGP design, rather than considering how and why these positions are reflected differentially in the outcome agreements (for example Chang, 2006; Howarth, 2007). While departing in that regard, these contributions nonetheless share a focus on the politics of the SGP, and on its causes more so than its effects.

This thesis is very much in the category of these latter contributions, applying a political lens through which to view the process of negotiations between EU member states that led to the establishment and reform of the SGP, so as to answer the main research question of whether differences between ‘uploading’ and ‘reuploading’ negotiations impact on member state performance in each. While it is essential to consider the economic motivations for member state positions, and the extent to which states’ potential to influence SGP negotiations derived from features of their national economies (Moravcsik, 1998), this thesis does not aim to assess the economic impacts of the original or reformed SGP. Nonetheless, the analysis herein departs from previous political approaches to explaining the SGP, in a number of ways.

First, the negotiation-centered approach to explaining the outcome of ‘uploading’ and ‘reuploading’ negotiations over the SGP is a unique

contribution, which provides for useful dialogue with the wider body of negotiation literature, both on the subject of the EU and more widely (see chapter 4). Further to that, the comparative approach this thesis takes to considering the ‘uploading’ and ‘reuploading’ negotiations over the SGP, marks an important departure from Heipertz and Verdun (2004; 2005; 2010), in particular, whose contributions have analyzed negotiations that led to the original and reformed SGP, though absent a comparative inquiry into how differences between these negotiation contexts are representative of a categorical shift from ‘uploading’ to ‘reuploading’ negotiations, with implications for the process and outcome of each, beyond the case of the SGP. To be sure, these authors highlight differences between the original and reform negotiations over the SGP, though this is aimed at explaining the outcomes of these particular negotiations, rather than testing a theoretical argument regarding contextual changes between original and reform, or ‘uploading’ and ‘reuploading’ negotiations, which is central to this thesis.

A second, related contribution of this study lies in the analysis of various bargaining resources for influence in the ‘uploading’ and ‘reuploading’ negotiations, as opposed to an analysis that identifies which member states were influential and sets out to explain the reasons behind this influence. In other words, while this thesis does aim to identify causal processes through which member states influenced the outcome of ‘uploading’ and ‘reuploading’ negotiations over the SGP, the member states under analysis are identified on the basis of variation in possessing bargaining resources of interest, rather than any a priori assessment of their influence, derived from political and economic power explanations, for instance. This latter approach has tended to place France and Germany at the center of analyses of economic and monetary integration in the EU, while smaller states in particular receive little consideration (for example Moravcsik, 1998; Heipertz and Verdun, 2010). By focusing on bargaining resources such as information and process expertise that are not explicitly linked with economic or population size, as well as the context under which these resources are likely to be most relevant, namely ‘reuploading’ negotiations, this thesis marks an important contribution on the role of smaller member states, namely Belgium and the Netherlands, in influencing

the SGP negotiations. Nonetheless, rather than analyzing small states at the expense of large states, notably France and Germany, which are rightly considered central to any explanation of the SGP agreements, this thesis combines a focus on small and large states, and clarifies understanding of how each of these states wielded the influence they did, in the ‘uploading’ and ‘reuploading’ negotiations over the SGP.

A final empirical contribution is in relation to the situation in the Eurozone, namely the sovereign debt crisis that began in 2010 and is still ongoing. Given the current situation in the Eurozone and the recent completion of additional ‘reuploading’ negotiations over the SGP, in 2011, this thesis offers a theoretical framework through which to examine the process and outcome of those negotiations, which have incredible import for the future direction of the Eurozone. Further to that, and as discussed in detail in the concluding chapter of the thesis, an understanding of the negotiation dynamics that led to the original SGP, and the distinct dynamics that led to the reformed SGP in 2005, as well as the 2011 reforms, speaks to the causes of the Eurozone debt crisis, as well as the difficulty facing political leaders in trying to solve it. As a result, this thesis can contribute policy recommendations, in terms of where best to focus efforts at negotiating reforms to Eurozone governance, and which resources negotiating parties should rely on to heighten influence in such negotiations, which are particularly timely contributions of the study herein.

Conclusion

This chapter provided a brief introduction to the operation of the SGP, highlighting recent changes that have resulted from the 2011 reforms, which aim, generally, to better integrate these EU-level fiscal policy rules into member state legal systems, to facilitate use of the sanctioning mechanism and to broaden the scope so that potentially harmful imbalances in national economies, beyond the realm of excessive deficits, can be addressed.

Discussion was then presented of the historical context surrounding the emergence of the SGP, including processes of European economic and monetary integration that began in the 1960s, and culminated in the

Maastricht Treaty of 1992, emphasizing the way in which agreement over the provisions for a single currency contained in Maastricht necessitated a compromise between opposing positions, one of which prioritized a stable single currency to be secured through budgetary discipline and low inflation, and the other an economic government dimension to EMU, tasked with targeting such goals as full employment, to counterbalance a focus on price stability (Dyson, 1994). While the twelve member states present at the signing of Maastricht subscribed to each position to varying degrees, and with nuances related to their own domestic circumstances, these opposing camps can generally be understood to have been represented by Germany, on the former side, and France on the latter (Dyson and Featherstone, 1999; Howarth, 2007). Thus, the German proposal for a SGP, or stability pact as it was originally called, emerged out of a lasting concern on the part of the Germans, and notably the Bundesbank, that Maastricht had not gone far enough to ensure lasting economic convergence amongst single currency members, and the related stability of any future single currency (interviews, British treasury and German finance ministry a; Stark, 2001).

Following the historical discussion, this chapter reviewed the implementation record of the original SGP, addressing some design flaws in the preventive and corrective arms of the pact which became glaringly obvious with the crisis of November 2003, when France and Germany avoided sanction despite repeatedly breaching the 3% deficit limit. A brief review was undertaken of the literature that sought to contribute to debate over SGP reform, which followed the crisis of November 2003, and it was noted that this literature analyzes the SGP through an economic lens, which is a point of contrast with the political approach taken in the study at hand. After covering briefly the implementation record of the reformed SGP from 2005 to 2011, discussion turned to the debt crisis in the Eurozone, and while acknowledging that the debt crisis relates to failings in the SGP, to some extent, it was argued that certain faults in SGP design, such as a singular focus on public, rather than private budget developments, or ignorance of wider macro-economic imbalances beyond the budget deficit, were not considered particularly problematic prior to the onset of the debt crisis, and were thus not raised in the 2004-05 reform negotiations. A related point,

therefore, is that criticism of the SGP, as a cause of the debt crisis, is largely inaccurate, or excessively focused on the experiences of Greece and Portugal, whilst failing to consider the experiences of Spain and Ireland, for instance, which could not have been affected by a more consistently implemented SGP.

Finally, this chapter articulated the empirical contribution of the thesis, beginning with a review of the various bodies of literature that have analyzed the SGP thus far, ranging from approaches that treat the SGP as an example of rules-based fiscal policy, with economic implications, to literature that proposed reforms to the original SGP, in the run-up to 2004-05 negotiations, and contributions that have assessed the overall architecture for the operation of EMU, of which the SGP is only one element. After discussing these analyses of the SGP, some literature was presented that has approached the SGP from a more explicitly political standpoint, aiming variously to explain member state positions in the debate over establishment and reform, and to test theoretical frameworks for understanding the outcome of SGP negotiations. Following this review, the discussion turned to the approach this thesis takes to analyzing the mechanisms for influence in the ‘uploading’ and ‘reuploading’ negotiations over the SGP, which adds value to existing literature in its focus on the impact of distinct negotiation contexts, as well as on member states selected for study because of variation in their bargaining resources, rather than factors directly related to population or economic size.

The following section of the thesis, including chapters 3 and 4, describes the theoretical framework that has guided the analysis herein. Chapter 3 builds on conceptualizations of ‘uploading’ and ‘reuploading’ in the Europeanization literature, to highlight important features of these negotiation contexts, including default condition, preference composition, interdependence and distributional conflict, all of which differ between ‘uploading’ and ‘reuploading’, with implications for the bargaining resources states can utilize to wield influence in each case. While there are examples of studies (Scharpf, 1988; Dimitrova and Steunenberg, 2000) that have analyzed the effects of such changes in negotiation context, these tend to emphasize default condition alone, and aim to explain collective negotiation

outcomes rather than the influence of individual member states on distributional outcomes, the latter being the aim of this thesis. Thus, chapter 3 explains how this thesis contributes to conceptualization of ‘uploading’ and ‘reuploading’, in identifying important differences between them, and the effects of these differences on member state negotiation performance, neither of which has yet received much attention in the literature.

Chapter 4 outlines the rational choice institutionalist approach this thesis takes to analyzing the ‘uploading’ and ‘reuploading’ negotiations over the SGP, advancing the central argument that member states will privilege different bargaining resources in ‘uploading’ and ‘reuploading’, in response to the distinct context in each, so as to achieve the fixed goal of negotiation success. A review is also presented of literature that assesses distributional outcomes of negotiations, or states’ negotiation performance, and of a variety of bargaining resources argued to be relevant for influencing the distributional outcome of negotiations, including preference intensity, information, content expertise and process expertise, the resources this study analyzes. The chapter then explains how this thesis conceptualizes preference intensity, information, content expertise and process expertise, which compose the independent variables in this study, as well as the conceptualization of negotiation performance, the dependent variable in this study. It goes on to advance the causal argument that possession of these resources to a greater extent will improve member state negotiation performance, subject to negotiation context, insofar as preference intensity will be relevant for negotiation success in ‘uploading’, though not in ‘reuploading’, and information, content expertise and process expertise will be relevant for success in the latter, though not the former.

Chapter 4 then advances the specific hypotheses to be tested, and articulates the causal mechanisms through which each of the bargaining resources analyzed, is posited to impact on member state negotiation performance, both generally and subject to the intervening variable negotiation context. Finally, this chapter articulates the theoretical contribution of the thesis, which lies in clarifying the expectations of a rational choice institutionalist approach to analyzing intergovernmental negotiations, through a focus on specific bargaining resources and how the

mechanisms by which they operate, interact with changing context between 'uploading' and 'reuploading' negotiations, as well as in synthesizing debate among various, separate bodies of negotiation literature.

Section 2 - Theoretical Framework

Chapter 3 - Negotiation Contexts

Introduction

This chapter introduces the theoretical argument that negotiations will differ under the contexts of ‘uploading’ and ‘reuploading’, due to four key features that vary between the former and latter, namely default condition, preference composition, interdependence between negotiating parties and the level of distributional conflict surrounding negotiations. It is essential to understand these characteristics of ‘uploading’ and ‘reuploading’, in order to answer the main research question this study poses, which is whether differences between ‘uploading’ and ‘reuploading’ negotiations affect member state performance in each. Thus, this chapter draws on the Europeanization literature that introduced the concepts of ‘uploading’ and ‘reuploading’, noting that, while a great deal of attention has been devoted to the ‘uploading’ stage in the EU policy process, whereby member states negotiate the establishment of EU-level policy with the aim of shaping said policies in accordance with national preferences (Börzel, 2001), limited attention has been paid to the ‘reuploading’ stage, in which member states aim to negotiate the reform of EU-level policy to reflect national preferences (Kaarlejärvi, 2007). The aim of this chapter is to build on existing conceptualizations of ‘uploading’ and ‘reuploading’, in order to highlight important differences between them that have not received sufficient consideration in existing literature, and that lie behind the theoretical argument this thesis advances, that differences between ‘uploading’ and ‘reuploading’ will impact on member state negotiation performance in each context.

While this chapter addresses three main studies that treat the concept of ‘reuploading’, or some variation on this conceptualization of member state participation in EU policy reform, it argues that these studies leave questions open, particularly regarding the impact of differences between ‘uploading’ and ‘reuploading’ negotiations on the performance of individual member states. Thus, this chapter not only highlights important differences between ‘uploading’ and ‘reuploading’ that have been underemphasized in existing literature, it advances the specific claim that these changes will affect the negotiation performance of individual member states, owing to the distinct

bargaining resources they possess, and the differential utility of particular bargaining resources under the contexts of ‘uploading’ and ‘reuploading’. The logic behind this argument is elaborated in chapter 4, which completes the theoretical framework section of the thesis.

3.1 ‘uploading’

Europeanization approaches aim to explain the varying effects of EU regulations on different member states, as well as the ways in which member states participate in the EU policy process to maximize the benefits and minimize the costs of EU policies at domestic level (Bulmer and Lequesne, 2005). Specifically, national actors attempt to shape EU policy through negotiations both across member states and between member states and Brussels, resulting in an EU policy ‘menu’ from which member states ‘download’ policy for implementation at domestic level (Featherstone and Radaelli, 2003: 34; Borzel, 2001; Bulmer and Burch, 2001 in Featherstone and Radaelli, 2003: 34). The process whereby member states attempt to shape EU policy to reflect national policy preferences is called ‘uploading’. Tanja Borzel (2005: 63 in Bulmer and Lequesne) cites three main reasons why member states attempt to ‘upload’ policy preferences to EU-level:

- 1.) In order to reduce the need for legal and administrative adaptation in ‘downloading’ (incorporating European policies into national policy structures).
- 2.) To prevent competitive disadvantages for domestic industry.
- 3.) To enable national governments to address problems that preoccupy their constituencies but cannot be effectively dealt with at domestic level (for example immigration).

In the past, Europeanization literature has tended to deal especially with the first two of these motivations for ‘uploading’, particularly with regard to the ‘goodness-of-fit’ hypothesis (see for example Green Cowles et al., 2001; Featherstone and Radaelli, 2003). The ‘goodness-of-fit’ hypothesis has been used to explain varying levels of adaptation across member states in response to Europeanization, as well as varying compliance records with EU policy. Along those lines, arguments in the Europeanization literature, regarding the link between ‘uploading’ and ‘goodness-of-fit’, held that member states attempt to ‘upload’ national preferences to European level, in

order to achieve a good fit between European and domestic institutions and/or policies, so reducing the adaptational pressure at domestic level (Featherstone and Radaelli, 2003). However, as described by Ellen Mastebroek (2005), the ‘goodness-of-fit’ hypothesis has proved to be of limited utility in explaining member state change in response to Europeanization pressures, and in particular, member state compliance with European policy. Further to that, Mastebroek and Kaeding (2006) argue that the ‘goodness-of-fit’ hypothesis assumes that policy-makers want to maintain the status quo at domestic level, while in reality they often seek to change the status quo. Thus, as demonstrated by previous empirical studies, the ‘goodness-of-fit’ hypothesis is of limited use in explaining member state responses to Europeanization, and member state compliance records, in the real-world setting of shifting circumstances and domestic policy preferences (Mastebroek, 2005).

There is, then, a need to consider the Europeanization process beyond ‘uploading’, because it is crucial to understand what happens next – what happens when a head of government ‘uploads’ his or her preferences for policy change at domestic level, but the domestic opposition is able to block this change and so that member state does not comply with EU policy? What happens when a member state votes a left-wing majority into government, and their first initiative is to roll back the liberalizing reforms that have been induced by EU policy? It is possible that these compliance problems are isolated and can be addressed with the mechanisms provided for at supranational level, but it might also be the case that policy non-compliance becomes widespread, or some shift in external circumstances precipitates a general preference change amongst member states, and ultimately the EU policy in question must be reformed. Along those lines, Jan Kaarlejärvi (2007) argues that the traditional Europeanization literature is incomplete, as it focuses on the ‘uploading’ and ‘downloading’ stages, but fails to account for what happens in the instance of significant implementation problems at the national level. Thus, Kaarlejärvi (2007: 127) suggests a stage of ‘reuploading’ in the EU policy process, wherein member states attempt to renegotiate and reform original policy, in order to better suit their current policy preferences, following a failed implementation stage.

Kaarlejärvi treats the process of ‘reuploading’ as largely similar to the process of ‘uploading’, noting only such differences between the two as timing and changes in member state preferences. He uses an in-depth case study of the German relationship with EU rules for fiscal policy coordination, to show the progression from ‘uploading’ to ‘downloading’ and failed implementation to ‘reuploading’. Kaarlejärvi does not attempt to explain how or why Germany succeeded in ‘uploading’ national policy preferences for inclusion in the EU-level rules on fiscal policy coordination, namely the SGP, but rather takes this success as a starting point to consider why Germany met with such difficulty in implementing these rules, as well as how Germany responded to the unanticipated problems caused by the SGP.

Nor does Kaarlejärvi attempt to explain why Germany succeeded at ‘reuploading’ changed policy preferences, beyond offering the statement that “[I]n this reuploading process, the economically and politically larger a Member State is, the easier it is for that Member State to promote its own national interests at the European level, and the case of Germany is an excellent example” (Kaarlejärvi, 2007: 232). Kaarlejärvi cites Germany’s economic and political power as the reason for success in both ‘uploading’ and ‘reuploading’, but offers no explanation as to how this power was effectively translated into securing the desired outcome in either case. This is unproblematic, given that the focus of his research is much more on the conditions that led to ‘reuploading’ than on the process itself, but it does represent a gap in the understanding of ‘reuploading’. In other words, as Kaarlejärvi’s work is the only extensive literature on this concept of ‘reuploading’, there is a need for further analysis of this stage in the policy process, in order to determine how and why it differs from ‘uploading’, as well as whether it is in fact the domain of the most economically and politically powerful member states.

A rare example of a contribution on the question of how EU negotiations differ when they take place in the presence of existing supranational policy, rather than in the absence of said policy, which is the key change between ‘uploading’ and ‘reuploading’ negotiations, is a study by Dimitrova and Steunenberg (2000). In this study, the authors argue that the unique status

quo of each member state party to Council negotiations, which is characteristic of negotiations in the absence of existing supranational policy, rather than one status quo common to all, which is characteristic of negotiations in the presence of supranational policy, should be considered when modeling a range of acceptable outcomes, and hence the likelihood of reaching agreement on EU-level policy in each distinct circumstance. Similarly, an important contribution to theorizing the effects of default condition on agreement outcomes is in the form of Fritz Scharpf's 'joint decision trap' (Scharpf, 1988; 2007). For Scharpf (1988), decision-making in the European Community and in Federal Germany shares the common affliction that, under conditions of unanimity, any actor benefitting comparatively from the status quo, relative to outcomes contained in the zone of agreement, will resist policy reform, with the result that sub-optimal policies prevail in these decision-making contexts, absent a shift from bargaining to problem-solving styles of negotiation.

Both Dimitrova and Steunenberg (2000) and Scharpf (1988; 2007) identify the pivotal role of default condition, in impacting on negotiation processes and outcomes, which is a key contribution to the gap in the literature from a dearth of studies on the relevance of changing context between what this thesis labels 'uploading' and 'reuploading' negotiations. However, the focus of these studies is much more on the effects of changing default condition for negotiation outcomes, than on the specific resources through which member states influence negotiations. Thus, while the change in default condition that these studies identify is an essential point of departure for the theoretical arguments advanced in this thesis, as illustrated in the following section of the chapter, the ultimate aim of this study departs from the former contributions, in seeking to explain how changing context, bound up with default condition, mediates the utility of bargaining resources with which member states can influence negotiations, and to understand the causal processes through which these resources operate under each context. By conducting a study of member states' performance in the 'uploading' and 'reuploading' negotiations over the SGP, this thesis highlight how differences between the context in 'uploading' and 'reuploading' make distinct bargaining resources relevant for negotiation success in each context,

which serves to qualify, and elaborate, the theorized effects of these bargaining resources on state's negotiation performance more generally.

3.2 'uploading' vs. 'reuploading'

There are four main, interrelated differences between 'uploading' and 'reuploading' negotiations, which impact on the general process and outcome of negotiations in each context. The first relates to default condition, which changes substantially between 'uploading' and 'reuploading' negotiations. Specifically, in 'uploading' negotiations, there exists no institutionalized cooperation at the EU-level, so the default condition in case of no agreement is the existing national policies on offer.

To take the example of financial regulation, there is at present no comprehensive policy for financial regulation at EU-level. Some measures have been agreed, but the transfer to international level of a comprehensive framework for regulating financial market activity across the EU has not occurred. This is a topical issue in response to the recent global financial crisis and the process is ongoing to institutionalize cooperation in this area, at EU-level. However, as is often the case in intergovernmental negotiations, different members want different things, and all are interested in safeguarding national interests. Crudely, this means that Germany wants a stricter set of regulations imposed on financial institutions than does the United Kingdom, the capital of which is host to big investment banks that favor the British market for its relatively loose regulations (Whyte, 2012).⁸ The finance industry is an important source of income for London and so British national representatives negotiating at EU-level will tend to oppose introducing regulations that might lead banks to relocate. However, not only do some EU member states see the British approach to financial regulation as a potential threat to the stability of the global economy, they also, therefore, see British participation as essential for the effectiveness of any EU-level agreement on financial regulation (Whyte, 2012). Further, as long as the UK maintains a domestic policy that is comparatively friendly to international

⁸ A complete discussion of Britain's position on reforming financial regulation would require detailed consideration of domestic-level interest constellation, with an emphasis on popular opinion toward bankers in response to the ongoing effects of the financial crisis. This deliberate simplification is in aid of presenting an illustrative example.

finance, other European markets are at a disadvantage in terms of attracting this sort of revenue (Goodhart and Lastra, 2010). At this stage of negotiations, then, the default condition, which is that all member states maintain existing national policies, is more attractive to the British than to their continental counterparts.

To take this example further, assuming that competences were effectively transferred from national to EU-level, in the realm of financial market regulation, the default condition would change. In other words, once the decision has been made to institutionalize comprehensive financial regulation at EU-level, and the policy established, the default condition for all member states in any future negotiations is that policy framework. So, in the event that the policy states had agreed to establish should at some future point become suboptimal, and the decision were taken to negotiate reform of EU financial regulation, it would not matter that the UK used to have the most finance-friendly market, because the default condition at that point is not a return to national policies, but rather maintenance of the supranational policy states have set out to reform.

It is crucial to note, though, that this change in default condition only comes into effect where there has been some meaningful transfer of competence to the supranational level. In other words, ‘uploading’ negotiations may be successful, insofar as they don’t break down and states reach some negotiated agreement (Keohane, 1984), but unless the agreement requires a shift in policy administration from the national to supranational level, there is the possibility to return to national arrangements, and hence the default condition does not truly change. An example of intergovernmental negotiations that result in an agreement, but no real change in the default condition, is the Kyoto Protocol regulating greenhouse gas emissions. While this agreement commits states to observe binding targets for the emission of greenhouse gases, it does not involve the transfer of policy administration to the supranational level, but rather requires states to report on emissions themselves. Thus, in any reform negotiations over Kyoto, it would be possible for states to return to domestic policies regulating greenhouse gas emissions, without incurring material costs such as reestablishing agencies whose responsibilities have been transferred

largely to international level. Of course there are other costs to consider, such as reputational costs that would be involved with departing from international cooperation, but the important point is that the default condition does not change significantly in this case, between ‘uploading’ and ‘reuploading’ negotiations.

In contrast to this, in a policy area such as monetary union, the default condition changes drastically between ‘uploading’ and ‘reuploading’ negotiations, because in the former, states have distinct national currencies and central banks, while in the latter, they share a common currency and central bank. This is not to say that in the area of monetary union or in the aforementioned example of financial regulation, there is no possibility for states to return to national policy after agreeing a supranational policy, but rather that the costs of doing so are likely too great for this to be a real option, except in the most extreme cases. Thus, for the majority of negotiations over such policies, the shift in default condition from ‘uploading’ to ‘reuploading’, is significant enough to change negotiations in the latter.

The second, related difference between ‘uploading’ and ‘reuploading’ is that ‘uploading’ negotiations consist not only of debate over how supranational policy should look, but also over whether there should be a supranational policy at all. For this reason, member state preferences will be composed of both whether to institutionalize coordination at EU-level, and the form this coordination should take. Thus, a member state that is attempting to convince others to accept their preferred policy design, will be unlikely to win over another member that is unsure of the merits of establishing an EU-level policy in the first place, and if the latter state is to be won over, it will likely be on their terms (Moravcsik, 1998). In ‘reuploading’ negotiations, on the other hand, preferences are composed only of the form coordination should take, because the issue of whether or not to coordinate has already been decided. Thus, more attention should be paid to identifying a policy design that is acceptable to all negotiating parties, rather than ‘buying off’ uncertain partners (Naurin, 2009).

It is important to point out here that in fact member state preferences in ‘reuploading’ negotiations might also concern whether or not to reform

existing policy, though this is not a comparable situation to that in ‘uploading’ negotiations, where states are deciding whether to institutionalize coordination at the supranational level at all. This is so for two main reasons, the first being that states are unlikely to enter into complex and often costly multilateral negotiations, to reform a policy they are content with. In ‘uploading’ negotiations, states that are happy with existing domestic policies might agree to an EU-level policy because there are material benefits in transferring policy responsibility to the supranational level, for example in terms of the EU providing oversight that is costly to arrange at national level (Bulmer and Lequesne, 2005). Or, in a world characterized by increasing interdependence, it might be that a particular policy area is better addressed at the supranational than the national level, so even a state with relatively effective domestic policies can envision that supranational policy will be more effective (Goodhart and Lastra, 2010). These are only two examples, but it is relatively easy to envision why a state that is satisfied with the status quo might still be willing to transfer policy responsibility to the EU. In contrast to this, it is difficult to imagine reasons why states that are satisfied with existing EU policy, would set out to reform it. Rather, the incidence of ‘reuploading’ negotiations generally indicates significant, widespread dissatisfaction with existing supranational policy, either because of changed preferences or suboptimal effects of the policy in question, to name two possible sources (for example Kaarlejärvi, 2007; Scharpf, 1988).

The second reason why the situation regarding preference composition is so different between ‘uploading’ and ‘reuploading’ negotiations has to do with compliance. Specifically, compliance is not a factor in ‘uploading’ negotiations, because there has been no EU-level policy present to comply or not comply with, prior to that point. However, in ‘reuploading’ negotiations, compliance is certainly a factor, not least because compliance problems are often the catalyst for policy reform (Kaarlejärvi, 2007). In the case of widespread non-compliance, member states have a strong and common incentive to reach agreement in ‘reuploading’ negotiations, because the alternative is being saddled with a policy that has proven ineffective. Even in the case where one or a few states have failed to

comply with existing policy, and the mechanisms provided for within the EU have failed to address this non-compliance, all member states have an interest in policy reform, so as to avoid free-riding or negative externalities caused by non-compliers.

This contrasts with Scharpf's interpretation of the 'joint-decision trap', in that Scharpf considers it a likelihood that states would hold reform negotiations hostage, thereby prolonging a sub-optimal policy arrangement, if they are not satisfied with reform options on the table (Scharpf, 1988). While this may be the case in certain policy areas, where the potential costs from negative externalities caused by non-compliers are insignificant, or where non-compliers are the very states favoring the status quo, because of the possibility to free ride, this will not always be the case. Regarding the first point, there are certainly examples where the costs of complying with policy, while others fail to do so, are prohibitively high, thus precluding a bargaining strategy based on relative satisfaction with the default condition, in 'reuploading' negotiations. To return to the example of financial policy, if member states were to adopt a common policy for regulating finance at the supranational level, and compliance with said policy later became inconsistent, it seems highly unlikely that any states would be willing to maintain an arrangement where they implemented stringent regulations, in accordance with supranational policy, only to see other states shirk their commitments, thereby potentially attracting a disproportionate amount of financial business to their economy, whilst threatening the stability of the EU-wide financial system (Goodhart and Lastra, 2010; Whyte, 2012). Thus, even states that found it relatively straightforward to comply with existing EU-level policy would have a significant interest in policy reform, if compliance were inconsistent across member states.

Turning to the other side of the argument, it may rather be the non-compliers who hold 'reuploading' negotiations hostage, given that the costs to them of non-compliance with this hypothetical EU-level financial regulation, mainly in the form of reputational costs or sanction under EU law, have not materialized. However, this would require some confidence that such costs will not materialize in future, in addition to confidence that other costs from disparate regulatory approaches within the EU would not

eventually materialize, both of which seem prohibitively high and are thus likely to preclude a bargaining strategy based on professed satisfaction with the status quo, under the context of ‘reuploading’ negotiations. Thus, while it is the case that preference composition in ‘reuploading’ negotiations might involve whether or not to reform existing policy, as well as how that reformed policy should look, this is a very different situation than when preferences involve whether or not to coordinate at EU-level in the first place.

The third difference between ‘uploading’ and ‘reuploading’ lies in the leveling of the playing field that results from a distinct default condition in the former and latter. In ‘uploading’ negotiations, the default condition is maintenance of domestic policies, which, in almost any policy area, leaves some states with better options than others. Specifically, British policy on financial regulation means that Britain is more able to attract and maintain big finance within its borders, which arguably confers benefits on the British economy, in terms of jobs, tax revenue, etc. At the same time, the interdependence of European economies means that other states are vulnerable to the risks involved with loose financial regulation, as witnessed through the recent global financial crisis and related economic crisis that is still ongoing in the Eurozone (Whyte, 2012). Thus, as long as there is no coordination of financial regulation at EU-level, there exists an asymmetrical interdependence between the UK and other EU member states. Once states institutionalize coordination at the EU-level, though, this asymmetrical interdependence becomes more symmetrical. It might be very difficult, in some cases, to negotiate an agreement where states with more competitive regulations standardize in accordance with EU regulations, but in the event that such agreements are concluded, the interdependence between participating states is more symmetrical from that point on.

This leveling of the playing field, or increasingly symmetrical interdependence between ‘uploading’ and ‘reuploading’ negotiations, leads to decreased distributional conflict in ‘reuploading’, which is the fourth feature of distinction. In ‘uploading’ negotiations, some states typically have much more to gain than others from institutionalizing coordination at EU-level, and those latter states will expect concessions in return for reaching

agreement (Moravcsik, 1998). In ‘reuploading’ negotiations, though, it is in the interest of all states to reach an agreement, precisely because the alternative is to maintain the existing policy they have set out to reform.

The following table summarizes the four points discussed above:

Table I. Comparing ‘uploading’ and ‘reuploading’ Negotiations

	‘uploading’	‘reuploading’
Default Condition	No EU-level policy	Same EU-level policy as that agreed in ‘uploading’
Preference Composition	1.) Whether to establish an EU-level policy 2.) How EU-level policy should look	1.) Whether to reform existing EU-level policy 2.) How reformed policy should look
Interdependence	Asymmetrical – states are affected by others’ national arrangements, but have no control over them	Symmetrical – national arrangements replaced by EU-level arrangements, or subject to control at EU-level
Distributional Conflict	High – some member states have much more to gain than others from agreeing an EU-level policy	Low – all member states have an interest in reforming sub-optimal EU-level policy

Taking into consideration these distinctions between ‘uploading’ and ‘reuploading’ negotiations, it is essential to question Kaarlejärvi’s assumption that negotiations only differ between them to the extent that time has elapsed and member state preferences have changed (Kaarlejärvi, 2007). Rather, there is reason to believe that these distinct features of ‘uploading’ and ‘reuploading’ stand to impact on the general process and outcome of negotiations, as argued by Scharpf (1988) and Dimitrova and Steunenberg (2000), as well as on the negotiation performance of individual member states. Specifically, these contextual changes between ‘uploading’ and ‘reuploading’ negotiations can be expected to mediate the utility of particular bargaining resources in each, with implications for the states that are likely to negotiate successfully under the context of ‘uploading’ versus ‘reuploading’, as a result of the distinct resources possessed by different member states. The expectation that changing context will impact on the utility of bargaining resources, is articulated further in the following chapter, on analyzing intergovernmental negotiations.

Conclusion

The aim of this chapter was to clarify the concepts of ‘uploading’ and ‘reuploading’, and to articulate important differences between these negotiation contexts, which are not examined at length in existing literature, and are integral to the main research question this thesis seeks to answer, namely whether differences between ‘uploading’ and ‘reuploading’ negotiations impact on member state performance in each. Thus, this chapter introduced the Europeanization literature, which has treated thoroughly the concept of ‘uploading’, in analyzing the ways in which EU member states seek to participate in the EU policy process to mediate the effects of membership (for example, Green Cowles et al., 2001; Featherstone and Radaelli, 2003). It also discussed a gap in the Europeanization literature, insofar as analyses of the EU policy-making process through a Europeanization framework tend to cover only ‘uploading’, a stage in which states compete to shape EU-level policies, and ‘downloading’, a stage in which states implement EU policy at domestic level. This is a gap identified by Kaarlejärvi (2007), who aims to complete the Europeanization approach to EU policy-making by incorporating a stage of ‘reuploading’, in which member states negotiate to shape policy reform, following a failed ‘downloading’ stage. However, this concept of ‘reuploading’ does not receive sufficient treatment in existing literature, exemplified by Kaarlejärvi’s assumption that there are no major differences between the ‘uploading’ and ‘reuploading’ stages of the EU policy process, aside from the obvious time lag, and changes in member state preferences between them (Kaarlejärvi, 2007).

While related contributions discussed in this chapter have seized on a key change between these negotiation contexts, specifically the default condition, these contributions have not considered the effects of this change on member state influence in each, nor do they go beyond a focus on default condition, despite additional features of great import differing between ‘uploading’ and ‘reuploading’ (Scharpf, 1988; Dimitrova and Steunenberg, 2000). Thus, this chapter highlighted these additional differences between ‘uploading’ and ‘reuploading’, including preference composition, interdependence and distributional conflict, as well as default condition, and

the following chapter of the thesis is tasked with illustrating the link between such contextual features, and the negotiation performance of individual member states.

The following chapter introduces the rational choice institutionalist approach through which this thesis analyzes member state performance in the ‘uploading’ and ‘reuploading’ negotiations over the SGP. After explaining the utility of this approach, insofar as it highlights how rational actors can be expected to shift their strategies in line with changing context in ‘uploading’ and ‘reuploading’, so as to achieve the fixed goal of negotiation success in each, the chapter also explains the need to combine this approach with a focus on bargaining resources, to generate specific predictions regarding the outcome of member state negotiation performance. Along those lines, the dependent variable, negotiation performance, and the independent variables, preference intensity, information, content expertise and process expertise, are introduced, including a review of existing literature on these concepts, and description of the conceptualization adopted for the study at hand.

The chapter then articulates the hypothesized relationship between the independent and dependent variables, generally expected to be positive, with an increase in possession of these four bargaining resources, the independent variables, improving member state negotiation performance, the dependent variable. However, it is essential to incorporate the role of context as an intervening variable, which leads to the expectation that the positive relationship between bargaining resources and negotiation performance will be subject to context, specifically preference intensity will impact on negotiation performance mainly in the context of ‘uploading’, while information, content expertise and process expertise will mainly affect negotiation performance in the context of ‘reuploading’. Beyond articulating the hypothesized relationship between bargaining resources, negotiation performance and negotiation context, chapter 4 describes the specific causal mechanisms through which these bargaining resources are posited to impact on member state negotiation performance, subject to the intervening role of context. Finally, chapter 4 discusses the theoretical contribution this study makes to various literatures, before concluding

Chapter 4 - Analyzing Intergovernmental Negotiations

Introduction

This chapter explains the rational choice institutionalist approach taken to analyze the ‘uploading’ and ‘reuploading’ negotiations over the SGP. In line with a rational choice institutionalist approach, the delegations to intergovernmental negotiations can be expected to adjust their bargaining strategies in line with context, to privilege those resources most relevant for wielding influence in a given context (Aspinwall and Schneider, 2001; Thomson et al., 2006), which leads to the expectation that states will rely on distinct bargaining resources to negotiate successfully in ‘uploading’ and ‘reuploading’. This provides for some clear predictions that can be assessed against empirical evidence of states’ bargaining in the ‘uploading’ and ‘reuploading’ negotiations over the SGP. For example, this approach leads to the prediction that states will not rely on the same bargaining resources to achieve negotiation success in both ‘uploading’ and ‘reuploading’. However, there are also elements of the approach that remain underspecified, such as predicting how a particular bargaining resource will operate, and interact with negotiation context, to impact on a state’s negotiation performance. Thus, an essential complement to this rational choice institutionalist approach, is consideration of specific bargaining resources, the mechanisms through which they operate and their differential relevance in distinct negotiation contexts.

This chapter explains how combining a rational choice institutionalist approach that calls attention to the context of negotiations, with a focus on the effects of bargaining resources for states’ negotiation performance, provides for assessment of the overarching effects of changing negotiations context, as well as how these changes mediate the utility of specific bargaining resources. The expected effects of these dynamics are that, while the goal remains the same in both ‘uploading’ and ‘reuploading’ negotiations, the changing context means that a strategy based on one bargaining resource is unlikely to be adopted for both ‘uploading’ and ‘reuploading’, and in the event that it is, this will lead to negotiation success in one or the other context, but not both. The concomitant assumption is that

some delegations will be more able to influence negotiations in the context of ‘uploading’ than ‘reuploading’, or vice versa, depending on the specific bargaining resources they possess. It is worth noting that some states may possess such a variety and abundance of bargaining resources that they can negotiate successfully in any context, though they would nonetheless be expected to pursue a distinct strategy as dictated by changing context in ‘uploading’ versus ‘reuploading’, which also represents an interesting potential finding from this analysis.

Central to this study is the concept of member state negotiation performance, as this is what the thesis ultimately seeks to explain. Therefore, following a review of approaches to analyzing international negotiations, discussion is presented of negotiation performance, including various understandings of this concept, and the conceptualization adopted for the study at hand, namely negotiation performance as the extent to which a member state influences negotiations to affect the outcome agreement. From there, the focus turns to bargaining resources, with a general review of the resources that have received attention in the negotiation literature, and explanation for why this thesis focuses on preference intensity, information, content expertise and process expertise, which relates mainly to their particular relevance in the setting of the EU, as well as the value in undertaking a process-tracing analysis to enhance understanding of how these resources operate in practice.

After reviewing the literature on each of these bargaining resources, including general negotiation literature, literature on intergovernmental negotiations and literature on EU negotiations specifically, this chapter advances hypotheses regarding the role of each bargaining resource in facilitating states’ success in ‘uploading’ and ‘reuploading’ negotiations. As a key aim of this thesis is to clarify the relationship between bargaining resources, negotiation context and member state negotiation performance, the analysis seeks to uncover detailed causal processes through which the bargaining resources under examination facilitate negotiation success, and how context mediates this relationship. Thus, following presentation of hypotheses, the chapter also presents posited causal processes, through which each bargaining resource is expected to affect negotiation performance, and

the way in which changing context between ‘uploading’ and ‘reuploading’, is expected to mediate this relationship. Finally, chapter 4 articulates the contribution this thesis makes to theorizing the effects of context, and of specific bargaining resources, on the performance of individual states in intergovernmental negotiations, with emphasis on the value added in combining these approaches, as well as in synthesizing various literatures to enhance understanding of cases of negotiations in the EU and more widely.

4.1 Beyond the Success/Failure Dichotomy: A Rational Choice Institutional Approach

There is a wide body of literature that seeks to explain instances of international cooperation or coordination, and the circumstances under which states agree to enter into cooperative agreements, or coordinate their policies with other states (for example Keohane, 1984; Oye, 1985; Young, 1989). A common approach in this literature is to specify the type of collective action problem with which states are faced, and identify the corresponding circumstances under which states are likely to reach negotiated agreements to address this type of problem, as well as determining the general institutional form the agreement is likely to take (Garrett, 1992). It is possible, using this approach, to demonstrate whether states have achieved negotiation success, in terms of whether or not an agreement has been reached. In other words, if the negotiating parties have made the decision to coordinate, rather than not coordinate, the negotiations have been successful. However, in order to demonstrate the relative success of one state or another, it is necessary to consider negotiation success beyond this dichotomy of coordination/non-coordination, and focus on the specific form of negotiated agreements. Thus, James Sebenius (1992) argues that an approach which seeks to explain negotiated outcomes in terms of a dichotomy between cooperation and defection is incomplete, and that it is necessary not only to consider whether agreement was reached, but also the distributive implications of an agreement.

For the purpose of this project, it is useful to take both points into account, and combine an approach that analyzes cooperative agreements in terms of the type of problem they attempt to solve, highlighting the

circumstances of a negotiation process and the way these shape the general outcome of negotiations, with an approach that focuses on bargaining dynamics and resource capabilities, to understand the more specific features of an agreement (Garrett, 1992). In other words, there is considerable analytical leverage to be gained in considering the broad contours of a negotiation process, along the lines of a collective action approach, though there is value in going beyond the success/failure dichotomy that this approach has emphasized, in order to understand not only the likelihood of cooperative outcomes emerging under different circumstances, but also the likelihood of individual negotiating parties wielding influence under particular circumstances, and the strategies they rely on to do so. This thesis takes that step, in analyzing member state performance in the ‘uploading’ and ‘reuploading’ negotiations over the SGP.

Analyzing international cooperation in terms of the type of problem negotiators try to solve and the corresponding strategies they use to achieve a set of possible payoffs, is broadly the game-theoretic approach to explaining international cooperation (Sebenius, 1992). Authors have used this approach to draw inferences about state behavior in international negotiations, the design of international institutions and other questions central to the study of international relations (IR) (see for example Snidal, 1985; Martin, 1992; Koremenos et al., 2001). Koremenos et al. argue that game-theoretic logic allows researchers to draw a connection between independent variables of circumstance and dependent variables of institutional design (Koremenos et al., 2001: 774-775), and as Sebenius puts it, game theory is of the ‘structure determines outcome’ school of thought (Sebenius, 1992: 347).

The game-theoretic approach is useful in drawing a distinction between ‘uploading’ and ‘reuploading’ negotiations, because it highlights such factors as the type of problem, the choices and strategies available to players, and the potential payoffs from cooperation. However, two weaknesses of a game-theoretic approach, with regard to this study, are a focus on general outcomes rather than specific distributive consequences, and a set of assumptions involved with formal game-theoretic analysis that do not often hold in real-world situations, including the EU negotiations this thesis analyzes (see Young, 1989: 358-359). In his critique of game theory, Sebenius (1992)

argues that these assumptions represent a crucial weakness in the literature that employs a game-theoretic analysis, and Garrett (1992) emphasizes the need to focus on the dynamics of bargaining in a real-world situation, in order to understand international agreements.

Along the same lines, rational choice theorists have examined institutional design with the aid of game-theoretic concepts, though without adopting wholly a game-theoretic approach, and the concomitant assumptions (Aspinwall and Scheider, 2001). As the purpose of this study is to consider the relative influence of different states on the specific outcomes of negotiations, mediated by negotiation context, there is a great deal of relevance in the rational choice institutionalist literature, as well as in literature on bargaining dynamics and resource capabilities (Garrett, 1992). A rational choice institutionalist approach highlights how member states seeking to achieve the fixed goal of negotiation success, must adapt their strategies to accommodate the changing institution, or context, between ‘uploading’ and ‘reuploading’ negotiations. That is, where the institution, or context, in ‘reuploading’ is different from that in ‘uploading’, the choices and strategies available to players, as well as the potential payoffs, will differ accordingly. It is necessary to consider the impact of this changing context between ‘uploading’ and ‘reuploading’, in terms of which bargaining resources are essential to influence outcomes in each.

Drawing on the previous chapter’s discussion of key differences between ‘uploading’ and ‘reuploading’, it is logical to expect the process and outcome of negotiations to be distinct in ‘uploading’ versus ‘reuploading’, as a result of these differences. For example, the default condition, an important feature of distinction between ‘uploading’ and ‘reuploading’ negotiations, has been identified as a causal factor in explaining negotiation process and outcomes (for example Ostrom, 1986; Scharpf, 1988; Pollack, 1997). As a response to public-choice arguments that decision-making under unanimity would tend to produce pareto-optimal outcomes, because agreement would not emerge in the absence of this condition (see Scharpf, 1988), Elinor Ostrom (1986) questioned this assumption, highlighting the role of default condition, and the need to consider the default condition as a mediating factor in predicting the effects of unanimity on decision outcomes.

Pollack (1997: 113) applied this logic to analyze the influence of supranational institutions in the EU, arguing that where the default condition means maintenance of a status quo, this benefits agents in the principal-agent relationship, when principals seek to sanction agent shirking. On the other hand, where the default condition is return to pre-original policy, member states, the principals in this case, have an advantage in seeking to roll back the influence of supranational institutions, the agent. Pollack's contribution drew on the application of the default condition argument by Scharpf (1988), to an analysis of decision-making in Federal Germany and the EC, in which he argues that, contrary to producing policy improvements, unanimity can in fact lead to the preservation of sub-optimal policy, unless the default condition is abandonment of cooperation, rather than maintenance of existing policy. In other words, under conditions of unanimity, once policy is agreed in a first instance, so long as any actor prefers this policy to the reform options on the table, that actor will block reform.

As discussed in the previous chapter, Scharpf's argument appears to contrast with the predicted effects outlined in this thesis, of a change in default condition from non-cooperation to maintenance of cooperation in the existing format, which occurs between 'uploading' and 'reuploading'. Rather than reiterating that discussion here, it is useful to elaborate on Scharpf's argument, insofar as it relates to the way in which actors approach negotiations. Scharpf (1988) argues that the possibility to move on from sub-optimal policy arrangements, under conditions of unanimity, depends on the style of bargaining by which negotiations are characterized. Specifically, where there is a problem-solving approach to negotiations, policy improvements can be made under conditions of unanimity. It is important to note, though, that Scharpf considers the presence or absence of distinct styles, such as bargaining versus problem-solving, to be exogenous to the negotiations he analyzes, rather than determined by the default condition. In other words, while Scharpf highlights the relevance of these different negotiation styles, he does not seek to explain their incidence as a result of default condition.

On the other hand, another feature of distinction between 'uploading' and 'reuploading' negotiations, level of distributional conflict, has been

identified as a cause of, for example, bargaining versus problem-solving approaches to negotiations. There is a body of literature that aims to link the level of distributional conflict in negotiations with the perceived costs of making concessions, and the type of bargaining actors will employ (see for example Koremenos et al., 2001; Heritier, 2007; Naurin, 2009). The general argument is that where the distributional implications of a choice are small, and there is thus less at stake, bargaining will be less competitive, while bargaining will be more competitive when the distributional implications of a choice are large, and there is thus more at stake in the negotiation process (Koremenos et. al, 2001; Naurin, 2009).

Naurin (2009) distinguishes between these two types of bargaining as follows: “integrative bargaining involves efforts at reaching agreements by comparing and matching fixed preferences, searching for solutions that will satisfy all participants given their existing preferences”; “distributive bargaining, by contrast, denotes a competitive bargaining game, where actors try to solve the conflict by pressuring the other participants to make concessions” (Naurin, 2009: 37). In other words, integrative bargaining involves attempts by actors to shift the positions of others through the process of negotiations, which is made possible by the flexibility of negotiators to change their positions in the absence of clearly defined win-sets, high stakes and resultant political pressure, the presence of which factors lead to distributive bargaining.⁹

While this classification of bargaining types is a useful approach to analyzing negotiations, it is unlikely that any bargaining situation will be characterized entirely by one or the other of these styles. Thus, Dür and Mateo (2010) argue that, as any negotiation can be composed of elements of both integrative and distributive bargaining, it is more useful to consider the

⁹ It is important, here, to distinguish between positions and preferences, in that cooperative forms of bargaining, such as integrative bargaining, are centered on the goal of making actors compromise on their positions, not their preferences. In any bargaining context, preferences tend to be fixed, while positions may be more or less flexible. An actor’s preferences are composed of their normative ranking of different courses of action, that is, what they want and what they believe to be right, while their position indicates which compromise solution they are willing to accept (Naurin, 2009: 40). Thus, the process of integrative bargaining entails clarifying preferences and preference orderings, to facilitate compromises and move actors from their original positions to a common position. In contrast to this, when the negotiation process involves attempts by actors to change the preferences of other actors, arguing, rather than bargaining, takes place (Naurin, 2009).

strategies of each party to a negotiation, and the extent to which they employ 'hard' or 'soft' bargaining tactics. Applying their framework to intergovernmental negotiations over the EU's financial perspective for 2007-13, Dür and Mateo argue that states with more bargaining power, which they consider to derive from country size, alternative to agreement and domestic constraints, are more likely to rely on hard bargaining tactics, for example threats, because the power they bring to negotiations lends credibility to such an approach. In contrast to this, a state lacking bargaining power would not threaten to exit negotiations, for instance, because this would not be taken seriously and would thus be ineffective (Dür and Mateo, 2010).

The key distinction between these two approaches, then, is that the former characterizes the whole of the negotiation process, largely on the basis of the motivations of negotiating parties, which are thus considered to be common amongst them. In contrast to this, the latter approach does not seek to classify the process of negotiations as a whole, but rather the strategies of individual parties to a negotiation, independent of the general shape of the process. The rational choice institutionalist approach this thesis applies to the SGP negotiations, is something of a middle way between these. Specifically, the approach highlights the institution, or context, as a factor that impacts on the bargaining behavior of all states, though not because it serves to change their motivations from, for instance, value creation to value claiming (Odell, 2000), or bargaining to problem-solving (Elgström and Jönsson, 2000). Rather, context matters because it mediates the utility of specific bargaining resources, and thus the strategies that an actor can be expected pursue.

To offer an illustrative example, Dür and Mateo (2010) contend that having a good alternative to agreement, as one of three aspects of bargaining power, is a factor that lends credibility to a member state in adopting hard bargaining tactics. While I accept this to an extent, I would argue that a good alternative to agreement is not necessarily constitutive of bargaining power, and might, in some bargaining situations, be largely irrelevant. Similarly, I would argue that information is a resource that can lend bargaining power, assuming bargaining power is equivalent to a state's potential to influence the agreement outcome in their favor, yet this is not a resource that Dür and

Mateo consider likely to lead a state to pursue hard bargaining. There seems to be no reason to assume, however, that a state possessed of asymmetrical information about the preference ordering of another, for example, wouldn't threaten to exploit this to move the former actor's position, which is a hard bargaining tactic. Thus, rather than considering that certain resources constitute power while others do not, I would highlight the negotiation context as determining the relevance of a given resource for wielding influence, and hence the extent to which it will feature in a state's pursuit of negotiation success.

This emphasis on context might appear similar to the approach first mentioned, that classifies negotiations according to the level of distributional conflict involved. While the level of distributional conflict is a crucial feature of the negotiation context, which changes between 'uploading' and 'reuploading', the relevance of this change lies in mediating the influence a state can achieve with recourse to particular bargaining resources, rather than affecting the motivations of negotiators. Specifically, if some parties stand to gain or lose significantly depending on the outcome, compared to the status quo, as is typically the case in 'uploading' negotiations, then relative preference intensities for reaching agreement should be more relevant than under conditions where the breakdown of negotiations would leave all parties in comparable circumstances, as they would be whether negotiations concluded in agreement or not. This is so for two main reasons, one true of international negotiations in general, the other arguably more specific to the case of the EU. The first lies in the need for preference intensity to be linked with a credible threat to exit in order that it can be useful, which raises the question of whether the threat to exit would be taken seriously in the context of a low level of distributional conflict. The second relates to the reputational costs of exiting intergovernmental negotiations, which would be particularly high in the densely institutionalized setting of the EU, and thus make this likely only in the event that there is a great deal to be won or lost.

Thus, the negotiation context does not impact on bargaining in a uniform way, as it would in a bargaining versus problem-solving argument, for instance (Elgström and Jönsson, 2000). Rather, the negotiation context mediates the relevance of specific bargaining resources, with the ultimate

effect, in terms of distributional outcome, depending on the resources a state can bring to bear in influencing negotiations under various contexts. In other words, it is essential to consider both negotiation context and states' bargaining resources, in order to explain the distributional outcomes of a negotiated agreement, or, to put it differently, the negotiation performance of a given state.

4.2 Conceptualizing Negotiation Performance

Given that this study takes as its starting point two sets of negotiations that resulted in agreement, and aims to measure the relative influence of different member states in producing the agreement in each case, a dichotomous approach to negotiation performance would be insufficient. Thus, negotiation performance refers to the success or failure of individual parties to the negotiations, rather than any measure of the outcome agreement overall. There are a variety of ways to conceptualize the distributive outcome of negotiations. Zartman and Rubin (1982) discuss the relative gains and losses each party has secured, rather than referring explicitly to success or failure. Similarly, Andrew Moravcsik tends to refer to relative benefits and concessions for member states, in considering the outcomes of treaty negotiations in the EU (see for example Moravcsik, 1998; Moravcsik and Nicolaïdis, 1999).

Also on the subject of EU-specific studies, Jonas Tallberg (2008) focuses on power, and seeks to explain bargaining power such that it becomes equivalent to negotiation success, rather than something that might lead to negotiation success. Stefanie Bailer also emphasizes power, though she treats this distinctly from the outcome of negotiation success, which she considers to be reflected in securing agreement closest to one's own original positions (Bailer, 2004: 100). This focus on the distance between favored positions and outcome is also central to Derek Beach's approach, though he refers to influence rather than success (Beach, 2005: 12). That is, securing an outcome agreement in line with starting positions indicates influence for Beach, whereas this indicates bargaining success for Bailer (Beach, 2005; Bailer, 2004).

This latter treatment is similar to the approach taken in the DEU project, which is one of the most ambitious attempts thus far to measure decision-making influence in the EU, with the aim of testing competing models of decision-making (Thomson et al., 2006). The approach taken in this volume is to consider capabilities, conceptualized as actors' potential to influence other parties to a decision-making process, and to influence the decision outcome (Thomson et al., 2006: 45). Further to that, Thomson et al. (2006) mention that actors' capabilities can be based on a variety of different resources, which is very much in line with the approach this thesis takes to analyzing member state negotiation performance, with reference to bargaining resources as the explanatory factor for influence, or success. This is distinct from other conceptualizations described above, such as that by Tallberg (2008), which considers power to be equivalent to negotiation success, rather than an explanatory factor for negotiation success.

Thus, the conceptualization of negotiation performance that this thesis adopts is along the lines of Bailer (2004) and Thomson et al. (2006). Specifically, I distinguish between negotiation performance, which is understood to be a neutral term, reflective of the attempt to influence the outcome agreement, and negotiation success, which is a positive description of negotiation performance. These concepts are defined for the purposes of this study as follows: negotiation performance is the extent to which a member state influences negotiations to affect the outcome agreement; negotiation success refers to influencing negotiations to achieve an outcome that is close to, or similar to, own policy positions over the issues negotiated.

One problem with conceptualizing negotiation success in this way is that it risks counting good fortune as success (Bailer, 2004). In other words, a member state may enjoy an outcome that is close to their original position, though this may be for a number of reasons quite apart from their influence in the negotiations. I expand on the methodological challenges this poses, and the steps I take to overcome these challenges, in the following chapter. For now, I simply present the conceptual distinction between negotiation success, which, as indicated by the above definition, implicates deliberate influence to achieve a favorable outcome, and accidental success, which is defined as a result of negotiations with an outcome agreement close to own

positions, though not due to own deliberate influence. It is crucial to distinguish between deliberate and accidental success in this analysis, in order to produce valid conclusions.

Another point to consider is the distinction advanced by Panke (2012), between negotiation success and negotiation effectiveness, in analyzing the influence of EU member states in intergovernmental negotiations. Panke (2012) argues that considering negotiation success in terms of the totality of issues over which member states secure an outcome close to their original position, tends to skew results in favor of big states that take positions over a greater number of issues than do small states. Thus, negotiation effectiveness, a concept that refers to how effectively member states influence the outcome of issues over which they take a position, provides control for the differential number of issues over which big versus small states tend to take positions, which can correct for overestimations of the success of big member states in EU negotiations (Panke, 2012: 112).

Panke further distinguishes her analysis of negotiation effectiveness from existing studies of negotiation success by noting that the latter, in contrast to the former, do not often inquire into how states achieve the success they do, which exposes such studies to the risk of counting accidental success as success achieved through influence. This is an issue I address in distinguishing between negotiation success achieved through deliberate influence, and accidental success, which is discussed above and revisited in chapter 5, on research design. The question of whether one state can be considered more successful than another if both have secured favorable outcomes over all of the issues on which they took positions, though the former has taken positions over more issues than the latter, is pertinent and a point I discuss in chapter 10, on the subject of Belgian negotiation success with recourse to process expertise in ‘reuploading’, and again in the concluding chapter of the thesis. For now, it is useful to acknowledge the contributions made by Panke, to enhancing the accuracy of measures of influence in intergovernmental negotiations, as well as highlighting the need to consider intervening processes, rather than only start and end points of negotiations, both of which contributions this thesis aims to build on.

4.3 Bargaining Resources in Intergovernmental Negotiations: How, When and Why they Matter

The wide and varied body of negotiation literature identifies an equally diverse range of resources that can be relied upon to influence the outcome of negotiations. To an extent, the resources highlighted vary on the basis of the particular type of negotiations under consideration, such that analyses of one-off negotiations between sovereign states tend to highlight aggregate structural power as the deciding factor in who prevails (Tallberg, 2008), while analyses of negotiations that take place in the context of majority decision-making institutions will focus on votes, and vote distribution to explain outcomes (Bailer, 2004). However, there are some bargaining resources, such as a good alternative to agreement, that authors emphasize in analyzing such distinct situations as contract negotiations between employer and employee (Lax and Sebenius, 1985), and intergovernmental negotiations between EU member states (Moravcsik, 1998).

In an attempt to understand the sources of member state influence in international organizations (IOs), Cox et al. (1975) undertake an in-depth study of several organizations with differing areas of focus, size, membership and mandates, among other variables, to identify the resources that facilitated influence in each case. While finding that certain resources, such as expert knowledge on the part of individual representatives, were an important element of influence in almost all organizations, the authors also discover that some sources of influence were specific to a certain organization, some were relevant in formal negotiation settings and others in the day-to-day operation, and some mattered in a particular policy area but not others, to provide a few examples of the variation observed (Cox et al., 1975). Thus, there is an argument to be made for selecting resources on the basis of their prevalence in literature on IOs, or international negotiations, or even negotiations more generally, though there is also evidence of the need to consider the specific case under study, when selecting the resources to be analyzed.

In the IR literature in particular, state-level resources, such as size and military capabilities, have been highlighted especially by realists, while

the liberal field of IR emphasizes economic size as well (for example Keohane, 1984; Bailer, 2004; 2010). Institutional resources, such as the right to initiate proposals or restrict participation in negotiations from the outset, the decision rules and vote distribution are also considered widely (for example Krasner, 1991; Bailer, 2010; Tallberg, 2008, Thomson et al., 2006). As previously mentioned, the unilateral alternative, alternative to agreement or BATNA is another resource that many authors have focused on in explaining negotiation outcomes (for example Lax and Sebenius, 1985; Moravcsik, 1998, Sebenius, 1992). Andrew Moravcsik considers states' alternatives to agreement as shaping relative preference intensities, and places a great deal of weight on the preference intensities of negotiating parties, in explaining the outcome of intergovernmental negotiations (Moravcsik, 1998; Moravcsik and Nicolaïdis, 1999). Along similar lines, the presence of a small win-set, which is understood to derive from domestic constraints, is also a resource for influence in international negotiations that has received widespread attention (for example Putnam, 1988; Dür and Mateo, 2010). The salience of the issues under negotiation, or lack thereof, for a given party, is considered to impact on influence, though findings are mixed with regard to whether a high level of salience enhances or diminishes performance (Bailer, 2004). Other bargaining resources that relate more to individual members of a delegation, which have received a great deal of attention in existing literature, include skill, information, process expertise and content expertise (for example Winham, 1977; Zartman and Berman, 1982; Mastenbroek, 1989; Tallberg, 2006; 2008; Bailer, 2004; Beach, 2005).

The in-depth, qualitative approach this thesis takes to analyzing the SGP negotiations, precluded consideration of all or even most of these resources, and it was thus necessary to identify those most relevant for the study at hand. Immediately, this led to the decision to exclude some resources, such as military capabilities, which are not relevant to intergovernmental negotiations in the EU. On the subject of economic and population size, both of which are potentially more relevant to EU negotiations, Bailer (2010: 745) cites the argument that these matter insofar as larger states will always hold the latent potential to block trade, though it is unclear how easily even the largest EU member state could block trade in

the face of the single market. Further to that, given the wide domain of trade amongst EU member states, it is arguable that even the smallest state has an important market share in some product, and hence the latent power of blocking trade, which neutralizes the size element of the argument. Finally, the reputational costs involved in using such a resource for influence in EU negotiations, would be so significant as to make this highly unlikely. Nonetheless, I aim to control for the independent effects of economic and population size, by considering these in case selection, which the following chapter expands on.

Selecting the SGP for study served to neutralize all resources related to voting, because the ‘uploading’ and ‘reuploading’ negotiations over the SGP operated under conditions of unanimity. Along the same lines, the SGP provided the opportunity to control for salience, which is also discussed in the case selection section of the following chapter. The idea of win-set size, and, related, domestic constraints, is arguably highly relevant in EU negotiations, though I consider this to be linked with preference intensity, which is one of the bargaining resources examined in this study. Specifically, the utility for a state negotiating in the EU, of domestic constraints and the concomitant limited win-set, lies in signaling credible refusal to compromise, which is also the essence of preference intensity as a bargaining resource. Further to this, and in line with Moravcsik (1998), I consider domestic constraints, or lack thereof, as an indicator of a member state’s preference intensity, in that the more favorable domestic opinion is toward maintaining the status quo, the less intense is a member state’s preference for securing agreement at EU-level. The research design chapter expands on this, in detailing the indicators used to capture states’ preference intensities, for this study.

In addition to preference intensity, the bargaining resources this study analyzes are information, content expertise and process expertise. There are examples in the literature of these latter resources being considered together, as a subset of expertise or of information, which includes process expertise, content expertise and preference information (for example Beach, 2005; Tallberg, 2008). However, I consider that a negotiating party can possess a great deal of preference information and little content expertise, so these are

treated as separate bargaining resources, rather than under the banner of ‘expertise’ or ‘information’.

Two reasons for selecting these resources as a focus of the analysis lie in their predominance in the literature on international negotiations, and EU negotiations in particular, and in the utility of uncovering the effects of such subtle resources on states’ potential to influence intergovernmental negotiations, which is facilitated by the process-tracing approach in this study. A third reason for analyzing these specific bargaining resources is that this study aims to test the argument that big member states do better than their smaller counterparts in EU negotiations (for example Moravcsik, 1991; Thomson et al. eds., 2006), and there is no automatic reason to assume that big member states are more likely than small states to possess these resources. Of the four bargaining resources examined in this study, only preference intensity might be expected to correlate closely with size, in that unilateral alternatives are often more viable for large than small states. Thus, an exploration into how each of these resources operates to impact on states’ negotiation performance, as well as how the context of negotiations can mediate that process, might either disprove the tenet that large member states prevail in EU negotiations, or, crucially, might indicate that small states can enhance their influence by cultivating such individual-level resources as information, process expertise and content expertise, in their delegates to EU negotiations.

4.3a Preference Intensity

The intensity of a state’s preference for reaching a negotiated agreement, compared with the alternatives to agreement, is widely believed to impact on the state’s potential to influence the distributive outcome of negotiations (see for example Lax and Sebenius, 1985; Sebenius, 1992; Moravcsik, 1998; Moravcsik and Nicolaïdis, 1999). More specifically, when a state has a low preference intensity for reaching agreement, compared with their alternatives to agreement, that state is considered more likely to succeed at influencing any agreement that is concluded, than is a state with a high preference intensity for reaching agreement, compared to their alternatives. Andrew Moravcsik argues that a state’s overall bargaining power derives from their

preference intensity, insofar as those states with the most intense preference for agreement are those that will make the greatest concessions to reach agreement. He draws on Nash bargaining theory, which emphasizes the relative value for states in concluding agreement, as compared with their best unilateral or coalitional alternatives (Moravcsik, 1998), to predict the distributional outcomes of any agreement that is reached.

Similarly, Lax and Sebenius (1985) highlight the role of alternatives to agreement in determining negotiation outcomes, and advocate a consideration of how alternatives can change over the course of negotiations, so that the favored party in a negotiation might, in turn, shift. Of course, it is not always feasible that alternatives to agreement can be changed over the course of negotiations, and in that case a state's preference intensity, understood to derive from alternatives to agreement, would be fixed throughout. As an example of the former case, where alternatives to agreement, and hence preference intensities, are likely to change, negotiations between two states over the supply of a resource that is held in one state, might be affected if a third state expressed interest in purchasing the resource, thereby changing the alternative to agreement for the owner of the resource, from sitting on surplus production, to selling it elsewhere. On the other hand, in multilateral intergovernmental negotiations over the question of establishing common regulatory standards, for instance, it is less likely that preference intensities could change so easily, excepting the possibility that a small group of states among the negotiating parties saw the possibility to establish their own regulatory standards, in the absence of overall agreement. Nonetheless, this fails to address certain aims that are often behind the drive to establish common regulatory standards, such as minimizing regulatory arbitrage (Goodhart and Lastra, 2010).

One important feature of intergovernmental negotiations that can decisively change preference intensities, if not alternatives to agreement, is domestic politics. If domestic opinion in one state is opposed to the establishment of common regulatory standards, then the preference intensity of that state's negotiators, for reaching agreement on common regulatory standards, will be lower, all else equal, than that of a state with domestic opinion that favors the establishment of international standards. However,

domestic opinion can change, and if, over the course of negotiations, domestic opinion shifts in favor of, or against, whatever the subject of negotiations, this stands to change the state's preference intensity for reaching agreement.

This observation relates to Putnam's argument about two-level games, and the effect on a state's bargaining power in international negotiations, of domestic constraints (Putnam, 1988). Specifically, Putnam argues that the size of a state's win-set, which is the set of agreements they can sell at domestic level, can serve as a source of influence in international negotiations, if a state can point to a small win-set resulting from domestic opposition, in demanding certain concessions. While preference intensity is broader than this, because it is not only about domestic opinion, or domestic constraints, there is clearly a relationship between domestic support for international agreement, and the intensity of a state's preference for reaching agreement, in that the costs of failing to reach agreement will be greater for a government with a domestic public that favors agreement, than if the domestic public is opposed. Thus, in arguing for the effects of a state's win-set size on their influence in negotiations, Putnam is also addressing the role of preference intensity in determining the outcomes of international negotiations, given that a small win-set can be assumed to indicate lower preference intensity.

This is so for two reasons, the first relating to the point outlined above, in terms of the costs for a government in failing to reach an international agreement that the domestic public supports, and the second relating to the quality of a state's unilateral alternative to agreement. Specifically, if the domestic public opposes international agreement, except under specific conditions, which a small win-set implicates (Putnam, 1988), then there is reason to assume that the status quo, and hence unilateral alternative to agreement, is at least somewhat workable. This is not to say that the quality of policy arrangements should be judged entirely on the basis of public opinion, but there is reason to assume that domestic publics will favor changes to a policy that isn't working, whether those be changes resulting from international agreement, or elsewhere. Thus, if the intensity of a state's preference for reaching international agreement derives, at least in

part, from the workability of the state's unilateral alternative to agreement, then a domestic public in favor of maintaining the status quo, the unilateral alternative, relative to most potential international agreements, should indicate a certain standard of quality or workability in the status quo. This has no bearing on whether the government wishes to reach agreement for other reasons, which is why international agreements are concluded in the face of domestic constraints, but the point remains that these arguments about alternatives to agreement, domestic constraints, win-set size and preference intensity are interrelated.

This is taken into consideration in operationalizing the variable preference intensity, which the following chapter discusses. For now, the definition of preference intensity, adapted from Moravcsik (1998: 62), is presented as “the relative value [a state] places on an agreement compared to the status quo alternative.” It is worth noting that coalitional alternatives to agreement are not considered here, because this was not relevant in either of the SGP negotiations. While it was possible, in the ‘uploading’ negotiations, that not all states involved would qualify for the single currency, or that the lack of a strict SGP agreement would make it harder for certain states to gain acceptance into the single currency (Heipertz and Verdun, 2010), there was no formal possibility that a group of states within the EU would decide to forge a smaller currency union that did not go through the legal channels for determining membership in the euro, as laid out in Maastricht. It goes without saying that, in the ‘reuploading’ negotiations, there was also no coalitional alternative to agreement over SGP reforms.

In line with Moravcsik's argument, the expectation is that the lower the preference intensity of a member state for reaching agreement, the more successful that state will be in negotiations, though it is also expected that the utility of preference intensity for influencing negotiations, will be diminished significantly in the context of ‘reuploading’ negotiations, as compared with ‘uploading’. Having a low preference intensity for reaching agreement means that a party can credibly threaten to exit negotiations, in which case that party can expect to win concessions on issues over which they threaten exit (Lax and Sebenius, 1985). In the case of the SGP, a state's unilateral alternative to agreement in ‘uploading’ negotiations was to maintain their

national currency, either alongside the euro or in the absence of any single currency. As is expanded on in subsequent chapters, some states could have exited negotiations without derailing the entire project, only their own participation in the first round of membership, while other states were deemed essential for the success of the single currency, and so their decision to quit SGP negotiations would have meant termination of the project, at least temporarily (Buchanan et al. 1996; Heipertz and Verdun, 2010). This fact, along with the differential stability of member states' national currencies, among other things, means that the unilateral alternative to agreement would have been far more acceptable for some states than others, with the concomitant impact on their preference intensities for reaching agreement in the 'uploading' negotiations.

In contrast to this, in the 'reuploading' negotiations, the default condition would have been maintenance of the SGP as it was, rather than maintenance of national arrangements, so there is some question as to whether one can even refer to a unilateral alternative to agreement short of exiting the single currency, and the status quo alternative, namely the SGP as it was, had already proved ineffective (see chapter 2). Thus, while some states may have favored reform more than others, it can be assumed that all states had a high preference intensity for reaching some reform agreement, compared to the default condition of maintaining the original, unworkable SGP. In such a situation, it is unlikely that a state would be willing to threaten exit, and even less likely that this threat would be deemed credible by other parties, which points to the irrelevance of preference intensities in 'reuploading' negotiations, as compared to 'uploading' negotiations.

Therefore, I set out the following hypotheses regarding preference intensity:

H1: The lower the preference intensity of a member state, the more successful that state will be in negotiations.

H1A: A low preference intensity is more important for negotiation success in the absence of established EU-level policy, as is the case in 'uploading', than in the presence of established EU-level policy, as is the case in 'reuploading'.

To reiterate the argument, not only will preference intensities for reaching agreement be generally high in 'reuploading' negotiations, they will

not be shaped by the differential quality of national arrangements, as in ‘uploading’ negotiations, but by the extent to which a state could cope with existing EU policy. The argument regarding the irrelevance of preference intensity as a bargaining resource in ‘reuploading’ negotiations is not related to any general change of bargaining style between negotiations, but to a changing context that diminishes the utility of a low preference intensity for securing the goal of negotiation success. Thus, negotiating parties with other resources can be expected to privilege those in ‘reuploading’ negotiations, rather than a low preference intensity, which they would certainly be expected to rely on in ‘uploading’ negotiations.

The causal process through which I expect a low preference intensity to lead to negotiation success, in line with H1, is as follows:

A low preference intensity → state will use the threat of exit(1) → threat of exit is taken seriously by other states(2) → other states respond to demands of the state that utilizes this bargaining tactic(3) → the positions of that state are accommodated in the negotiated agreement(4) → state has negotiated successfully(5).

On the other hand, as outlined above, the causal role of preference intensity is minimized in ‘reuploading’ negotiations, where the status quo alternative leaves all negotiation participants with the common policy they have set out to reform. Thus, the effects of negotiation context in mediating the utility of preference intensity as a bargaining resource, in line with H1A, are posited to operate as follows:

In the context of ‘reuploading’ negotiations, a low preference intensity → state will not use the threat of exit(1) → threat to walk away from negotiations would not be taken seriously by other states(2) → the threat of exit is not a feasible bargaining tactic(3) → this tactic will be absent in ‘reuploading’ negotiations(4).

In addition to testing whether the hypothesized relationship between preference intensity and negotiation performance is present in the ‘uploading’ and ‘reuploading’ negotiations over the SGP, I trace the processes through which states rely on preference intensity to achieve negotiation success, as well as the extent to which this is mediated by

negotiation context, so as to determine whether the posited causal processes outlined above are supported by empirical evidence.

4.3b Information

The role of information has received a great deal of attention in the literature on international negotiations, and EU negotiations more specifically. In an analysis of the changing process of international negotiations as a result of increasing interdependence and complexity in the global arena, Winham (1977: 97) argues that negotiations should be modeled as the search for information, rather than strategy, and that parties focus on the process of clarifying positions and possible outcomes, rather than on securing a particular known outcome. Winham views this changed process of negotiations along the lines of a shift from distributive to integrative bargaining as conceived by Walton and McKersie (1965) (Winham, 1977: 97). Similarly, Daniel Naurin highlights the role of information in cooperative bargaining in particular, as opposed to in more competitive forms of bargaining, thus emphasizing the role of information in international negotiations, though contingently (Naurin, 2009).

In contrast to these more contingent views of the role of information in international negotiations, Mastenbroek (1989), for example, refers to exploration, or the process of gathering information, as one of four principal factors in international negotiations that go toward constituting the ideal negotiator (in Meerts, 1997: 474). Stefanie Bailer (2006; 2010) also argues for the utility of information as a bargaining resource, in that the possession of information about the preferences of other negotiating parties, can aid in influencing negotiations. Bailer acknowledges, in her application of this argument to EU negotiations, that these are generally characterized by a high level of information, owing to the frequency of meetings between member state representatives. Nonetheless, she considers the level of shared knowledge about formal positions to be distinct from related information about the actual resolve of negotiating parties, or other aspects of a position that may not come across in formal negotiation rounds, yet are relevant to reaching a compromise agreement (Bailer, 2006: 362). Applying a similar logic to analyses of the influence of supranational institutions in EU negotiations, Derek Beach argues that the potential for a supranational actor

to provide leadership in aid of skewing the final agreement toward its favored outcome, increases where this actor possesses a comparative informational advantage (Beach, 2005: 3). Further to this, Tallberg (2006: 33, 114) explains that access to exclusive information facilitates identification of the zone of agreement within which compromise can be achieved, thereby allowing for the promotion of an outcome nearest one's own position, within the acceptable range.

With these points in mind, I define information as knowledge about participants' policy positions, the reasons behind those positions, and the level of salience attached to them (Naurin, 2009). The expectation is that the more information a negotiating party has, the more able that party is to locate common ground and, within it, propose a compromise that is nearest to their own position (Tallberg, 2008). In the context of the SGP negotiations, where a multitude of issues were under consideration, and there was a need to balance domestic and international constraints in establishing and reforming the main architecture for fiscal policy in EMU, it can be assumed that member states required additional information, beyond the formal positions stated by their counterparts, in order to locate common ground. The more information a member state had about the positions of others, the more influence that state could be expected to wield in determining the outcome agreement. Thus, the level of information a member state had in the SGP negotiations should be a crucial determinant of negotiation performance, and a higher level of information should improve performance.

However, it is important to consider the negotiation context, and the extent to which the context in 'uploading' versus 'reuploading' would have mediated the utility of information as a bargaining resource. Specifically, the context in 'uploading' is such that the default condition, maintaining national arrangements, would be far more acceptable to some states than to others. Thus, states that were relatively satisfied with their existing national arrangement, or unilateral alternative to agreement, could credibly threaten to exit negotiations rather than compromise. In this context, then, a state with a low preference intensity can fix the zone of agreement, and information might be useful for maneuvering within that zone, but the outcome

agreement is nonetheless likely to reflect more nearly the positions of the state with a credible threat to exit, than any other state.

In ‘reuploading’ negotiations, on the other hand, the default condition is maintenance of the existing EU-level arrangement, which, in the case of the 2004-05 SGP reform negotiations, would have meant the original SGP. Given the unworkability of this situation, the default condition would be similarly unfavorable for all negotiation participants, which decreases the likelihood of any state exiting negotiations, and frees the state with a high level of information to move the outcome closest to their own position, within a wider zone of agreement. In other words, the causal role of information is facilitated as one moves from negotiations with a high level of distributional conflict, to negotiations with a low level of distributional conflict. The former situation will be dominated by the state or states with the lowest preference intensity, leaving a state with a high level of information to influence negotiations only within the set zone of agreement of the state that will take the unilateral alternative, rather than compromise. It is possible, then, that a state with a high level of information will be influential in either context, but it is unlikely that a state with a high level of information will negotiate more successfully than a state with a low preference intensity, in ‘uploading’ negotiations, unless the state’s bargaining strategy combines a high level of information with low preference intensity, for example. Thus, I set out the following hypotheses regarding information:

H2: The more information a member state has, the more successful that state will be in negotiations.

H2A: Information is more important for negotiation success in the presence of established EU-level policy, as is the case in ‘reuploading’, than in the absence of established EU-level policy, as is the case in ‘uploading’.

Thus, the changing context between ‘uploading’ and ‘reuploading’ can be expected to impact on the utility of information as a bargaining resource, such that a negotiating party striving toward the fixed goal of negotiation success will privilege information as a bargaining resource in the latter negotiations, though not in the former. This is because information is

less useful in the context of ‘uploading’ than in ‘reuploading’, but it is not because of any change in the goal of negotiators, from claiming value to creating value (Odell, 2000), or from bargaining to problem-solving (Elgström and Jönsson, 2000). In other words, if preference intensity appeared useful in ‘reuploading’ negotiations, then delegations possessed of this resource would be expected to deploy it. What is significant about the changing context between ‘uploading’ and ‘reuploading’ is that unilateral alternatives to agreement are less feasible in the latter context, which opens up those negotiations to success by states with a high level of information, among other resources.

The causal process through which a high level of information is expected to lead to negotiation success, in line with H2, and the effects of negotiation context in mediating this relationship, as predicted by H2A, are as follows:

A high level of information → know more about others’ positions than what is stated at formal negotiating sessions(1) → locate common ground(2) → propose compromises that encompass this common ground, whilst reflecting own positions as much as possible(3) → proposals are acceptable as they address others’ positions over crucial issues(4) → proposals incorporated into final agreement(5) → state has negotiated successfully(6).

In the context of ‘uploading’ negotiations, a high level of information → know more about others’ positions than what is stated at formal negotiating sessions(1) → locate common ground(2) → situation remains the same unless others’ positions are nearer to the state(s) with the lowest preference intensity than was previously known(3)

It is the aim of this thesis to test not only the hypothesized relationship between information and negotiation performance, but also the extent to which the posited causal processes outlined above reflect the actual processes through which member states influenced outcomes in the ‘uploading’ and ‘reuploading’ negotiations over the SGP.

4.3c Content Expertise

While there is some treatment of content expertise in the negotiation literature (see Beach, 2005; Tallberg, 2008), there is more extensive engagement with the concept of content expertise in the wider literature on IOs, where, for example, studies have examined the role of content expertise in explaining the general influence of actors in an IO (Cox et al., 1973), rather than specifically in formal negotiation situations, or the influence of a given organization in the international arena (Finnemore and Sikkink, 1998). In a study of sources of influence across a wide range of IOs, Cox et al. (1973) find that expert knowledge is one of the few sources of influence relevant to most organizations, regardless of differences between them in terms of institutional design, policy area and size, among other features.

Derek Beach draws on these more general findings regarding expertise as a source of influence in IOs, to theorize the role of content expertise in grand bargains over European integration. He argues that two distinct aspects of content expertise, including technical and legal expertise, are relevant, in that the former affords knowledge of how treaty provisions function under the status quo, as well as the impact of concessions given to new members, while the latter relates to knowledge of EU law, which is essential in drafting treaty texts or judging the impact of potential changes under negotiation (Beach, 2005: 27). Thus, while Beach defines content expertise as “levels of substantive technical and legal knowledge of the issues under discussion” (2005: 27), Jonas Tallberg conceives of content expertise as “technical knowledge of the issues under negotiation”, exemplified by the enhanced influence that former Luxembourgish Prime Minister Jean-Claude Juncker could bring to bear in European Council negotiations over economic policy, owing to his expert knowledge acquired as finance minister of Luxembourg (2008: 701-702).

In his study of content expertise in European Council negotiations, Tallberg (2008) finds that such an advantage in technical knowledge allows the negotiator to form a broader picture of the negotiations and to consider a wider range of issue outcomes, which facilitates identification of satisfactory, technical acceptable compromises. Given the relevance of Tallberg’s approach for the analysis at hand, his definition of content expertise as

“technical knowledge of the issues under negotiation” (Tallberg, 2008: 701) is adopted for this study. The expectation is that possessing superior content expertise enables a state to consider a broader range of possible outcomes over issues than can other states, and the more outcomes a state can consider, the more likely that state is to identify one that addresses the positions of others, as well as their own.

With regard to the case at hand, negotiations over the SGP involved a host of complex technical issues, a thorough understanding of which would have been difficult to accomplish across all levels of the delegation. While one can assume a basic level of technical knowledge among all negotiation participants, with the possible exception of Heads of State and Government negotiating in the European Council, there were significant differences among member states in terms of familiarity with Maastricht and the original SGP, approach to fiscal policy, and the balance between fiscal and monetary policy, which were all relevant issues in the design and reform of the SGP. Although some of these differences would have diminished with the experience of membership in the common currency, the five years that elapsed between the launch of the euro and the start of ‘reuploading’ are unlikely to have erased all of the preceding years when ministers and civil servants had been making fiscal policy in the presence of their own national standards and institutional designs, and this time lapse would not have affected differences in content expertise that owed to some states having first-hand experience with the design of Maastricht and/or the original SGP. Thus, content expertise can be expected to serve as an important determinant of performance in the ‘uploading’ and ‘reuploading’ negotiations over the SGP.

However, it is, again, important to consider the context in which negotiations take place, and how this affects the utility of bargaining resources. Specifically, the causal role of content expertise in affecting member state negotiation performance is diminished in the presence of a high level of distributional conflict, where the default condition is far more acceptable to some parties than others, and the potential gains from securing agreement, relative to the status quo arrangement, stand to benefit some parties considerably more than others. Under such a context, when the range

of agreements is fixed by a state that will exit negotiations rather than shift position, no amount of technical knowledge is likely to change that.

Under these circumstances, content expertise could be a source of influence, for example combined with a low preference intensity, to secure negotiation success. Content expertise could also be a source of influence independent of a low preference intensity, though only within the confines of the position(s) of a state or states with low preference intensity. Specifically, a state with a high level of content expertise could shift the outcome agreement nearer to their own position, so long as this did not interfere with the stance of a state that, in the context of ‘uploading’ negotiations, could credibly threaten exit. It is unlikely, though, that deploying content expertise alone could lead a state to negotiate more successfully than a counterpart with a low preference intensity, in the context of ‘uploading’ negotiations. Yet this constraint is absent in ‘reuploading’ negotiations, where the status quo arrangement is common amongst negotiating parties, and hence, all else equal, content expertise can be expected to lead to negotiation success for a state that deploys this bargaining resource. Therefore, I set out the following hypotheses regarding content expertise:

H3: The more content expertise a member state has, the more successful that state will be in negotiations.

H3A: Content expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in ‘reuploading’, than in the absence of established EU-level policy, as is the case in ‘uploading’.

The posited causal process through which a high level of content expertise is expected to lead to negotiation success, in line with H3, is as follows:

A high level of content expertise → know the technical boundaries for possible issue outcomes(1) → quicker to narrow down the range of agreement and propose compromises(2) → proposals reflect own positions within a technically acceptable range of agreement(3) → proposals incorporated into negotiated agreement(4) → state has negotiated successfully(5)

The posited effects of negotiation context in mediating this relationship between content expertise and negotiation performance, as predicted by H3A, are as follows:

In the context of ‘uploading’ negotiations, a high level of content expertise → know the technical boundaries for possible issue outcomes(1) → quicker to narrow down the range of agreement and propose compromises(2) → proposals reflect own positions within a technically acceptable range of agreement(3) → proposals rejected unless they reflect the positions of the state(s) with the lowest preference intensity(4).

These posited causal processes, as well as the more general prediction regarding content expertise and negotiation performance, will be examined in light of the empirical evidence of member state performance in ‘uploading’ and ‘reuploading’ negotiations over the SGP.

4.3d Process Expertise

There is some ambiguity in the literature surrounding the concept of process expertise. For example, while Tallberg (2008: 701) defines process expertise as “knowledge of the institutional framework of negotiations, including legal provisions and procedures”, Beach (2005: 27) defines it as “analytical skills”. Thus, to an extent, Tallberg’s definition of process expertise is more similar to Beach’s definition of content expertise than to Beach’s own definition of the former (see Beach, 2005: 27; Tallberg, 2008: 701). In fact, Beach’s conceptualization of process expertise is more in line with some conceptualizations of skill. For example, Bailer (2004: 106) describes skill as capturing how well a party uses information in the bargaining process, and Zartman and Berman (1982: 207) view skill as the ability to aggregate a collection of positions into a coherent stance for the delegation as a whole, which can then be communicated to opponents in the bargaining process. With regard to the former approach, by Bailer, there is a clear relationship between skill and information, which accords with Beach’s treatment of process expertise as one of three components of information (Beach, 2005). On the other hand, though Zartman and Berman’s understanding of skill implicates analytical prowess, it also locates the importance of skill as prior

to the exchange between negotiating parties. That is, for Zartman and Berman (1982), skill is about preparing a coherent position to present to negotiation counterparts, while for Bailer (2004: 106), skill is about the virtuosity of bargainers in the exchange itself. In general, then, there is a clear distinction in how each of these authors treat the concept of skill, as well as the distinction between skill and process expertise, though there is arguably more similarity between process expertise, as understood by Beach, and skill, as understood by Bailer in particular, than between the concepts of process expertise for Beach and Tallberg.

Interestingly, when Beach expands on his understanding of process expertise, he explains that this deals with both analytical skills and the experience necessary to comprehend proposals, as well as procedural skills to effectively steer a negotiation (Beach, 2005: 27). This continues to resonate with Bailer's understanding, and moves closer to Tallberg's emphasis on procedural knowledge as the key to influencing negotiations through process expertise (Tallberg, 2008). Thus, on closer inspection, there is no great distance between Beach and Tallberg, in terms of understanding process expertise, but more so in the clarity of definition each author offers. Given this, and the relevance of Tallberg's application of process expertise in a study of bargaining power in the European Council, to the study at hand, I adapt slightly Tallberg's definition of process expertise, which is conceptualized here as "knowledge of the institutional framework of negotiations" (Tallberg, 2008: 701). In line with Tallberg and Beach, the expectation is that possessing an advantage in process expertise enables a delegation to effectively steer negotiations.

In the case of the SGP negotiations, then, experience with the procedural aspects of EMU and the EU more broadly, as well as the workings of the specific institutions in which negotiations took place, could indicate to negotiators the best time or forum in which to table a proposal, or whether to respond to a proposal immediately, rather than waiting to gauge the responses of others, for instance. Given the complexity of both 'uploading' and 'reuploading' negotiations over the SGP, and the variety of questions that had to be solved in order for agreement to be reached, it would have been crucial for negotiators to tackle proposals strategically, knowing

where to devote their greatest efforts and at what point a compromise that reflected their interests would be most likely accepted.

However, this advantage afforded by process expertise would only be useful when states are prepared to compromise. Under the context of ‘uploading’ negotiations, where a state might prefer the default condition to shifting position beyond a fixed point, no amount of process expertise is likely to make viable a compromise proposal that does not reflect this former state’s position. Thus, the utility of process expertise as a bargaining resource is mediated by negotiation context, where the context in ‘uploading’ serves to diminish the effectiveness of process expertise, independent of other bargaining resources, such as a low preference intensity. This limit on the effectiveness of process expertise is absent in the context of ‘reuploading’ negotiations, where the default condition is common to all negotiating parties, and thus no state is likely to exit negotiations rather than compromise. With these points in mind, I advance the following hypotheses regarding process expertise:

H4: The more process expertise a member state has, the more successful that state will be in negotiations.

H4A: Process expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in ‘reuploading’, than in the absence of established EU-level policy, as is the case in ‘uploading’.

The causal process through which I expect a high level of process expertise to lead to negotiation success, in line with H4, is as follows:

A high level of process expertise → aware of institutional nuance surrounding negotiations(1) → identify effective routes for influence(2) → exploit this route to propose compromises that reflect own positions(3) → proposals incorporated into negotiated agreement(4) → state has negotiated successfully(5)

On the other hand, the effects of negotiation context in mediating the utility of process expertise as a bargaining resource, in line with H4A, can be seen in the following causal process:

In the context of ‘uploading’ negotiations, a high level of process expertise→aware of institutional nuance surrounding negotiations(1)→identify effective routes for influence(2)→exploit this route to propose compromises that reflect own positions(3)→proposals rejected unless they reflect the positions of the state(s) with the lowest preference intensity(4)

As with the other variables described above, both the hypothesized relationship between process expertise and negotiation performance, and the posited causal processes, will be tested against empirical evidence from the ‘uploading’ and ‘reuploading’ negotiations over the SGP.

4.4 The Dynamic Effects of Bargaining Resources and Negotiation Context: Enhancing Understanding of Intergovernmental Negotiations

The rational choice institutionalist approach this thesis takes to analyzing the ‘uploading’ and ‘reuploading’ negotiations over the SGP, is useful insofar as it predicts that different resources will be relevant for achieving the fixed goal of negotiation success in the distinct contexts of ‘uploading’ and ‘reuploading’. However, this approach does not offer predictions regarding the differential importance of information, content expertise and process expertise in the context of ‘reuploading’ negotiations. Neither does this approach point to a specific causal process between certain values of the independent and dependent variables, for instance a high level of information and negotiation success. The approach leads to the expectation that a high level of information, facilitated by the negotiation context in ‘reuploading’, will provide for negotiation success. However, the intervening causal processes outlined above have been derived from consulting a vast and varied body of negotiation literature, rather than from the rational choice institutionalist approach. Thus, while this thesis joins a wide body of literature that takes as its starting point a rational choice institutionalist approach, and an equally wide body of negotiation literature, it stands to make an important contribution to each.

In testing the predictions of a rational choice institutionalist approach, regarding the effects of context in the ‘uploading’ and ‘reuploading’

negotiations over the SGP, this study provides for confirmation of the expectation that rational actors pursuing a fixed goal will adapt their strategies in line with institutional constraints, to achieve the fixed goal of negotiation success. If the results of the analysis herein do not confirm this, then the in-depth approach that has been taken, tracing the causal process between possessing a bargaining resource and deploying it to achieve negotiation success, will shed light on where the rational choice institutionalist predictions diverged from the empirics. From there, it would be possible to refine the hypotheses that emerge from this approach, so that they might be retested in similar negotiation situations. Alternatively, if the results are confirmatory of predictions advanced in line with a rational choice institutionalist approach, the process-tracing analysis provides for enhanced understanding of how exactly the causal process operates.

The contribution this thesis makes to various bodies of negotiation literature, lies as much in synthesizing these as it does in confirming and refining the findings therein. By analyzing the differential importance of a variable such as preference intensity, which features in IR-based studies of one-off negotiations (for example Keohane and Nye, 1977), and one such as content expertise, which is deemed relevant for influence in densely institutionalized IOs (see Cox et al., 1973), this thesis can say a great deal about, for instance, the extent to which negotiation situations differ on the basis of intra-organizational contextual factors, and hence each of these variables are potentially relevant for negotiation success at different times within the same organization, rather than being differentially useful on the basis of inter-institutional variation. Within a given body of negotiation literature, such as that focused on the EU, this thesis can contribute valuable insight as to the differential importance of such widely analyzed resources as information, content expertise and process expertise, both in any one context, and, potentially, in distinct negotiation contexts, though the latter is not a predicted finding.

Finally, and perhaps most importantly, this thesis speaks to the ever present question of whether aggregate structural resources, such as population and economic size, are the best indicators of negotiation success (Keohane, 1984; Zartman and Rubin eds., 2002; Bailer, 2004; 2010;

Tallberg, 2008), regardless the negotiation context, or whether small states can negotiate as successfully as big ones, given the right context in which to deploy their resources. Alternatively, this thesis might reveal that economic size matters only insofar as it leads to higher information and content expertise, for example, with the wider implication that these individual-level resources do matter, though possessing an advantage in them remains the preserve of the mighty. The overarching point is that the in-depth, qualitative approach this thesis takes to analyzing the ‘uploading’ and ‘reuploading’ negotiations over the SGP, provides for the advancement of knowledge in the field of negotiation studies, along a variety of potential avenues.

Conclusion

Drawing on the discussion in the previous chapter, of differences between ‘uploading’ and ‘reuploading’ negotiations, this chapter explained how a rational choice institutionalist approach offers considerable analytical leverage, in highlighting negotiation context, and the changing context between ‘uploading’ and ‘reuploading’, as well as how that impacts on the potential for member states to wield influence in each. Combining the broad predictions that can be derived from a rational choice institutionalist approach with more specific predictions that emerge from analyses of particular bargaining resources in negotiation situations, this chapter presented clearly articulated hypotheses and related causal processes to operationalize the theoretical arguments that result from synthesizing various negotiation literatures. Assessing these predictions in light of empirical evidence from ‘uploading’ and ‘reuploading’ negotiations over the SGP, has utility for confirming and clarifying the rational choice institutionalist understanding of how states cooperate, and the extent to which the circumstances of cooperation matter, and incorporating the focus on bargaining resources leads to a clear expectation that the effects of context will impact on states’ negotiation performance, depending on the resources they possess. Thus, rather than concluding that certain bargaining resources will always implicate power on the part of states that possess them (for example Dür and Mateo, 2010), or that certain contexts will facilitate

cooperative, or pareto-optimal outcomes (for example Keohane, 1984; Scharpf, 1988), the rational choice institutionalist approach this thesis takes to analyzing the ‘uploading’ and ‘reuploading’ negotiations over the SGP, allows for examination of how these dynamics interact, to explain the specific distributive outcomes of a given negotiation situation.

Along those lines, the conceptualization of negotiation performance is essential to the utility of such an approach. Specifically, it is in the distinction between deliberate and accidental negotiation success, that influence is effectively captured. Absent this, it is not possible to enhance the rational choice institutionalist argument that context matters, with an appraisal of how context matters. Nor is it possible, absent this focus on deliberate versus accidental negotiation success, to clarify the processes through which influence is wielded in the EU, and the extent to which this varies with intra-institutional contextual changes.

The following chapter of the thesis, on research design, details how the theoretical constructs outlined over the course of this and the previous chapter, are operationalized for data collection and analysis, with emphasis on the multiple indicators and data sources used to enhance validity. There is also in-depth discussion of the process-tracing analysis undertaken in this study, and the complementarity of a case study approach, for such an analysis (Gerring, 2004; George and Bennett, 2005; Vennesson, 2008). Along those lines, chapter 5 discusses case selection, including the SGP and Belgium, France, Germany and the Netherlands, as nested cases selected for study within the overarching case of the SGP, all of which is justified on the basis of research design criteria, and the need to maintain comparability of cases so as to facilitate the process-tracing analysis that is an essential component of this study.

Section 3 - Research Design

Chapter 5 - Research Design

Introduction

As the aim of this thesis is to go beyond observing correlations between cause and effect variables, to understand causal mechanisms, the study has been designed to facilitate detailed analysis of the intervening processes that link the independent and dependent variables (Gerring, 2004). Thus, the main method of analysis is process tracing, which refers, broadly, to the identification of causal mechanisms connecting independent and dependent variables (Vennesson, 2008: 232). A variety of uses have been identified for process-tracing techniques, with Vennesson (2008) explaining a key distinction between positivist and interpretivist approaches to process tracing. This thesis adopts a positivist approach, whereby the main aim of the process-tracing analysis is to assess, and clarify, the causal link, or lack thereof, between different levels of bargaining resources and the outcome of negotiation performance, as mediated by context in ‘uploading’ and ‘reuploading’ negotiations over the SGP (Vennesson, 2008: 232). Thus, the accuracy of theoretical arguments regarding the explanatory role of bargaining resources for negotiation performance, and the expected effects of context derived from the rational choice institutionalist approach, are evaluated in light of the processes observed through empirical evidence (Vennesson, 2008).

Case study approaches have often been identified as useful complements to process-tracing analyses (for example Gerring, 2004; George and Bennett, 2005; Vennesson, 2008). One reason for this is that process tracing requires significant quantities of data, combined with considerable attention to detail, and clearly specified theoretical claims, all of which is facilitated by a small-n design (Vennesson, 2008). As explained by Gerring (2004) in an analysis of the trade-offs involved with different case study formats, increasing the number of units¹⁰ under study tends to decrease comparability, with the result that a posited process linking cause and effect

¹⁰ Gerring refers to units where many authors refer to cases. While some would identify the SGP in this study as a case, Gerring (2004) would refer to the SGP as a unit, with ‘uploading’ and ‘reuploading’ negotiations as two cases within that unit.

variables may not apply to all units, if they are not sufficiently comparable. Thus, for the purposes of carrying out a process-tracing analysis, it was useful to identify one case that could provide for internal variation, and for reasons justified further in the case selection section of this chapter, it was desirable to select the SGP specifically. The ‘uploading’ and ‘reuploading’ negotiations over the SGP provide for within case variation that enables testing of causal arguments regarding the role of context in mediating the relationship between bargaining resources and negotiation performance. Further to that, it was necessary to analyze the performance of multiple member states in both the ‘uploading’ and ‘reuploading’ negotiations, to enable the testing of causal arguments regarding relationships between different values of the independent variables, and the outcome of negotiation performance. Thus, the case study approach adopted in this thesis incorporates synchronic and diachronic variation (Gerring, 2004), which is essential to test the full range of hypotheses derived from the applied theoretical frameworks.

While it was necessary to introduce synchronic variation, by analyzing the performance of multiple member states, it was not possible to apply the detailed process-tracing approach to all member states involved in the ‘uploading’ and ‘reuploading’ negotiations over the SGP. The reasons for this, namely the need to control for certain factors, and the considerable data requirements involved with the approach to operationalizing the dependent variable, as well as the process-tracing analysis, are elaborated in the case selection section of this chapter. The case selection section also explains how introducing necessary variation on the independent variables, whilst ensuring an appropriate degree of comparability (Gerring, 2004; George and Bennett, 2005), led to the selection of Belgium, France, Germany and the Netherlands for analysis.

Subsequent sections of the chapter outline the operationalization and measurement for the dependent variable - negotiation performance, and each of the independent variables - preference intensity, information, content expertise and process expertise. As described in the previous chapter and expanded on here, negotiation performance is operationalized with considerable sensitivity to the need to distinguish between accidental and

deliberate success, so as to arrive at valid conclusions. Similarly, each of the independent variables is captured through multiple indicators, with the aim of enhancing validity of the measurement of such abstract concepts as those analyzed in this study. Further to that, detailed justification is provided for all of the indicators of each independent variable, with explicit reference to existing literature and previous attempts to measure these bargaining resources, wherever possible.

After describing and justifying the approach taken to measuring each variable, this chapter elaborates the process-tracing analysis. Drawing on the previous chapter's presentation of posited causal processes linking each independent variable with the dependent variable, and the mediating role of negotiation context in these causal relationships, the data requirements are described, for generating empirical evidence against which these posited causal processes were checked. The final section of the chapter returns to the discussion of case selection, including justification for selecting the SGP, as well as Belgium, France, Germany and the Netherlands, as nested cases.

5.1 Presenting the Model

5.1a Measuring Negotiation Performance

Negotiation performance is defined as the extent to which a member state influences negotiations to affect the outcome agreement. Following Hosli (2000), Bailer (2004), and Beach (2005), negotiation performance is operationalized as the distance between actors' policy positions and the negotiated agreement. This distance is considered qualitatively, in terms of the similarities and/or differences between policy positions and issue outcomes in the final agreement. The more similarity between the former and the latter, the better the member state has performed or, in other words, the more successfully the member state has negotiated.

As mentioned in chapter 4, researchers that have used this measurement in the past point out the risk of counting accidental successes as real influence (see Bailer, 2004; 2008; 2010). For example, a member state's policy position might match exactly with a particular issue outcome in the negotiated agreement, but this could be due to luck, rather than deliberate influence (Barry, 1980). A further issue is that a member state with a

moderate policy position going into negotiations, has less to do to move the outcome agreement toward their position, than does a state with an extreme position, with the result that the latter state might appear less successful than the former, despite exerting greater influence on the outcome agreement (Bailer, 2008). With regard to the first issue, the qualitative methodology adopted for this thesis provides for distinction between luck and genuine influence, as the whole process of negotiations is investigated, with attention to the specific resources used by states to wield influence throughout, rather than simply focusing on the start and end points. The second issue is also addressed through detailed analysis of the whole process of negotiations, and case selection, as a later section of the chapter describes.

In order to measure member state negotiation performance, it was necessary to collect data on the policy positions of member states, to provide for a comparison between those positions and the negotiated outcome. Each issue within the SGP dossier is treated separately, as this accords with the common perception, as well as reports by participants, that a proposal is debated in the Council point by point, rather than being considered as a whole (Thomson and Stokman, 2006: 51). It was thus necessary to specify each of the issues under consideration and to collect data on member states' positions regarding each of these issues. The criterion for an issue to be considered in the analysis is that at least some of the actors involved in decision-making took different positions on it. This is the most basic criterion applied in the DEU dataset (Thomson and Stokman, 2006: 35).

Some of the issues covered in both 'uploading' and 'reuploading' negotiations over the SGP proved more contentious politically than others, and only a small number had to be referred to Ecofin and the European Council for final agreement. These issues are well documented, with widespread consistency, in secondary accounts and media reports of both 'uploading' and 'reuploading' (for example Brunila et al., 2001; Heipertz and Verdun, 2010; *Agence Europe*, 1996b; 2005a). Rather than collecting new data to establish which key issues had to be decided beyond the MC/EFC, at the level of Ecofin or the European Council, I rely on existing data from the above sources.

Issues that were resolved in the MC/EFC are less widely reported than issues that required debate at the highest levels of decision-making. In order to identify those former issues, I consulted a selection of primary and media sources. Specifically, I relied on the documents referred to as ‘key issue papers’, composed by the MC/EFC at the start of both ‘uploading’ and ‘reuploading’ negotiations over the pact, which outline all points under negotiation, and thus provide a useful starting point to identify issues.¹¹ From there, I consulted minutes from MC meetings for the ‘uploading’ negotiations,¹² *Agence Europe* reports on the progress of negotiations for both ‘uploading’ and ‘reuploading’, and *Financial Times* reports for both negotiations. I limited searches in *Agence Europe* and the *Financial Times* to reports from the dates of major negotiating sessions, as well as three days prior to and following those sessions, for both negotiations.¹³ Finally, I conducted interviews with negotiation participants representing both member states and the Commission, during ‘uploading’ and ‘reuploading’ negotiations, as a check on data from documentary evidence.¹⁴

Having established the full set of issues to be considered, it was necessary to identify member state policy positions over the outcome for each of these issues. Member state policy positions were measured immediately following the introduction of the Commission proposal¹⁵ in both ‘uploading’ and ‘reuploading’ negotiations (following Thomson et al., 2006), and these positions were compared with the actual issue outcomes in the original and reformed SGP. In order to carry out this comparison, I adapt the approach taken in the DEU dataset (see Thomson et al., 2006), asking expert interviewees to describe the position of each member state, and locating

¹¹ See Monetary Committee of the European Community (1996a) ‘Further work on fiscal discipline in Stage 3 following the Monetary Committee meeting on 17 January 1996’, 29 January, MC/II/041/96-EN, regarding ‘uploading’; Economic and Financial Committee (2004) ‘Non-paper: Strengthening, Clarifying and better Implementing the Stability and Growth Pact’, 12 November, ECFIN/CEFCPE(2004)REP/50538, regarding ‘reuploading’.

¹² References for these unpublished minutes, accessed via a FOI request to DG-Ecfin, are provided in the Appendix.

¹³ Dates for ‘uploading’: 21-22/6/1996; 20-22/9/1996; 2/12/1996; 12-13/12/1996; 17/3/1997; 4-5/4/1997; 16-17/6/1997. Dates for ‘reuploading’: 7-8/3/2005; 20/3/2005; 22-23/3/2005. These dates exclude all meetings that took place within 3 months of the Commission proposal, the timeframe within which member states are considered to form their positions, prior to political debate over said positions.

¹⁴ Details of all interviews conducted, are provided in the Appendix.

¹⁵ The Commission proposal for ‘uploading’ was presented 10 January, 1996; the first Commission proposal for ‘reuploading’ was presented 16 September, 2004.

these on a continuum from strict to weak, as most issues within the dossier could be classified accordingly. Depicting issues on this continuum is intended for illustrative purposes only, as the outcome of negotiation performance depends on the qualitative similarity between the content of states' positions and the issue outcome, rather than any quantitative measure of distance. Thus, for those issues in the dossier that could not be arranged on a continuum from strict to weak, for example questions for which there were only negative or positive responses, I measure success in the same way, comparing the content of each state's position with the content of the final agreement, yet provide no illustrative depiction.

It was also essential to consider the importance of individual issues, as it is significant to achieve negotiation success over issues that a state deems particularly important within the dossier. For this reason, member state representatives were asked to note the most important issues to their delegation, and EU representatives were asked to note the most important issues overall. This is taken into consideration in measuring the overall performance of each member state.

As well as interviewing negotiation participants to establish the content of states' positions, I relied on a variety of primary sources and media, as additional confirmation of the data gained from interviews. Again, the 'key issue papers' detailing issues for negotiation, from the MC/EFC¹⁶, were useful sources for both 'uploading' and 'reuploading', as were *Agence Europe* and *Financial Times* reports. In addition to these sources, I consulted minutes from Parliamentary sessions, for relevant committees in Belgium, France, Germany and the Netherlands. These included Economics and Finance committees, as well as European Affairs committees, depending on national parliamentary orientation.¹⁷ I also consulted minutes from meetings

¹⁶ See Monetary Committee of the European Community (1996a) 'Further work on fiscal discipline in Stage 3 following the Monetary Committee meeting on 17 January 1996', 29 January, MC/II/041/96-EN, regarding 'uploading'; Economic and Financial Committee (2004) 'Non-paper: Strengthening, Clarifying and better Implementing the Stability and Growth Pact', 12 November, ECFIN/CEFCPE(2004)REP/50538, regarding 'reuploading'.

¹⁷ Belgian committees: Committee on Finance and Economic Affairs; Federal Advisory Committee on European Affairs; French committees: The Committee of Finance, Economy and Budget Control; The Foreign Affairs Committee; German committees: Finance (Bundestag); Affairs of the European Union (Bundestag); Economic Committee (Bundesrat); Dutch committees: Finance; European Affairs. With the exception of Germany, all of these committee minutes were available online, via the following sites:

of the Ecofin Council, and DG Ecfm.¹⁸ Finally, I performed several Lexis/Nexis searches, including one to generate ‘all European news in English’, with the terms ‘stability pact’ and ‘stability and growth pact’, as well as one to generate ‘all Dutch language news’, ‘all French language news’ and ‘all German language news’, which included the respective translations of ‘stability pact’ and ‘stability and growth pact’.¹⁹ In order to ensure that member state positions were captured immediately following the Commission proposal, I limited all documentary evidence for this variable to that published within three months following the proposal, which includes January to April, 1996 (‘uploading’) and September to December, 2004 (‘reuploading’).

Given that it was not possible to cover all member states in this detailed analysis, only those positions of the four states under consideration are located, as well as the outcome and, for the ‘reuploading’ negotiations, the status quo. It is necessary, then, to consider whether states not located on the continuum are actually moving the issue outcome, with the result that those member states appearing successful in my analysis, were in fact fortunate to have a position between that of another state and the issue outcome, thereby benefitting from the influence of the more extremely positioned state, which we do not see in my measurement. All aspects of the analysis have been designed with considerable sensitivity to the more general risk of attributing influence where fortune is at work, and deliberate

http://www.senaat.be/www/?MIval=/index_senate&LANG=nl (Belgium); <http://www.assemblee-nationale.fr/english/> (France); <http://www.houseofrepresentatives.nl/> (Netherlands). I accessed the German minutes via consultation requests to the German Bundestag, and a personal visit to the archives of the Bundesrat Library in Berlin. All minutes were available solely in the native language(s) of the publishing state, and I hired native speakers of French, Dutch and German to translate text, where necessary. For all minutes available online in pdf format, I limited the search to those documents containing the terms ‘stability pact’ or ‘stability and growth pact’, as translated into the respective language. For the German minutes that were not available online, I consulted minutes from every session of the relevant committees, within the specified time period of three months following the Commission proposal in ‘uploading’ and ‘reuploading’.

¹⁸ These minutes, accessed via FOI requests to the European Commission and Council of the European Union, were so lacking in detail as to be useless for gaining reliable information about member state positions. This is an issue that I continue to pursue with the aid of specialists in applying FOI law, as the lack of transparency implicated by the content of these documents is a serious problem.

¹⁹ A list of the specific publications returned from these searches and consulted for data collection, is provided in the Appendix.

negotiation success is only attributed to a state where multiple sources of data support this conclusion.

Further to that, as the aim of this thesis is to go beyond establishing a correlation between independent and dependent variables, to explain the outcome of negotiation performance with a focus on the role of each bargaining resource, and the specific mechanisms through which these operate to lend influence to states, the process-tracing analysis is an essential step. This analysis provides for greater confidence in conclusions regarding state negotiation success, insofar as these conclusions are not only based on the number of issues over which states appear to secure an outcome closest to their position, but on observing the processes through which a state deploys specific bargaining resources to influence those outcomes. Thus, a state benefitting from the influence of another state, in seeing an outcome agreement close to their position, though one which the former state did nothing to effect, would not be considered successful for the purposes of this study.

It is worth noting that states' negotiation performance is considered in light of the content of political agreement reached over the original and reformed pact in the 'uploading' and 'reuploading' negotiations, respectively. While there is a process of translating political agreement into legal text, this process is not considered in the analysis, because it is mainly a legal, technical process handled by low level member state representatives, which enshrines political agreement into legislation. In the case that changes to a text, which would affect the content of the political agreement, are requested during this process, it is necessary to return to political negotiation at higher levels of the member state delegations. Thus, while this process may lead to a final legal text that is not identical to the political statement emerging from the relevant European Council summit, this is due to the need for basic language to be translated into legal language, rather than any change of substance in the latter text (interview, Council secretariat b).

5.1b Measuring States' Preference Intensities for Reaching Agreement

Given the distinct default condition in 'uploading' and 'reuploading' negotiations over the SGP, there is a need to consider different indicators of

a state's preference intensity for reaching agreement in each case. I adapt the approaches by Moravcsik (1998) and Heipertz and Verdun (2010) to measuring states' bargaining power in the Maastricht and SGP negotiations, respectively, in order to identify relevant indicators of states' preference intensities for reaching agreement, in the 'uploading' and 'reuploading' negotiations over the SGP. Specifically, I consider the following indicators in measuring a state's preference intensity during 'uploading' negotiations: currency stability, domestic opinion toward EMU membership, the likelihood of key trading partners joining EMU and whether the state was pivotal to the project going ahead.

Regarding the first indicator, it can be assumed that the more stable a member state's currency, the less urgent the need for enhanced credibility from the common currency, which indicates a lower preference intensity. I measure currency stability with respect to states' experience in the ERM, the precursor to EMU that lasted from 1989 until the launch of the single currency. This provides for a look at currency stability prior to completion of the Maastricht Treaty that enshrined a commitment to full EMU, as well as in the period just after the signing of the Treaty, and throughout negotiations over the SGP. The role of domestic opinion toward EMU membership impacts on a state's preference intensity in that the more favorable domestic opinion was toward EMU membership, the more costly for the government if the project did not go forward or the state in question failed to qualify, while the more opposed domestic opinion was, the more legitimate it would have been for the state to withdraw from SGP negotiations, and hence the running to join the single currency. This indicator is based on results from Eurobarometer surveys for the years 1995, 1996, and 1997.²⁰

With regard to the likelihood of key trading partners gaining membership, it would have been potentially more costly, both politically and economically, for a state to turn away from EMU if their key trading partners adopted the common currency, thus conferring a lower preference intensity

²⁰ See European Commission (1995) 'Eurobarometer: Public Opinion in the European Union', Number 43, Fieldwork: April-May 1995; European Commission (1996) 'Eurobarometer: Public Opinion in the European Union', Number 45, Fieldwork: February-March and April-May 1996; European Commission (1997) 'Eurobarometer: Public Opinion in the European Union', Number 47, Fieldwork: February-June 1997.

on a state with key trading partners unlikely to join EMU in the first round. It is worth noting that nearly all EU member states have a considerable volume of trade with others, though there are trading relationships that are particularly intense, as well as those small, open economies in the EU that depend on trade more heavily than others. Finally, if a state's exit from negotiations meant the termination of the project, than any concern about the opportunity costs of taking the unilateral alternative are moot, giving such a state an extremely low preference intensity relative to other states, which were not pivotal to the project's completion. These last two indicators are apparent from multiple secondary sources (for example Heipertz and Verdun, 2010), which describe which states were expected to join, and highlight those deemed pivotal to the project's completion.

In the case of 'reuploading' negotiations, the alternative to agreement for all member states would have been to continue with the SGP as it stood. Thus, the indicators I consider in measuring a state's preference intensity for reform are whether the state had been subject to initiation of the Excessive Deficit Procedure (EDP), whether the state had a deficit close to the reference value of 3% of GDP in the lead up to and during the time of negotiations and whether the state had a debt close to the reference value of 60% of GDP prior to and during negotiations.

With regard to the first indicator, for a state that had already reduced deficit levels in line with the existing EDP, the need to secure a weakening of the rules would be less urgent than for a state that was unsure of how their government and public would cope with initiation of the EDP in the first place. Furthermore, a state that had already been subject to the EDP would be less willing to see other member states escape that process through securing reforms to weaken the pact. The deficit level in the lead up to and at the time of negotiations has significant implications for a state's preference intensity, because a state that was likely to breach the ceiling provided for under the original SGP, would have a stronger preference for securing reforms than a state that did not face the impending threat of sanctions under the existing arrangement. Finally, a state with a high debt level may have preferred an overall weakening of the pact, but would have found the alternative to agreement more attractive than a reform deal that shifted the

focus of the EDP from deficit to debt levels, which was a possibility in this case. I rely on the DG Ecfm display of ongoing and closed EDP procedures, available on the Commission website²¹, for the first indicator, and on Eurostat's 'general government debt and deficit' online statistics for individual states, to capture the second and third indicators.

Because there was no theoretical argument in the literature to indicate that one of these aspects of preference intensity should be more relevant than others, equal weight is attributed to each indicator, in assigning a total value for preference intensity to each member state. However, in assigning scores to states within each indicator, there is an effort to reflect the heightened importance in 'uploading' negotiations of the fourth indicator - whether a state is pivotal to the project going ahead - and the diminished importance of the third indicator - whether key trade partners are likely to qualify and join. Regarding the first point, for a state that is pivotal to the project's completion, such that their exiting negotiations would effectively derail said project, that state's preference intensity for reaching agreement should be particularly low. This is so because the state's decision to exit negotiations would not incur the risk of opportunity costs from non-participation in the project being negotiated, given that it would cease to progress toward completion once the state exited negotiations.

In terms of the second point, regarding trading partners, as mentioned in the preceding justification for each indicator, the level of trade between all states concerned was sufficiently high as to implicate considerable benefits from abolishing exchange rate costs, though the subtle difference between the trade situation for France as compared with the Netherlands, for example, warrants some attention to this indicator. With these points in mind, overall values for preference intensity in the 'uploading' and 'reuploading' negotiations are assigned as follows:

'uploading'

Currency stability - state with de facto anchor currency under ERM receives a 4; state that could operate within narrowest

²¹ See

http://ec.europa.eu/economy_finance/economic_governance/sgp/corrective_arm/index_en.htm, regarding indicator 1;
http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/data/main_tables, regarding indicators 2 and 3.

bands against the de facto anchor currency receives a 3;
other states receive a 2

Domestic opinion toward EMU membership - states ranked from 1 to 4, with 1 representing domestic opinion that is most favorable, based on average value of support less opposition over 1995-1997, and 4 representing domestic opinion that is least favorable, based on average value of support less opposition over 1995-97

Whether key trade partners are likely to qualify and join – this indicator is treated dichotomously, with states that have key trade partners likely to qualify and join receiving a 1, and those with key trade partners less likely to qualify and join receiving a 2; based on geographical division of states into Mediterranean and Northern European trading blocs

Whether state is pivotal to the project going ahead – this indicator is treated dichotomously, with states that are not pivotal receiving a 1, and those that are pivotal receiving a 4

‘reuploading’

Initiation of EDP - this indicator is treated dichotomously, with those that had been subject to and complied with the EDP receiving a 4, those that had not receiving a 1

Deficit Level - this indicator can be treated one of two ways, depending on the empirics; if there is a clustering of states near and far from the deficit ceiling, the indicator may be treated dichotomously, with those near the ceiling receiving a 1 and those far from it receiving a 4; if there is an even spread between states, they will be scored from 1 to 4, with 1 representing the lowest deficit, and 4 the highest

Debt Level - this indicator can be treated one of two ways, depending on the empirics; if there is a clustering of states near and far from the debt ceiling, the indicator may be treated dichotomously, with those near the ceiling receiving a 4 and those far from it receiving a 1; if there is an even spread between states, they will be scored from 1 to 4, with 1 representing the lowest debt, and 4 the highest

5.1c Measuring States’ Information

I consider the following indicators of member state information levels in the SGP negotiations: frequency of participation in restricted informal meetings outside the direct negotiating sphere, frequency of bilateral meetings with other member state representatives and frequency of contact with

representatives from the European Commission. With regard to the third indicator, it is argued widely in the literature on EU negotiations, that the Commission has an informational advantage compared to member states in the Council, both because of institutional resources and the Commission's role as relative neutral (see for example Meerts and Cede, 2004; Beach, 2005). Thus, frequent contact with representatives from this institution, should be an important source of information for member state representatives in the SGP negotiations.

The first and second indicators are derived from a study by Paul Meerts (1997) of the perceptions of small member states negotiating in the EU, in which all participants (numbering 50) indicated in a survey that informal contacts outside of official meetings are an important source of information for negotiators.²² Along the same lines, Jonas Tallberg (2006; 2008) cites bilateral meetings and informal communications with government representatives, as crucial to increasing preference information for the Council Presidency. Also on the subject of the Council Presidency, Alain Guggenbühl (2004) highlights the need for national representatives of the Presidency state to approach other delegations or participate with them in restricted informal meetings to increase information.

While it is possible that these tactics apply only to the state holding the Council Presidency, neither author indicates this. One point to consider, in this regard, is whether the member state holding the Presidency would be able to gain information through the aforementioned strategies, because the holder is seen as a neutral mediator, while a state that was not holding the Presidency would be unable to do so, failing to inspire the same trust. Considering Tallberg's own argument that member states are aware of the tendency for the Presidency state to use this role to further important national aims or construct compromises closer to their preferred position (Tallberg, 2006: 2, 11), it seems that any other member state would be able to gain information through the same channels as those pursued by the state holding the Presidency.

²² This study focused on small member states because the response rate from large member states was deemed too low to be representative. There is nothing in the study to suggest that this source of information is particular to small states.

In order to capture these indicators, in-depth interviews were conducted with one or more member state representatives for the ‘uploading’ and ‘reuploading’ negotiations. Where possible, multiple representatives were interviewed, though this was not possible except in select cases. However, this does not present a problem to the analysis, given that member state representatives who were interviewed, all confirmed that the pattern of participation in restricted informals and meetings between state representatives and their counterparts, as well as with the Commission, was similar at all levels of the delegation. In other words, the German MC member was not holding significantly more meetings with his colleagues, than was the German Ecofin member, but rather these meetings followed a similar pattern at all levels of the delegation, for instance.

Further to this, the Commission representatives interviewed as a check on the data obtained from member state representatives, reported confirmatory information. Nonetheless, as an additional check on the member state information levels captured through these indicators, the scores received by each of the states under analysis in an index compiled by Stefanie Bailer (2006), which ranks all EU member states on information levels in EU negotiations in general, were included in arriving at values for state information, in ‘uploading’ and ‘reuploading’. Although I consider that information level may be specific to a given set of negotiations, or at least a policy area, Bailer’s index is highly reliable and reports scores similar to those found in my own research.

Following data collection, the decision was taken to exclude the third indicator - frequency of contact with Commission representatives - in measuring state information levels for the ‘uploading’ negotiations. This is because no member state representatives interviewed, reported holding such meetings as a source of information about the ‘uploading’ negotiations. With regard to measuring member state information levels in the ‘reuploading’ negotiations, the decision was taken to exclude indicator one - participation in restricted informal meetings outside the direct negotiating sphere - because none of the representatives interviewed, mentioned such sessions as being relevant, nor did documentary evidence indicate that these were a

feature in the ‘reuploading’ negotiations, whereas they were very apparent, and reportedly relevant to the ‘uploading’ negotiations.

As there was no theoretical argument in the literature to indicate that one of these aspects of information should be more relevant than others, equal weight is attributed to each, in combining the indicators to assign states an overall value for information. Thus, values are arrived at as follows:

‘uploading’

Frequency of participation in restricted informal meetings outside the direct negotiating sphere - states ranked from 1 to 4, with 1 representing least frequent participation, and 4 representing most frequent participation

Frequency of bilateral meetings with other member state representatives - states ranked from 1 to 4, with 1 representing least bilateral meetings with other state representatives, and 4 representing most

Bailer Index - states ranked from 1 to 4, with 1 representing the lowest score for information in the Bailer index, and 4 representing the highest score

‘reuploading’

Frequency of bilateral meetings with other member state representatives - states ranked from 1 to 4, with 1 representing least bilateral meetings with other state representatives, and 4 representing most

Frequency of contact with representatives from the European Commission - states ranked from 1 to 4, with 1 representing least frequent contact with Commission representatives, and 4 representing most

Bailer Index - states ranked from 1 to 4, with 1 representing the lowest score for information in the Bailer index, and 4 representing the highest score

5.1d Measuring States’ Content Expertise

I consider the following indicators of content expertise: similarity between pre-EMU monetary policy and monetary policy of the ECB, whether any of the state’s delegation during ‘uploading’ negotiations had been present during the Maastricht negotiations over EMU, whether any of the state’s delegation during ‘reuploading’ negotiations had been present during the ‘uploading’ negotiations and/or Maastricht negotiations, and whether the

Head of State or Government (HoS/G) had served as finance minister or in the finance ministry. Given that any indicator of content expertise must be fairly context-specific, I adopt only one of the four indicators of content expertise used in this study, from the wider literature on intergovernmental negotiations, namely whether the HoS/G had served as Finance Minister or in the Finance Ministry. In his research into the role of expertise in European Council negotiations, Tallberg (2008: 701-702) finds that differences between HoS/G, in terms of content expertise, are especially pronounced in the European Council, due to the deliberate separation of the former from national civil servants in that forum. Tallberg suggests that where HoS/G have served previously as portfolio ministers for the policy area under negotiation, they bring an advantage in content expertise to European Council negotiations. Experience in the finance ministry, or national equivalent, should afford HoS/G the advantage in content expertise that Tallberg refers to here, in the SGP negotiations that this thesis analyzes. This indicator is readily apparent from media and official biographies of the HoS/G, from each member state under consideration.

A state's pre-EMU monetary policy is a useful indicator of content expertise in that a member state with a history of stability-oriented monetary policy similar to the policy mandated for the ECB under the Maastricht Treaty, would be able to call upon a wider body of technical knowledge regarding complimentary fiscal policy than would a state with less experience implementing stability-oriented monetary policies. This indicator is apparent from a wide variety of secondary sources that discuss the monetary policies of member states in the years prior to EMU, including, for example, Moravcsik (1998), Dyson and Featherstone (1999) and Frieden (2002).

With regard to the second indicator, much of the original SGP negotiations were dominated by the issue of keeping the SGP within the remit of the Maastricht Treaty, so that treaty amendments would not be necessary for its passage. Thus, a negotiator that had participated in the Maastricht negotiations would afford their delegation a higher level of first-hand knowledge of the issues under negotiation, than if no such negotiator were present in the delegation. Along the same lines, in the 'reuploading'

negotiations, where a negotiator had been present also during the ‘uploading’ negotiations and/or Maastricht, their delegation can be expected to have the same advantage in knowledge of the issues under negotiation, as compared to a delegation with no such negotiator. In order to capture these indicators, I have consulted the list of attendants at the Intergovernmental Conference on Economic and Monetary Union, provided by the Secretariat General of the European Commission²³, and have compared this against the list of delegation members provided by the finance ministry of each state analyzed, for the ‘uploading’ and ‘reuploading’ negotiations over the SGP.²⁴

As with the other variables discussed thus far, there was no theoretical argument for attributing different weight to some indicators than others, so they are considered equally in arriving at overall values for content expertise, as follows:

‘uploading’

Fit between pre-EMU monetary policy and stability-oriented policy of the ECB - this indicator is treated dichotomously, with a 1 for states that did not have a good fit, and a 2 for states that did

Whether any of the delegation had been present during Maastricht negotiations over EMU - this indicator can be treated one of two ways, depending on the empirics; if there is a clustering of states that had or did not have any representatives at Maastricht, the indicator may be treated dichotomously, with those that did have representatives at Maastricht receiving a 2 and those that did not, receiving a 1; if there is an even spread between states, whereby one had multiple representatives present at Maastricht, one had a single representative, one had none, etc. then states will be ranked from 1 to 4, with 1 representing the lack of repeat representatives or least number of repeat representatives, and 4 representing the most

Whether HoS/G had served as Finance Minister or in the Finance Ministry – this indicator is treated dichotomously, with a 1 for those HoS/G that did not have a relevant background, and 2 for those HoS/G that did

²³ See European Commission (unpublished) ‘Liste Des Delegations De La Reunion Des Representants Personnels Du 15 Janvier 1991’, Conference Des Representants Des Gouvernements Des Etats Membres, Union Economique Et Monetaire, provided to the author by the Secretariat General of the European Commission, 28 July, 2011.

²⁴ I contacted the Belgian, French, German and Dutch finance ministries by email, and asked for the name(s) of their representatives to the MC/EFC and Ecofin/Eurogroup, over the course of these negotiations. I also checked this information with negotiation participants.

‘reuploading’

Fit between pre-EMU monetary policy and stability-oriented policy of the ECB - this indicator is treated dichotomously, with a 1 for states that did not have a good fit, and a 2 for states that did

Whether any of the delegation had been present during ‘uploading’ negotiations and/or Maastricht - this indicator can be treated one of two ways, depending on the empirics; if there is a clustering of states that had or did not have any repeat representatives, the indicator may be treated dichotomously, with those that did have repeat representatives receiving a 2 and those that did not, receiving a 1; if there is an even spread between states, whereby one had multiple repeat representatives, one had a single representative, one had none, etc. then states will be ranked from 1 to 4, with 1 representing the lack of repeat representatives or least number of repeat representatives, and 4 representing the most

Whether HoS/G had served as Finance Minister or in the Finance Ministry - this indicator is treated dichotomously, with a 1 for those HoS/G that did not have a relevant background, and 2 for those HoS/G that did

5.1e Measuring States’ Process Expertise

The following indicators of process expertise are considered: tenure of the Head of State/Government, tenure of the Finance Minister or equivalent and tenure of the MC/EFC representative. These indicators are based on Tallberg (2008), who explains that experience and continuity in office provide process expertise to EU negotiators, as well as Beach (2005), who highlights procedural skills gained from institutional memory as a source of process expertise. While the latter refers to the institutional memory of the Council secretariat, rather than any one official within the institution, it is possible to adapt this understanding of process expertise applied to an institution, such that it captures the process expertise of an individual actor, by considering the procedural skills built up by that actor over the course of his/her time in a given role. Thus, the tenure of key delegation members in the ‘uploading’ and ‘reuploading’ negotiations over the SGP should indicate the level of process expertise for member states. These indicators are readily apparent from official biographies of states’ delegation members, and interviewees

have been asked about their own tenure and that of other representatives, as a check on evidence from the former sources.

As with all other independent variables, equal weight is attributed to each indicator, in arriving at overall values for process expertise, as follows:

‘uploading’

Tenure of the HoS/G - states ranked from 1 to 4, from shortest to longest tenure

Tenure of the Finance Minister - states ranked from 1 to 4, from shortest to longest tenure

Tenure of the MC representative - states ranked from 1 to 4, from shortest to longest tenure

‘reuploading’

Tenure of the HoS/G - states ranked from 1 to 4, from shortest to longest tenure

Tenure of the Finance Minister - states ranked from 1 to 4, from shortest to longest tenure

Tenure of the EFC representative - states ranked from 1 to 4, from shortest to longest tenure

5.2 Analysis

This section outlines the data requirements and sources for analyzing the posited causal processes linking independent variables - bargaining resources - with the dependent variable - negotiation performance, as well as those that account for the intervening effects of negotiation context. Below is a table summarizing the hypothesized relationships between these variables, as well as potential confirmatory evidence. It is important to note, though, that these hypotheses speak only to correlations between the variables; the process-tracing analysis outlined subsequently is essential to confirm causal relationships.

Table II. Summary of Hypotheses and Potential Confirmatory Evidence

Hypothesis	Evidence
H1: The lower the preference intensity of a member state, the more successful that state will be in negotiations.	Confirmed if the state with the lowest preference intensity negotiates most successfully
H1A: A low preference intensity is more important for negotiation success in the absence of established EU-level policy, as is the case in 'uploading', than in the presence of established EU-level policy, as is the case in 'reuploading'.	Confirmed if the state with the lowest preference intensity negotiates most successfully in 'uploading', yet the state with the lowest preference intensity does not negotiate most successfully in 'reuploading', or relies on a different resource to negotiate successfully in 'reuploading'
H2: The more information a member state has, the more successful that state will be in negotiations.	Confirmed if the state with the most information negotiates most successfully
H2A: Information is more important for negotiation success in the presence of established EU-level policy, as is the case in 'reuploading', than in the absence of established EU-level policy, as is the case in 'uploading'.	Confirmed if the state with the most information negotiates most successfully in 'reuploading', yet the state with the most information does not negotiate most successfully in 'uploading', or relies on a different resource to negotiate successfully in 'uploading'
H3: The more content expertise a member state has, the more successful that state will be in negotiations.	Confirmed if the state with the most content expertise negotiates most successfully
H3A: Content expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in 'reuploading', than in the absence of established EU-level policy, as is the case in 'uploading'.	Confirmed if the state with the most content expertise negotiates most successfully in 'reuploading', yet the state with the most content expertise does not negotiate most successfully in 'uploading', or relies on a different resource to negotiate successfully in 'uploading'
H4: The more process expertise a member state has, the more successful that state will be in negotiations.	Confirmed if the state with the most process expertise negotiates most successfully
H4A: Process expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in 'reuploading', than in the absence of established EU-level policy, as is the case in 'uploading'	Confirmed if the state with the most process expertise negotiates most successfully in 'reuploading', yet the state with the most process expertise does not negotiate most successfully in 'uploading', or relies on a different resource to negotiate successfully in 'uploading'

5.2a Hypothesizing the Role of Preference Intensity and Tracing the Causal Process

H1: The lower the preference intensity of a member state, the more successful that state will be in negotiations.

Causal Process: A low preference intensity → state will use the threat of exit(1) → threat of exit is taken seriously by other states(2) → other states respond to demands of the state that utilizes this bargaining tactic(3) → the positions of that state are accommodated in the negotiated agreement(4) → state has negotiated successfully(5).

Where a state with a low preference intensity threatens exit over a particular issue, I would expect to find conciliatory responses from other states, with the end result that the issue(s) over which this state has threatened exit are similar to that state's policy position in the final negotiated agreement. I would not expect to find that a state with a high preference intensity threatened exit from negotiations, but if this were observed, it would be crucial to track the responses of other states, as this has the potential to disprove the posited causal process.

In order to trace this process, I consulted media reports and secondary sources, as well as carrying out interviews with representatives of member states and EU institutions, party to the negotiations. The interviews were essential to check steps two and three in the process, in particular, as documentary evidence does not typically report on such subtle aspects of a negotiation process. Regarding media and secondary sources, I consulted *Agence Europe* and the *Financial Times*, as well as carrying out a Lexis/Nexis search of 'all European news in English', for the terms 'stability pact' and 'stability and growth pact',²⁵ for the dates of major negotiation sessions, as well as for the three days preceding and following these sessions.²⁶ The following secondary sources were also consulted - *Ruling Europe* and *The Stability and Growth Pact: The Architecture of Fiscal Policy in EMU*, as these sources discuss in detail the process and outcome of

²⁵ A list of the specific publications returned from these searches and consulted for data collection, is provided in the Appendix.

²⁶ Dates for 'uploading': 21-22/6/1996; 20-22/9/1996; 2/12/1996; 12-13/12/1996; 17/3/1997; 4-5/4/1997; 16-17/6/1997. Dates for 'reuploading': 7-8/3/2005; 20/3/2005; 22-23/3/2005.

negotiations for the 12-13/12/1996 and 16-17/6/1997 meetings, with regard to the ‘uploading’ negotiations, and *Ruling Europe* covers the Ecofin/Eurogroup meetings of 7-8/3/2005 and 20/3/2005.

H1A: A low preference intensity is more important for negotiation success in the absence of established EU-level policy, as is the case in ‘uploading’, than in the presence of established EU-level policy, as is the case in ‘reuploading’.

Causal Process: The causal role of preference intensity is facilitated by negotiations with a high level of distributional conflict, and minimized in negotiations with a low level of distributional conflict, in particular where the status quo alternative leaves all negotiation participants with the common policy they have set out to reform. In this latter case, the threat of exit is not an effective tactic, because even if some states are more satisfied than others with the status quo, the former states risk negative externalities or future crises by forcing others to maintain a policy that has proven ineffective.

Under such circumstances:

a low preference intensity → state will not use the threat of exit(1) → threat to walk away from negotiations would not be taken seriously by other states(2) → the threat of exit is not a feasible bargaining tactic(3) → this tactic will be absent in ‘reuploading’ negotiations(4).

In the ‘reuploading’ negotiations, I would not expect to find that states used the tactic of threatening to exit negotiations, regardless their preference intensity for reform, and thus the threat of exit should be absent from ‘reuploading’ negotiations. However, if evidence were found that states utilized this bargaining tactic in ‘reuploading’ negotiations, it would be crucial to track the responses of other states, as the effective use of this tactic in ‘reuploading’ would weaken or disprove the causal argument. I consulted the same data sources as described above, in order to trace this process.

5.2b Hypothesizing the Role of Information and Tracing the Causal Process

H2: The more information a member state has, the more successful that state will be in negotiations.

Causal Process: A high level of information → know more about others' positions than what is stated at formal negotiating sessions(1) → locate common ground(2) → propose compromises that encompass this common ground, whilst reflecting own positions as much as possible(3) → proposals are acceptable as they address others' positions over crucial issues(4) → proposals incorporated into final agreement(5) → state has negotiated successfully(6).

Interviews were essential to establish the extent to which member state representatives knew about others' positions, and Commission representatives to the MC/Ecofin ('uploading') and EFC/Ecofin and Eurogroup ('reuploading') were interviewed for this purpose. Commission representatives should be better placed to comment on the apparent understanding by state representatives of others' positions than would state representatives themselves, as responses from the latter are more likely to be biased. In addition to interviewing Commission representatives, representatives from states other than those analyzed in this study were interviewed, including the Chairman of the MC in the 'uploading' negotiations and the representative to the EFC of the Council Presidency state in the 'reuploading' negotiations.

Moving through the causal process, it was necessary to determine the extent to which states were able to locate common ground and propose compromises that reflected this, as well as gauging others' responses to these proposals. Initially, attempts were made to access written proposals by member states, in order to check this stage in the causal process, though neither the institutional archives in Brussels, nor member state capitals held such documents. I followed this up in interviews with negotiation participants, at which point I discovered that individual member states had not submitted official written proposals, but had mostly reported their proposals verbally, to be included in drafts by the Commission and Council Presidency. Thus, I relied on interviews and media documents to piece together the content of member state compromise proposals, as well as the extent to which these incorporated the positions of others. The specific media sources include *Financial Times* and *Agence Europe*, as well as a wide selection of publications generated from a Lexis/Nexis search of 'all European news in English', for the terms 'stability pact' and 'stability and

growth pact',²⁷ all over the period April 1996 to June 1997 ('uploading') and December 2004 to March 2005 ('reuploading').

The final step in this causal process, then, would be for the content of proposals made by well-informed states to be incorporated, in large part, into the final negotiated agreement. Again, interviews with negotiation participants, as well as media reports, were relied on for this purpose, as detailed above. In order to overcome the obstacle posed by a lack of written proposals, additional interviews were arranged with representatives of the Council secretariat, as a neutral institution with detailed records of the negotiation process, in order to check the reliability of data utilized for other steps in this process, as well as this final step.

H2A: Information is more important for negotiation success in the presence of established EU-level policy, as is the case in 'reuploading', than in the absence of established EU-level policy, as is the case in 'uploading'.

Causal Process: The causal role of information is facilitated as one moves from negotiations with a high level of distributional conflict to negotiations with a low level of distributional conflict. The former situation will be dominated by the state or states with the lowest preference intensity, leaving a state with a high level of information to influence negotiations only within the set zone of agreement of a state that will take the unilateral alternative rather than compromise. Under such circumstances:

a high level of information → know more about others' positions than what is stated at formal negotiating sessions(1) → locate common ground(2) → situation remains the same unless others' positions are nearer to the state(s) with the lowest preference intensity than was previously known(3).

For an explanation of the data to check steps one and two, see the previous section regarding H2. Moving through the causal process, it was necessary to determine whether the states that ranked highly on information in both 'uploading' and 'reuploading' negotiations, used information in the same way in each context. For the 'reuploading' negotiations, I would expect to find a state with a high level of information putting forward proposals at

²⁷ A list of the specific publications returned from these searches and consulted for data collection, is provided in the Appendix.

step 3, while in the ‘uploading’ negotiations, I would not expect to find a state with a high level of information actively shaping the debate.

If states with a high level of information were putting forward proposals in the ‘uploading’ negotiations, it would be necessary to consider a number of issues: first, whether that state also has a low preference intensity; second, how the proposal is received – where a state with a high level of information attempts to follow the process posited for the ‘reuploading’ negotiations, the expectation is that their proposal(s) would be rejected in the ‘uploading’ negotiations, unless the positions of this state happen to coincide with those of the state(s) with the lowest preference intensity; third, whether the content of the proposal reflects the position of the state(s) with the lowest preference intensity, in which case I would assume that the state with a high level of information discovered that others’ positions were nearer those of the state(s) with the lowest preference intensity than they had appeared to be at formal negotiating sessions, and incorporated this into a proposal.

Again, the main data source for this was participant interviews with member state and Commission representatives, as well as additional interviews with officials from the Council secretariat, in lieu of written proposals. To the extent that states with a high level of information in both negotiations used this bargaining resource differently in each, i.e. compromises were proposed by high information states in the ‘reuploading’ negotiations, but not in the ‘uploading’ negotiations (accepting under the circumstances highlighted above), I could be reasonably confident in accepting the posited causal process in line with H2A. Alternatively, if states with a high level of information follow the same causal process toward influencing negotiations in both ‘uploading’ and ‘reuploading’ negotiations, then it would be necessary to reject the posited causal process and, potentially, the hypothesis as well.

5.2c Hypothesizing the Role of Content Expertise and Tracing Causal Processes

H3: The more content expertise a member state has, the more successful that state will be in negotiations.

Causal Process: A high level of content expertise → know

the technical boundaries for possible issue outcomes(1)→ quicker to narrow down the range of agreement and propose compromises(2)→proposals reflect own positions within a technically acceptable range of agreement(3)→proposals incorporated into negotiated agreement(4)→state has negotiated successfully(5).

In order to establish the extent to which different state representatives knew the technical boundaries for possible issue outcomes, interviews were essential. Commission representatives to the MC ('uploading' negotiations) and EFC ('reuploading' negotiations) were interviewed for this purpose. Commission representatives should be better placed to comment on the apparent extent of knowledge of state representatives than would state representatives themselves, as responses from the latter are more likely to be biased. In addition to interviewing Commission representatives, representatives from states other than those analyzed in this thesis were interviewed, including the Chairman of the MC in the 'uploading' negotiations and the representative to the EFC of the Council Presidency state in the 'reuploading' negotiations. In general, at least one of the Commission representatives interviewed for the 'uploading' and 'reuploading' negotiations had attended both the MC/EFC and Ecofin/Eurogroup sessions, which provided for assessment of the extent to which member state representatives at both levels, knew the technical issues under negotiation.

In terms of differential expertise among the Heads of State/Government, I did not expect this be relevant for the majority of negotiations, as only the most politically sensitive issues reached that highest level of decision-making, and then agreements tended to be of a political, rather than technical nature. However, theory predicts that there would have existed a larger discrepancy in expertise between different Heads of State/Government than between different MC/EFC members, for example, and so it was desirable to trace the effects of this discrepancy at the highest level of decision-making. While it was not possible to arrange an interview with anyone who participated regularly in European Council negotiations, it was possible to interview finance ministers who had sat in occasionally, and

this was used to observe the effects of any discrepancies in content expertise at that level of member state delegations.

Moving through the causal process, it was necessary to determine which states tabled proposals and when. As in the case of attempts detailed above, to check written proposals for the purpose of tracing the posited causal process relating to information, I discovered that written proposals by member states did not exist. Thus, again, I relied on interviews and media documents, as detailed above for the independent variable information, to discover how quickly member states proposed compromises, and whether these were technically acceptable.

To the extent that a state with a high level of expertise appears to have known more than others about the technical boundaries for possible agreements, and proposed compromises more quickly than other states, the expectation is that these proposals would be technically acceptable, but of course this would need to be demonstrated as the next step in the causal process. Given the absence of written proposals, again, interviews with negotiation participants were relied on, and particularly the additional interviews with representatives of the Council secretariat, which were arranged as a check on data reported by other negotiation participants. Where proposals that are deemed technically acceptable were incorporated into the final negotiated agreement, the posited causal process could be accepted. Where proposals that are deemed technically acceptable were not incorporated into the final agreement, it would be necessary to consider the political sensitivity of the issues concerned and, based on this, either conclude that the hypothesized link between content expertise and negotiation success only holds in cases of low politicization, or potentially reject the posited causal process altogether.

H3A: Content expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in ‘reuploading’, than in the absence of established EU-level policy, as is the case in ‘uploading’.

Causal Process: The causal role of content expertise is facilitated as one moves from negotiations with a high level of distributional conflict to negotiations with a low

level of distributional conflict. The former situation will be dominated by the state(s) with the lowest preference intensity, leaving a state with a high level of content expertise to influence negotiations only within the set zone of agreement of a state that will take the unilateral alternative, rather than compromise. Under such circumstances:

a high level of content expertise → know the technical boundaries for possible issue outcomes(1) → quicker to narrow down the range of agreement and propose compromises(2) → proposals reflect own positions within a technically acceptable range of agreement(3) → proposals rejected unless they reflect the positions of the state(s) with the lowest preference intensity(4).

An explanation of the data utilized to check steps one through three is provided in the previous section, regarding H3. Moving through the causal process to step four, for the ‘reuploading’ negotiations, where proposals that are deemed technically acceptable were incorporated into the final negotiated agreement, it would be possible to accept the posited causal process. However, for the ‘uploading’ negotiations, proposals that are deemed technically acceptable and incorporated into the final negotiated agreement would also need to reflect the positions of the state(s) with the lowest preference intensity. If the proposal reflected only the positions of the proposing state, and departed from those of the state(s) with the lowest preference intensity, then it would be necessary to reject the posited causal process. Alternatively, where proposals deemed technically acceptable did not reflect the positions of the state(s) with the lowest preference intensity, and were rejected, this would support the posited causal process.

5.2d Hypothesizing the Role of Process Expertise and Tracing Causal Processes

H4: The more process expertise a member state has, the more successful that state will be in negotiations.

Causal Process: A high level of process expertise → aware of institutional nuance surrounding negotiations(1) → identify effective routes for influence(2) → exploit this route to propose compromises that reflect own positions(3) → proposals incorporated into negotiated agreement(4) → state has negotiated successfully(5)

In order to establish whether member state representatives were more or less aware of the institutional nuance surrounding negotiations, it was necessary to conduct interviews with negotiation participants. Commission representatives to the MC ('uploading' negotiations) and EFC ('reuploading' negotiations) were interviewed for this purpose, as Commission representatives can be assumed to be less biased than state representatives themselves, in reporting on this subject. Along those lines, representatives from member states other than the cases analyzed in this thesis, were interviewed, in order to compare their responses with data from Commission interviews.

Moving through the causal process, participant interviews, again, and media sources, as detailed in section 5.2b, were the crucial data to check whether those states with intricate knowledge of the institutional nuance of the situation, used this advantage to identify effective routes for influence and, coming to the third step, pursued this route to push their positions in a way that others, less expert in the process of negotiations did not. For this latter step, I judged interviews to be the only acceptable source of data, as documentary evidence would be unlikely to convey such a subtle point with any accuracy or reliability. Given the aforementioned absence of written proposals, it was, again, necessary to rely on participant interviews in order to test the fourth step in the causal process, as well as arranging for interviews with Council secretariat officials, as an impartial source to check the reliability of other interview data.

To the extent that proposals advanced by a state with a high level of process expertise, in a manner reflective of their unique institutional knowledge of the negotiation situation, were incorporated into the final negotiated agreement, it would be possible to accept the posited causal process. However, if such proposals were not incorporated into the final agreement, or were deemed by participants to have been incorporated for other reasons, such as a coincidental change of position by one or more states, then I would be forced to reject the posited causal process in this case.

H4A: Process expertise is more important for negotiation success in the presence of established EU-level policy, as is

the case in ‘reuploading’, than in the absence of established EU-level policy, as is the case in ‘uploading’.

Causal Process: The causal role of process expertise is facilitated as one moves from negotiations with a high level of distributional conflict to negotiations with a low level of distributional conflict. The former situation will be dominated by the state(s) with the lowest preference intensity, leaving a state with a high level of process expertise to influence negotiations only within the set zone of agreement of a state that will take the unilateral alternative, rather than compromise. Under such circumstances:

a high level of process expertise→aware of institutional nuance surrounding negotiations(1)→identify effective routes for influence(2)→exploit this route to propose compromises that reflect own positions(3)→proposals rejected unless they reflect positions of the state(s) with the lowest preference intensity(4).

An explanation of the data used to check steps one to three is provided in the previous section, regarding H4. Moving through the causal process to step four, for the ‘reuploading’ negotiations, where proposals advanced by a state with a high level of process expertise, in a manner reflective of their unique institutional knowledge of the negotiation situation, were incorporated into the final negotiated agreement, it would be possible to accept the posited causal process. However, for the ‘uploading’ negotiations, proposals that were advanced by a state with a high level of process expertise would, according to the posited causal process, need in their manner to reflect a unique knowledge of the negotiation situation, and in their content, to reflect the positions of the state(s) with lowest preference intensity, if they were to be incorporated into the final negotiated agreement. Absent this latter criteria, that is, if a proposal by a state with a high level of process expertise, and a high preference intensity, reflected their position, and not that of the state(s) with the lowest preference intensity, yet was included in the final negotiated agreement, I would be forced to reject the posited causal process. On the other hand, if a state with a high level of process expertise proposed a compromise that did not reflect the positions of the state(s) with the lowest preference intensity, and saw that proposal rejected, this would support the posited causal process for the case of ‘uploading’ negotiations.

The following table summarizes the posited causal processes associated with each of the independent variables, as described above:

Table III. Summary of Posited Causal Processes

Variable	Posited Causal Process
Preference Intensity	(‘uploading’) low preference intensity → state will use the threat of exit(1) → threat of exit is taken seriously by other states(2) → other states respond to demands of the state that utilizes this bargaining tactic(3) → the positions of that state are accommodated in the negotiated agreement(4) → state has negotiated successfully(5)
Preference Intensity	(‘reuploading’) low preference intensity → state will not use the threat of exit(1) → threat to walk away from negotiations would not be taken seriously by other states(2) → the threat of exit is not a feasible bargaining tactic(3) → this tactic will be absent in ‘reuploading’ negotiations(4)
Information	(‘uploading’) high level of information → know more about others’ positions than what is stated at formal negotiating sessions(1) → locate common ground(2) → situation remains the same unless others’ positions are nearer to the state(s) with the lowest preference intensity than was previously known(3)
Information	(‘reuploading’) high level of information → know more about others’ positions than what is stated at formal negotiating sessions(1) → locate common ground(2) → propose compromises that encompass this common ground, whilst reflecting own positions as much as possible(3) → proposals are acceptable as they address others’ positions over crucial issues(4) → proposals incorporated into final agreement(5) → state has negotiated successfully(6)
Content Expertise	(‘uploading’) high level of content expertise → know the technical boundaries for possible issue outcomes(1) → quicker to narrow down the range of agreement and propose compromises(2) → proposals reflect own positions within a technically acceptable range of agreement(3) → proposals rejected unless they reflect the positions of the state(s) with the lowest preference intensity(4)
Content Expertise	(‘reuploading’) high level of content expertise → know the technical boundaries for possible issue outcomes(1) → quicker to narrow down the range of agreement and propose compromises(2) → proposals reflect own positions within a technically acceptable range of agreement(3) → proposals incorporated into negotiated agreement(4) → state has negotiated successfully(5)
Process Expertise	(‘uploading’) high level of process expertise → aware of institutional nuance surrounding negotiations(1) → identify effective routes for influence(2) → exploit this route to propose compromises that reflect own positions(3) → proposals rejected unless they reflect positions of the state(s) with low preference intensity(4)
Process Expertise	(‘reuploading’) high level of process expertise → aware of institutional nuance surrounding negotiations(1) → identify effective routes for influence(2) → exploit this route to propose compromises that reflect own positions(3) → proposals incorporated into negotiated agreement(4) → state has negotiated successfully(5)

5.3 Case Selection

5.3a Selecting The Stability and Growth Pact

The SGP was selected for analysis because it meets important research design criteria. The first and most basic is that the SGP, originally agreed in 1997 and reformed in 2005, has been through both ‘uploading’ and ‘reuploading’ negotiations, providing for the necessary diachronic variation. Second, in measuring the influence that a member state has on negotiations in the EU, researchers have tended to highlight salience as an explanatory factor (for example, Bailer, 2004; Thomson and Stokman, 2006; Naurin and Wallace, 2008; Tallberg, 2008), though findings differ over whether a high level of salience increases or decreases bargaining success. This thesis does not aim to uncover the effects of salience, and the SGP largely provides for the control of salience, as the regulation of fiscal policy by an authority other than the sovereign state would be in almost any circumstances, and was in the case of the EU, a highly salient topic for all states concerned. While there was a difference between states’ perceptions of how they stood to benefit from EMU membership, and the sovereignty they were willing to relinquish to gain those benefits, the design and reform of fiscal policy regulation at EU-level were no less salient for even the most enthusiastic of EMU’s supporters, nor its best-behaved members (Moravcsik, 1998; Heipertz and Verdun, 2010).

Two concerns mentioned in chapter 4, regarding the operationalization of negotiation performance, lie in the risk of counting accidental success as deliberate influence, and of attributing success to a state that has secured an outcome agreement closest to own positions, though only because this state had a moderate original position, and thus less to do than some other states, to secure a favorable outcome (see Bailer, 2010). The SGP addresses these problems in that both the ‘uploading’ and ‘reuploading’ negotiations involved a multitude of issues that had to be agreed for the policy to come into effect, and it is thus possible to measure states’ negotiation performance in light of each individual issue within the dossier. Rather than considering negotiation performance only in terms of the whole negotiated agreement, member states’ negotiation performance is considered for each individual issue, so minimizing the effects of accidental success or

apparent success based on a median position. In other words, the likelihood of a state being lucky, rather than influential, and/or of a state choosing the median position over the whole range of issues under consideration, is extremely low. Taking these points into consideration, the SGP provides for variation that allows for the testing of hypotheses derived from the theoretical framework, whilst minimizing design and measurement challenges.

5.3b Synchronic Variation: Selecting Member State Cases within the SGP

In order to trace the process through which member states influenced the SGP negotiations to achieve an outcome that reflected their position, it was necessary to carry out a detailed study of negotiations, drawing on documentary evidence and participant interviews, to reach valid conclusions. With this in mind, it was not feasible to analyze the performance of all member states involved in the ‘uploading’ and ‘reuploading’ negotiations, and it was thus necessary to select a limited number of states for detailed examination. Because the hypotheses to be tested in this study highlight specific bargaining resources as an explanatory factor for negotiation success, member states have been selected on the basis of variation in their possession of these bargaining resources, so providing for variation on the independent variables.

In order to draw a comparison not only between the performances of different member states in one context, but also the performance of a single member state in both ‘uploading’ and ‘reuploading’, selections are kept constant for the ‘uploading’ and ‘reuploading’ negotiations. It was necessary, therefore, to eliminate from consideration any state that was a EU member at the time of SGP reform in 2005, but not at its initial agreement in 1997. A further criterion for selection was that the member state had not negotiated an opt-out from EMU prior to the SGP negotiations in 1997, as this would affect the capacity of a state to influence the negotiations, independent of the variables of interest. Along the same lines, any state that had not adopted the single currency prior to 2005 is excluded as well. Although any SGP reform deal had to be agreed by all member states, it is well documented that the bulk of negotiations took place within the Eurogroup (for example Parker, 2005; *Agence Europe*, 2005a), to which only finance ministers from states

that use the euro belong. This indicates a differential capacity for Eurozone and non-Eurozone states to influence the ‘reuploading’ negotiations.

Given these criteria, the member states from amongst which it was necessary to select are Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal and Spain. Cases have been selected, again, on the basis of variation in the bargaining resources under study, among other factors, which are detailed below. During the ‘uploading’ negotiations over the SGP, the preference intensities for reaching agreement differed widely among the states in question. In contrast to this, information, content expertise and process expertise differed more subtly, both in the ‘uploading’ and ‘reuploading’ negotiations. Nonetheless, among the states under consideration, there is an apparent difference between levels of information, content expertise and process expertise, as well as preference intensity. In presenting the justification for case selection, it is first explained why five of the possible twelve states are discarded. From there, an explanation is presented for the selection of four states – Belgium, France, Germany and the Netherlands – from the remaining seven.

Austria and Finland

Given that Austria and Finland joined the EU in 1995, the same year that negotiations over the SGP began, selecting these states would not allow for the hypotheses to be tested as effectively as they could through consideration of other states. Specifically, it is commonly argued that states display different bargaining styles on immediately joining the EU than they do after years of membership (for example Tallberg, 2008; Dür and Mateo, 2010). Thus, any observable differences between the negotiation strategy undertaken by Austria or Finland, or their level of success, in the ‘uploading’ and ‘reuploading’ negotiations, could be due to the length of their membership in the EU at the time of the latter, compared to the former negotiations. While this represents an interesting area of study, it does not address the question of general differences between these two negotiation contexts, which this project seeks to answer.

Greece

As a state very much on the periphery of the original SGP negotiations, given that it was widely understood, and in fact came to be true, that Greece would not qualify for the first round of EMU membership (for example interview with British Treasury official; Barber, 1995; Heipertz and Verdun, 2010), Greece is not a good case for analysis.

Portugal and Spain

The situation regarding Portugal and Spain, in terms of membership length, is similar to that of Austria and Finland. Portugal and Spain both joined the EC in 1986, and had only been members for nine years at the start of the SGP negotiations. While it would be possible to argue that, after nine years, Portugal and Spain would have become just as accustomed as older members to negotiating in the EU, it would be equally possible to argue that comparing the negotiation performance of states that had been EC/EU members for nearly three decades (as in the cases of Belgium, France, Germany, Italy, Luxembourg and the Netherlands), with that of states that had less than one decade of membership, is a more useful exercise in uncovering the effects of membership length than bargaining resources, on negotiation performance. Similarly, any difference between the performance of Portugal and/or Spain between the ‘uploading’ and ‘reuploading’ negotiations, could be explained by membership length, rather than possessing the relevant bargaining resources for success in one context or the other.

The qualitative method employed for this study would minimize the possibility of misidentifying causal processes in such a way, but even if empirical evidence revealed that Spain, for example, used the relevant resources identified to negotiate successfully in ‘reuploading’, and used distinct resources to succeed in the ‘uploading’ negotiations, it would be more difficult to conclude that this was the result of contextual differences between the two negotiations, than if the state in question were an original member. Further to that, Dür and Mateo (2010: 567) hypothesize that states change their bargaining tactics over time, with newer members more likely than old members to use ‘hard’ bargaining tactics. Whether or not this hypothesis seems convincing, it would be difficult to distinguish between

this effect, and the effect of contextual differences between ‘uploading’ and ‘reuploading’ negotiations, in explaining a change in the resources relied on by Portugal and Spain between the ‘uploading’ and ‘reuploading’ negotiations over the SGP.

Belgium, France, Germany, Ireland, Italy, Luxembourg, the Netherlands

Based on variation in the bargaining resources of interest, and the need to establish some element of comparability across cases, Belgium, France, Germany, and the Netherlands have been selected for study. With regard to Ireland and Luxembourg, while there is no expectation that population or economic size will have a direct effect on negotiation performance, it is likely that any findings about the superior performance of Germany relative to Ireland, would be perceived as confirmation that large states have more say in EU policy-making, regardless of how strong the causal argument is for Germany’s higher information level, for example. In other words, as GDP is a standard control variable in cross-national research (Cole, 2005), a comparison between Germany and Luxembourg or Germany and Ireland, is less appropriate for the purposes of this study than one between Germany and France.

Italy is excluded on the basis of a lack of variation in the bargaining resources under analysis. Specifically, Italy did not have a low preference intensity in either ‘uploading’ or ‘reuploading’ negotiations, nor does Italy rank highly with regard to the indicators for information, content expertise or process expertise. In addition to this, as one aim of the thesis is to consider the role of smaller member states, in contrast to the typical focus on large member states in analyses of the SGP negotiations (see for example Heipertz and Verdun, 2004; 2005; 2010), there is a need to introduce two small or medium states, so as to control for the effects of size. The selection of Italy would not provide for this, nor is it logical to select Italy in place of either France or Germany, two large states that are essential to a comprehensive analysis of the SGP negotiations.

By comparing France and Germany, and Belgium and the Netherlands as pairs, it is possible to control for population and economic size. It is also possible to control for the independent effect of pre-EMU

monetary policy on negotiation performance, by considering Germany and the Netherlands, and France and Belgium, as pairs. Unfortunately, these states do not provide the opportunity to control for the independent effect of government change during negotiations, as only France underwent this in either ‘uploading’ or ‘reuploading’. However, I am confident that any effects of a mid-negotiation change of government on negotiation performance would be captured by the process expertise variable, which encompasses tenure of delegation members.

Another factor that it was not possible to control for entirely is the effect of holding the Council Presidency. Specifically, the Dutch held the Council Presidency for part of both ‘uploading’ and ‘reuploading’ negotiations, in the second half of 1997 and the second half of 2004, which provides only for within-case control, between ‘uploading’ and ‘reuploading’. However, this is unproblematic for various reasons. Regarding ‘reuploading’, given that I do not consider the political negotiations to begin until three months following the Commission proposal, as explained earlier in this chapter, this sees the start of negotiations in January 2005, by which point the Dutch presidency had already concluded. Thus, the Dutch held the presidency during the stage of position formation, from September to December 2004, which is a process focused more on the national than supranational level, and is unlikely to be effected by holding this supranational role. Nonetheless, I sought to confirm this with negotiation participants, all of who reported that the Dutch presidency in the second half of 2004, had no impact on their role in ‘reuploading’ negotiations, which did not begin in earnest until after the Luxembourgish presidency had begun in the first half of 2005.

In terms of ‘uploading’, the bulk of political negotiations took place prior to the start of the Dutch presidency in June 1997, with the climax of negotiations occurring at the Dublin European Council in December 1996. Only two issues included in the analysis, the question of whether a maximum fine amount of .5% GDP should be an annual limit or a total limit, and of whether to add a resolution on growth and employment, were negotiated during the Dutch presidency; I exclude these issues from my assessment of Dutch negotiation performance, given that the presidency state is expected to

act as a neutral mediator, rather than simply defending own positions, and if the state chose to shirk this responsibility, the delegation could be seen to have an advantage in securing an outcome closest to their position. Excluding these issue does not have any major impact on general conclusions regarding Dutch success in ‘uploading’, and is thus a simple solution.

With regard to examining those variables that this thesis does aim to analyze, comparing the differential importance of bargaining resources in ‘uploading’ and ‘reuploading’ is facilitated in the case of the Netherlands, possessed of a high level of content expertise in both negotiations, so that evidence of the Dutch utilizing these resources to different extents in ‘uploading’ versus ‘reuploading’, and their resultant negotiation performance, goes some way toward confirming or disconfirming multiple hypotheses. Regarding preference intensity, Belgium, France and Germany all experienced decisive shifts in preference intensity between ‘uploading’ and ‘reuploading’, with the French and German intensity increasing, and the Belgian intensity decreasing, between the former and latter negotiations. This provides for useful within-case, as well as cross-case variation. In addition to within-case and cross-case variation in preference intensity, there is variation in information, content expertise and process expertise, across these states, which is essential to testing the hypotheses regarding the explanatory role of bargaining resources, and variation in bargaining resources, for member state negotiation performance.

The main role of these nested case studies is to demonstrate the effects of variation in the independent variables, and the cases have thus been selected with the explicit aim of introducing observations with different values of the independent variables, to demonstrate how this variation affects the value of the dependent variable for each of these states, in ‘uploading’ and ‘reuploading’ negotiations. The analysis of multiple member states in any one negotiation context provides for synchronic variation, while analysis of the ‘uploading’ and ‘reuploading’ negotiations provides for diachronic variation. Introducing these two forms of variation within one overarching case provides for the testing of numerous causal claims, though without

diminishing comparability, or precluding analysis of causal mechanisms (Gerring, 2004).

While considerable efforts have been devoted to selecting states that are comparable, it is not feasible in this study to select cases that display the same values for every variable but one, nor to select cases that differ on every variable but one. Thus, the process-tracing analysis described earlier in the chapter is carried out in part to address this imperfect comparability of cases. In other words, to the extent that it is possible to support the hypothesized relationship between high information and negotiation success, for instance, the steps carried out to trace the intervening process provide further explanation of the causal mechanisms at work that connect information to negotiation performance, so strengthening results, despite the imperfect comparability of cases under analysis (George and Bennett, 2005).

In addition to providing for the testing of hypotheses regarding resource levels and negotiation performance, and the differential importance of resources in distinct negotiation contexts, these cases also serve to generate additional hypotheses. Specifically, while the rational choice institutionalist framework applied to this study has led to hypotheses regarding the differential importance of preference intensity versus information, content expertise and process expertise in distinct contexts, the approach does not offer any predictions as to which of the latter three resources will be more or less important for negotiation success, in any one context. Through careful tracing of the causal mechanisms at work, linking resource levels to negotiation performance for each of these member states, it is possible to shed light on this important question. In so refining the theoretical approach undertaken here, it would be possible to formulate a new set of hypotheses regarding the differential roles of information, content expertise and process expertise, in explaining member state negotiation performance, which represents an interesting agenda for future research.

Conclusion

This chapter articulated the research design of the thesis, including detailed description of the operationalization of variables and concomitant data

sources, as well as the process undertaken to analyze this data. It also explained how the SGP and the four member states analyzed as embedded cases - Belgium, France, Germany and the Netherlands - were selected for study. The case study approach adopted for this thesis is an appropriate complement to the process-tracing method of analyzing data, which is undertaken for the purposes of examining causal mechanisms that link the independent and dependent variables (Gerring, 2004; George and Bennett, 2005; Vennesson, 2008). As can be seen through description of the indicators used to measure the independent variables, these are not easily captured, and the contextual sensitivity that was essential for identifying appropriate indicators, necessitated a small-n design. Further to that, there was a need to ensure comparability of the instances under study, so that the indicators for each variable, as well as the posited process linking independent and dependent variables, could be applied without adjustment (Gerring, 2004). Hence the utility in selecting a single case that provides for internal variation.

The SGP provides for diachronic variation in the intervening variable of context, as well as synchronic variation in the independent variables, given that different member states participating in the SGP negotiations were possessed of different levels of the bargaining resources analyzed. Further to that, as detailed in the preceding section, the SGP offers additional advantages, such as the possibility to control for the effects of salience. In addition to that, the SGP facilitates measurement of the dependent variable - negotiation performance - which has been designed with the explicit aim of distinguishing between accidental and deliberate success, an essential step in generating valid conclusions.

The decision to focus on a select group of member states that participated in the 'uploading' and 'reuploading' negotiations over the SGP, is also bound up with the overarching aim of designing a study that could capture causal mechanisms and abstract concepts that are notoriously difficult to measure (Bailer, 2004; 2008; 2010; Thomson and Stokman, 2006). The data requirements involved in such an endeavor, which have been described in detail over the course of this chapter, precluded an analysis of all member states party to the 'uploading' and 'reuploading' negotiations, and the need to enhance comparability (Gerring, 2004) in fact made it

desirable to limit the study to a select group of negotiation participants. Further to that, the selection of Belgium, France, Germany and the Netherlands, in particular, facilitates the control of certain factors, outlined in the previous section, and provides for the necessary variation on the independent variables of interest. Thus, the main elements of research design, including a case study approach, measurement of abstract concepts using multiple indicators and data sources, and a process-tracing technique to analyze this data, are complementary and essential components in the valuable contribution this thesis makes to a variety of theoretical and empirical debates.

Section 4 - Empirics

Chapter 6 - Overview of Findings

Introduction

This chapter provides an overview of findings regarding the dependent variable, and reports values for the four independent variables, for Belgium, France, Germany and the Netherlands, in ‘uploading’ and ‘reuploading’ negotiations over the SGP. The remaining chapters in this empirical section of the thesis refer back to findings presented here, when analyzing the role of each bargaining resource with regard to predicting and explaining member state negotiation performance. Main findings from this chapter are that Germany and the Netherlands achieved the most notable, deliberate success in ‘uploading’ and ‘reuploading’ negotiations, respectively. While this chapter provides only an overview of these results, subsequent chapters present more detailed analysis, including discussion of specific issues over which each state negotiated successfully, and, crucially, the resources they relied on to do so.

These findings regarding German and Dutch negotiation success are supportive of the hypothesized role of bargaining resources in affecting negotiation performance, in that Germany had the lowest preference intensity in ‘uploading’, and the Netherlands had the most content expertise in ‘reuploading’. However, these findings are not conclusive regarding which resources the states relied on to negotiate successfully in each case, given that Germany also possessed a high level of information and process expertise in ‘uploading’, while the Netherlands also had a low preference intensity for reaching agreement in ‘reuploading’, to name two examples. Nor does this chapter present a conclusive answer to the main research question of whether differences between ‘uploading’ and ‘reuploading’ negotiations affect member state performance in each, given that findings discussed herein do not provide for identification of the specific bargaining resources states relied on to wield the influence they did in each negotiations, and thus whether those changed in line with changing context between ‘uploading’ and ‘reuploading’. Chapters 7 through 10 address this question head on, focusing on the role of each independent variable in explaining member state negotiation performance, and revealing the specific causal

processes through which these variables affected states' performance, as well as the extent to which these effects were mediated by context.

6.1 Dependent Variable - Negotiation Performance

As stated in the research design chapter, each issue under negotiation within the SGP dossier is treated individually, and every issue over which there were at least two contrasting positions is included in the analysis of member state negotiation performance (Thomson and Stokman, 2006). Each issue is presented, followed by a description of the positions held by Belgium, France, Germany and the Netherlands, as well as the final issue outcome in the negotiated agreement. Those issues that were of utmost importance to the negotiations as a whole are marked with an asterisk, and those issues identified as most important to individual delegations are marked with a double asterisk. Where possible, a continuum ranging from the weakest to strictest position is also depicted, with each state's position located along the continuum, and a (+) denoting the location of the agreement outcome. For those issues that could not be arranged along a weak to strict continuum, this is noted following the description of states' positions. Finally, a brief summary is provided, to clarify states' positions and the negotiation performance of individual states, where applicable.

6.1a Issues and Outcomes - 'uploading' Negotiations

Should the medium-term objective (MTO) of a general government balance be formalized with a 1% limit?

Belgium – no position

France – opposed to specific deficit target

Germany – in favor of 1% limit

Netherlands – in favor of 1% limit

Outcome: states should strive toward close to balance or surplus in the medium-term

(This issue cannot be arranged along a strict-weak continuum)

This issue was ultimately more about whether or not to formalize the MTO, than about what the formal target would be. While the original German proposal envisioned a 1% target, the emphasis of the German delegation throughout negotiations was on aiming for a balanced budget in normal times, with “the idea [being] that there would be a balanced budget in normal times and 3% would allow for cyclical movements” (interview, German finance ministry a; *Extel Examiner*, 1996). Thus, the eventual issue outcome reflected the position of the French more than the Dutch and Germans, in that the target was not specific, and states were asked only to ‘strive toward’ the target. This left room for interpretation, which the Germans in particular were opposed to, though this outcome did not implicate any significant compromise on the part of the Germans or Dutch, and the French were in a majority of states preferring this flexible outcome (van der Vaart, 1996). In general, this was not a central question for any delegations, because the emphasis throughout ‘uploading’ negotiations was much more on how the corrective arm of the pact would work, than on how the preventive arm would work, and thus it was not difficult to reach consensus among delegations (*Agence Europe*, 1996b).

Whether there should be a debt target in addition to a ‘stricter’ deficit target; how would that be defined?; whether there should be penalties for breaching the debt ceiling as well as deficit ceiling?*

Belgium – emphasis on downward trend, rather than quantitative target; strongly opposed to penalties**

France – no position

Germany – no position; emphasis was on deficit

Netherlands – although emphasis was on the deficit, did favor a credible commitment for high debt states to lower debt levels toward 60%

Outcome: debt target defined quantitatively as 60% of GDP; no penalties for breaching debt target

(This issue cannot be arranged along a strict-weak continuum)

Belgium was partly successful here, in that there are no penalties for breaching the debt target, which was the most important issue for the delegation (interview, Belgian finance ministry). However, this success is not very deliberate, given that the Belgians were essentially unopposed on that point (*Agence Europe*, 1996c). The Belgians were unsuccessful in that the debt target is defined quantitatively, though the absence of penalties minimizes the potential negative effects of this outcome.

The Dutch saw the “development of the debt as crucially linked to budget surplus or deficit” (interview, Dutch finance ministry b), while the prevailing view was that a focus on limiting deficits was sufficient (interviews, German finance ministry a and Commission b). Thus, absent a way to compel high debt states to address their debt burdens through differentiated requirements for budget surpluses, the Dutch favored some credible commitment toward reduction from high debt states. However, lack of concern from others, and political motivation to allow room for maneuver in the membership decision, ultimately led to a quantitative, yet non-operational debt target (interviews, British treasury and Dutch finance ministry b).

How to calculate sanctions

Belgium – no position

France – in favor of a graduated approach to sanctions, rather than large initial fine

Germany – initial fine of .25% and a variable amount linked to level of the deficit

Netherlands – no position on specific amount; favored prior determination of size

Outcome: fixed amount of .2% with variable amount linked to level of the deficit

(This issue cannot be considered along a strict-weak continuum)

This was a clear success for Germany, rather than France, given French opposition to such a large initial fine as that proposed by Germany, which the French representative to the MC referred to as “the ‘atomic bomb’

approach” (Monetary Committee of the European Community, 1996a). Nonetheless, this issue was not subject to lengthy debate, as illustrated by the statement that “this was not really something discussed in detail on a political level; this was sort of pre-cooked, with the balance found at an early stage” (interview, Council secretariat a), and that balance was in Germany’s favor.

Whether max. of .5% GDP sanctions, should be an annual cap or total cap

Belgium – total cap

France – total cap

Germany – annual cap

Netherlands – not considered; held the Council Presidency at this point

Outcome: annual cap; maximum potential fines decreases for subsequent years

(This issue cannot be considered along a strict-weak continuum)

This outcome was a compromise between two opposing sides, though one that reflected the German position more so than that of the French, Belgians and majority of other states involved in negotiations, who favored a total cap on sanctions (*European Report*, 1997a). However, it was also the case that the Commission favored the German position, viewing a total cap as inappropriate. This is illustrated by a Commission participant’s statement that, “an excessive deficit doesn’t cease being a risk to monetary union after one year and one fine” (interview, Commission b). That the Commission shared the German position can be considered to minimize the deliberate success of the Germans, given the weight of the Commission’s position in their favor.

Timetable for implementation of sanctions

Belgium – 12 months from identification of excessive deficit

France – 12 months from identification of excessive deficit

Germany – 6 months from identification of excessive deficit

Netherlands – 12 months from identification of excessive deficit

Outcome: 12 months from identification of excessive deficit

Belgium, France, Netherlands+-----Germany

This was a relatively clear-cut issue, over which Germany was opposed by all other delegations (*Agence France Presse, 1996a; European Report, 1996a*). This was not an issue of particular significance to any individual state, nor to the dossier as a whole, and was described as something that was not difficult to compromise over (interview, Commission b). Nonetheless, it was necessary for Germany to compromise, in order that agreement could be reached (*Agence France Presse, 1996*), and the outcome reflects success for France, Belgium and the Netherlands.

Whether to define the following terms – ‘exceptional’, ‘temporary’, ‘close to the reference value’

Belgium – in favor of clear definition of ‘exceptional circumstances’

France – ‘exceptional circumstances’ should remain unspecified

Germany – in favor of clear definition of ‘exceptional circumstances’

Netherlands – in favor of clear definition of ‘exceptional circumstances’

Outcome: define terms

France-----+Belgium, Germany, Netherlands

Although this is about defining three separate terms, the discussion quickly focused on one term: ‘exceptional circumstances’ (interview, British treasury). Leaving this unspecified would have been a huge step away from the automaticity that Germany was determined to approximate, and vice versa, would have been an important success for France.

*Whether fines will be automatic**

Belgium – opposed automaticity, though not as strongly as the French; emphasis was on leeway with regard to EDP initiation, along the lines of ‘temporary’ and ‘close’ to the reference value

France – strongly opposed to any degree of automaticity**

Germany – favored complete automaticity, though this was not possible if the SGP was to operate within the Treaty framework; favored as much automaticity as possible, within the Treaty framework**

Netherlands – favored semi-automatic, rather than entirely automatic fines**

Outcome: semi-automatic fines

France-----Belgium-----+Netherlands-----Germany

As is clear from the illustration, both the French and German delegations succeeded at moving the issue to a middle ground compromise. In analyzing this outcome with regard to states’ performance, it is worth noting that full automaticity was not feasible given the early decision to fit the pact within the confines of the Maastricht Treaty, which means that the French were somewhat less instrumental in moving the outcome toward the middle ground, given the aid of legal requirements on their side. Nonetheless, the French were successful at moving the issue further away from the near automaticity that Germany advocated. This point is intricately related to the following issues, regarding ‘exceptional circumstances’ and defining a ‘severe recession’, insofar as the de facto degree of automaticity eventually included in the SGP, depended on the outcome of those issues.

*What are exceptional circumstances and how can they be defined in terms of a drop in growth?**

Belgium – exceptional circumstances should be defined; expressed in terms of growth, based on past historical experience

France – in favor of Council discussing whether to apply sanctions if GDP drops at all, rather than a restrictive interpretation

Germany – wants definition of ‘exceptional circumstances’ as specified in the Maastricht Treaty; along the lines of severe recession

Netherlands - wants definition of ‘exceptional circumstances’ as specified in the Maastricht Treaty; along the lines of severe recession

Outcome: exceptional circumstances defined in terms of a drop in growth (severe recession)

France-----Belgium---+Germany, Netherlands

Both France and Belgium favored more flexibility here than did Germany and the Netherlands. France, in particular, wanted as much political discretion as possible in applying sanctions (*Economist*, 1996) – this was at the heart of their approach to negotiations, and related to their belief that ultimate wisdom should rest with politicians (interviews, French finance ministry, Dutch finance ministry a and Dutch finance ministry b). Belgium was willing to accept a greater degree of automaticity, i.e. less political discretion in the application of sanctions, but did not favor a specific, universal quantification (*Algemeen Nederlands Persbureau*, 1996). On the other hand, both Germany and the Netherlands wanted very specific conditions under which sanctions would be avoided (*Agence Europe*, 1996).

This was central to the German goal of achieving near automaticity, with the delegation focused on “limit[ing] the room for political interference”, and describing this as something that “could not be compromised on” (interview, German finance ministry a). A great deal of thought went into arriving at the German position on exceptional circumstances, and the aim was to allow for all things outside the control of governments to be accounted for, so that sanctions could work automatically

in all other cases (interview, German finance ministry a). The outcome was unquestionably in line with the German and Dutch positions, very much opposed to the French position and, to a lesser extent, opposed to the Belgian position as well. However, this outcome reflected more deliberate success on the part of the Germans than Dutch, the former exercising considerable influence over all question related to ‘exceptional circumstances’, as discussed in subsequent chapters.

The following, related, question of how to define the term ‘serious recession’ in the context of exceptional and temporary circumstances, and whether or not to quantify this, came to hold equal or greater political significance than the previous issue:

*How to define the term ‘severe recession’ in the context of exceptional and temporary circumstances – whether or not to quantify this**

Belgium – no position

France – opposed to quantitative definition of ‘severe recession’

Germany – in favor of quantitative definition of ‘severe recession’

Netherlands – in favor of quantitative definition of ‘severe recession’

Outcome: quantitative definition

France-----+Germany, Netherlands

The decision to quantify was taken quickly, and the more important question then became how to quantify a ‘severe recession’.

*How to quantify a ‘severe recession’**

Belgium - no position

France - drop of .5%

Germany - drop of 2%

Netherlands - drop of 1%

Outcome: definition for automatic exceptions is GDP contraction of 2% or more; contraction between .75% and

2% would be subject to further consideration, for a possible exception

(This issue cannot be arranged along a strict-weak continuum)

This issue went right to the end of negotiations at the Dublin European Council in December 1996, and was one of very few issues that had to be decided at the level of Heads of State and Government. In the end, the decision was much closer to the German position overall, in that the French had already compromised on the question of whether or not to quantify the definition of ‘severe recession’, and so any success over the exact quantification of that definition was merely an attempt to recoup losses from defeat over quantification. Ultimately, the compromise was based on a minor numerical point, representing a middle way between the positions taken by the French and German delegations.

It is worth noting that while the German delegation stuck to their demand that a ‘severe recession’ be classified as an annual drop of 2% of GDP, they eventually compromised on a demand of 1.5% shortly in advance of the European Summit in Dublin, which is the position from which they negotiated at Dublin (*European Report*, 1996b). While the outcome agreement is also similar to the Dutch position, this is an example of accidental, rather than deliberate success on the part of the Dutch, who benefitted from occupying a position between France and Germany. Chapter 7 expands on this point.

To what extent should the Commission take account of any conclusions drawn with regard to existence of exceptional circumstances; what role should the Council play; how and on what should it take decisions

Belgium – while acknowledging the central role of the Commission, in favor of the Council taking key decisions, so as to provide political legitimacy to the process

France – in favor of a limited role for the Commission; Ecofin Council should have power of interpretation over sanctions decisions

Germany – in favor of a limited role for the Council, as much as possible given confines of the Treaty; Commission should decide on exceptional circumstances, rather than

member states in the Council

Netherlands – in favor of a leading role for the Commission, in terms of proposing and recommending, with Council taking the ultimate decision using QMV

Outcome: Council to decide on existence of exceptional circumstances

France-----Belgium--Netherlands-----Germany

This was ultimately a question of whether the application of fines would be politicized, with France and Belgium favoring more political involvement for the member states and Germany favoring the opposite, with the Commission seen as the less political of the two institutions. Belgium was less opposed than France to a large role for the Commission, and this French opposition related to a belief that politicians should always have the final decision, as well as a general French preference to limit the role of the Commission regarding application of the SGP (interviews, French finance ministry, Dutch finance ministry a and Dutch finance ministry b; Howarth, 2007). Although it would normally be the case that small states support the Commission and large states support the Council, the Germans saw this as another way to enhance automaticity, which was the source of their support for Commission involvement (interview, German finance ministry a).

While the outcome envisaged a role for both institutions, the ultimate decision gave far more de facto power to the Council regarding the application of fines, which reflects French influence, and compounds German failure to secure automaticity in the imposition of sanctions. Thus, despite the location of the outcome agreement near to the Belgian and Dutch positions, it was French determination to see the pact follow their national preference for placing ultimate control in the hands of the politicians, that led to this accidental success on the part of Belgium and the Netherlands, and deliberate success on the part of the French. Interestingly, a French delegation member from the finance ministry indicated that this was a theme running throughout negotiations, namely that the inclination of other states to free operation of economic policy from political interference “was difficult for the French to understand” (interview, French finance ministry). This is

exemplified also by French determination, and ultimate success, in securing German acquiescence over a Stability Council, as an additional political component of EMU (*European Report*, 1997b).

Whether to add a resolution on growth and employment

Belgium – sympathetic to the idea

France – strongly in favor**

Germany – opposed

Netherlands – not considered; held the Council Presidency at this point

Outcome: resolution added

(This issue cannot be considered along a strict-weak continuum)

This issue reflects the French preference for more interventionist economic policy, along the lines of Keynesianism, as opposed to the German preference for stability-oriented policy above all else (for example Dyson, 1994; Dyson and Featherstone, 1999; Howarth, 2007). The Germans were opposed to this and the French in favor, throughout negotiations over the pact, though the resolution was only added at Amsterdam following a surprise election victory for the Socialists in France (Barber, 1997b). This is not a resounding success for France; while inclusion of the resolution is in line with the French position, the content of the resolution reflects German opposition to any Keynesian-style emphasis on growth and full employment being bound up with EMU. Nonetheless, that it is included at all is evidence of French influence, given that the pact was essentially a done deal prior to the new government demanding this change.

6.1b Issues and Outcomes - 'reuploading' Negotiations

Whether to upgrade the issue of ms debt

Belgium – strongly opposed**

France – in favor of more attention to debt levels

Germany – in favor of more attention to debt levels

Netherlands – in favor of giving extra weight to debt levels

Status quo – debt target is not operational

Outcome: statement of intent to enhance focus on debt and ensure that states over reference value of 60%, are reducing debt at a satisfactory pace; de facto no change

(This issue cannot be considered along a strict-weak continuum)

Overall, this represents a success for Germany, France and the Netherlands, rather than Belgium, although the outcome is somewhat ambiguous in that there is hardly any change from the status quo, and states' positions are particularly complex in this case. For example, the German delegation presented their position as being less about a need to upgrade the focus on debt per se, and more about highlighting the fact that, despite an excessive deficit, Germany was not a sustainability risk, which implicated a need to focus on debt as well as deficits (interview, German finance ministry b). This is colorfully illustrated by a description from a Council secretariat participant in negotiations, of a German representative explaining to others that:

our deficit's massive because we're shoveling money into East Germany, so stop being silly, let's look at our debt pile, how we're gonna service it over the next 15 years - we are gonna have a massive boom because of the Harts IV reform, it's gonna be fine. This is all about debt and sustainability (interview, Council secretariat b)

Similarly, while the Dutch saw greater emphasis on debt as a goal in itself, they also considered it a way to ensure that some states, notably France and Germany, could not use a focus on debts as an excuse to run excessive

deficits without sanction. This can be seen in the following statement of Gerrit Zalm, paraphrased in Dutch daily *Het Financieele Dagblad*: while low debt countries can afford to run higher deficits than can high debt countries, reforms to reflect this would not help France and Germany (Broekhuizen, 2004). Along those lines, the French, with a rapidly rising debt, were happy to see attention focused away from deficits, though were greatly opposed to operationalizing the debt criteria under a reformed pact, as addressed in the following issue (Howarth, 2007; interview, Council secretariat b).

How to operationalize the debt criteria; whether to introduce a quantitative benchmark to assess satisfactory pace of debt reduction

Belgium – opposed to any emphasis on debt, but favored loosest interpretation in any case**

France – favored qualitative criteria for debt reduction

Germany – favored qualitative criteria for debt reduction

Netherlands – in favor of a rigid framework and procedure for reducing debt

Status quo – debt target is not operational

Outcome: debt criteria, and pace of reduction, to be considered qualitatively

Belgium, SQ---+France, Germany-----Netherlands

This is a resounding success for Belgium, in that their main concern was to limit additional restrictions being placed on high debt levels, particularly because they considered that the “emphasis on debt was an aim to compensate for increased flexibility” in a reformed pact, rather than a response to legitimate concerns about debt sustainability (interview, Belgian finance ministry b). This is a success for France and Germany as well, given that both states favored a loose, qualitative interpretation of the debt criteria (*Agence Europe*, 2004), not least because the motivation behind their drive to increase the focus on debt, was partly to provide a distraction from their excessive deficits, rather than a genuine concern with states’ debt levels (interview, Council secretariat b).

How to improve interaction between EU institutions in terms of budgetary surveillance; which institution – Commission, Council or both – should be selected to take account of ‘relevant factors’ re. budgetary surveillance

Belgium – supported role of the Commission in surveillance, to avoid permanent contention with member states

France – in favor of less monitoring power for the Commission, increased political discussion in the Council

Germany – in favor of less monitoring power for the Commission, increased political discussion in the Council

Netherlands – in favor of enhanced role for the Commission, to limit political interference

Status quo – Commission recommends and Council decides

Outcome: factors to be judged by Commission and Council

(This issue cannot be considered along a strict-weak continuum)

The outcome is ambiguous with regard to success, as two member states favored one outcome, two favored another, and the actual outcome was a combination. The reformed pact is essentially the same as the original on this point. Any practical change regarding the division of labor between the Commission and Council, over application of the pact, lay mainly in enhancing the flexibility of the pact to provide for Commission consideration of additional state-by-state circumstances, with the potential effect of reducing tension between the Commission and Council insofar as the former was previously expected to base recommendations on very narrow criteria, which contributed to the SGP crisis of 2003 (Howarth, 2006). Nonetheless, as France and Germany wanted a change in the direction of less influence for the Commission, and Belgium and the Netherlands wanted the opposite, the specific outcome of this issue is not a success for any of these states, regardless the potential implications bound up with wider pact reform.

Whether to adjust the one-size-fits-all MTO to better account for differences in member states' economic fundamentals, such as debt levels and expected debt dynamics

Belgium – accepted differentiated MTOs based on country-specific situations

France – wanted each country to have its own MTO

Germany – in favor of adjusting the MTO across countries

Netherlands – accepted differentiated MTOs, but only to the extent that they considered 3 parameters: debt level, deficit level and affordability of aging population

Status quo – common MTO for all member states

Outcome: differentiated MTOs based on debt level, deficit level and affordability of aging population; between 1% GDP for low debt/high potential growth countries and close to balance or surplus for high debt/low potential growth countries

France, Germany, Belgium-----+-Netherlands---SQ

This issue is a bit less straightforward than some others, in that all of the states considered were in favor of differentiated MTOs, though the difference in position lies in the basis on which MTOs are differentiated, a point that separates the Netherlands from the other three delegations. Further to that, a distinction can be made between the motivations behind states' official positions, particularly France and the Netherlands. While the French delegation favored differentiated MTOs as a way to remove pressure on states to take drastic measures toward budgetary discipline, and to increase flexibility of the pact (Howarth, 2007), the Dutch, on the opposite end of the spectrum, supported differentiated MTOs for distinct reasons. Specifically, as illustrated by a Council secretariat participant, the Dutch perspective was that, if “we’re not just aiming to get under 3%, [and] everyone is supposed to define what keeps them solvent in the long-term, aim for it, achieve it and stay there”, then “you need to be absolutely clear and err on the side of caution and have a clear framework for establishing what those conditions are” (interview, Council secretariat b). In other words, while the Dutch

supported differentiated MTOs, this was to ensure that states with more to do to ensure sustainability, had this highlighted in their MTO. Thus, the positions can be mapped onto a strict/weak continuum, with the Dutch delegation on the strict end and the other three delegations on the weak end, while the outcome agreement reflects the Dutch position.

How to prevent pro-cyclical fiscal policy; what kind of additional instruments and incentives would be required to ensure 'budgetary discipline' in good times

Belgium – accepted the idea of strict recommendations from the Commission if good times were not used to consolidate the budget, provided they were not excessively specific

France – opposed proposals to render the pact more 'symmetric' by increasing constraint on fiscal policy during good times

Germany – disliked pro-cyclical fiscal policy, but did not see necessity of changing the pact to reflect this

Netherlands – strongly in favor of additional, concrete measures to ensure budgetary consolidation in good times**

Status quo – while there is a general goal to strive toward balanced budgets in normal times, there is nothing to compel this or penalize failure to do so; essentially non-operational

Outcome: reference to avoiding pro-cyclical fiscal policy, focused on MTO; adjustment effort toward the MTO should be greater in good times, with states generally expected to achieve an annual adjustment of .5% GDP, cyclically adjusted, net of one-off and temporary measures; Commission can issue non-binding policy advice to states that fail to follow this adjustment path

France, Germany, SQ-----Belgium+---Netherlands

The outcome is close to the Belgian and Dutch positions, in that there is reference to pro-cyclical policy, and a measure to address states that fail to use good times for additional consolidation, yet no specific instruments to ensure consolidation in good times, which, if included, would have reflected the Dutch position more nearly than the Belgian one. Nonetheless, the outcome of this issue reflects Dutch influence, as elaborated in chapter 9.

*May be a need to review the pact's interpretation of Treaty Art. 104.2 re. 'exceptional and temporary circumstances'**

Belgium – no position

France – broaden definition to include recession of any sort, as well as negative effects of long-term reforms

Germany – in favor of Commission proposal re. terms on exceptional circumstances – redefine severe economic downturn and clarify circumstances surrounding onset of downturn, i.e. abruptness, as well as output loss relative to past trends

Netherlands – accept that definition of recession necessary to qualify for an exception could be made less stringent, but must emphasize a focus on discipline and sustainability; e.g. the percentage of negative growth necessary to qualify for an exception could be lessened, coupled with consideration of whether the state used good times for budget consolidation and whether the state followed or ignored policy recommendations

Status quo - definition of 'exceptional circumstances' as specified in the Maastricht Treaty, along the lines of severe recession

Outcome: excessive deficit to be considered exceptional if resulting from negative growth rate or accumulated loss of output from protracted period of very low growth relative to potential growth

France-----Germany+-----Netherlands-----SQ

All delegations accepted the need for a review of 'exceptional and temporary circumstances', but the French delegation wanted a broader definition than others. While the actual outcome is closest to the German position, there is a question of whether to classify the German delegation as successful, given that the Germans did not move the outcome much from the original Commission proposal (European Commission, 2004). Along the same lines, neither were France or the Netherlands able to move the outcome much from the original Commission proposal. Although this issue was identified as particularly important to the negotiations, it was not the subject of intense political debate, with states in broad agreement over the need to

reform the status quo definition of exceptional circumstances, as seen in the positions noted above.

Further to that, while the decision to adjust the definition of ‘exceptional and temporary circumstances’ was considered to be an important one, the specific outcome was attributed less significance than was the overarching decision to shift the pact away from this focus on 3% except in narrowly defined circumstances (interviews, Council secretariat b and German finance ministry b). For example, the Dutch were less concerned about the specific content of the issue outcome than about seeing the role of the Commission enhanced, as illustrated by a Dutch participant’s statement that “if the Commission could come up with recommendations before you breached the 3% [referring to Commission’s right to issue policy advice if good times weren’t used to reduce the deficit], that was in it for me, and less rigidity [in escaping the EDP] was in it for them” (interview, Dutch finance ministry c). Thus, the positions of member states are particularly complex in this case, and it is difficult to conclude as to the deliberate success of one state or another.

*Whether to remove certain categories of spending from calculation of deficits**

Belgium – opposed

France – in favor (R&D, defense, capital spending)

Germany – in favor (R&D, education, innovation, capital spending, contributions to EU budget)

Netherlands – opposed**

Status quo – all spending categories are included in calculation of the deficit

Outcome: spending categories not removed from calculation of the deficit

(This issue cannot be considered along a strict-weak continuum)

This is a significant success for the Dutch delegation, as this was among the most important issues in the dossier for the Netherlands, as well

as for negotiations in general (interviews, Dutch finance ministry c, Luxembourgish finance ministry and Commission c). It was an important goal of the Dutch to ensure that no spending categories were removed from calculation of the deficit, which they considered would make the pact entirely ineffectual, as illustrated by a Dutch participant's statement that "I calculated what would happen if we took all the exceptions requested, and in this case, you could claim to have a balanced budget if you had a deficit of 6%" (interview, Dutch finance ministry c). Although the Belgian delegation did not identify this as one of the most important issues from a national perspective, it was a goal throughout negotiations for the Belgians to prevent the removal of spending categories from calculation of the deficit, as this would have been considered a major weakening of the pact (interview, Belgian finance ministry b; *EU Observer*, 2004). However, the Belgians did not deliberately influence this outcome as directly as the Dutch, a point expanded on in chapter 9.

If whole spending categories aren't removed from calculation of deficits, there could be a list of relevant factors that the Commission should consider during evaluation of an excessive deficit

Belgium – no position

France – consider spending on certain categories (R and D, defense, capital spending), consider whether state is net contributor or recipient to EU budget

Germany – consider categories that make up the deficit, i.e. composition of budget and quality of budget, give special consideration for structural reforms, consider whether country is in recession when they break the rules and consider special burdens, i.e. German reunification**

Netherlands – opposed to a specific list of measures for consideration in judging finances

Status quo – all spending is considered equally in calculation of the deficit

Outcome: specific categories of spending to be considered: investment, R & D, structural reforms (that have a long-term impact on budgetary sustainability), EU policy goals, European

unification, international ‘solidarity’

France, Germany+-----SQ, Netherlands

This outcome is a significant success for France and Germany. The German delegation, in particular, succeeds at having a specific list of factors to consider in evaluating an excessive deficit, and one which reflects their main concerns (*Agence Europe*, 2005b). Further to that, this is identified as one of the most important issues for the German delegation, emphasizing specifically that the list of relevant factors should reflect Germany’s reunification burden. Along those lines, a German finance ministry official noted that “[the] government made a big mistake in judging [the] effects of reunification costs, which made us[Germany] unable to fulfill the pact [as it was]” (interview, German finance ministry b).

The Dutch were entirely unconvinced by this argument, illustrated by a finance ministry participant’s statement that “[the] German argument about reunification was not a good argument, because they knew about this when they agreed the original pact” (interview, Dutch finance ministry c). The Dutch opposed having a specific list of factors to consider, not because they favored ultimate flexibility in evaluating deficits, but because they considered that the list would be too arbitrary, reflecting unique concerns and preferences of individual states, while a better option would have been to evaluate the quality of states’ budgets in light of the circumstances of a given case (Broekhuizen, 2004). Thus, this outcome clearly indicates French and German success, a point that chapter 8 expands on.

6.2 Independent Variables

This section presents the values for each independent variable, for Belgium, France, Germany and the Netherlands, in ‘uploading’ and ‘reuploading’ negotiations. In addition to providing the overall values for each state, for each variable, the values assigned to each state for all indicators considered in the total, are reported. The coding scheme applied to these indicators, and to the total value for each variable, is described in the preceding chapter, on research design. I briefly recap this with regard to each variable, and explain

the coding rationale further, where this was affected by empirical findings. Values are presented separately for the ‘uploading’ and ‘reuploading’ negotiations, beginning with the values for all independent variables in the ‘uploading’ negotiations, and followed by the values for all independent variables in the ‘reuploading’ negotiations.

6.2a States’ Bargaining Resources in ‘uploading’ Negotiations

Preference Intensity

The indicators of preference intensity for ‘uploading’ negotiations are as follows:

Currency stability - state with de facto anchor currency under ERM receives a 4; state that could operate within narrowest bands against the de facto anchor currency receives a 3; other states receive a 2

Domestic opinion toward EMU membership - states ranked from 1 to 4, with 1 representing domestic opinion that is most favorable, based on average value of support less opposition over 1995-1997, and 4 representing domestic opinion that is least favorable, based on average value of support less opposition over 1995-97

Whether key trade partners are likely to qualify and join - this indicator is treated dichotomously, with states that have key trade partners likely to qualify and join receiving a 1, and those with key trade partners less likely to qualify and join receiving a 2; based on geographical division of states into Mediterranean and Northern European trading blocs

Whether state is pivotal to the project going ahead - this indicator is treated dichotomously, with states that are not pivotal receiving a 1, and those that are pivotal receiving a 4

The following table reports state values for preference intensity:

Table IV. States’ Values for Preference Intensity: ‘uploading’

State	Currency	Domestic Opinion	Trade	Pivotal	Total
Belgium	2	1	1	1	5
France	2	3	2	4	11
Germany	4	4	1	4	13
Netherlands	3	2	1	1	7

Information

The indicators of information for ‘uploading’ negotiations are as follows:

Frequency of participation in restricted informal meetings outside the direct negotiating sphere - this indicator is treated dichotomously, with those states that participated in restricted informals receiving a 4, and those states that did not receiving a 1. This is a change from the original plan, to rank member states from 1 to 4, with 1 representing least participation and 4 representing most participation. The reason for this is that data collection revealed that some states participated nearly every time there was a restricted informal session, while others hardly ever did, thereby pointing to a dichotomous treatment as the more appropriate measure.

Frequency of bilateral meetings with other member state representatives - member states ranked from 1 to 4, with 1 representing least bilateral meetings with other state representatives, and 4 representing most; empirics revealed that there was no effective difference between the frequency of bilateral meetings held by the French and Dutch delegations, and that there was a greater distinction between these delegations and the Belgians, than between these and the Germans, so the French and Dutch both receive a 3

Bailer Index - member states ranked from 1 to 4, with 1 representing the lowest score for information in the Bailer index, and 4 representing the highest score

The following table reports state values for information:

Table V. States’ Values for Information: ‘uploading’

State	Informals	Bilaterals	Bailer Index	Total
Belgium	1	1	1	3
France	4	3	4	11
Germany	4	4	3	11
Netherlands	4	3	2	9

Content Expertise

The indicators of content expertise for ‘uploading’ negotiations are as follows:

Fit between pre-EMU monetary policy and stability-oriented policy of the ECB - this indicator is treated dichotomously,

with a 1 for those states that did not have a good fit, and a 2 for those states that had a good fit between pre-EMU monetary policy and ECB policy

Whether any of the delegation had been present during Maastricht negotiations over EMU - prior to data collection, there was a question over whether to treat this indicator dichotomously, with those that did have representatives at Maastricht receiving a 2 and those that did not, receiving a 1, or to rank states from 1 to 4, with 1 representing the lack of repeat representatives or least number of repeat representatives, and 4 representing the most; the empirics indicate that states should be ranked from 1 to 4, because there was a spread between number of repeat representatives, across states. Where states had the same number of repeat representatives, as in the case of Belgium and Germany, the state with more relevant representatives to the negotiations, meaning the delegation member who took part in the bulk of negotiations, which is the MC member, received a higher score

Whether HoS/G had served as Finance minister or in the Finance Ministry - this indicator is treated dichotomously, with a 1 for those HoS/G that did not have a relevant background, and 2 for those HoS/G that did

The following table reports state values for content expertise:

Table VI. States' Values for Content Expertise: 'uploading'

State	Fit	Maastricht	HoS/G	Total
Belgium	1	4	1	6
France	1	1	2	4
Germany	2	3	1	6
Netherlands	2	2	2	6

Process Expertise

The indicators of process expertise in 'uploading' negotiations are as follows:

Tenure of the HoS/G - states ranked from 1 to 4, from shortest to longest tenure

Tenure of the Finance Minister - states ranked from 1 to 4, from shortest to longest tenure

Tenure of the MC representative - states ranked from 1 to 4, from shortest to longest tenure; for France and Germany, it was not possible to differentiate on the basis of tenure of the MC rep., because the difference was so minimal as to be irrelevant to the state's effective process expertise - France and Germany were assigned an equal score of 2, because the French and German reps. were closer in tenure to the shortest-serving rep., than to the longest-serving rep.

The following table reports state values for process expertise:

Table VII. States' Values for Process Expertise: 'uploading'

State	HoS/G	Finance Minister	MC Rep.	Total
Belgium	3	4	4	11
France	1	1	2	4
Germany	4	3	2	9
Netherlands	2	2	3	7

6.2b States' Bargaining Resources in 'reuploading' Negotiations

Preference Intensity

The indicators of preference intensity for 'reuploading' negotiations are as follows:

Initiation of EDP - this indicator is treated dichotomously, with those states that had been subject to and complied with the EDP receiving a 4, those that had not receiving a 1

Deficit Level - prior to data collection, there was a question over whether to treat this indicator dichotomously, such that those states near the deficit ceiling received a 1 and those far from it received a 4, or to rank states from 1 to 4, representing highest to lowest deficit; the empirics reveal that it is useful to rank states from 1 to 4, with 1 representing a deficit consistently over the 3% ceiling,

3 representing a deficit at or over the ceiling at times, though on a downward trend, and 4 representing a deficit well below the ceiling

Debt Level - prior to data collection, there was a question over whether to treat this indicator dichotomously, such that those states near the debt ceiling received a 4 and those far from it received a 1, or to rank states from 1 to 4, representing lowest to highest debt level; the empirics indicate that it is useful to rank states from 1 to 4, with 1 representing lowest

debt, 2 representing debt above the 60% ceiling, though not significantly so, and 4 representing debt consistently well above the 60% ceiling

The following table reports state values for preference intensity:

Table VIII. States' Values for Preference Intensity: 'reuploading'

State	EDP	Deficit	Debt	Total
Belgium	1	4	4	9
France	1	1	2	4
Germany	1	1	2	4
Netherlands	4	3	1	8

Information

The indicators of information for 'reuploading' negotiations are as follows:

Frequency of bilateral meetings with other member state representatives - member states ranked from 1 to 4, with 1 representing least bilateral meetings with other state representatives, and 4 representing most; empirics revealed that there was no effective difference between the frequency of bilateral meetings held by the French and Dutch delegations, and that there was a greater distinction between these delegations and the Belgians, than between these and the Germans, so the French and Dutch both receive a 3

Frequency of contact with representatives from the European Commission - member states ranked from 1 to 4, with 1 representing least frequent contact with Commission representatives, and 4 representing most; empirics revealed that there was no effective difference between the frequency of contact that the French delegation had with the Commission, and that the German delegation had with the Commission, while the Dutch delegation had only moderately less contact, and considerably more so than did the Belgians - the French and Germans receive a 4, the Dutch a 3 and the Belgians a 1

Bailer Index - member states ranked from 1 to 4, with 1 representing the lowest score for information in the Bailer index, and 4 representing the highest score

The following table reports state values for information:

Table IX. States' Values for Information: 'reuploading'

State	Bilaterals	Commission	Bailer Index	Total
Belgium	1	1	1	3
France	3	4	4	11
Germany	4	4	3	11
Netherlands	3	3	2	8

Content Expertise

The indicators of content expertise for 'reuploading' negotiations are as follows:

Fit between pre-EMU monetary policy and stability-oriented policy of the ECB - this indicator is treated dichotomously, with a 1 for those states that did not have a good fit, and a 2 for those states that had a good fit between pre-EMU monetary policy and ECB policy

Whether any of the delegation had been present during 'uploading' negotiations and/or Maastricht - prior to data collection, there was a question over whether to treat this indicator dichotomously, with those that did have representatives at 'uploading'/Maastricht receiving a 2 and those that did not, receiving a 1, or to rank states from 1 to 4, with 1 representing the lack of repeat representatives or least number of repeat representatives, and 4 representing the most; the empirics indicate that states should be ranked from 1 to 4, because there was a spread between number of repeat representatives, across states

Whether HoS/G had served as Finance Minister or in the Finance Ministry - this indicator is treated dichotomously, with a 1 for those HoS/G that did not have a relevant background, and 2 for those HoS/G that did

The following table reports state values for content expertise:

Table X. States' Values for Content Expertise: 'reuploading'

State	Fit	Maastricht/'uploading'	HoS/G	Total
Belgium	1	4	2	7
France	1	2	2	5
Germany	2	1	1	4
Netherlands	2	3	1	6

Process Expertise

The indicators of process expertise for 'reuploading' negotiations are as follows:

Tenure of the HoS/G - states ranked from 1 to 4, from shortest to longest tenure

Tenure of the Finance Minister - states ranked from 1 to 4, from shortest to longest tenure; for Belgium and Germany, it was not possible to differentiate on the basis of tenure of the finance minister, because the difference was so minimal as to be irrelevant to the state's effective process expertise - Belgium and Germany were assigned an equal score of 3, because the Belgian and German reps. were closer in tenure to the longest-serving rep., than to the shortest-serving rep.

Tenure of the EFC representative - states ranked from 1 to 4, from shortest to longest tenure; for France and the Netherlands, it was not possible to differentiate between states on the basis of tenure of the EFC rep., because the difference was so minimal as to be irrelevant to the state's effective process expertise - France and the Netherlands were assigned an equal score of 1, because their reps. had the shortest tenure

The following table reports state values for process expertise:

Table XI. States' Values for Process Expertise: 'reuploading'

State	HoS/G	Finance Minister	EFC Rep.	Total
Belgium	2	3	4	9
France	4	1	1	6
Germany	3	3	2	8
Netherlands	1	4	1	6

Conclusion

In reviewing member state performance for ‘uploading’ and ‘reuploading’ negotiations, it is clear that these negotiations were highly complex, with many issues overlapping, and states’ positions featuring a variety of dimensions, which implicates considerable difficulty in arriving at straightforward conclusions regarding negotiation success. Rather than being unique to the case of the SGP negotiations, this is typical of intergovernmental negotiations involving a multitude of parties and issues to be agreed, which is why this thesis emphasizes consideration of individual issues, and the role of specific bargaining resources in explaining states’ influence over those issues, to enhance understanding of negotiation outcomes.

Nonetheless, it is possible to offer the general conclusion that, considering the total number and importance of issues over which they secured an outcome closest to own positions, Germany negotiated most successfully in ‘uploading’, while the Netherlands negotiated most successfully in ‘reuploading’. The following chapters expand on this analysis, in order to address the role of each independent variable in explaining the outcomes this chapter has summarized. Along those lines, the values presented in this chapter for the independent variables, in ‘uploading’ and ‘reuploading’, lead, in conjunction with the hypothesized relationships between the independent, dependent and intervening variables, to specific predictions regarding states’ negotiation performance, which form the basis for discussion in chapters 7 through 10. Those states receiving the highest values for the independent variables are generally expected to negotiate most successfully, though this is subject to the intervening variable of negotiation context.

Turning to findings regarding the independent variables, beginning with preference intensity, the values for each member state, for ‘uploading’ negotiations, were as expected, with Germany and France having similarly low preference intensities, though the former with a slight advantage, and Belgium and the Netherlands having higher preference intensities. Similarly, values for preference intensity in ‘reuploading’ were in line with expectations. Findings regarding information were also unsurprising in the

case of both ‘uploading’ and ‘reuploading’, with France and Germany having joint highest levels of information in each case. This accords with findings from previous studies, that big member states, and the French and Germans in particular, tend to be at the center of communication networks in the EU (for example Beyers and Dierickx, 1997; Naurin, 2009).

One surprising finding was that Belgium had such a deficit in information, compared to the other states, in both ‘uploading’ and ‘reuploading’. Perhaps this is to be expected, in light of the aforementioned findings regarding the informational advantage of big states, though it would seem that Belgium, at the center of the EU, might be better able than many other states to cultivate informal relationships, and thus gather information. Where Belgium was seen to excel was in both content expertise and process expertise, receiving joint highest and/or highest values for both variables, in ‘uploading’ and ‘reuploading’. This is in contrast to France, with low scores for both content expertise and process expertise, in ‘uploading’ and ‘reuploading’, which is another surprising result. This does, however, appear to relate to circumstances specific to the SGP negotiations, as France was the only state to experience a change of government over the course of ‘uploading’ negotiations, and saw a frequent turnover in representatives to the EFC and Ecofin/Eurogroup, both prior to and during ‘reuploading’ negotiations.

Finally, it is interesting, if not unsurprising, that values for content expertise are closely clustered for most states, in both ‘uploading’ and ‘reuploading’. This likely owes, in large part, to the fact that these are all wealthy countries with long-term membership in the EU, and whose representatives in these negotiations would have represented their states in other international economic organizations, such as the IMF and OECD, implying a certain baseline quality of content expertise. Thus, the value of the approach this thesis takes, analyzing the evidence qualitatively to observe variation that is not apparent from quantitative scores alone, is particularly apparent in this case, a point chapter 9 returns to. While beyond the scope of this study, further research into variation in content expertise, across the entirety of EU member states, would presumably reveal greater discrepancies, with interesting and important implications for the differential

potential of these states to influence the outcome of intergovernmental negotiations.

Chapter 7 - Preference Intensity

Introduction

Preference intensity is often a crucial bargaining resource in intergovernmental negotiations (for example Moravcsik, 1998; Moravcsik and Nicolaïdis, 1999), with the case of the SGP being no exception. A state with a low preference intensity for concluding a supranational agreement, compared to the status quo policy option, is likely to be more successful at influencing any supranational agreement that is concluded, than a state with a high preference intensity for reaching agreement, compared to the status quo (for example Lax and Sebenius, 1985; Sebenius, 1992; Moravcsik, 1998). However, the relevance of this resource is mediated by the context surrounding negotiations, and where the breakdown of negotiations would leave member states with existing domestic policy arrangements, as in ‘uploading’ negotiations, a low preference intensity is indeed essential for achieving negotiation success, though this is not the case in ‘reuploading’ negotiations, where a breakdown would leave all parties with the existing EU-level policy they had set out to reform.

In other words, during ‘uploading’ negotiations, the member state(s) with the lowest preference intensity can determine the range of possible negotiated outcomes, because anything outside this range will prompt that state to exit negotiations, satisfied with the status quo. In contrast to this, because the status quo arrangement in ‘reuploading’ is to maintain the policy states have set out to reform, the utility of preference intensity for influencing negotiations, which depends on a credible threat of exit, should be minimal in this context. With these points in mind, I set out the following hypotheses regarding preference intensity:

H1: The lower the preference intensity of a member state, the more successful that state will be in negotiations.

H1A: A low preference intensity is more important for negotiation success in the absence of established EU-level policy, as is the case in ‘uploading’, than in the presence of established EU-level policy, as is the case in ‘reuploading’.

Thus, the expectation is that the state with the lowest preference intensity will be the most successful state in ‘uploading’ negotiations over the SGP,

while the state with the lowest preference intensity in ‘reuploading’ negotiations, will not necessarily achieve negotiation success.

7.1 Predicting Member State Performance in ‘uploading’ Negotiations
In ‘uploading’ negotiations over the SGP, the four member states under consideration receive the following values for preference intensity:

Germany - 13
France - 11
Netherlands - 7
Belgium - 5

Drawing on H1, which states that *The lower the preference intensity of a member state, the more successful that state will be in negotiations*, these values for preference intensity lead to the following predictions:

- 1.) Germany will be the most successful state in ‘uploading’ negotiations
- 2.) France will be less successful than Germany, though more successful than Belgium and the Netherlands in ‘uploading’ negotiations
- 3.) The Netherlands will be less successful than Germany and France, though more successful than Belgium in ‘uploading’ negotiations
- 4.) Belgium will be the least successful state in ‘uploading’ negotiations

As discussed previously, the reality of negotiations, with a host of complex issues, having differential importance to distinct delegations, and with states’ positions often containing multiple dimensions, as seen in chapter 6, renders it difficult to bundle together state successes over individual issues, to conclude as to the most successful state. However, taking into consideration the total number, and, crucially, the importance of issues over which they negotiated successfully, it is possible to accept prediction one, that Germany was the most successful state in ‘uploading’. Specifically, the German delegation achieved an outcome agreement that was closest to their position over important questions related to the imposition of sanctions under the EDP, including the question of how to calculate sanctions and whether there should be an annual or total cap on sanctions applied to any member state.

With regard to clarifying application of the EDP, the German delegation achieved an important success over the question of whether to define the terms ‘exceptional and temporary’, which formed an integral part of how the corrective arm of the SGP would work in practice. The German delegation also negotiated successfully over a number of issues that were identified as particularly important to the general process of negotiations, including such questions as whether and if so how, to define the term ‘serious recession’ as applied to ‘exceptional circumstances’ under the EDP, as well as what the quantitative definition of a ‘serious recession’ is, once the decision was taken to define this quantitatively (interviews, British treasury, Commission a and Commission b; Monetary Committee of the European Community, 1996).

Finally, the German delegation wielded significant influence, and some success, over the issue identified as most important to the Germans, which was the question of whether fines for breaching the 3% deficit ceiling would be automatic (interview, German finance ministry a); this issue came to encompass a whole range of additional questions, surrounding application of the EDP. While the outcome did not reflect the German position exactly, in that fines would not be automatic, this was largely because of legal constraints arising from the early decision to fit the pact within the confines of the Maastricht Treaty, which precluded full automaticity (Stark, 2001). Further to that, even the limited success of the German delegation over this issue becomes more significant, given that, as well as being most important to the Germans, this issue was identified as one of the most important questions to the negotiations generally, and was also identified as one of the most important issues to the French and Dutch (for example interviews, French finance ministry, Dutch finance ministry, Dutch finance ministry b, British treasury, Commission a and Commission b; Stark, 2001; Heipertz and Verdun, 2010).

In terms of the specific mechanisms linking a low preference intensity with negotiation success, the data confirms the posited causal process in the case of German success in these negotiations, to a large extent. The German delegation saw their low preference intensity, particularly bound up with their pivotal role in the project’s completion, as an important source of influence in these negotiations. This is illustrated by the statement

of a German finance ministry representative that “Germany had leverage in these negotiations, because they [the Germans] said that without something like this [the SGP], there will be no monetary union” (interview, German finance ministry a). Further to that, given the need to “sell failure to achieve automaticity” to the German public, it was essential for the Germans to achieve “rules [that were] clear and watertight”, which led to the focus on a strict definition for ‘severe recession’, over which Germany threatened to abandon talks, in response to opposition from other states (interview, German finance ministry a; Helm, 1996; Palmer, 1996). Thus, it is documented that the German delegation threatened to exit negotiations (for example Helm, 1996, Traynor, 1996), though an important question, regarding the posited causal process linking preference intensity with negotiation success, is whether others deemed this threat to be credible.

While there is widespread acknowledgment that this was a potential source of influence for the Germans, there is also evidence of doubt that Germany would exit negotiations (interviews, Commission b and British treasury; Heipertz and Verdun, 2010), indicating that the threat was not deemed to be entirely credible, which calls into question the posited process linking a low preference intensity with negotiation success. For example, Heipertz and Verdun (2010) raise the possibility that, while the Germans could have terminated negotiations over the SGP, they were unable, legally, to derail progress to the single currency, having committed to this in signing the Maastricht Treaty.

On this point, it is pertinent that German representatives also specifically threatened to exit negotiations over the pact as they stood, and instead wait for EMU membership to be chosen in 1998, before recommencing negotiations with only those chosen members (Barber, 1996a). While this is not equivalent to a threat to derail the EMU project entirely, it would have had the same implications for the host of states, including Italy, Spain, Portugal and Belgium, among others, that needed a political interpretation of the Maastricht criteria in order to gain first round membership in EMU, which would have been unlikely in the absence of a strict stability pact agreement (interview, British treasury; Elliot, 1996; Heipertz and Verdun, 2010). Further to that, absent political interpretation of

the criteria, it was not clear that France would qualify for first round membership (*Financial Times*, 1996a), and given that French participation in EMU was deemed essential to the success of the single currency (Heipertz and Verdun, 2010), this threat by the Germans can be seen as a politically acceptable way, in light of their commitment to full EMU under the Maastricht Treaty, to threaten to derail the project.

Aside from the legal question, the political commitment on the part of German Chancellor Helmut Kohl, in particular, to see monetary union succeed, also raised doubts about the credibility of the German threat to exit SGP negotiations, with a British treasury participant describing the dynamic as “[T]hey [the Germans] looked to be in a strong position in some ways, because they could say ‘unless we agree, you’re not gonna get it [a single currency]’, but I suspect the negotiators in Buba [the Bundesbank] and [the] finance ministry were also looking over their shoulder at Chancellor Kohl”, who had invested a great deal of political capital in the single currency project (interview, British treasury). Revealingly, though, this participant also qualified his opinion, acknowledging that, the “French knew they had to move, [the] Germans knew they could give something, but if the French pushed them too far, then it could have all collapsed” (interview, British treasury). Along similar lines, a Commission official who participated in these negotiations stated that “[T]hroughout the negotiations, there was the issue that you couldn’t push the Germans too far” (interview, Commission a). Thus, the message emerging from this commentary on whether the German threat to exit was deemed credible, and one echoed in additional interviews, as well as media and secondary reports, is that, while the political costs surrounding exit would have been considerable, there was clear awareness that the Germans were giving up the most stable currency, and their demands for a commitment to budgetary discipline, in return, should be heeded (for example Heipertz and Verdun, 2004; 2010; *Financial Times*, 1996b).

In terms of Germany influencing the outcome of a concrete definition for ‘severe recession’, this is a clear example of an issue over which the German delegation threatened to exit negotiations, and over which others conceded, despite the majority opposed to setting a concrete, numerical

definition (Ulbrich, 1996). However, the German delegation did not secure the exact numerical definition they were seeking on this point, which raises some questions surrounding the process through which preference intensity is posited to impact on negotiation performance. Nonetheless, as noted in chapter 6, compromising minimally on the specific number, whilst securing a concrete definition, remains a sizable achievement, reflective of considerable influence from the Germans in this case.

Turning to the remaining predictions of member state negotiation performance in light of H1, the prediction that France will be less successful than Germany, though more successful than Belgium and the Netherlands, is confirmed. Specifically, the French wielded influence and achieved some success over the question of division of labor between the Commission and Council, in applying the EDP, and the question of how to quantify a severe recession, the latter of which represented one of the most important issues to the negotiations overall (interviews, French finance ministry, Commission a and Commission b; Stark, 2001). Related to this, the French were successful in limiting the extent to which fines would be applied automatically, which was fundamental to the outcome of negotiations. As described by a finance ministry participant, “[O]n the French side, the finance ministry was somewhat sympathetic to the idea of automatic sanctions, but [we] were under instruction from the Elysee not to accept this”, and, under the French system “the President is [the] key player and all government align[ed] with positions taken at that level” (interview, French finance ministry).

Though, as previously stated, the French delegation does not achieve the highest measure of deliberate success over the specific question of automatic fines, given that the French position is aided here by the legal constraint against automaticity in the form of the Maastricht Treaty, the French nonetheless wielded important influence in limiting automaticity, even within legal confines. Specifically, while the French did not explicitly threaten to exit negotiations over the question of setting a concrete definition for a ‘severe recession’, the French delegation held out on this point, refusing to compromise, with the result that this was one of very few issues that had to be decided by the Heads of State and Government in the European Council. Further to that, French refusal to accept a concrete definition of a

severe recession along the lines demanded by the Germans, ultimately led to an important compromise on that point, envisioning room for interpretation when recessions were not so severe as to meet the German limit of a 1.5% annual drop in GDP, but were at the level of a .75% annual fall.

Rather than being a position that either the French or Germans favored, this outcome represented a middle way, so that neither state was forced to concede entirely, and, as described by a French negotiator, “[the] Germans could go home saying that there was a system for sanctions that was almost automatic and [the] French could go home saying there was no automaticity because at the end of the day, it’s a political decision” (interview, French finance ministry). This is indicative of a wider feature of ‘uploading’ negotiations, namely that reaching compromise in a situation where some parties are refusing to cross certain lines, often requires sacrificing clarity of content in said compromise, with implications for the effectiveness of resultant policy, in the long-term. The concluding chapter of the thesis elaborates on this point, and on its relevance regarding the difficulties in the Eurozone today. Returning to the question of preference intensity specifically, while it is not possible to confirm the posited causal process in this case, given the absence of a threat to exit by the French, it is clear that France, like Germany, pivotal to the success of these negotiations, served as an effective counterweight to German influence, with the result that much creativity was required to bring the two sides together here, a point discussed at length in chapter 10, on process expertise.

Another example of French influence, which does support the posited role of preference intensity, can be seen in the question of whether to add a resolution on growth and employment, which the French identified as one of the most important issues to the delegation (interview, French finance ministry). Two points are particularly substantial here, regarding the content of the outcome and the mechanisms for influence. The first is that the French socialist party promised, in their election campaign, to renegotiate the pact to make it more growth friendly (Wolf, 1997), and the newly appointed socialist Finance Minister, Dominique Strauss-Khan, made clear to his colleagues in Ecofin that the delegation would not commit to the pact, absent some concession in this regard (interviews, Dutch finance ministry a and

Dutch finance ministry b; Barber, 1997a). A Dutch finance ministry participant recalls that “[T]he change of government in France toward the end was really a challenge. The French position was that they had to show to their electorate that ‘the world had changed’ and there was new emphasis on growth, stimulating the economy, etc.” (interview, Dutch finance ministry b). Thus, Strauss-Khan’s counterparts in the Ecofin Council were highly concerned about what the new socialist minister would demand, aware that the whole project was in jeopardy if the French could not be kept onboard (for example interviews, Dutch finance ministry a, Dutch finance ministry b and British treasury; Heipertz and Verdun, 2010).

The second, related point, is that Strauss-Khan did not actually ask for a particularly bold resolution on growth and employment, but explained to colleagues in Ecofin that he simply required something on the subject to sell to the French electorate, which affected the need for a resolution, rather than the specific content of any resolution (interview, Dutch finance ministry a). In response to this approach by Strauss-Khan, fellow member states ranged from supportive of the request, in the case of the Belgian delegation, to relieved and less hostile than they had expected to be, in the case of the Dutch delegation (for example interviews, Council secretariat a and Dutch finance ministry a; *Agence France Presse*, 1997). Thus, the socialists had set the stage for bold demands by tying their hands in the form of campaign promises, with the effect that other delegations were prepared to make concessions to keep the French onboard.

This example is supportive of the causal process posited regarding preference intensity as a bargaining resource, insofar as the French effectively threatened exit in the absence of concessions, with the *Financial Times* quoting the following statement by Strauss-Khan: “ ‘I am not saying I want to renegotiate the pact, but I am not saying I can accept it [in its present form]’ ” (Barber, 1997a). This threat was deemed credible, and worrying, by others, not least because it came from a new government whose true intentions were not entirely known to other negotiators, and despite German Finance Minister Waigel’s statements to the contrary (see *Deutsche Presse-Agentur*, 1997), the stage was set for some concession to be offered to the French (interview, Dutch finance ministry a). Again, in the end, the French

were not able to secure major changes to the pact, managing only to achieve inclusion of a limited ‘resolution on growth and employment’. The crucial point, though, is that the French secured a concession on this point with recourse to a low preference intensity for agreement, an integral component of which low preference intensity, was France’s pivotal role in the success of a single currency. Further to this, that Strauss-Khan did not ultimately demand significant concessions, reportedly stating, “ ‘I need something, I need a name, I need something about employment’ ” (interview, Dutch finance ministry a), indicates that the perceived French failure to secure something of substance on growth and employment, was not necessarily out of line with the goals of French negotiators in this case.

Turning to the third prediction advanced in line with H1, that the Netherlands, having a higher preference intensity than France and Germany but lower than Belgium, would be less successful than France and Germany but more successful than Belgium, is confirmed by the data, though only insofar as the Dutch enjoyed more accidental success than the Belgians, in ‘uploading’. In terms of success achieved through deliberate influence, there is no meaningful distinction between the success of the Dutch and Belgian delegations in the ‘uploading’ negotiations, with the majority of issues over which these states secured an outcome nearest to their positions, being due to accidental rather than deliberate success. For example, on the question of whether the Commission or Council would take decisions regarding the existence of exceptional circumstances, this was a concession by the Germans, to the French, bound up with the overarching compromise regarding automaticity of sanctions, and specifically a concrete definition for ‘severe recession’ (*Agence Europe*, 1996e). Specifically, this compromise, reached between the two delegations in Dublin, foresaw concrete numerical guidelines, combined with discretion for the Council in applying the EDP, within those guidelines (interview, Commission official). Thus, as noted in chapter 6, despite occupying positions nearest to the outcome agreement, neither the Belgian nor Dutch delegations influenced this outcome deliberately, to reflect their positions.

Additional examples include the questions of whether and how to quantify the definition of ‘severe recession’, with both resulting in accidental

success for the Dutch owing to German influence, as discussed previously in this chapter, and revisited in chapter 8. Thus, while it is possible to accept the third prediction advanced in line with H1, that the Netherlands would be less successful than France and Germany, though more so than Belgium, the data demonstrates that this superior performance of the Dutch delegation is due to accidental, rather than deliberate success.

Finally, the data demonstrates limited success, and still more limited deliberate success for the Belgian delegation, thus confirming the prediction that Belgium would be least successful in these negotiations. Having reviewed the predicted and actual performance of each member state in the ‘uploading’ negotiations, in line with H1, it is thus possible to accept this hypothesis. as applied to the ‘uploading’ negotiations. Regarding the causal process posited for the role of preference intensity to explain negotiation performance, there is strong evidence to support this, in the cases of French and German performance in ‘uploading’.

7.2 Predicting Member State Performance in ‘reuploading’ Negotiations

Drawing on H1, which states that *The lower the preference intensity of a member state, the more successful that state will be in negotiations*, it is possible to predict the performance of each member state, according to the scores each state receives for preference intensity, which are as follows:

Belgium - 9
Netherlands - 8
France - 4
Germany - 4

Thus, I advance the following predictions regarding member state performance in ‘reuploading’ negotiations, in line with H1:

- 1.) Belgium will be the most successful state in ‘reuploading’ negotiations
- 2.) The Netherlands will be less successful than Belgium, though more successful than France and Germany in ‘reuploading’ negotiations
- 3.) France will be less successful than Belgium and the Netherlands and as successful as Germany in ‘reuploading’ negotiations
- 4.) Germany will be less successful than Belgium

and the Netherlands and as successful as France in
'reuploading' negotiations

Taking into consideration the issues over which the Dutch delegation negotiated successfully, and in particular the fact that the delegation enjoyed success over multiple issues that were of utmost importance, both to the negotiations in general and to the Dutch more specifically, the data disconfirms the first two predictions advanced in line with H1, that Belgium would be the most successful state, and that the Netherlands would be less successful than Belgium. Specifically, the Dutch delegation achieved deliberate success over the key question of whether to remove certain categories of spending from calculation of the deficit, identified as one of the most important issues to the Dutch delegation and to the negotiations more widely (interview, Dutch finance ministry c; Bowley, 2004; Heipertz and Verdun, 2010). Additional questions over which the Dutch negotiated successfully include whether to upgrade the issue of debt in a revised SGP and how to differentiate MTOs to reflect the unique budgetary position of each member state.

Turning to the performance of Belgium in these negotiations, while the data does demonstrate that, in fact, the Netherlands was more successful than Belgium, there is also evidence of some success enjoyed by the Belgian delegation, including over the question of whether to operationalize the debt criteria qualitatively or quantitatively, which was among the most important issues to the delegation, especially given failure to prevent the issue of debt being upgraded in the reform agreement (interview, Belgian finance ministry b). The delegation also enjoyed some success over the question of how to prevent pro-cyclical fiscal policy, how to differentiate MTOs and whether to remove certain categories of spending from deficit calculation in the reformed pact, though most of these issues represent instances where the Dutch wielded greater influence, and the Belgians enjoyed accidental success, a point substantiated further in chapter 9.

Finally, turning to predictions three and four, which state that France and Germany, having received equal scores for preference intensity, though lower than those of Belgium and the Netherlands, would be less successful than the latter states and as successful as one another, the results are

somewhat mixed. While neither of these states enjoyed a great deal of notable successes in the ‘reuploading’ negotiations, the German delegation appears to have been more influential than the French, and perhaps more successful as well, though these are subtle points that require a grasp not only of the stated positions by France and Germany, but also the reasons behind those positions, the latter being an integral component of EU negotiations generally (Tallberg, 2008). It is essential to elaborate this discussion, and this task is reserved for chapter 8, on the independent variable information.

Overall, considering the inaccurate predictions advanced in line with H1, it is possible to conclude that preference intensity cannot explain the performance of Belgium, France, Germany and the Netherlands, in the case of ‘reuploading’ negotiations. Further to that, the mechanisms linking a low preference intensity with negotiation success, are not observed in the ‘reuploading’ negotiations, which is in line with H1A, stating that *A low preference intensity is more important for negotiation success in the absence of established EU-level policy, as is the case in ‘uploading’, than in the presence of established EU-level policy, as is the case in ‘reuploading’*. Thus, the following section, on comparing ‘uploading’ and ‘reuploading’ negotiations, discusses the extent to which H1A, and the causal process through which negotiation context in ‘reuploading’ is posited to diminish the utility of preference intensity as a bargaining resource, are confirmed in the case of ‘reuploading’ negotiations over the SGP.

7.3 Comparing the role of Preference Intensity in ‘uploading’ and ‘reuploading’ Negotiations

Taking into consideration the data presented in previous sections, it is possible to conclude that a low preference intensity is an accurate indicator of member state negotiation performance in ‘uploading’ negotiations, though not in ‘reuploading’ negotiations. The role of contextual changes between ‘uploading’ and ‘reuploading’, and how these serve to mediate the relevance of preference intensity as a bargaining resource in each, is addressed with H1A, which states that *A low preference intensity is more important for negotiation success in the absence of established EU-level policy, as is the*

case in 'uploading', than in the presence of established EU-level policy, as is the case in 'reuploading'.

This hypothesis leads to the following predictions regarding member state negotiation performance in the 'uploading' and 'reuploading' negotiations:

- 1.) The German delegation can utilize a low preference intensity to achieve success in 'uploading' negotiations
- 2.) Despite having a low preference intensity, the Belgian delegation must rely on more useful resources to achieve success in 'reuploading' negotiations

With regard to prediction one, section 7.1 has presented examples of the role of preference intensity in explaining German and French negotiation success in 'uploading', the latter state having a similarly low preference intensity to Germany's. At this point, it is worth offering a more general assessment of the evidence surrounding whether Germany succeeded in influencing 'uploading' negotiations over the SGP, with recourse to preference intensity. In addition to ample media reports and primary sources documenting the fact that Germany needed a strong stability pact in order to win over a skeptical public, as well as the Bundesbank, to the idea of the single currency (for example Helm, 1996; Traynor, 1996; Bundesrat Economic Committee, 1997), nearly all participants interviewed confirmed that German influence was unparalleled in these negotiations, as a result of the strong position the Germans found themselves in with the D-Mark (for example interviews, British treasury, Council secretariat a, Commission a, Commission b, Belgian finance ministry a). For example, one official representing the Commission went as far as to say that "[T]he only reason this [the SGP] was done was because there was concern that otherwise the Germans would not follow through with EMU", and further to that, "if it had been presented by Italy or some other, it would have been discarded, just like that, but because it was coming from Germany, everybody said, we welcome the proposal, but how can we kill it [?]" (interview, Commission a).

Beyond the awareness of others that the Germans might credibly threaten to exit negotiations over the SGP and, related, the single currency project, it is crucial to recall the fact that the German delegation considered their low preference intensity to afford them "leverage" in these negotiations,

and saw the possibility to derail negotiations as a potential aid in defending the German perspective. This is illustrated by the following statement from a German finance ministry participant: “if agreement could not be reached, then the project would not go forward, [which] was helpful in negotiating from the German perspective (interview, German finance ministry a). Taking these points into consideration, it is possible to accept prediction one, that the Germans could rely on a low preference intensity to achieve success in ‘uploading’ negotiations. Further to this, the data is supportive of the posited process through which a member state utilizes preference intensity to negotiate successfully, in the context of ‘uploading’.

Regarding the second prediction, neither the Netherlands, the most successful state in ‘reuploading’ negotiations, nor Belgium, the state with the lowest preference intensity, achieved the successes they did with recourse to low preference intensity. Although the Dutch had a low preference intensity in this case, tracing the process of negotiations demonstrates that the Dutch delegation in fact relied on content expertise to achieve the success they did in ‘reuploading’, while Belgium deployed process expertise to influence the outcomes they did. Chapters 9 and 10 discuss these findings at length.

In terms of the more specific process through which context is posited to diminish the utility of preference intensity in ‘reuploading’, namely by rendering the threat of exit infeasible, with the result that it would not be taken seriously and is thus absent from negotiations, it is possible to confirm that the threat of exit was not observed in these negotiations. One important reason for this is that a breakdown in negotiations to reform the SGP would have been detrimental for all concerned, given the negative implications for the stability of the single currency. Thus, as described by a Council secretariat participant, “there was a real fear that that [a loss of confidence in the euro] might happen” and “it was incumbent on member states to sort out reforms, because otherwise the Commission was just gonna propose what it wanted” (interview, Council secretariat b). Under such circumstances, it is highly unlikely that individual threats to exit, and hence derail negotiations, would be deemed credible, regardless how low a state’s relative preference intensity for reform.

This assessment is also supported by the statement of a Dutch participant, that “[I]f agreement couldn’t be reached, there would have been nothing. Well, we would have had the old pact, but it couldn’t have functioned after the decision on France and Germany...there was a general feeling that the euro could not function without some mechanism for budgetary discipline” (interview, Dutch finance ministry c). Further to these points, all participant interviews conducted on the subject reveal a widespread understanding that exiting negotiations was not an option, given the need to maintain confidence in the stability of the single currency, which required a reformed SGP. Thus, it is possible to accept prediction 2, as well as the process through which context was posited to mediate the utility of preference intensity for achieving negotiation success, in ‘reuploading’.

Conclusion

Beginning with the ‘uploading’ negotiations, main findings from this chapter were that preference intensity is a useful predictor of negotiation success in ‘uploading’, and that both France and Germany relied on their low preference intensities for agreement, in order to influence the outcome of important issues in these negotiations. While the French did not negotiate as successfully as the Germans, the French delegation wielded considerable influence, and achieved some successes, notably the inclusion of a resolution on growth and employment, which was added to the SGP at the Amsterdam European summit in June 1997. Although, as discussed in section 7.1, this resolution on growth and employment was more of a stylistic concession to French negotiators, than one of great substance, this outcome nonetheless reflects the influence France brought to bear in ‘uploading’ negotiations over the SGP. Similarly, while German failure to secure full automaticity for the imposition of fines under the corrective arm of the pact, indicates a limit to German dominance, this was due in large part to the content of the Maastricht Treaty, which precluded full automaticity, as well as to the role of France as a counterweight to German influence.

On the other hand, evidence from this chapter demonstrated limited deliberate success for Belgium and the Netherlands, in terms of influencing outcomes to reflect their positions in the ‘uploading’ negotiations. While

both delegations enjoyed some success in these negotiations, this success tended to be accidental, as a result of occupying a middle ground position between two extremes or, particularly on the part of the Dutch delegation, occupying a position proximate to Germany and benefitting from German influence to secure an outcome at or near that position. These findings are highly supportive of hypotheses regarding the role of preference intensity in ‘uploading’ negotiations, insofar as France and Germany had the lowest preference intensities and negotiated successfully. In addition to the accuracy of predictions advanced in line with H1, which stated that *The lower the preference intensity of a member state, the more successful that state will be in negotiations*, findings from this chapter support the posited process linking a low preference intensity with negotiation success, as seen in examples of French and German success in ‘uploading’.

Turning to the ‘reuploading’ negotiations, key findings were that Belgium had the lowest preference intensity, followed closely by the Netherlands and then France and Germany, the latter with equal values for preference intensity. However, the predictions advanced in line with H1, regarding states’ performance in light of these values for preference intensity, were largely inaccurate, with the Dutch seen to negotiate most successfully, despite Belgium having the lowest preference intensity. Further to that, in tracing the process through which the Dutch succeeded in ‘reuploading’, it is clear that the posited mechanisms linking a low preference intensity with negotiation success are disconfirmed by the data.

The Dutch delegation did not rely on a low preference intensity and did not view the threat of exit as a viable option. The Dutch delegation did not threaten to exit negotiations at any point, nor did they or any other delegations view this as a possibility. Taking into consideration H1A, which states that *A low preference intensity is more important for negotiation success in the absence of established EU-level policy, as is the case in ‘uploading’, than in the presence of established EU-level policy, as is the case in ‘reuploading’*, it is unsurprising that the posited mechanisms for influence via preference intensity were not present in Dutch success in ‘reuploading’. Along those lines, another key finding from this chapter is that H1A is confirmed by the data.

Regarding the literature that argues for the importance of circumstance in impacting on the type of bargaining actors will employ in distinct settings (for example Krasner, 1991; Koremenos et al., 2001; Heritier, 2007; Naurin, 2009), this finds support in the change that occurred from ‘uploading’ to ‘reuploading’ negotiations. Specifically, the prevailing context in ‘uploading’ negotiations had the effect of making viable the threat of exit for a state with a low preference intensity, while the distinct context in ‘reuploading’ negotiations removed this option of threatening to exit negotiations so as to secure concessions. Thus, the goal of negotiating successfully, or securing the most favorable distributional outcome, remains unchanged between ‘uploading’ and ‘reuploading’ negotiations, while the change that occurs is in the mediating effect of context on the utility of preference intensity for achieving negotiation success in each case. These findings regarding the changing role of preference intensity, from ‘uploading’ to ‘reuploading’ negotiations, question the argument advanced by Dür and Mateo (2010), that individual parties to a negotiation will employ certain strategies regardless the negotiation context, so long as they are possessed of the resources to facilitate such strategies. That neither Belgium nor the Netherlands relied on the threat of exit, despite bringing a low preference intensity to ‘reuploading’ negotiations over the SGP, is evidence of the need to consider context, as well as the resources possessed by individual parties, in order to explain the distributional outcomes of intergovernmental negotiations.

Findings from this chapter point to an important, if contingent, role for preference intensity in intergovernmental negotiations, and these should be considered in analyzing additional cases. While preference intensity has been shown here, and in previous contributions (for example Moravcsik, 1998), to be an important determinant of states’ performance in intergovernmental negotiations, the causal process surrounding this involves a credible threat to exit, which no state was seen to have in ‘reuploading’ negotiations over the SGP, and which no state would be likely to have in most other cases of ‘reuploading’ negotiations, given that states are effectively locked into cooperation following a successful ‘upload’. Thus, given the densely institutionalized cooperation by which the EU is

characterized generally, it is likely that preference intensity, seen here to be of limited utility in ‘reuploading’, would be similarly futile in additional instances of ‘reuploading’ negotiations. Of course, it is essential to test this assumption in further research, and findings to the contrary would raise important questions about how the SGP might differ from other cases, with potential conclusions regarding how variation across negotiations, mediates the role of changing context in affecting the utility of preference intensity.

Chapter 8 - Information

Introduction

Information is a useful bargaining resource in intergovernmental negotiations generally (for example Mastenbroek, 1989), and in the specific case of the SGP negotiations analyzed here. Access to exclusive information about the positions of negotiation counterparts provides for the identification of the zone of agreement within which compromise can be achieved, which avails a negotiator of the opportunity to propose a compromise nearest their delegation's position, within that acceptable range (Tallberg, 2006: 33, 114). Absent such knowledge about the reasons behind other parties' stated positions, the potential is limited for a negotiator to identify room for maneuver in securing an agreement that reflects own positions (Tallberg, 2008). However, the relevance of this resource in securing a favorable outcome is mediated by the context in which negotiations take place, and when a state would rather exit negotiations than compromise, no amount of information is likely to change that. Thus, information is a more important bargaining resource when there is little possibility for a state to exit negotiations, or threaten to do so, then vice versa.

The former circumstance is the case in 'reuploading' negotiations, where the default condition would leave all member states with the existing policy they have set out to reform. In 'uploading' negotiations, on the other hand, the default condition is different for all states, with the result that some may prefer their status quo alternative to compromise, and hence the threat of exit is a real possibility for a state or states with low preference intensity for reaching agreement, relative to the status quo option. While some states may prefer the status quo to certain compromise agreements in 'reuploading' negotiations as well, the default condition does not in this case mean a return to individual policy arrangements but, again, maintenance of existing supranational policy. Thus, it would be difficult for a member state to claim that the default condition really leaves them in a much better position than any others, and so an exit threat is likely to be unconvincing in this context, which removes the restriction on information to work as an effective tool for

influence. With these points in mind, I set out the following hypotheses regarding information:

H2: The more information a member state has, the more successful that state will be in negotiations.

H2A: Information is more important for negotiation success in the presence of established EU-level policy, as is the case in ‘reuploading’, than in the absence of established EU-level policy, as is the case in ‘uploading’.

Based on these hypotheses, I expect to find that the state with the highest level of information will be the most successful state in ‘reuploading’ negotiations over the SGP, while the state with the most information in ‘uploading’ negotiations, will not necessarily be successful, given the limits on information as an effective bargaining resource in that context.

8.1 Predicting Member State Performance in ‘uploading’ Negotiations

Drawing on the hypotheses regarding information, it is possible to predict the negotiation performance of each member state, based on their values for information:

France - 11
Germany - 11
Netherlands - 9
Belgium - 3

Thus, drawing on H2, which states that *The more information a member state has, the more successful that state will be in negotiations*, it is possible to make the following predictions:

- 1.) France will be more successful than Belgium and the Netherlands, and as successful as Germany in ‘uploading’ negotiations
- 2.) Germany will be more successful than Belgium and the Netherlands, and as successful as France in ‘uploading’ negotiations
- 3.) The Netherlands will be less successful than Germany and France, though more successful than Belgium in ‘uploading’ negotiations
- 4.) Belgium will be the least successful state in ‘uploading’ negotiations

Interestingly, these are similar to the predictions advanced in line with H1, which states that *The lower the preference intensity of a member state, the more successful that state will be in negotiations*. In considering only the number and significance of issues over which each state negotiated successfully in ‘uploading’, the data does confirm predictions three and four, though disconfirms predictions one and two, in that Germany is slightly more successful than France, despite having an equal score for information, as seen in chapter 6. Nonetheless, these predictions advanced in line with H2 are largely accurate, though it is essential to consider not only the relationship between the independent variable - information, and the dependent variable - negotiation performance, but also the specific mechanisms linking these variables. In other words, establishing a relationship between the German delegation having a high level of information and negotiating successfully, for example, requires analysis of the intervening processes.

In considering the mechanisms for influence, it is clear that, although the German delegation had a high level of information in these negotiations, the resource they relied on for influence was mainly a low preference intensity for reaching agreement, much more than information. The same is true of the French delegation, which had a low preference intensity and a high level of information in the ‘uploading’ negotiations and, though negotiating less successfully than Germany, did achieve some notable successes. Having already presented evidence, in the previous chapter, of the mechanisms linking preference intensity with negotiation success in the case of the German and French delegations in the ‘uploading’ negotiations, I will not restate those points here. Rather, I focus on the extent to which information can be observed in the processes of French and German influence in ‘uploading’, namely as a secondary resource to reinforce strategies based on preference intensity.

The hypothesized mechanisms linking information to negotiation success, which include knowing more about others’ positions and proposing compromise solutions that accommodate those positions whilst reflecting own position more nearly, are not well supported by the data in explaining German negotiation success in ‘uploading’. However, there is some evidence

of the effects of a high level of information, in the performance of the German delegation. Specifically, prior to making public the proposal for a stability pact, which then German Finance Minister Theo Waigel did in November 1995, he and other top officials from the German finance ministry visited fellow finance ministers in all member state capitals, as well as Commission officials in Brussels, in order to brief them on the proposal and gauge initial reactions (interviews, German finance ministry a and Commission a; Stark, 2001). This was a forum in which the German representatives could convey to their colleagues the necessity of such an agreement, which was “triggered by the reluctance of Buba [Bundesbank] to go ahead with monetary union absent political union, i.e. fiscal measures”, and by a general awareness that “we have to do more than what’s in the Maastricht Treaty” (interview, German finance ministry a).

Thus, these meetings served two important aims. First, the German representatives were delivering information to other delegations, and so reinforcing a strategy based on preference intensity, and a credible exit threat, in that they made clear the necessity of a stability pact agreement for German participation in the single currency. As a second aim, the meetings provided a forum in which to gain information about the positions of other delegations.

These elements of information as bargaining resource were part of the German delegation’s strategy throughout. However, it is interesting to note that, as described by a German finance ministry participant, “Franco-German meetings happened every few months, as always. Other than that, bilateral meetings tapered off as negotiations moved forward in the formal channels” (interview, German finance ministry a). Thus, while meetings between the German and French negotiators at all levels, from MC representative to Heads of State/Government, were a regular fixture over the course of negotiations, there was less effort to cultivate information toward reaching a compromise, with other delegations.

A German finance ministry participant explains that this is because “others knew that when France and Germany agreed, that was it” (interview, German finance ministry a). This idea that other delegations would have accepted a compromise between France and Germany, and hence it was

mainly necessary to work toward bringing those states together, is a point echoed in media and secondary accounts of the negotiations (for example Wynia, 1996; Heipertz and Verdun, 2010), as well in additional interviews with negotiation participants. For example, a Dutch participant explains that one aim of the Dutch delegation “was to play a kind of bridging function between the French and Germans”, and a Commission representative recalls that, “obviously it mattered that you wanted France and Germany to get along” (interviews, Dutch finance ministry b and Commission a). Similarly, if less subtly, a French participant states that “these negotiations were a bilateral process dominated by France and Germany” (interview, French finance ministry). While this is surely something of a simplification, given the important roles played by other states, such as Belgium, in identifying the ultimate compromise, as addressed in chapter 10, this focus on bridging the divide between France and Germany is illustrative of the dominance of preference intensity in ‘uploading’ negotiations, in that those states with the lowest preference intensities, fixed the boundaries for the zone of agreement.

An alternative conclusion might be that France and Germany happened to lie at opposing ends of the positional spectrum, as is often the case in matters relating to EMU, and any states occupying those opposing positions would have received the same attention, and had the same efforts devoted to bringing them together, as did France and Germany in ‘uploading’ negotiations over the SGP. However, this interpretation does not accord with the data. In light of statements already mentioned, such as “if it [the SGP] had been presented by Italy or some other, it would have been discarded” (interview, Commission a), or a similar statement by another Commission representative that “Germany was obviously influential. Frankly if Greece had proposed it [the SGP], it wouldn’t have gone anywhere” (interview, Commission b), to name two examples, I am confident in accepting the interpretation that the need to bridge the gap between France and Germany, in ‘uploading’ negotiations over the SGP, owed in large part to the fact that these states possessed the most credible threats to exit negotiations, rather than to the composition of their positions alone.

Turning to the question of the French delegation's use of information to influence the outcome of 'uploading' negotiations, similar to the German approach, the role of information was as much about delivering as it was gathering, insofar as Franco-German meetings provided a forum in which to signal a credible commitment to not cross a certain line in striving for agreement, as well a forum in which to learn more about the nuance of the others' positions (interviews, French finance ministry and German finance ministry a). Beyond Franco-German meetings specifically, this use of informal contacts to deliver, rather than gather information, can be seen in the description mentioned previously, of Strauss-Khan explaining to a relieved Dutch negotiator that " 'I need something, I need a name, I need something about employment' " (interview, Dutch finance ministry a). This is a clear example of how information was used by the French to demonstrate that they were not genuinely inclined to derail negotiations, and the best way to avoid doing so, would be to sell a cosmetic concession to their domestic electorate.

Thus, there is a role for information, in explaining French negotiation success, though the process through which information is posited to affect negotiation performance, is neither observed in the case of France, nor Germany. An illustrative example of this lies in the fact that the final compromise over the question of how to define a 'serious recession' in quantitative terms, a point that was settled only after acrimonious debate, and at the highest political level, came not from the information-endowed French or German delegation, but from the Belgians via the British (interviews, Commission a and French finance ministry; *Agence Europe*, 1996d; Barber and Buckley, 1996), a point chapter 10 discusses at length, in relation to Belgian influence via process expertise. In light of the causal process posited a priori, the wealth of information France and Germany brought to these negotiations, should have gone toward one or both of those delegations managing to craft a compromise that, whilst incorporating those of the other state, reflected own position as nearly as possible. In fact, as discussed previously, Germany threatened to exit negotiations if concessions were not granted on this issue and France failed to concede as far as desired, with the former move in particular reflecting reliance on a low preference intensity,

rather than information (Helm, 1996; Traynor, 1996; Moore, 1996). Thus, as later sections of the chapter expand on, the role of preference intensity in ‘uploading’ negotiations serves to make secondary other bargaining resources, such as information, which may be used to reinforce a strategy based on preference intensity, as seen in the cases of France and Germany, but is unlikely to lead to negotiation success independently.

Turning to predictions 3 and 4, these state that, respectively, the Netherlands would be less successful than France and Germany, though more so than Belgium, and that Belgium would be the least successful state in the ‘uploading’ negotiations. While both of these states were seen to be less successful than France and Germany, and Belgium was the least successful state in ‘uploading’, the only measure on which the Dutch outperform the Belgians is accidental success. This is a significant finding, given the considerably higher level of information that the Dutch delegation was shown to have, in comparison to the Belgian delegation, in ‘uploading’ negotiations. However, having provided various arguments, and evidence, for why information is not a good indicator of negotiation performance in the context of ‘uploading’ negotiations, this finding is as expected.

It is clear that the predictions advanced in line with H2 are only partly supported by the data, and a more detailed analysis of the mechanisms through which states influenced these negotiations, reveals a rather limited role for information in the ‘uploading’ negotiations over the SGP. H2 is thus disconfirmed in the case of ‘uploading’ negotiations.

The evidence presented regarding the role of information in ‘uploading’ negotiations over the SGP, does not appear to accord with the literature that argues for the importance of information as a bargaining resource in international negotiations (for example Winham, 1977; Mastebroek, 1989; Tallberg, 2006; 2008). However, this is not to say that the evidence disconfirms the role of information in general. Rather, the findings regarding information in ‘uploading’ negotiations over the SGP indicate that the utility of information as a bargaining resource is mediated by negotiation context. Thus, as the concluding section of the chapter expands on, findings support the theoretical argument that negotiation context matters (for example Keohane, 1984; Naurin, 2009), while the

specific effects of context on negotiation performance are shown to be distinct from effects predicted by the literature.

8.2 Predicting Member State Performance in 'reuploading' Negotiations

Drawing on H2, which states that *The more information a member state has, the more successful that state will be in negotiations*, it is possible to predict the performance of the member states analyzed, according to each state's value for information:

France - 11
Germany - 11
Netherlands - 8
Belgium - 3

Thus, I advance the following predictions regarding member state performance in the 'reuploading' negotiations, in line with H2:

- 1.) France will be more successful than Belgium and the Netherlands, and as successful as Germany in 'reuploading' negotiations
- 2.) Germany will be more successful than Belgium and the Netherlands, and as successful as France in 'reuploading' negotiations
- 3.) The Netherlands will be less successful than Germany and France, though more successful than Belgium in 'reuploading' negotiations
- 4.) Belgium will be the least successful state in 'reuploading' negotiations

Contrary to these predictions advanced in line with H2, the data reveals that the Netherlands is the most successful state in 'reuploading' negotiations over the SGP, followed by Belgium, France and Germany, with similar outcomes for negotiation performance, which is particularly surprising given the large numerical gap between the scores of the Belgian delegation and others, for information. I begin by presenting evidence of the actual performance of these member states to demonstrate the inaccuracy of the above predictions, and go on to consider the specific causal mechanisms posited to link information with negotiation performance, which sheds further light on the role, or lack thereof, played by information in these negotiations.

With regard to the first two predictions, that France and Germany would be equally successful and more so than Belgium and the Netherlands, the data disconfirms this prediction. Specifically, the French delegation only achieved notable success over the inclusion of a list of relevant factors to be considered when the Commission evaluated whether a state had an excessive deficit, and while the outcome agreement did reflect the French position in this case, it was nearer the German position, and owed as much, if not more, to German influence. Other successes on the part of the French delegation, including the question of whether to upgrade the issue of debt in the reformed SGP, and how to operationalize the debt target, were not particularly important to the delegation, and the latter in particular was more a case of accidental than deliberate success. The Germans also enjoyed these successes regarding the debt issue, while the aforementioned success for the Germans over the list of relevant factors to be considered in decisions on the EDP, leads to the conclusion that, while enjoying comparable accidental success, the German delegation was more influential, and thus more deliberately successful, than the French delegation in this case, a conclusion this section of the chapter elaborates on, below.

Turning to the performance of Belgium and the Netherlands, the data shows predictions three and four to be inaccurate as well, given that the Dutch delegation negotiated successfully over multiple issues that were deemed most important to the delegation, and to negotiations as a whole, while the Belgians, though succeeding on fewer issues than the Dutch delegation, achieved success over those issues of greatest importance to Belgium specifically. In fact, Belgium arguably performed comparably to the French and German delegations overall, though this is not a straightforward conclusion to draw, and thus chapter 10 expands on this point, in discussing Belgian performance with recourse to process expertise. Chapter 9 expands on the above assessment of Dutch negotiation performance.

Having reviewed the predicted and actual performance of each member state, in line with H2, I must reject this hypothesis in the case of ‘reuploading’ negotiations over the SGP. There are a number of ways to explain the failure of H2 to predict the negotiation performance of member states in ‘reuploading’ negotiations over the SGP. One explanation is that the

indicators used to measure the information of each delegation, were not effective in capturing actual information levels. While this is always a risk in research that seeks to measure such subtle points as the information a delegation possesses about others' positions, the process-tracing method I utilize in analyzing these negotiations, serves to minimize such risk (Vennesson, 2008).

There is, however, some role for measurement in explaining the failure of H2 to predict member state negotiation performance in the cases of France and Germany. Specifically, one reason why these states score highly on information, in both 'uploading' and 'reuploading' negotiations, is that frequent Franco-German meetings were a feature in both cases. Where the delegations held opposing positions, in the 'uploading' negotiations, these frequent meetings could have facilitated compromise in that, as predicted by the literature on information in international negotiations, such meetings provided a forum for each state to gather nuanced information about the others' positions, such as the reasons behind a particular stance, and to identify the points on which movement was more or less possible (Tallberg, 2006; 2008). As discussed in the previous section, this information exchange was, in the specific case of 'uploading' negotiations over the SGP, a way for each delegation to reinforce bargaining strategies based on preference intensity, rather than the main channel through which France and Germany influenced the outcome of 'uploading' negotiations, though there remained an important role for information, not least in clarifying the resolve of these parties.

On the other hand, this specific role of information would have been far less effective in the 'reuploading' negotiations, where the French and German delegations did not occupy opposite ends of the positional spectrum. To be sure, there were significant differences in the positions of these delegations, but bridging the gap between them would not have solved a majority of political differences over the SGP dossier, with the result that frequent Franco-German meetings increase the values of these states for information, but would not have afforded much informational advantage in the search for compromise agreements acceptable to all delegations. Thus, it is possible that the effective information levels of the French and German

delegations in the ‘reuploading’ negotiations, are not accurately reflected by the high scores these states receive.

In order for this to impact on the accuracy of H2, there would need to be evidence not only that the Dutch, as the most successful delegation in these negotiations, had an effective level of information that was higher than that of the French and Germans, but that the Dutch delegation utilized this resource to achieve negotiation success. Again, this is where the detailed method used to analyze negotiations, as well as the multiple indicators used to capture validly member state resources, serve as useful checks. With regard to the first point, having traced the process of negotiations through documentary evidence and in-depth interviews, it would have been clear if the Dutch delegation had used information as a resource to achieve negotiation success in the ‘reuploading’ negotiations, just as the data demonstrates how the French and German delegations utilized information as a bargaining resource in the ‘uploading’ negotiations. Not only does the data fail to reveal any such processes, it reveals how the Dutch delegation did in fact achieve negotiation success in ‘reuploading’, with recourse to content expertise, rather than information.

In addition to the utility of the process-tracing method in guarding against the potential effects of measurement error, the multiple indicators considered in arriving at total values, serves to increase the validity of measures of state information, and reduces the likelihood that I have overstated the information of the French and German delegations overall, simply because of the potential failing of one indicator in this case. While the frequency of Franco-German meetings contributed to the receipt of a high information score for both delegations, the frequency of contact with Commission representatives, for both delegations, was also an important factor, among others, in my conclusion that the French and German delegations had a high level of information in these negotiations (for example interview, Commission d). Along those lines, there is some evidence that information was relevant for what success the German delegation, specifically, enjoyed in these negotiations.

In describing the strategy through which they sought to influence negotiations, the German delegation identified meetings with the

Commission, and with other member state delegations, as crucial (interview, German finance ministry b), and a representative of the Commission describes meetings with the German delegation as far more frequent than those with other states, while confirming that this was how the Germans influenced negotiations (interview, Commission d). However, in terms of the specific mechanisms, the data does not confirm the posited causal mechanisms linking information with negotiation success, in that the German strategy was not about gaining an informational advantage toward the goal of proposing compromise solutions that would sit within the zone of agreement, though as near as possible to their own positions. Rather, the German strategy was more about clarifying their positions to other delegations, as illustrated below.

One issue that shaped perceptions of German demands in these ‘reuploading’ negotiations, was that the SGP crisis of 2003 saw the Germans, in collaboration with the French, avoid the escalation of the excessive deficit procedure through political machination, thereby emasculating the pact as it was (for example, Heipertz and Verdun, 2010). Following this incident, the Germans had little choice but to argue that the pact needed to be reformed to enhance flexibility, because the alternative would have been to argue that only Germany should be allowed to defer short-term concerns about budgetary sustainability, in order to undertake structural reforms. In other words, as described by a German finance ministry official, “there was a strong effort [by the Germans] for structural reforms under Agenda 2010, and we were in a recession. It made no sense to consolidate further, so we asked for an exception under the pact” (interview, German finance ministry b). Thus, the drive for reform was seen by the Germans as a necessary solution to this short-sighted lack of flexibility in the original pact, while the same finance ministry official argued that, in contrast to German motivations, the French sought reform because “France did not engage with the pact. France was not engaged in fulfilling the pact, nor in making structural reforms. Their situation was different” (interview, German finance ministry b). This is in line with the perception of a Council secretariat participant in ‘reuploading’ negotiations, who explains that

[A]lthough following the court case, France and Germany

were lumped together in terms of criticism over what had happened, they weren't coming at it from the same position. France's perception had always been that the rules were rigid. Germany was in a position where they had to say yes, we need to make this pact more sensible, because it was misapplied or open to misinterpretation, so we need to be clear, but the point is not to have less rigor – it is to have appropriate rigor and to target the right things (interview, Council secretariat b).

Thus, while the circumstances of the 2003 SGP crisis meant that France and Germany were grouped together in the minds of other delegations, as states that did not want to be subject to the rigors of fiscal discipline, this was not entirely accurate. To some delegations, such as Italy, this perception would have made France and Germany their allies in the drive to weaken the pact (interview, Council secretariat a; Chang, 2006; Fabbrini and Piattoni, 2008), but to others, such as Austria and the Netherlands, this would have made them their enemies, whose efforts, if successful, could have deleterious consequences for the stability of the single currency (interview, Dutch finance ministry c; Bowley, 2004; Heipertz and Verdun, 2010). This can be seen in a *New York Times* article, in which Dutch Finance Minister Gerrit Zalm is quoted referring, among other things, to the German position in favor of considering its role as a net contributor to the EU budget in judging German finances, as open reform questions that risk “ ‘burying the pact’ ” (Bowley, 2004).

For these reasons, the utility of information for the German delegation was, through delivering rather than gathering, to demonstrate that their goals regarding pact reform were not to weaken, but to enhance flexibility in a very specific way. The success of this strategy is reflected in the most important issue over which the German delegation achieved negotiation success, namely the inclusion of a list of relevant factors to be considered when the Commission evaluated whether a state had an excessive deficit. The outcome agreement for this issue accommodates the German position almost entirely, and the Germans achieved this success by convincing other delegations, notably the Dutch, that they did not favor the French approach of removing items from calculation of the deficit to allow for deficits upwards of 10% of GDP without incurring sanctions, but that they

needed to address obstacles raised by the pact as it stood, which were specific to their national situation, and were compatible with the goals of fiscal discipline and currency stability that the pact was intended to safeguard (interviews, German finance ministry b; Council secretariat b).

This is seen in the following description of the process offered by one Dutch finance ministry participant: “Zalm and I visited Eichel in Berlin multiple times to discuss the problem. [The] Germans wanted to stick to it [the SGP], but couldn’t. [The] French were never happy with the pact, have always seen flexibility as desirable” (interview, Dutch finance ministry d). Thus, the mechanisms through which the German delegation utilized information to achieve negotiation success in this case, appear to have been clarifying their position and the reasons behind it, in order to move other delegations to accept their favored outcome, rather than, as posited, gaining information about others’ positions so as to propose an acceptable compromise that was nearest their own position.

The causal process posited initially, reflects assessments in the negotiation literature of the utility of information as a bargaining resource, insofar as gathering information about the positions of other parties should offer an advantage to the delegation possessed of said information (for example Bailer, 2006; Tallberg, 2006; 2008; Naurin, 2009). However, findings regarding the role of information in ‘reuploading’ negotiations over the SGP indicate that the utility of information was in delivering, rather than gathering. In other words, Germany, the only delegation that appears to have relied on information to achieve success in ‘reuploading’ negotiations, achieved that success by delivering information to other delegations, in order to clarify the German position, rather than by gathering an informational advantage about the positions of other delegations. While it might be implicit in the literature that, if holding additional meetings with other delegations serves to enhance the information held by those latter delegations, about positions of the former, then the purpose of those meetings is necessarily also to deliver information about own positions, this is certainly not the causal role of information that is emphasized in arguing for the utility of information as a bargaining resource (see for example Mastenbroek, 1989; Bailer, 2006; Tallberg, 2006; 2008; Naurin, 2009).

It is not possible, at this point, to generalize these findings regarding information beyond the case of ‘reuploading’ negotiations over the SGP. Nonetheless, evidence about the role of information in explaining German performance in these ‘reuploading’ negotiations, certainly warrants further study, to uncover whether the utility of information might rely more than is currently assumed, on delivery, rather than gathering.

8.3 Comparing the role of Information in ‘uploading’ and ‘reuploading’ Negotiations

This section draws on results presented in the previous section, in order to examine the impact of contextual changes between ‘uploading’ and ‘reuploading’ negotiations, and how those changes might mediate the relevance of information as a bargaining resource in each case. The hypothesized impact of changes between ‘uploading’ and ‘reuploading’, in mediating the importance of information, is addressed in H2A, which states that *A high level of information is more important for negotiation success in the presence of established EU-level policy, as is the case in ‘reuploading’, than in the absence of established EU-level policy, as is the case in ‘uploading’*. This hypothesis leads to the following predictions regarding member state negotiation performance in ‘uploading’ and ‘reuploading’:

- 1.) The French and German delegations can utilize their information to achieve success in ‘reuploading’ negotiations
- 2.) Despite having a high level of information, the French and German delegations must rely on more useful resources to achieve success in ‘uploading’ negotiations

With regard to the first prediction, the previous section presented evidence that the German delegation did rely on information to influence ‘reuploading’ negotiations, though this led to only limited success. With this in mind, it is interesting to note that, while not entirely conclusive, the data indicates that information was not a particularly useful bargaining resource in these ‘reuploading’ negotiations, hence the failure to achieve much success by those delegations with a high level of information.

Drawing on the literature regarding the role of information as a bargaining resource in international negotiations (for example Tallberg,

2006; 2008), I arrived at the posited process linking information with negotiation success, namely a delegation possessing superior knowledge about the positions of other delegations can use that knowledge to propose a compromise solution that will accommodate the positions of others, whilst more nearly reflecting their own position, thereby achieving negotiation success. However, as noted by Bailer (2006), and in line with the preceding argument, in order for information to be useful, there must be a discrepancy in knowledge between delegations, because absent this, there is no potential informational advantage at play, and any one delegation is as capable as any other of proposing compromise solutions that fit within the zone of agreement. There are four main reasons to believe that this latter situation characterized 'reuploading' negotiations over the SGP.

First, at the time of these negotiations, there had already been a set of negotiations over the SGP, that is the 'uploading' negotiations, in which a great many of the same issues had been covered, with the result that delegations were already familiar with the positions of others, especially over politically sensitive issues that had been well-publicized in the 'uploading' negotiations. To be sure, positions change over time as a result of leadership changes or a host of other circumstances, but the vast majority of issues involved in both sets of SGP negotiations, were about where a delegation lay on the question of whether fiscal policy should be more politicized or rules-based (for example interviews, Commission b and Council secretariat b; Howarth, 2007), and changes in orientation toward such a fundamental question are, generally speaking, rare and/or notable. One exception to this is Germany, widely touted as an example of a state that had experienced a complete change of position since the original SGP negotiations. However, as discussed in the previous section, the Germans had not in fact shifted from a position in favor of fiscal discipline, but had been rudely awakened to the difficulty of implementing rules-based fiscal policy without recourse to flexibility in the case of long-term, structural reforms (interviews, German finance ministry b and Council secretariat b). Thus, there was a role for information in clarifying the German position and the reasons behind it, though this was about the German delegation using information as a resource to clarify own positions, in order to make their demands more palatable to

some other delegations, which is a causal process that appears to have been uniquely suited to the Germans in this case.

A second, related reason why an informational advantage regarding other delegations' positions may not have been useful in these negotiations, is the frequency with which the relevant parties met, independent of the SGP negotiations. Since the launch of the euro in 1998, all of the finance ministers and EFC representatives had met in full Ecofin and EFC meetings respectively, as well as in the respective fora of the Eurogroup and its equivalent at EFC level. This would have further enhanced the understanding of all delegations, about the positions of others regarding fiscal policy and related factors that contributed to their stance over the SGP negotiations.

Thus, in addition to the view of positions from formal negotiation rounds over SGP reform, those members with any sort of tenure in their roles would have seen the evolution of national positions, rather than the snapshot that most intergovernmental negotiators gather in formal rounds. This frequency of contact, and increasingly frequent contact between 'uploading' and 'reuploading', could arguably have a more general impact on the contextual differences between 'uploading' and 'reuploading', which is not something discussed in highlighting distinct contextual features between 'uploading' and 'reuploading', in chapter 3, though it is certainly worth considering in future research. In the specific case of 'reuploading' negotiations over the SGP, this change between 'uploading' and 'reuploading' appears to have had the effect of minimizing the utility of information as a bargaining resource, in the latter.

The third piece of evidence to suggest that there was not much of a discrepancy in knowledge between delegations in this case, is that restricted informal sessions on the side of negotiation rounds were not a feature of 'reuploading' negotiations, despite being an important feature of 'uploading' negotiations over the SGP (for example, interviews, French finance ministry and Commission a; Barber and Buckley, 1996). In fact, frequent restricted informal sessions were an integral part of 'uploading' negotiations, and were eventually essential to reaching agreement at Dublin over the original SGP, as illustrated by the following description of those events in *Agence Europe*: "in order to break the deadlock, Council President Ruari Quinn had

informally met a group of ministers or state secretaries” (*Agence Europe*, 1996g). That such sessions do not appear to have played any great role in ‘reuploading’ negotiations, indicates that there may have been no perception of a barrier to full disclosure in the presence of all member states, in ‘reuploading’.

Related to this, a fourth and final distinction regarding knowledge differentials between ‘uploading’ and ‘reuploading’, is that during the ‘reuploading’ negotiations, there was no question of EMU membership surrounding the debate, which there was in ‘uploading’ negotiations. The impact of this would have been to ease the restrictions on what certain states could advocate in formal negotiating rounds. Specifically, member states that wanted to gain first round membership in EMU, but were considered potential risks to the stability of a future single currency, could not openly oppose certain German positions in favor of strict budgetary rules, during the original pact negotiations, for fear of giving the impression that they were not committed to fiscal discipline and so hurting their chances to gain membership. This is illustrated by the statement of a British treasury participant that “[T]hey just wanted to be round the table and be part of the end game. As a result, they could never say ‘we want a very lax system’, on the basis that the immediate reply from the Germans would be ‘well if that’s the case, you shouldn’t be here’” (interview, British treasury). Of course, this constraint was absent from ‘reuploading’ negotiations, at which point the membership decision was no longer looming.²⁸

Taking into consideration these points regarding the role of information in ‘reuploading’ negotiations, it seems that the failure of H2A to predict the importance of information as a bargaining resource in that context, may relate to the specific case of the SGP negotiations, rather than the context of ‘reuploading’ negotiations more generally. In this regard, it is necessary to question whether the features of ‘reuploading’ negotiations over the SGP, highlighted above, are unique to this case, or characteristic of ‘reuploading’ negotiations in other policy areas and institutions. While it is

²⁸ This is only so for negotiations amongst Eurozone states - new member states wishing to gain entry into the euro were wary of expressing a preference that might reveal budgetary weaknesses (interview, Council secretariat b).

not possible, with existing data, to confirm or disconfirm this, the evidence clearly indicates that information does not work as posited in the ‘reuploading’ negotiations over the SGP. As there is reason to believe the characteristics that limit the utility of information as a bargaining resource in this case, would be present in other ‘reuploading’ negotiations, it may be that the usefulness of information as a bargaining resource is subject to further constraints than the contextual factors examined in this study. I return to this discussion in the concluding section of the thesis.

Turning to the second prediction advanced in line with H2A: Despite having a high level of information, the French and German delegations must rely on more important resources to achieve success in ‘uploading’ negotiations, section 8.1 has already presented evidence to confirm this prediction. Despite the accuracy with which H2 predicted German negotiation success in ‘uploading’, section 8.1 presented evidence to confirm that the posited causal mechanisms linking information with negotiation performance were largely absent in this case. Rather, as predicted by H2A, the German delegation achieved success in ‘uploading’ as a result of a more relevant bargaining resource, namely preference intensity, and used information only to reinforce the strategy based around their low preference intensity for reaching agreement.

Along the same lines, the French delegation relied on preference intensity to achieve some notable successes in ‘uploading’, though this was not equal to the success of the German delegation because, despite having an equally high level of information to the Germans, the French did not have as low a preference intensity as the Germans, in ‘uploading’. Thus, in the context of ‘uploading’ negotiations, it did not matter that the French and German delegations had comparable levels of information, because preference intensity is more relevant in determining member state negotiation performance in that context. Further to that, the fact that the Dutch delegation had a level of information in ‘uploading’ that was much nearer that of the French and German delegations, than it was to the low level of information held by the Belgian delegation, yet achieved similarly limited success as the Belgians, is additional evidence that information alone could not lead to negotiation success in the context of ‘uploading’.

In other words, having nearly as much information as the French and German delegations did not lead the Dutch to negotiate almost as successfully as France and Germany, because this resource was not accompanied by the potential threat of exit in the case of the Dutch, as it was for France and Germany. Thus, the discrepancy in information between the Dutch and Belgian delegations does not lead to the same discrepancy in negotiation performance, in the context of ‘uploading’, because the Dutch delegation could not rely on information alone, to achieve negotiation success.

Taking all of these points into consideration, it is possible to accept the second prediction advanced in line with H2A. However, the data does not provide support for the first prediction, which states that the French and German delegations can utilize their information to achieve success in the ‘reuploading’ negotiations. While there is clear evidence of the role of contextual change in mediating the importance of information as a bargaining resource in ‘uploading’ and ‘reuploading’, it is not clear that these are in line with the predicted effects as stated in H2A, and thus H2A is rejected in this case.

Conclusion

The most important findings to take away from this chapter are that the German and French delegations had the joint highest levels of information in both ‘uploading’ and ‘reuploading’ negotiations, while the Dutch delegation had a slightly lower value for information than the French and Germans in both cases. The Belgian delegation had the least information, by a considerable measure, in both ‘uploading’ and ‘reuploading’. While H2, which states that *The more information a member state has, the more successful that state will be in negotiations*, was accurate in predicting that the German delegation, with the highest level of information, would be most successful in the ‘uploading’ negotiations, section 8.1 also discussed the extent to which the causal mechanisms through which the German delegation achieved success in ‘uploading’, demonstrated that the hypothesized role of

information, and the mechanisms linking information with negotiation performance, were largely absent in this case.

Nor were these mechanisms confirmed in the case of French negotiation success, with the data revealing instead that the French and German delegations achieved their respective negotiation success mainly with recourse to low preference intensities for reaching agreement. Thus, another important finding from this chapter is that H2A, which states that *Information is more important for negotiation success in the presence of established EU-level policy, as is the case in 'reuploading', than in the absence of established EU-level policy, as is the case in 'uploading'*, is accurate with regard to 'uploading' negotiations over the SGP. Specifically, while the French and German delegations utilized information to reinforce their bargaining strategies in the 'uploading' negotiations, the low preference intensity was, for both states, the focal point.

The predictions regarding Dutch and Belgian performance in the 'uploading' negotiations were largely disconfirmed by the data, in that the Dutch only achieved greater success than the Belgians as a result of the former's proximity to the German position over a number of issues. Neither the Dutch nor Belgians enjoyed significant deliberate success in these negotiations, though the data indicates that this was due to a comparatively high preference intensity for reaching agreement, rather than the information, or lack thereof, held by the delegations. Taken in conjunction with findings regarding the limited use of information by the French and German delegations in the 'uploading' negotiations, the data demonstrates that there was little direct role for information in achieving success in 'uploading'.

Turning to the 'reuploading' negotiations, key findings were that, again, contrary to predictions advanced in line with H2, which stated that the German and French delegations would be equally successful and more so than the Dutch and Belgian delegations, the Dutch delegation was in fact most successful. A host of explanations, related to measurement error and the specific conditions of the SGP reform negotiations, were considered in explaining the failure of H2 to predict the performance of member states in 'reuploading' negotiations over the SGP. Careful analysis of the data served to confirm that measurement error was not the likely cause, and in fact it was

revealed that the German delegation did achieve some success in these negotiations as a result of a high level of information, accurately reflected in the state's value for that variable. However, the posited causal mechanisms linking information with negotiation performance were not at work in the German case. Specifically, the utility of information observed in the German case, lay in delivering additional knowledge about own positions, rather than gathering knowledge on the positions of others, the latter being the causal role for information that negotiation literature tends to highlight (for example Tallberg, 2006; 2008).

Related to this, and concerning findings in regard to H2A, which states that *Information is more important for negotiation success in the presence of established EU-level policy, as is the case in 'reuploading', than in the absence of established EU-level policy, as is the case in 'uploading'*, certain features of the SGP reform negotiations appeared to limit the importance of information as a bargaining resource in 'reuploading'. These were not features relating specifically to the hypothesized impact of changing context between 'uploading' and 'reuploading' negotiations, but appear to be separate from those contextual factors, and may be unique to the case of the SGP reform negotiations, rather than 'reuploading' negotiations more generally. While this is an interesting question to pursue, existing data cannot confirm or disconfirm this, and so it is a subject for future research. Nonetheless, the concluding section of the thesis revisits these questions, and the possibility to explore them further.

Given existing data, I was forced to reject H2 as applied to both 'uploading' and 'reuploading' negotiations, as well as H2A as applied to 'reuploading' negotiations. The data does, however, confirm the prediction of H2A that, despite having a high level of information, the French and German delegations must rely on more important resources to achieve negotiation success in 'uploading'.

These findings have very interesting implications for theorizing the role of information as a bargaining resource more generally. To begin with some more tentative findings, it appears that there is a need to consider whether the role of information in explaining influence in international negotiations, is more about delivering, than gathering, the latter being the

focus of present theory (see for example Mastenbroek, 1989; Bailer, 2006; Tallberg, 2006; 2008; Naurin, 2009). Beyond this, findings for the ‘reuploading’ negotiations have the further implication of calling into question how useful information is, conceived as heightened knowledge of others’ positions, in the context of ‘reuploading’ negotiations. Specifically, discrepancies in knowledge about others’ positions, among negotiating parties, does not appear to have been particularly pronounced in ‘reuploading’ negotiations over the SGP. This explains the limited success of H2 and H2A, at predicting states’ performance in ‘reuploading’ negotiations. While any findings in this regard cannot be generalized beyond the case of the SGP, absent further research, there is reason to suspect that the contextual features of the SGP reform negotiations, which rendered information less relevant as a bargaining resource there, might be common to other instances of ‘reuploading’ negotiations.

Further research is certainly warranted, in order to uncover such effects and address debate in the literature regarding whether information is of use in international negotiations, absent contingencies (for example Mastenbroek, 1989; Bailer, 2006; Tallberg, 2008; Naurin, 2009). This is particularly so in light of the fact that findings regarding the role of information in ‘uploading’ negotiations over the SGP, reveal the effects of context in diminishing the utility of information as a bargaining resource in ‘uploading’. That the two delegations with most information and lowest preference intensities for reaching agreement in the ‘uploading’ negotiations, privileged the latter resource to wield influence in that context, supports the argument that information is differentially useful under distinct contexts, and is also supportive of a rational choice institutionalist reading of the relationship between negotiation context and bargaining resources, in explaining states’ negotiation performance (Aspinwall and Schneider, 2001). Given that the presence of distinct default conditions, and hence differentially attractive alternatives to agreement, is a feature of ‘uploading’ negotiations generally, there is reason to believe that the effects of context in limiting the utility of information in ‘uploading’ negotiations over the SGP, would be observed in other cases of intergovernmental negotiations, though, again, further research would be essential to confirm this.

Chapter 9 - Content Expertise

Introduction

Content expertise is an important determinant of member state performance in intergovernmental negotiations. Such negotiations often involve complex technical issues, a thorough understanding of which is difficult to accomplish across all levels of a state's delegation. Those states with superior technical knowledge of the issues under negotiation are better positioned to identify potential agreements, which provides for greater opportunity to shape the compromise agreement in their own favor (for example Beach, 2005; Tallberg, 2008).

However, because the utility of content expertise as a bargaining resource is in working through the complexity of issues to identify potential agreements, when the range of agreements is fixed by a state that will exit negotiations rather than shift position, no amount of technical knowledge is likely to change that. Thus, the relevance of content expertise as a bargaining resource is mediated by negotiation context, specifically the distinct context in 'uploading' and 'reuploading' negotiations. In the former, where preference intensity is a crucial bargaining resource that can provide a state with the credible threat to exit negotiations, content expertise is not nearly as useful as in the latter negotiations, where it would be very difficult for any state to credibly threaten exit. With this in mind, I set out the following hypotheses regarding content expertise:

H3: The more content expertise a member state has, the more successful that state will be in negotiations.

H3A: Content expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in 'reuploading', than in the absence of established EU-level policy, as is the case in 'uploading'.

Based on these hypotheses, I would expect to find that the delegation with the highest level of content expertise will be the most successful state in 'reuploading' negotiations over the SGP, while the delegation with the highest level of content expertise in the 'uploading' negotiations, will not necessarily be successful.

9.1 Predicting Member State Performance in 'uploading' Negotiations

Drawing on the above hypotheses, it is possible to predict the negotiation performance of each member state under analysis, based on the following values for content expertise:

Belgium - 6
Germany - 6
Netherlands - 6
France - 4

Before advancing predictions regarding each delegation's negotiation performance, in line with these scores, it is worth commenting on the similarity of scores, as well as the explanation for treating these scores differently, in terms of expected performance for each state. First, it is not surprising that these states receive similar scores for content expertise, given that all are wealthy countries with long-term membership in the EU, and whose representatives in these negotiations would have represented their states in other international economic organizations, which implies a certain baseline quality of content expertise. For this reason, it is necessary to capture subtle differences in content expertise across delegations in the SGP negotiations, which is why I consider multiple indicators in measuring this variable, and why I analyze the results qualitatively, in order to observe variation that is not apparent from quantitative scores alone.

Chapter 5, on research design, provides justification for the indicators considered in capturing delegations' content expertise, so I will not restate those points here. However, it is important to note here that, considering the numerical scores for the Belgian, German and Dutch delegations, H3 would predict that these states enjoy equal success in the 'uploading' negotiations, yet on qualitative consideration of the content expertise of each delegation, it is possible to predict that the Belgian and German delegations will perform more successfully than the Dutch in this case. This is because, as stated in the research design chapter, one of the indicators of content expertise - whether the Head of State or Government had served as finance minister or in the finance ministry - would only have been relevant in determining the outcome agreement for those issues that were sent up to the European

Council for decision. Given that the Dutch delegation would receive a lower score for content expertise than the Belgian and German delegations, absent consideration of this indicator, it is possible to conclude that over the issues not decided at the level of HoS/G, but rather in Ecofin or the MC, which includes the vast majority of all issues analyzed, the Dutch delegation would have had slightly less content expertise than the Belgian and German delegations, and the French delegation's score would be similarly decreased. With these points in mind, and drawing on H3, which states that *The more content expertise a member state has, the more successful that state will be in negotiations*, it is possible to make the following predictions:

- 1.) Belgium will be more successful than France and the Netherlands, and as successful as Germany in 'uploading' negotiations
- 2.) Germany will be more successful than France and the Netherlands, and as successful as Belgium in 'uploading' negotiations
- 3.) The Netherlands will be less successful than Belgium and Germany, though more successful than France in 'uploading' negotiations
- 4.) France will be the least successful state in 'uploading' negotiations

With regard to the first prediction, the data thoroughly disconfirms this, in that Belgium was in fact the least successful of all four delegations in the 'uploading' negotiations. Specifically, Belgium did not achieve deliberate success over any of the issues analyzed, and neither was the delegation widely influential. This is distinct from the experience of the French delegation, for example, which, while failing to achieve an outcome closest to their position over many issues in the 'uploading' negotiations, exercised considerable influence nonetheless. Taking into consideration H3A, which states that *Content expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in 'reuploading', than in the absence of established EU-level policy, as is the case in 'uploading'*, it is not surprising that Belgium, having the highest preference intensity for reaching agreement in these negotiations, did not negotiate successfully, despite the delegation's considerable content expertise. Section 9.3 expands

on this point, in providing a comparative look at the role of content expertise in ‘uploading’ versus ‘reuploading’ negotiations.

In addition to the inaccuracy of the first prediction advanced in line with H3, it is also necessary to reject the second prediction, in part, which states that Germany will be as successful as Belgium in the ‘uploading’ negotiations. In fact, Germany achieved far more success than did the Belgian delegation, and was the most successful state in ‘uploading’ negotiations, which confirms only the second part of the prediction, that Germany would be more successful than France or the Netherlands. However, the posited mechanisms linking content expertise with negotiation performance are not confirmed in the case of German success in ‘uploading’. Section 9.3, which compares the context in ‘uploading’ and ‘reuploading’ with regard to the utility of content expertise as a bargaining resource, expands on this point as well.

The third prediction, that the Netherlands would be less successful than Belgium and Germany, though more successful than France, is also disconfirmed by the data, in that the Dutch delegation was in fact less successful than France and Germany, though more so than the Belgians, albeit largely accidentally, as explained in previous chapters. The prediction is correct insofar as the Dutch are the third most successful state in these negotiations, but in terms of the mechanisms through which they achieved the limited success they did, I have already demonstrated in the previous chapter that Dutch success resulted more from proximity to the Germans over a number of issues, rather than deliberate influence on the part of the Dutch delegation.

Turning to the fourth prediction, that France would be least successful in the ‘uploading’ negotiations, the data, which demonstrates that the French performed less successfully than the Germans, but more successfully than the Dutch and Belgian delegations, disconfirms this prediction as well. Thus, it is clear that content expertise is not a good indicator of member state negotiation performance in the ‘uploading’ negotiations, and in this case, I must reject H3, which states that *The more content expertise a member state has, the more successful that state will be in negotiations*. However, as touched on previously in this section, the failure

of H3 to predict member state negotiation performance in ‘uploading’, is unsurprising in light of H3A, which states that *Content expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in ‘reuploading’, than in the absence of established EU-level policy, as is the case in ‘uploading’*. Section 9.3 presents data in support of this hypothesis.

In terms of the theoretical argument regarding content expertise as a relevant resource for influence in international negotiations (see for example Beach, 2005; Tallberg, 2008), findings presented in this section clearly point to the contingent utility of content expertise. It is not possible to discuss whether the theoretical arguments and more specific posited causal process, accurately predict how content expertise can be used to wield influence in international negotiations, given that this was not a resource states relied on in the ‘uploading’ negotiations over the SGP. This does, of course, point to the accuracy of theoretical arguments regarding the role of context in mediating the utility of specific bargaining resources, a point which receives further attention in section 9.3. The following section, which presents findings for the role of content expertise in ‘reuploading’ negotiations, provides for more in-depth assessment of the literature regarding this bargaining resource, as it is central to the analysis of negotiation process and outcomes during ‘reuploading’ negotiations over the SGP.

9.2 Predicting Member State Performance in ‘reuploading’ Negotiations

Drawing on the hypotheses regarding content expertise, it is possible to predict the negotiation performance of each member state in ‘reuploading’ negotiations, based on the following values for content expertise:

Belgium - 7
Netherlands - 6
France - 5
Germany - 4

As mentioned in the previous section, it is not surprising that these states receive similar scores for content expertise, and the qualitative approach I take to analyzing these negotiations, serves to capture the subtle differences

in content expertise between delegations. Drawing on H3, which states that *The more content expertise a member state has, the more successful that state will be in negotiations*, it is possible to make the following predictions:

- 1.) Belgium will be the most successful state in ‘reuploading’ negotiations
- 2.) The Netherlands will be less successful than Belgium, though more successful than France and Germany in ‘reuploading’ negotiations
- 3.) France will be less successful than Belgium and the Netherlands, though more successful than Germany in ‘reuploading’ negotiations
- 4.) Germany will be the least successful state in ‘reuploading’ negotiations

Although the first prediction, that Belgium will be the most successful state in these negotiations, is not confirmed by the data, the Belgian delegation does enjoy some notable success in these negotiations, achieving their central goal of preventing the inclusion of a quantitative benchmark to assess the satisfactory pace of debt reduction in the reformed SGP. Other successes for the Belgian delegation include the outcome agreement over the question of how to prevent pro-cyclical fiscal policy and ensure budgetary discipline in good times, and preventing certain spending categories being removed from calculation of the deficit. Despite these successes, when considering the superior performance of the Dutch delegation, as well as the specific mechanisms utilized to wield influence in these negotiations, it is not possible to accept the first prediction, that Belgium would be most successful in the ‘reuploading’ negotiations.

Regarding the superior performance of the Netherlands, in comparison with Belgium, I demonstrate this in the presentation of data regarding performance of the Dutch delegation, so I will not elaborate on that here. Regarding the specific mechanisms utilized by the Belgians, while it is the case that the delegation brought significant content expertise to these negotiations, and enjoyed considerable success, the posited mechanisms linking content expertise with negotiation success were not present in the process through which the Belgian delegation influenced the outcomes they did. What influence the Belgian delegation brought to bear on the SGP negotiations, in both ‘uploading’ and ‘reuploading’, was largely the result of

process expertise, rather than content expertise, and the following chapter presents data to this end.

It is, however, useful to comment here on the failure of H3 to predict the negotiation performance of Belgium, insofar as this relates to the way in which content expertise is measured. Specifically, as discussed in the research design chapter, one indicator used to capture the content expertise of a delegation in ‘reuploading’ negotiations, is whether any of their members had been present at the Maastricht negotiations over EMU and/or ‘uploading’ negotiations over the SGP. Without restating points that are rightly covered in the research design chapter, it is worth noting briefly that the justification for this indicator lies in the enhanced knowledge a delegation would have of the agreements resulting from these two negotiations, namely the Maastricht Treaty and original SGP, as a result of first-hand experience there. That Belgium is the only member state with a representative who was also member of the delegation in Maastricht and in the ‘uploading’ negotiations, is a significant part of the high value received by the Belgian delegation for content expertise.

This is as it should be, not least because nearly all participants interviewed, confirmed that having delegation members with first-hand experience of prior agreements was potentially a useful means of influence in both ‘uploading’ and ‘reuploading’. Further to that, as will be demonstrated in reviewing the performance of the Dutch delegation in ‘reuploading’, the data not only reveals that this is a potential source of influence, but one the Dutch delegation relied on to achieve success over multiple issues in ‘reuploading’ negotiations. However, in the case of the Belgians, this was not a strategy the delegation utilized, and the fact that their EFC representative, Gregoire Brouhns, had been in the same role since before the Maastricht negotiations, afforded an advantage in both content expertise and process expertise, which is reflected in the high scores of the delegation for both variables. Thus, in capturing something that would accurately indicate a high level of both content expertise and process expertise, namely the tenure of a key member in the delegation, I rely on the process-tracing analysis to disentangle the effects of each independent variable, and to observe which type of expertise the Belgians actually deployed, to influence negotiations.

Turning to the remaining predictions advanced in line with H3, prediction two states that the Netherlands will be more successful than France and Germany, though less successful than Belgium. This prediction is accurate in that the Dutch delegation performed more successfully than the French and Germans in ‘reuploading’, though it is inaccurate in predicting that the Netherlands would be less successful than Belgium. In fact, the Dutch delegation was the most successful in these negotiations, securing their favored outcome over such important questions as whether to remove certain categories of spending from calculation of the deficit and how to differentiate MTOs to reflect the unique budgetary position of each member state, as well as exercising considerable influence over additional outcomes, including how to prevent pro-cyclical fiscal policy. Having offered a preliminary explanation for the failure of H3 to predict the performance of the Belgian delegation in these negotiations, one which I expand on in the next chapter, I consider the data to be fairly supportive, on balance, of the second prediction advanced in line with H3, namely that the Netherlands will be more successful than France and Germany, though less successful than Belgium.

Further to that, the mechanisms linking content expertise with negotiation performance are apparent, though not entirely in line with the process posited a priori, in the case of Dutch success in ‘reuploading’. Specifically, Dutch success was due in large part to the delegation’s content expertise, and in particular the fact that the Dutch Finance Minister during ‘reuploading’ negotiations, Gerrit Zalm, had represented the Netherlands also during ‘uploading’ negotiations over the SGP. The first-hand knowledge that Zalm had of the original SGP agreement was crucial to Dutch success in ‘reuploading’, not only in having their positions incorporated into the outcome agreement, but in preventing measures they opposed.

To begin with an example of the latter point, those states seeking a reformed pact that would loosen restrictions on fiscal policy by, for example, having infrastructure spending removed from calculation of the deficit, referred to the inclusion of the word ‘growth’ in the SGP, and argued that this clearly provided for reforms to the pact that would encourage growth-enhancing measures, such as spending on infrastructure. As described by a

Council secretariat official who participated in the ‘reuploading’ negotiations,

the French did argue that it was absolutely clear that the original intention was to have a pact that wasn’t just about stability, but was all about growth. Not many people had been around to see the discussion where growth was put in the title and nothing was put in the articles of the original pact...So that side of the debate was leveraged on a minimal understanding [of the original pact] (interview, Council secretariat b)

In other words, the original intention was to change the title from Stability Pact to Stability and Growth Pact, as a cosmetic concession to facilitate compromise (for example Heipertz and Verdun, 2010), though this was by no means explicit in the content of the agreement. Thus, as described by the same Council secretariat participant, “I think it did help to have been around and to know the meaning behind the original pact” (interview, Council secretariat b), which knowledge enabled the Dutch Finance Minister to explain, with authority, that what was being proposed by the French was a misreading of the original agreement, and there was no space for the pact, as intended, to accommodate such demands as removing infrastructure and other categories of spending from calculation of the deficit. Along those lines, a fellow member of the Dutch delegation described as particularly helpful the fact that, “when Zalm spoke, everybody realized he had experience with the subject” (interview, Dutch finance ministry d). While this does not reflect the posited causal process associated with content expertise, it is a clear example of how content expertise can impact on a state’s negotiation performance, and more specifically how the Dutch exercised preventive influence over the content of the SGP reform agreement, with the outcome that all categories of spending were to be considered in calculating states’ deficits.

In addition to this preventive influence, the content expertise of the Dutch delegation also afforded a more proactive advantage in influencing the outcome agreement in ‘reuploading’. An important reason why the ‘reuploading’ negotiations over the SGP were so complex was the political difficulty surrounding compromise in the ‘uploading’ negotiations over the SGP. In order for agreement to be reached, it was necessary to leave some questions open, such as the aforementioned example of what it meant to add

the word ‘growth’ to the title of the agreement, or the frequent inclusion of the term ‘as a rule’ in multiple sections of the SGP, which was intended to signify that some procedures would generally be followed, but there would be room for maneuver at the same time (interviews, British treasury, Dutch finance ministry a, Dutch finance ministry b and German finance ministry a).

One result of this was arguably that the pact did not work as intended, as witnessed in the SGP crisis of 2003. Another result was that the main aim of the pact, essentially to guarantee the stability of the single currency regardless the economic climate, was not as apparent in the language of the SGP agreement alone, as it was when combined with knowledge of the context surrounding the original agreement, a point illustrated by the statement of a Council secretariat official, quoted above (interviews, Council secretariat b; Commission d). To the extent that a majority of states in the ‘reuploading’ negotiations no longer sought to safeguard the stability of the single currency, this latter point would be irrelevant. However, if the goal remained to safeguard the stability of the single currency, then having first-hand knowledge of the context surrounding the original SGP, and where compromises had been made that rendered the agreement less operational, should afford a negotiator some advantage in proposing outcomes that reflect the same goal, yet enhance the workability of the agreement as well.

As evidenced by interviews and documentary evidence, the majority of states did see an agreement that would provide for a stable currency as in their interest, both at the time of ‘uploading’ negotiations, and at the time of ‘reuploading’ negotiations as well (for example interviews, Council secretariat b, German finance ministry b, Dutch finance ministry c, Dutch finance ministry d and Luxembourgish finance ministry; Stark, 2001; Chang, 2006). Thus, first-hand knowledge of the flawed way the original pact’s creators had tried to achieve that, afforded an advantage to the Dutch in proposing reforms that addressed the flaws without losing sight of the goals, yet also reflected an experience with and preference for stability-oriented policy that was not shared as enthusiastically by all states. In other words, the Dutch delegation’s superior knowledge of the technical issues involved, led to a position that ostensibly incorporated the positions of others, whilst reflecting their goals more nearly. Thus, it was not in formulating

compromise proposals more quickly than others, that the Dutch were aided by content expertise, but in bringing a nuanced, workable, and defensible proposal to the negotiating table, which is distinct from the process posited a priori.

An illustrative example of this is seen in the question of how to define MTOs to better reflect the individual budgetary position of each member state, so as to reform the status quo of a common MTO for all member states. While it was the goal of the French, for instance, to loosen their MTO (Howarth, 2007), the Dutch saw differentiated MTOs as a way to force greater efforts at budgetary consolidation from those states that had more to do toward ensuring sustainability (interview, Council secretariat b). Thus, the position of the Dutch delegation could be framed as an acceptable compromise in that it loosened the requirement for all states to strive toward a particular MTO, yet had the effect of tightening this aspect of the reformed pact as compared to the original, in that the outcome agreement in the reformed SGP sets very specific parameters to be taken into consideration when setting each state's MTO, and there is enhanced focus on states' progress toward the MTO in good times, both of which were key Dutch goals in these negotiations (see chapter 6).

Further to that, this example of the MTO is part of a wider Dutch initiative to see the pact made more symmetrical, which a leading member of the Dutch delegation identifies as the main issue he wanted to see changed (interview, Dutch finance ministry c). Aware that there was no majority in the Council in favor of the strict Dutch opinion, yet determined to ensure that the pact would not be made toothless in the face of the challenge to ensure stability of the single currency (*NRC Handelsblad*, 2004), the Dutch finance minister identified an important trade-off in the original pact, whereby it was very strict on the 3% limit, yet asked no additional consolidation effort of states experiencing a positive economic cycle (interview, Dutch finance ministry c). This, coupled with the absence of any strict target associated with the MTO in the original pact (see chapter 6), rendered highly ineffective the proactive elements of the SGP. In response to this, the Dutch sought to shape the debate surrounding pro-cyclical fiscal policy, in terms of how to ensure budgetary consolidation in good times, and, related, newly defined

MTOs, along the lines of a concession for enhanced flexibility regarding the 3% deficit target (interview, Dutch finance ministry c). The delegation met with some notable success in this regard, particularly in terms of the MTO, though also in securing greater emphasis on consolidating budgets in good times, as well as the possibility for the Commission to issue policy recommendations to states, for failure to undertake satisfactory progress to the MTO (see chapter 6).

It would be possible to classify this purely along the lines of clever bargaining tactics on the part of the Dutch, which is surely accurate, though the more specific role of content expertise lies in identifying an appropriate link in the original pact between an apparently strict, yet politically complicated deficit target, and an apparently strict, yet non-operational medium-term target, and proposing a compromise that operationalizes the medium-term target and emphasizes consolidation in good times, whilst leaving the 3% target largely as is, in terms of the political difficulty surrounding application of both the original and reformed EDP. It is worth recalling, here, the fact that the outcome of the MTO in the original pact was, against the positions of the Dutch and Germans, a decision to commit states to *strive* toward an MTO of close-to-balance-or-surplus, rather than *fixing* a target of 1% (see chapter 6). However, only awareness of the political motivation to ask for ‘striving’ rather than setting a target, would call attention to the weakness of this outcome regarding the actual implications for policy, and this is an important point when it comes to grasping the distinct motivations of the Dutch and French, in pushing for differentiated MTOs in ‘reuploading’, as well as the impact of the actual outcome, in terms of potentially increasing practical limits on policy (see chapter 6; Howarth, 2006; 2007).

Whilst indicating how the Dutch relied on content expertise to influence the outcome of ‘reuploading’ negotiations, these examples do not reflect the posited causal mechanisms linking content expertise with negotiation performance, because it was not an ability to propose compromises more quickly that aided the Dutch delegation, as expected. Rather, the content expertise of the delegation led to negotiation success in allowing them to effectively oppose the positions of others, and in shaping

and promoting a nuanced compromise that was apparently compatible with those of other delegations, yet uniquely capable of safeguarding the stability of the single currency as envisaged in the original pact. Taking into consideration this evidence regarding the mechanisms through with the Dutch delegation influenced the outcome of ‘reuploading’ negotiations to reflect their positions, it is possible to accept H3, whilst rejecting the posited causal process linking content expertise with negotiation success.

Turning to the remaining predictions advanced in line with H3, that France would be less successful than Belgium and the Netherlands, though more so than Germany in the ‘reuploading’ negotiations, the data does confirm the first part of this prediction, but disconfirms the second part. Specifically, the Germans were slightly more successful than the French, as seen in their securing a list of factors to be considered in evaluating an excessive deficit, which reflects the German position more so than the French, and in the case of reviewing the pact’s interpretation of Treaty Article 114.2, regarding ‘exceptional and temporary circumstances’, the outcome of which matches the German position almost entirely, and more so than that of the French position.

Thus, the data also disconfirms the final prediction advanced in line with H3, that Germany would be the least successful state in these negotiations. Having already presented evidence, in the previous chapter, to explain the success of the German delegation in this case, I conclude that, while content expertise is not a good indicator of German negotiation performance in the ‘reuploading’ negotiations, this is due to the fact that the German delegation was able to rely on information to achieve what success they did, rather than any failing on the part of H3.

In terms of the implications of these findings for the literature on content expertise as a bargaining resource, while the posited mechanisms linking content expertise with negotiation performance are not confirmed in the case of Dutch success in ‘reuploading’, this does not particularly contradict arguments advanced in the literature. Specifically, while the negotiation literature is clear in advancing the theoretical argument that content expertise should facilitate influence in intergovernmental negotiations, roughly because a better and deeper grasp of the material under

consideration, and the potential effects of various proposals, provides for greater flexibility and command in negotiations (for example Tallberg, 2008), this literature does not represent a particularly well-specified causal argument. Thus, for the purposes of analysis undertaken here, the literature was drawn on in order to posit a causal process that explicitly linked these arguments with an outcome of negotiation success, via the potential to construct complex proposals comparatively quickly (see chapter 4). While this might be a feasible explanation of the causal process linking content expertise with negotiation success in some circumstances, it was not the process observed in negotiations over the SGP.

Rather, the causal role of content expertise in explaining Dutch negotiation performance lies more in facilitating the reconciliation of concrete proposals with a generally accepted narrative of what reforms should aim at, namely combining enhanced flexibility with increased discipline, particularly in a way that exploits first-hand knowledge of the original agreement on the part of the Dutch Finance Minister. Of course, this unique instance does not allow for much of a contribution to the wider literature on content expertise, except insofar as it points to the likelihood that negotiators' reliance on content expertise may depend very much on the circumstances surrounding a particular negotiation, which in turn could explain why contributions to date have not specified particularly clearly the causal role of content expertise, for explaining influence in international negotiations generally.

9.3 Comparing the role of Content Expertise in 'uploading' and 'reuploading' Negotiations

This section expands on the previous sections' discussion of member state negotiation performance in 'uploading' and 'reuploading' negotiations, in order to discuss the impact of contextual changes between 'uploading' and 'reuploading', on the role of content expertise as a bargaining resource. The hypothesized impact of these contextual changes is addressed in H3A, which states that *Content expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in 'reuploading', than in the absence of established EU-level policy, as is the case in 'uploading'.*

This hypothesis leads to the following predictions regarding member state performance in ‘uploading’ and ‘reuploading’ negotiations over the SGP:

- 1.) The Belgian delegation can utilize their content expertise to achieve success in ‘reuploading’ negotiations
- 2.) Despite having a high level of content expertise, the Belgian and German delegations must rely on more useful resources to achieve success in ‘uploading’ negotiations

With regard to the first prediction, the data is somewhat supportive, though not entirely so. Specifically, while the data demonstrates that the Belgian delegation did not in fact rely on content expertise to wield influence in the ‘reuploading’ negotiations, there is nothing to indicate that this was due to the irrelevance of the resource, but rather that the Belgians opted for a bargaining strategy that relied on process expertise, in aiming to influence the ‘reuploading’ negotiations. The following chapter, on the independent variable process expertise, presents evidence of this.

In terms of the more general question of context, and how that mediates the relevance of bargaining resources, it is useful to point out that the Dutch delegation, the most successful in these negotiations, did rely on content expertise in order to achieve that success, as discussed in the previous section of the chapter. The Dutch example is illustrative of the fact that content expertise was a viable resource for success in the ‘reuploading’ negotiations, despite the fact that the Belgian delegation did not choose to utilize this particular bargaining resource. Thus, despite the inaccuracy of the first prediction advanced in line with H3A, the data is generally supportive of H3A as applied to ‘reuploading’ negotiations over the SGP.

With regard to the second prediction, that the Belgian and German delegations cannot utilize content expertise to achieve success in the ‘uploading’ negotiations, the performance of both member states in ‘uploading’ can be seen to support this prediction. Beginning with the Belgian case, according to the hypothesized mechanisms linking content expertise with negotiation performance in the context of ‘uploading’, a delegation with a high level of content expertise would not be expected to advance proposals in support of their position, or to have those proposals accepted if they did advance them, unless that state also has a low preference

intensity for reaching agreement and/or the proposals they advance reflect the position(s) of the state or states with the lowest preference intensity for reaching agreement. As is shown in the following chapter on process expertise, the Belgian delegation did put forward one of the most important compromise proposals, which provided for agreement over the question of a quantitative definition of a ‘serious recession’ under which a state would qualify for exemption from the EDP, and this proposal was accepted with little change at the Dublin European Council. However, this proposal did not reflect the Belgian position independent of the positions of other delegations, but, crucially, represented a compromise between the French and German positions (*European Report*, 1996c). This is supportive of the hypothesized mechanisms linking content expertise with negotiation performance as mediated by context, although a careful analysis of the process reveals that it was not content expertise, but rather process expertise at work in this case. Chapter 9 returns to, and expands on this point

The following discussion of the German delegation’s performance in ‘uploading’ negotiations provides further support for the second prediction, that the Belgian and German delegations must rely on a resource other than content expertise to negotiate successfully in ‘uploading’. Two examples are illustrative of this point. First, regarding the indicator of content expertise that considers whether member(s) of the delegation had been present in the Maastricht negotiations over EMU, Germany receives a higher score than France and the Netherlands, because the German Finance Minister during ‘uploading’ negotiations, Theo Waigel, had also been Finance Minister during the Maastricht negotiations. Thus, the first-hand knowledge afforded to the German delegation, from having a representative who was present at the Maastricht negotiations and thus aware of the intended meaning behind the vague language of which Maastricht, like other EU treaties, is composed, could be expected to enhance their ability to judge whether and how certain positions could be accommodated within the confines of the Treaty, and to shape compromise proposals accordingly (Beach, 2005).

However, one of the most notable failures of the German delegation in ‘uploading’ negotiations, to secure full automaticity of fines under the EDP, was due largely to the legal constraint of Maastricht that precluded

automatic fines, which had been the most important goal of the German delegation for the SGP agreement (Stark, 2001). Very much to the contrary of what would be predicted for the process linking content expertise with negotiation performance, then, the German delegation set out to achieve an outcome that could not be accommodated with Maastricht in place. It is worth noting that, when the Germans originally proposed the stability pact, they intended for this to be a separate agreement, outside the Maastricht Treaty, which is why they thought it would be possible to achieve full automaticity (interview, German finance ministry a). Nonetheless, if the hypothesized role of content expertise were at work, the finding should be that the German delegation utilized the advantage afforded by Waigel's first-hand knowledge of Maastricht, to seek a way to maneuver automaticity in, by arguing that the meaning of some piece of language was intended to provide for this, for instance.

One could make the argument that achieving automatic fines simply wasn't feasible in this particular case and so there was no point in pursuing such a strategy. However, the data confirms that the German delegation's attempts to secure automatic fines were indeed a central feature of these negotiations, as illustrated by an *Agence Europe* (1996a) statement that "the problem of sanctions represented the most controversial aspect of the stability pact and over which the MC spent a great deal of time...essentially due to the difference between Germany (recommending automatic sanctions) and other states." This indicates the absence of content expertise in the German approach to influencing the outcome of automatic fines in 'uploading' negotiations, rather than the absence of that goal from the German approach to these negotiations.

The second example to demonstrate the limited utility of content expertise in the context of 'uploading', relates to the quantitative definition of a 'serious recession' under which a state would qualify for exemption from the EDP. Throughout most of the negotiations over the SGP, the German delegation maintained that the quantitative definition of a 'serious recession' should be a 2% drop in GDP annually, with anything less than that triggering the EDP in the event of a deficit in excess of 3% of GDP (for example Brunila et al., 2001; Heipertz and Verdun, 2010). The source of this

position on the question of defining a ‘serious recession’, was extensive analysis conducted by the German finance ministry, in advance of their original proposal for a stability pact in November 1995, to determine an appropriate quantitative definition to trigger the so-called escape clause (interview, German finance ministry a). As described by a German finance ministry official, “[W]e spent months and months trying to define quantitatively a serious recession; this is where -2% came in.” Taking into consideration the effects of such incidents as natural disasters or other unforeseen shocks to the economy, the German delegation determined that automatic stabilizers could work within the 3% limit, up to the point of a 2% annual drop caused by unknown exceptional circumstances (interview, German finance ministry a).

Thus, the German position was based on careful analysis from a finance ministry with considerable experience under a regime of stability-oriented policy similar to the conditions for the future single currency. However, the process of negotiations, and eventual agreement over a quantitative definition for a ‘serious recession’, give the impression that 2% was simply a number the Germans arrived at randomly, and one which they were eventually forced to compromise on for the political goal of securing agreement with the French (for example *European Report*, 1996b; Karacs Bonn, 1996). That the outcome agreement was still close to the German position, was a result of the fact that all delegations knew the Germans would only compromise up to a certain point, or else the entire single currency project was in jeopardy, rather than that the German delegation had drawn up a technically workable proposal with recourse to content expertise (for example interview, Commission a; Staunton, 1996; Heipertz and Verdun, 2010).

Taking into consideration the above points, the data serves to confirm the second prediction advanced in line with H3A. Specifically, the German and Belgian delegations could not utilize content expertise to negotiate successfully in ‘uploading’ and, in the case of the German delegation, relied on the more relevant bargaining resource of a low preference intensity, while in the Belgian case, lacking a low preference intensity, failed to negotiate successfully. Having presented evidence in support of the first prediction as

well, insofar as content expertise was a viable bargaining resource for the Dutch to achieve success in ‘reuploading’ negotiations, albeit via a different causal process than that originally posited, I am confident in accepting H3A, which states that *A high level of content expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in ‘reuploading’, than in the absence of established EU-level policy, as is the case in ‘uploading’.*

Conclusion

This chapter presented several important findings on the role of content expertise in explaining negotiation performance, as well as the impact of context in mediating the utility of content expertise, in the ‘uploading’ and ‘reuploading’ negotiations over the SGP. To begin with findings regarding content expertise in the ‘uploading’ negotiations, the data revealed that, while there was a great deal of similarity in the content expertise of the Belgian, German and Dutch delegations, the Belgian and German delegations had a slight advantage over the Dutch in content expertise, and the French delegation had the lowest level of content expertise. Thus, the predictions advanced in line with H3 were that the Belgian and German delegations would perform most successfully in the ‘uploading’ negotiations, followed by the Dutch and finally the French, as the least successful delegation.

In fact, the evidence revealed that the Belgian delegation was the least successful and the French delegation was less successful only than the Germans in these negotiations. However, taking into consideration H3A, which states that *A high level of content expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in ‘reuploading’, than in the absence of established EU-level policy, as is the case in ‘uploading’,* it was not surprising to find that the Belgian delegation did not perform successfully in the ‘uploading’ negotiations, despite having a high level of content expertise. Further to that, data reveals that the German delegation did not achieve their negotiation success in ‘uploading’ as a result of content expertise, but rather as a result of a low preference intensity for reaching agreement. Thus, the failure of H3 to

predict member state performance in the ‘uploading’ negotiations, is explained by the accuracy of H3A.

With regard to the ‘reuploading’ negotiations, the Belgian delegation again had the highest value for content expertise, followed by the Dutch delegation and the French and German delegations, with the second lowest and lowest values respectively. Thus, according to H3, it was predicted that the Belgian delegation would be most successful, followed by the Dutch, French and finally the German delegation, as the least successful, in ‘reuploading’ negotiations over the SGP. Although the data revealed some success for the Belgian delegation, they were not in fact as successful as the Dutch in these negotiations, and so the first and second predictions were disconfirmed by the data.

With regard to the Belgian delegation, evidence was presented to indicate that their high value for content expertise was due in large part to the fact that the measurement of content expertise picked up on a high level of process expertise held by the Belgian delegation, a point the following chapter expands on. Thus, although the predictions regarding content expertise could not be confirmed, given that the Dutch performed better than the Belgians and the Germans performed better than the French in ‘reuploading’, the data does confirm H3 to a large extent, as explained at length in preceding sections. With regard to the specific mechanisms, evidence was presented to demonstrate the causal mechanisms linking content expertise with negotiation success for the Dutch delegation, and although this led to disconfirmation of the posited process linking content expertise with negotiation success, the data nonetheless showed that the Dutch did utilize content expertise to negotiate successfully in ‘reuploading’.

In comparing the role of content expertise between ‘uploading’ and ‘reuploading’ negotiations, the data served to confirm H3A. Although the first prediction advanced in line with H3A, that the Belgian delegation could utilize content expertise to negotiate successfully in ‘reuploading’, was not confirmed by the data, this was because the Belgian delegation utilized process expertise to achieve the success they did in ‘reuploading’, rather than because of any limitation on the utility of content expertise as a bargaining resource in the context of ‘reuploading’ negotiations. Further to that, the data

confirmed that the Dutch did utilize content expertise to negotiate more successfully than any other state in ‘reuploading’, which demonstrates the relevance of content expertise for negotiation success, as hypothesized.

The second prediction advanced in line with H3A, that the German and Belgian delegations would require a more important resource than content expertise to negotiate successfully in ‘uploading’, was confirmed by the data in a number of ways. Thus, H3A was confirmed in the case of ‘uploading’ and ‘reuploading’ negotiations over the SGP.

With regard to the body of literature that examines content expertise as a bargaining resource, it was not possible to contribute very conclusively to the debate, on the basis of findings from this chapter. Specifically, as discussed in section 9.2, the attempt to clarify causal mechanisms at work in linking content expertise with negotiation performance, which are underspecified in the literature (see for example Beach, 2005; Tallberg, 2008), was unsuccessful in light of the fact that the data disconfirmed the posited causal process derived for testing here (see chapter 4). While the data revealed that the Dutch did rely on content expertise to achieve success in ‘reuploading’ negotiations over the SGP, the causal process was distinct from that posited a priori. Given that no other member states relied on content expertise to negotiate successfully in this case, it was not possible to determine whether the process observed in the case of Dutch performance should be considered a unique example, or more representative of how content expertise works to facilitate success in intergovernmental negotiations. Future research should aim to uncover the specific causal process through which content expertise operates, so as to clarify this further, and determine whether the case at hand is indeed unique or representative.

Findings regarding the use of content expertise by the Dutch delegation in ‘reuploading’ certainly indicate the importance of considering context, in conjunction with the specific resources possessed by individual parties to a negotiation, to explain the process and outcome. The Dutch delegation’s reliance on content expertise to negotiate successfully in ‘reuploading’ can be usefully contrasted with the German delegation’s evident decision to privilege a low preference intensity as the more relevant resource for achieving success in ‘uploading’ negotiations, despite also

having a high level of content expertise. That the German delegation was possessed of both content expertise and a low preference intensity in ‘uploading’ negotiations, yet relied almost exclusively on a low preference intensity, at the expense of the former resource, indicates that the delegation chose the resource deemed most relevant to achieving success in that context.

In contrast to the argument advanced by Dür and Mateo (2010), then, there is a need to look beyond the resource capabilities of negotiating parties, in order to explain the strategies they adopt for influencing negotiations. Crucially, the context of negotiations must be considered, insofar as rational actors can be expected to adapt their strategies accordingly, and privilege distinct resources, depending on the utility of those resources in a given context (Aspinwall and Schneider, 2001). Further to that, while additional research should seek to confirm this, there is reason to believe that the limited utility of content expertise in ‘uploading’ negotiations over the SGP, would be characteristic of additional cases of ‘uploading’ negotiations, with the general implication that, while content expertise is apparently highly effective in ‘reuploading’ negotiations, it is not a particularly useful bargaining resource for ‘uploading’ negotiations.

Chapter 10 - Process Expertise

Introduction

Process expertise is a useful bargaining resource, in that superior knowledge of, and experience with, the decision-making procedures of an organization, formal and informal, enhance the potential of a delegation to craft compromise solutions, and propose them in a manner conducive to their acceptance (for example Beach, 2005; Tallberg, 2008). However, this advantage in process expertise will only be useful when states are prepared to compromise, because when a state will exit negotiations rather than shift position, no amount of process expertise is likely to make viable a compromise proposal that does not reflect this former state's position. Thus, the utility of process expertise as a bargaining resource is mediated by negotiation context, and the context in 'uploading' negotiations is such that a low preference intensity for reaching agreement is far more important than process expertise, given that a state with a low preference intensity can exit negotiation rather than shift their position.

This limit on the effectiveness of process expertise is absent in 'reuploading' negotiations, where no state is likely to have a credible threat to exit negotiations rather than compromise. Thus, in the context of 'reuploading' negotiations, the ability to craft compromise proposals effectively and in a timely fashion, will be a crucial bargaining resource for negotiation success. With this in mind, I set out the following hypotheses regarding process expertise:

H4: The more process expertise a member state has, the more successful that state will be in negotiations.

H4A: Process expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in 'reuploading', than in the absence of established EU-level policy, as is the case in 'uploading'.

Based on these hypotheses, I expect to find that the delegation with the most process expertise will be the most successful state in 'reuploading' negotiations, while the delegation with the most process expertise in 'uploading' negotiations, will not necessarily negotiate successfully.

10.1 Predicting Member State Performance in ‘uploading’ Negotiations

Taking into consideration the above hypotheses, it is possible to predict the negotiation performance of each member state under study, based on the following values for process expertise:

Belgium - 11
Germany - 9
Netherlands - 7
France - 4

Thus, I advance the following predictions regarding member state performance in ‘uploading’ negotiations over the SGP, in line with H4:

- 1.) Belgium will be the most successful state in ‘uploading’ negotiations
- 2.) Germany will be less successful than Belgium, but more successful than the Netherlands and France in ‘uploading’ negotiations
- 3.) The Netherlands will be less successful than Belgium and Germany, though more successful than France in ‘uploading’ negotiations
- 4.) France will be the least successful state in ‘uploading’ negotiations

Contrary to the first prediction advanced in line with H4, that Belgium will be the most successful state in the ‘uploading’ negotiations, the data demonstrates that Belgium was in fact the least successful state in these negotiations. However, as section 9.3, on comparing ‘uploading’ and ‘reuploading’ negotiations, articulates, the reason for the failure of Belgium in this case was due to the limited utility of process expertise for negotiation success in the context of ‘uploading’, rather than any failing on the part of H4.

Turning to the second prediction advanced in line with H4, that Germany would be more successful than France and the Netherlands, though less so than Belgium, the data confirms this prediction only in part. Specifically, it is accurate that Germany negotiated more successfully than

France and the Netherlands in the ‘uploading’ negotiations, though it is inaccurate that Germany was less successful than Belgium, given that the German delegation was the most successful state in these negotiations. With regard to the specific mechanisms through which Germany achieved this success, the data reveals that the posited mechanisms linking process expertise with negotiation success were not present in this case. Rather, as discussed in previous chapters, the primary bargaining resource the German delegation utilized to achieve negotiation success in ‘uploading’ was a low preference intensity for reaching agreement, though a high level of information was also deployed to reinforce this strategy.

With regard to the third prediction advanced in line with H4, that the Netherlands would be less successful than Belgium and Germany, though more so than France, the data confirms this to the extent that the Netherlands was less successful than Germany, and disconfirms this to the extent that the Netherlands was less successful than France and more successful than Belgium, albeit by accident, rather than deliberate influence in the latter case. Regarding the French delegation’s performance, while the prediction advanced in line with H4, that France would be the least successful state in the ‘uploading’ negotiations, is disconfirmed by the data, it is clear that the French delegation relied on a comparatively low preference intensity for reaching agreement and, to a lesser extent, a high level of information, to negotiate successfully over the issues they did.

Thus, while the predictions advanced in line with H4 are shown to be largely inaccurate, this is easily explained with reference to the role of other bargaining resources, as well as the specific context in ‘uploading’ negotiations. Taking this into consideration, it is not possible to accept H4 as applied to the ‘uploading’ negotiations, though this is not to disconfirm the importance of process expertise for negotiation success generally, but to disconfirm its relevance for the delegations in question, in the context of ‘uploading’ negotiations over the SGP. Section 9.3 elaborates on this latter point.

10.2 Predicting Member State Performance in 'reuploading' Negotiations

In the 'reuploading' negotiations over the SGP, the four member states under consideration receive the following values for process expertise:

Belgium - 9
Germany - 8
France - 6
Netherlands - 6

With these points in mind, and drawing on H4, which states that *The more process expertise a member state has, the more successful that state will be in negotiations*, I advance the following predictions:

- 1.) Belgium will be the most successful state in 'reuploading' negotiations
- 2.) Germany will be more successful than France and the Netherlands, though less successful than Belgium in 'reuploading' negotiations
- 3.) France will be less successful than Belgium and Germany, and as successful as the Netherlands in 'reuploading' negotiations
- 4.) The Netherlands will be less successful than Belgium and Germany, and as successful as France in 'reuploading' negotiations

The first prediction advanced in line with H4 is partly supported by the data, in that Belgium did achieve some notable success in these negotiations, and could be considered more successful than France and Germany, though Belgium took positions over fewer issues than did the former states, and some success enjoyed by the Belgian delegation, for example over the question of whether to remove certain spending categories from calculation of deficits, owed more to Dutch, than to Belgian influence. Further to that, as Belgium was less successful than the Netherlands, the prediction is disconfirmed in that regard, though the success of the Netherlands to a greater extent than Belgium is explained insofar as the Dutch delegation utilized another bargaining resource, content expertise, in order to negotiate successfully in 'reuploading'. Regarding the mechanisms through which Belgium achieved the success they did, data reveals that process expertise was the main bargaining resource deployed by the Belgians in these negotiations.

Specifically, drawing on their experience with the formal and informal processes of such intergovernmental negotiations as those over the SGP, the Belgian delegation determined that the most appropriate way to wield influence in this case, would be to privilege a selection of vitally important issues over which to push their position. This approach of focusing on only a select number of vitally important issues, was a viable way for the Belgian delegation to wield influence in these negotiations, for two main reasons. The first, related specifically to size, is that, as described by a Luxembourgish finance ministry participant, “being small, they have fewer or at least lesser issues of importance, so they are more trustworthy in addition to being more able to compromise” (interview, Luxembourgish finance ministry). Further to that, the second reason, described by a Council secretariat participant, is that those states with one overriding interest “kept their heads down on the other elements, so as not to use up any negotiating capital, and then come the end of the thing they said, all we ever wanted was one thing” (interview, Council secretariat b).

This accords with explanations of how issue-specific power provides for disproportionate influence by small member states, over questions of particular national importance in EU negotiations (Tallberg, 2008), as well as resonating with findings that issues, and states’ preference ordering over issues, for example, serve as an explanatory factor for the bargaining strategies they pursue in EU negotiations (McKibben, 2010). While the literature does not find an explicit relationship between the size of states and the number of issues they aim to influence in EU negotiations, as described by the Luxembourgish official cited above, there are findings to indicate that the number of issues, and salience states attach to those issues, within a negotiation setting, can impact on how states influence outcome agreements (for example Tallberg, 2008; McKibben, 2010). This is evident in the approach of the Belgian delegation to ‘reuploading’ negotiations over the SGP.

Having a great deal of experience, then, and knowledge of the informal rules at play that this experience affords, the Belgian representatives chose to emphasize the select issues of key importance to them, notably those questions relating to the debt target (interview, Belgian finance

ministry b). While the delegation did not succeed entirely over the question of whether to upgrade the issue of debt, they did enjoy considerable success in limiting the outcome agreement to a slight upgrading, which, in the presence of their most notable success of preventing a quantitative benchmark to assess the pace of debt reduction, renders any failure over the first point moot. Further to this, the Belgians were opposed by the Dutch, French²⁹ and Germans, among others, over the question of upgrading debt in a reformed pact, which makes even limited success on the issue all the more remarkable.

Another key point regarding Belgian use of process expertise, is that the effectiveness of the delegation's approach, focusing on achieving success over a limited number of key issues, was aided by the continuity of their representation, in that their positions were considered credible. In terms of the Belgian position over debt, it had been a stated priority of Belgian policy over the previous decade and a half to reduce the public debt to a sustainable level. The two finance ministers who had represented Belgium in the Ecofin Council over this time period, as well as the single MC/EFC representative over that entire period, had stuck to this goal and delivered on it to a considerable extent, with the effect that other delegations had great respect for the Belgians and did not see their approach to debt as a stability risk (interviews, Council secretariat b, German finance ministry b and Luxembourgish finance ministry). This is illustrated by the following statement from a Luxembourgish finance ministry participant in 'reuploading' negotiations:

[The] [R]ule was that those over 60% should bring their debt down to a reasonable level at a reasonable pace, but that was simply not done. The Belgians had been doing it since 1982, since devaluation, otherwise they would have had real problems getting into the euro. This is why there was never any real panic about the Belgian debt, because they could show that year after year, coming also from 135%, they managed to slowly but surely bring it down (interview, Luxembourgish finance ministry)

²⁹ The French position was nuanced, in that they favored upgrading the debt, though with a number of caveats that would have limited the effective impact on high debt states (interview, Council secretariat b)

In contrast to this, the Italian delegation, for example, had no such continuity and no such credibility, which was a handicap in defending positions, such as maintaining a non-operational debt target, that appeared to reflect a preference for a weak pact (Fabbrini and Piattoni, 2008). To be sure, there were incredibly skilled, respected officials representing Italy in the MC/EFC in particular, throughout the history of economic and monetary integration, but the lack of continuity in Italian representation and policy commitments, meant that the Italian delegation did not derive the same level of credibility as did the Belgian negotiators, particularly regarding the debt question (interviews, Luxembourgish finance ministry and Council secretariat b). Rather than being an isolated incident in the SGP negotiations, this has been highlighted as a general trend in Italy's influence in the EU, specifically a diminished capacity to influence economic matters, owing to budgetary mismanagement (Tallberg, 2008).

Thus, while continuity of representatives is expected to indicate process expertise, which then operates via a series of mechanisms to affect negotiation performance (see chapter 4 and Tallberg, 2008 for example), it seems that in the Belgian case, the continuity of representatives was also an element of the causal process through which the delegation achieved negotiation success, with recourse to process expertise. In other words, the credibility of the Belgians, in terms of signaling a commitment to reduce debt, made Belgian opposition to fixing strict terms for debt reduction in a reformed SGP, appear more reasonable and less concerning to stability-oriented states, as indicated by the following statements from an interview with Dutch Finance Minister Gerrit Zalm, in *Il Sole 24 Ore*:

he[Zalm] favours a 'different treatment between countries, according to their level of debt', citing Italy, Belgium and Greece as states with high debt. Belgium accepts the idea of 'more rigour' for states with public debt of more than 60 pct of GDP (AFX, 2005)

Thus, while Belgium greatly opposed the inclusion of any specific debt target in a reformed SGP, this was not perceived to result from a lack of willingness on the part of the Belgians to tackle their debt burden, and there was general awareness that "[W]hat they [the Belgians] really wanted to defend was, if you're going in the right direction on debt, you'll get some

praise for that, you'll get some credit, and you won't get killed for being 90, when you were 100 four years ago" (interview, Council secretariat b). These factors, in conjunction with awareness that the push for a focus on debt was in part a red herring for those states with deficit troubles, led to acceptance of the Belgian proposal that setting a strict target for debt reduction would not facilitate this necessarily slow process, nor improve operation of the pact, and should hence be excluded from the reform agreement (interviews, Belgian finance ministry b, Luxembourgish finance ministry and Council secretariat b).

Returning to the discussion of the selective issues over which the Belgian delegation took strong positions, while not leading to deliberate success on many points, which would require actively seeking to influence the outcome, this approach facilitated the Belgian delegation's goal of aiding the Luxembourgish presidency in securing a compromise, and in preventing the general outcome of a reformed pact that would threaten the stability of the single currency (interviews, Belgian finance ministry b, Luxembourgish finance ministry and Council secretariat b). With these points in mind, it is possible, to an extent, to accept the prediction that the Belgian delegation would negotiate most successfully in 'reuploading', given that other delegations potentially only achieve a greater measure of success than the Belgians, as a result of taking a position over a greater number of issues (see chapter 6), and actively seeking to influence a wider variety of outcomes.

While it is debatable whether the public defense, and hence success, over a greater number of issues represents a more successful performance overall, given that the Belgians could have refrained from taking a strong position simply because they knew their position was defended by other delegations, yet in that way still achieved an outcome closest to their position, the evidence does not support this reading of the outcome. First, the in-depth interviews conducted in order to capture the detailed process of negotiations reveal that the Belgian delegation, while strategically choosing to privilege a select number of issues, was able to do this because they had a more narrow range of concerns than those states that took positions over all issues, rather than because they were confident in seeing their position win out regardless (interviews, Council secretariat b, Luxembourgish finance

ministry and Belgian finance ministry b). Further to that, it would require indisputable evidence, before crediting the delegation with deliberate influence, that the Belgians purposely refrained from defending a position they wanted to see in the agreement outcome, as a way to increase their chances of seeing a wider range of their positions incorporated into the agreement. In fact, given the definition this thesis adopts for negotiation success, it is not even clear that such an approach would provide for the delegation to be credited with success, regardless any evidence that this was their intention. This last point is ultimately an interesting conceptual question, and one that the concluding chapter of the thesis returns to, in regard to Diana Panke's concept of 'negotiation effectiveness' (Panke, 2012).

Turning to the second prediction advanced in line with H4, that Germany will be more successful than France and the Netherlands, though less successful than Belgium in the 'reuploading' negotiations, the evidence is mixed. The prediction is not entirely accurate, given that the Netherlands was in fact more successful than Germany, though it is relatively straightforward to explain this inaccuracy, as the Dutch delegation relied on content expertise to achieve the success they did, which is discussed in the previous chapter. With regard to the the first part of the prediction, in considering the mechanisms through which the German delegation achieved somewhat greater success than the French and Belgians, it is apparent that the Germans relied on information, rather than process expertise, and thus the posited mechanisms linking process expertise with negotiation performance cannot be confirmed in the case of German successes in 'reuploading'.

The third prediction, that France would be less successful than Germany and Belgium, though more successful than the Netherlands in 'reuploading' negotiations, is largely inaccurate. Again, this is due in part to the fact that predictions advanced in line with H4 do not account for the Dutch delegation's recourse to content expertise for influence in these negotiations, as discussed in the previous chapter, which explains the superior success of the Dutch, relative to the French.

Regarding the first part of the prediction, the data does confirm that Germany negotiated more successfully than the French, and wielded more influence generally, though this was due to information, rather than process expertise on the part of the German delegation. As discussed previously, it is difficult to compare the Belgian performance with that of other delegations, given the Belgian approach of privileging a limited number of issues in these negotiations. Nonetheless, data indicates that France did not enjoy much deliberate success in ‘reuploading’ negotiations either, which leads to the general assessment that these states performed comparably, while Belgium might be considered more successful overall, which is further support for the first part of prediction three. Finally, the inaccuracy of the fourth prediction can also be explained by the fact that this prediction is based on the Dutch delegation possessing a low level of process expertise, while the Dutch in fact negotiated successfully in ‘reuploading’ with recourse to content expertise, as seen in chapter 9.

Thus, despite the mixed results of predictions advanced in line with H4, it is clear that these failings owe more to the variety of bargaining resources at play in the ‘reuploading’ negotiations, than to any failing of the part of H4. Considering the case of the Belgian delegation, and the evidence in support of process expertise as the resource through which the Belgians achieved success in these negotiations, it is possible to accept that process expertise is an important, effective bargaining resource in the context of ‘reuploading’, though it is not possible, in this case, to accept H4, which states that *The more process expertise a member state has, the more successful that state will be in negotiations.*

Findings are supportive, then, of the literature that highlights the role of process expertise in explaining member state influence in intergovernmental negotiations (for example Beach, 2005; Tallberg, 2008). However, the arguments advanced by Beach (2005) and Tallberg (2008), for example, do not pay sufficient attention to the role of negotiation context in mediating the utility of process expertise as a bargaining resource. The following section, which addresses this effect of negotiation context, demonstrates why it is essential to consider changing context in theorizing the utility of bargaining resources in intergovernmental negotiations, and

reveals more specifically how process expertise remains relevant for influence in the context of ‘uploading’ negotiations, though much less so for achieving negotiation success.

10.3 Comparing the role of Process Expertise in ‘uploading’ and ‘reuploading’ Negotiations

The hypothesized impact of the distinct context in ‘uploading’ and ‘reuploading’, on the relevance of process expertise for negotiation success, is captured in H4A, which states that *A high level of process expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in ‘reuploading’, than in the absence of established EU-level policy, as is the case in ‘uploading’*. This hypothesis leads to the following predictions regarding member state performance in the ‘uploading’ and ‘reuploading’ negotiations:

- 1.) The Belgian delegation can utilize their process expertise to achieve negotiation success in ‘reuploading’
- 2.) Despite having a high level of process expertise, the Belgian delegation must rely on more useful resources to achieve negotiation success in ‘uploading’

With regard to prediction one, the data confirms this, as demonstrated in the previous section’s discussion of Belgian performance in ‘reuploading’. Thus, without restating the above discussion, I am confident in accepting the first prediction, as well as H4A, as applied to the case of ‘reuploading’ negotiations.

Turning to the second prediction, and application of H4A to the ‘uploading’ negotiations, the data serves to confirm this in a number of ways. In terms of the necessity to rely on a more useful bargaining resource than process expertise, to succeed in ‘uploading’ negotiations, the fact that the Belgian delegation had a clear advantage in process expertise, yet did not negotiate successfully, goes some way toward confirming the prediction already. Further to that, and with regard to the specific mechanisms linking process expertise with negotiation performance, the data reveals that the Belgian delegation did manage to influence the outcome of a very important issue, with recourse to process expertise. However, as predicted, this was

only possible to the extent that the compromise proposed by the Belgians reflected the position(s) of the state or states with the lowest preference intensity for reaching agreement.

Specifically, over the question of how to define a ‘serious recession’, and how to quantify that definition, once the decision was taken to define this quantitatively, the Belgian delegation did not take a position, yet was instrumental in determining the outcome agreement over this issue. Both Nigel Wicks, Chairman of the Monetary Committee, and then Belgian Finance Minister, Philippe Maystadt, had a part in orchestrating the final compromise on this point. The ‘grey box’ proposal by Maystadt (based on the ‘Wicks box’ proposal in the MC³⁰), which envisaged freedom of interpretation for the Council in granting exemptions from the EDP in the case of recessions ranging from .5% to 2% of GDP, with 2% or higher qualifying as an automatic exception, lay the groundwork for the final compromise reached at the Dublin European Council, between French President Jacques Chirac and German Chancellor Helmut Kohl. In fact, this final agreement was nearly identical to Maystadt’s proposal (see chapter 6; *European Report*, 1996c), which is credited with breaking deadlock in the Ecofin meeting on the eve of the European Council summit, during which Maystadt aided the Irish Presidency representative in mediating between French and German negotiators (Buckley et al., 1996).

The reason this example of influence by the Belgian delegation can be credited to process expertise, rather than content expertise, is that it was not the technical merits of the proposal that made it acceptable, nor was this even an original proposal by the Belgians, with any credit for its technical character due to MC Chairman Nigel Wicks. Rather, this is described as an entirely political solution to a political problem, given that, by this point in the negotiations, there was little technical difference between the positions of the French and German delegations, with the disagreement surrounding a minor numerical point that had become incredibly politicized (for example interviews, Commission a, French finance ministry and German finance ministry b; Heipertz and Verdun, 2010). Along those lines, the reason cited

³⁰ See Monetary Committee of the European Community, 1996 for full contents of this proposal.

for acceptance of the Belgian proposal, was the timing and strategy of the Belgian representative in presenting it. As described by a finance ministry official from the French delegation,

He [Maystadt] had been sleeping [hyperbole from speaker] for a very long time, but he had the compromise with him. He was a very old Ecofin minister, so he knew how it worked and he waited until exactly the right moment to put the compromise on the table. If he had put it two or four hours sooner, it might not have worked, but by 3am, after many efforts, everyone was prepared to accept it (interview, French finance ministry)

This proposal was accepted by ministers in Ecofin, and, again, led to agreement in the European Council meeting the following day. Crucially, though, this proposal did not reflect a uniquely Belgian position, but rather a compromise that the Belgian finance minister believed would be acceptable to the French and Germans, which is why this can be considered an example of Belgium wielding influence, absent success. In other words, the causal process through which process expertise is posited to impact on negotiation performance in the context of ‘uploading’, predicts that a state with process expertise could advance a proposal, and this proposal could be accepted, though only if it reflects the positions of the the state(s) with the lowest preference intensity for agreement (see chapter 4). Thus, the evidence in this case is highly supportive of the process through which context mediates the role of process expertise, in ‘uploading’ negotiations.

In addition to influencing the outcome over this specific issue, multiple interviewees confirm that this was a typically Belgian strategy, facilitated by the experience of the delegation and, related, the esteem in which Belgian representatives were held by their counterparts in the MC and Ecofin Council (for example interviews, Council secretariat a, French finance ministry, Commission a and Commission b). Evidence of Belgian influence in the ‘reuploading’ negotiations certainly supports this, and the success enjoyed by the delegation in the context of ‘reuploading’, as compared to their limited success in ‘uploading’ negotiations, provides strong support for H4A, which states that *A high level of process expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in ‘reuploading’, than in the absence of established EU-level policy, as is the case in ‘uploading’.*

Conclusion

To begin with the ‘uploading’ negotiations, key findings regarding process expertise were that the Belgian delegation had the most process expertise, followed by the Germans, while the French and Dutch delegations had the joint least process expertise. Contrary to predictions advanced in light of these values, the Belgian delegation was the least, rather than most successful state in ‘uploading’ negotiations. However, as discussed in section 10.3, the failure of the Belgian delegation to negotiate successfully in ‘uploading’ was due to the limited utility of process expertise in the face of a state with a low preference intensity for reaching agreement, and hence a credible threat to exit negotiations, rather than any failing on the part of H4, which states that *The more process expertise a member state has, the more successful that state will be in negotiations.*

Taking into consideration a key finding from the ‘reuploading’ negotiations, that the Belgian delegation had the most process expertise and deployed that resource to negotiate successfully in this case, I accepted predictions advanced in line with H4A, that Belgium could use process expertise to achieve negotiation success in the ‘reuploading’ negotiations, but would require a more important resource for negotiation success in ‘uploading’. Further to that, while the Belgian delegation could not utilize process expertise to negotiate successfully in ‘uploading’, this resource was deployed by the Belgians in order to facilitate agreement on the stability pact, specifically in helping to bridge the gap between the French and German positions over one of the most important issues involved in the negotiations. Thus, another key finding from this chapter is that data confirms H4A, which states that *A high level of process expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in ‘reuploading’, than in the absence of established EU-level policy, as is the case in ‘uploading’.*

Another interesting finding from this chapter is that observations of the Belgian approach to ‘reuploading’ negotiations, speak to findings that there is an explanatory role for issues, and states’ orientation toward issues in a dossier, in determining the bargaining strategies states adopt for EU negotiations (McKibben, 2010). To the extent that, as indicated by the

Belgian example, having a strong interest in only a limited number of issues in a dossier, in conjunction with awareness of the institutional nuance on the part of a delegation possessing process expertise, has the effect of facilitating negotiation success, this would be an important contribution to theorizing the explanatory role of issues in determining states' bargaining strategies (see McKibben, 2010). Provided further research uncovered similar findings to those described here, regarding the case of Belgian reliance on process expertise, this would mark a useful coming together with other strands of the negotiation literature (for example McKibben, 2010; Panke, 2012).

As touched on in previous sections, there is a need to refine understanding of process expertise as a bargaining resource, such that greater consideration is given to the role of context in mediating the utility of process expertise for negotiation success. Specifically, as predicted by the causal process explaining the mediating effect of context on the potential for process expertise to lead to negotiation success, the Belgian delegation could only rely on process expertise to facilitate a compromise between the French and German delegations in 'uploading', rather than utilizing process expertise to influence the outcome in support of their own position. In contrast to this, in the 'reuploading' negotiations, the Belgian delegation certainly relied on process expertise to achieve the success they did. While findings regarding Belgian strategy and performance in the 'reuploading' negotiations support the hypothesized role of process expertise, as derived from existing literature, there is no consideration in the literature of the contextual conditions surrounding process expertise as an explanatory factor for negotiation success (see for example Beach, 2005; Tallberg, 2008), which marks an important point of departure for this thesis.

These findings also address the question of whether and how context matters, and point to the importance of considering both context and states' bargaining resources, to explain negotiation outcomes. That a mixture of what Dür and Mateo (2010) might call 'hard' and 'soft' bargaining tactics was clearly present in 'uploading' negotiations, with German reliance on a low preference intensity as an example of the former and Belgian reliance on process expertise as an example of the latter, is supportive of their argument that what matters is the resources actors are possessed of, rather than any

uniform tendency toward particular bargaining styles, under different circumstances. Having said that, there remains a need to understand why the German delegation, possessed of similarly high process expertise as was the Belgian delegation, opted for a bargaining strategy focused on preference intensity, rather than process expertise, in ‘uploading’ negotiations.

It is, of course, the aim of this thesis to provide an answer to such questions, with recourse to a rational choice institutionalist approach that advocates a focus on how negotiation context mediates the strategies, and hence resources, most useful to negotiating parties, for securing the fixed goal of negotiation success in any context (Aspinwall and Schneider, 2001). Thus, the decision of the German delegation to privilege preference intensity, rather than process expertise in ‘uploading’ negotiations, is supportive of this argument that resource capabilities matter, yet context plays a crucial part in determining the strategies states will pursue, and the ultimate outcome of negotiation success or failure.

Section 5 - Conclusion

Chapter 11 - Conclusion

This thesis has analyzed the negotiation performance of Belgium, France, Germany and the Netherlands in the ‘uploading’ and ‘reuploading’ negotiations over the SGP, in order to answer the following research question:

Do differences between ‘uploading’ and ‘reuploading’ negotiations affect member state performance in each?

It has drawn conclusions regarding the effects of specific bargaining resources, including preference intensity, information, content expertise and process expertise, on the potential for member states to influence negotiations, as well as the way in which negotiation context mediates the utility of those resources. In so doing, this thesis has arrived at a host of interesting findings, and contributed to several bodies of literature, from empirical, conceptual and theoretical standpoints. As this section will elaborate further, the findings in this thesis also have important policy implications for the current state of affairs in the Eurozone.

11.1 Summary: Contributions and Findings

The dependent variable that this study has sought to explain is negotiation performance, defined as the extent to which a member state influences negotiations to affect the outcome agreement (Bailer, 2004; Thomson et al., 2006). While negotiation performance is considered to be a neutral concept, negotiation success refers to a state deliberately influencing negotiations to achieve an outcome that is close to, or similar to, own policy positions over the issues negotiated. As discussed previously, drawing the distinction between deliberately influencing negotiations to secure a favorable outcome, and securing a favorable outcome by some accident or good fortune (Bailer, 2004), has been essential for arriving at valid conclusions in this study.

The independent variables that have been analyzed include various bargaining resources expected to impact on member state negotiation performance, namely preference intensity, information, content expertise and process expertise. Preference intensity was defined as “the relative value [a

state] places on an agreement compared to the status quo alternative,” (Moravcsik, 1998: 62); information was defined as knowledge about participants’ policy positions, the reasons behind those positions, and the level of salience attached to them (Naurin, 2009); content expertise was defined as “technical knowledge of the issues under negotiation” (Tallberg, 2008: 701); and process expertise was defined as “knowledge of the institutional framework of negotiations” (Tallberg, 2008: 701). The argument that has been tested is that, as values of the independent variable increase, or, in other words, as member states possess these bargaining resources to a greater extent, then values of the dependent variable, or, states’ negotiation performance, should improve.

The role of negotiation context has also been analyzed, with the incidence of ‘uploading’ or ‘reuploading’ negotiations serving as an intervening variable. The argument that has been tested regarding the role of context is whether specific bargaining resources are more or less useful under distinct negotiation contexts, with the expectation that preference intensity would be more relevant for negotiation success under the context of ‘uploading’, while information, content expertise and process expertise would be more relevant for negotiation success under the context of ‘reuploading’. The case of the SGP was selected, because it satisfies important criteria, including the opportunity to analyze nested cases, namely Belgium, France, Germany and the Netherlands, the four member states whose performance in the ‘uploading’ and ‘reuploading’ over the SGP have been the subject of study here. The SGP also fulfills additional criteria and facilitates research design in a number of ways, all of which were described in chapter 5 on research design.

Following the introductory chapter of the thesis, chapter 2 provided historical context on the SGP, including its role in the architecture of EMU and how historical processes toward EMU are intricately related to the establishment and reform of the pact. As noted in previous chapters, and returned to later in this chapter, viewing the SGP in the context of the historical drive toward a single European currency has been useful in analyzing the ‘uploading’ and ‘reuploading’ negotiations over the SGP, and in reflecting on the implications of this analysis for the future of the

Eurozone. In addition to providing some relevant context, chapter 2 discussed the empirical contribution this thesis makes to studies of the SGP. In undertaking a detailed comparative analysis of the ‘uploading’ and ‘reuploading’ negotiations over the SGP, as well as the differential influence wielded by distinct member states, in each negotiation context, this study contributes an alternative treatment of the SGP, which serves to heighten understanding of why the original and reformed pact were designed as they were, and functioned, or failed to function, accordingly.

Following chapter 2, the theoretical framework section, including chapters 3 and 4, articulated the conceptual distinction between ‘uploading’ and ‘reuploading’, and outlined the rational choice institutionalist approach through which the ‘uploading’ and ‘reuploading’ negotiations over the SGP, would be analyzed. Chapter 3 introduced the Europeanization literature from which the concepts of ‘uploading’ and ‘reuploading’ were derived. While this literature has treated the concept of ‘uploading’ at great length, consideration of ‘reuploading’ has been far more limited. Thus, an important contribution this thesis makes is to build on existing conceptualizations of ‘uploading’ and ‘reuploading’, in order to identify important distinctions between these negotiation contexts, which have the potential to impact on the process and outcome of negotiations in each case. These differences between ‘uploading’ and ‘reuploading’, namely default condition, preference composition, interdependence and distributional conflict, were described in chapter 3, so as to set the backdrop against which chapter 4 explains the theoretical approach taken to analyzing the effects of these differences.

Specifically, chapter 4 introduced the rational choice institutionalist approach, which highlights how contextual changes between ‘uploading’ and ‘reuploading’ negotiations can be expected to impact on the process by which negotiating parties will seek to influence the outcome agreement in each instance. In other words, in line with a rational choice institutionalist approach, delegations to the SGP negotiations, as rational actors with the fixed goal of achieving negotiation success, can be expected to privilege distinct bargaining resources in ‘uploading’ versus ‘reuploading’ negotiations, depending on the relative utility of these resources in each context. Thus, as elaborated in chapter 4, an essential complement to the

rational choice institutionalist approach, for the purposes of this thesis, was a framework through which to theorize the effects of bargaining resources, on member state performance in intergovernmental negotiations.

In order to expand the literatures this thesis could engage with, it was useful to go beyond EU-specific analyses, to consider bargaining resources that are addressed in the wider body of negotiation literature, ranging from one-off international negotiations (for example Zartman and Rubin, 2001) to contractual negotiations in the workplace (for example Lax and Sebenius, 1985). This led to the identification of four bargaining resources for analysis, including preference intensity, information, content expertise and process expertise. As explained in chapter 4, there were a variety of reasons behind the decision to examine these specific bargaining resources, not least because the rational choice institutionalist approach pointed to the differential importance of these resources in ‘uploading’ versus ‘reuploading’ negotiations, a predicted effect of changing context that this study aimed to test.

Turning to the research design through which the theoretical constructs elaborated in chapters 3 and 4, were operationalized to collect and analyze data, chapter 5 presented a detailed overview of concept measurement, data collection and analysis, as well as explanation of the case study approach taken in this thesis. As discussed in chapter 5, the case study approach was a useful complement to the process-tracing analysis this thesis undertakes (Gerring, 2004; Vennesson, 2008). Further to that, the subtle concepts this thesis sought to examine, and the absence of widely agreed indicators for measuring these concepts, in existing literature, implicated a need to consider multiple indicators for each concept, to enhance validity. Thus, a single case that provided for synchronic and diachronic variation, as the SGP did, was an effective way to introduce variation on key explanatory factors, whilst maintaining comparability across observations (see chapter 5; Gerring, 2004).

Along the same lines, chapter 5 justified the decision, and explained the process, for selecting Belgium, France, Germany and the Netherlands, from within the universe of states that participated in the ‘uploading’ and ‘reuploading’ negotiations over the SGP. Specifically, limiting the analysis

in this way was essential to the successful completion of the study, given the considerable data requirements, and the need to conduct interviews with negotiation participants who were not widely available, particularly in the case of ‘uploading’ negotiations, which took place nearly 20 years ago. These interviews proved invaluable to completing the process-tracing analysis, as documentary evidence, while useful, could not capture all of the dynamics that were apparent to participants, and essential to observe, in checking the posited causal processes under examination here.

The member states selected for study proved highly effective for generating interesting findings, not only in providing for the necessary variation on independent variables, but also because Belgium and the Netherlands, in particular, do not typically feature in studies of the SGP as a political outcome. Including these states in the analysis revealed the important roles both indeed played in the SGP negotiations. This is discussed further in regard to summarizing the empirical chapters, below, though it is worth noting here that observations of Dutch and Belgian influence in the SGP negotiations, serve to challenge findings that big member states tend to prevail in EU negotiations (see for example Moravcsik, 1998; Thomson et al., 2006; Kaarlejärvi, 2007). While this study certainly found evidence of considerable dominance by big member states, particularly in the ‘uploading’ negotiations over the SGP, there was not a direct causal link between their size and negotiation success, the latter owing rather to their low preference intensities for reaching agreement, and the utility of that bargaining resource in the context of ‘uploading’ negotiations.

The empirical section of the thesis began with chapter 6, which presented an overview of findings regarding the dependent variable - negotiation performance - and the independent variables - preference intensity, information, content expertise and process expertise - for each of the member states under analysis, in both ‘uploading’ and ‘reuploading’ negotiations over the SGP. As explained in the research design section that preceded chapter 6, each issue in the SGP dossier over which there were at least two opposing positions, was addressed individually, in arriving at conclusions regarding member state performance in the ‘uploading’ and ‘reuploading’ negotiations. In addition to arriving at an assessment of

member state performance for each issue, the aim of chapter 6 was to provide insight into the positions of each delegation regarding questions addressed in ‘uploading’ and ‘reuploading’ negotiations, as well as to highlight some points over which it is difficult to find that one member state negotiated more successfully than another, given the complexity and multi-dimensionality of various aspects of the dossier, in both negotiations.

It was, thus, difficult to arrive at a general assessment of member state performance in ‘uploading’ and ‘reuploading’ negotiations over the SGP, though consideration of the number and significance of issues over which they secured an outcome closest to own position, ultimately led to the conclusion that Germany negotiated most successfully in ‘uploading’, while the Netherlands negotiated most successfully in ‘reuploading’. In light of the values for these member states, for each of the independent variables, it was not immediately possible to determine which bargaining resource(s) the delegations relied on to achieve this success. Specifically, Germany displayed a high value for multiple bargaining resources in the ‘uploading’ negotiations, including preference intensity, information and content expertise, which indicates that the delegation might have relied on any one of these, or a combination therein, to achieve the success they did. Similarly, the Dutch delegation had high values for both preference intensity and content expertise, in the ‘reuploading’ negotiations, which precludes identification of the key explanatory factor for Dutch negotiation success in ‘reuploading’, absent further investigation.

Of course, this was an important aim of the process-tracing analysis, namely to overcome the ambiguity surrounding which bargaining resources states relied on to achieve the success they did, as well as how these processes of influence interacted with changing context between ‘uploading’ and ‘reuploading’. Therefore, following chapter 6, the subsequent four chapters presented more detailed findings regarding each of the independent variables. The following table summarizes findings for each of the hypotheses assessed in detail over the course of chapters 7 through 10:

Table XII. Summary of Hypotheses and Findings

Hypothesis	Findings
H1: The lower the preference intensity of a member state, the more successful that state will be in negotiations.	Confirmed in the case of 'uploading'; disconfirmed in the case of 'reuploading'
H1A: A low preference intensity is more important for negotiation success in the absence of established EU-level policy, as is the case in 'uploading', than in the presence of established EU-level policy, as is the case in 'reuploading'.	Confirmed
H2: The more information a member state has, the more successful that state will be in negotiations.	Disconfirmed in the case of 'uploading'; disconfirmed in the case of 'reuploading'
H2A: Information is more important for negotiation success in the presence of established EU-level policy, as is the case in 'reuploading', than in the absence of established EU-level policy, as is the case in 'uploading'.	Disconfirmed
H3: The more content expertise a member state has, the more successful that state will be in negotiations.	Disconfirmed in the case of 'uploading'; confirmed in the case of 'reuploading'
H3A: Content expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in 'reuploading', than in the absence of established EU-level policy, as is the case in 'uploading'.	Confirmed
H4: The more process expertise a member state has, the more successful that state will be in negotiations.	Disconfirmed in the case of 'uploading'; disconfirmed in the case of 'reuploading'
H4A: Process expertise is more important for negotiation success in the presence of established EU-level policy, as is the case in 'reuploading', than in the absence of established EU-level policy, as is the case in 'uploading'	Confirmed

Chapter 7 addressed findings for the independent variable preference intensity. Main findings were that, as predicted, Germany pursued a bargaining strategy focused on preference intensity, in order to negotiate successfully in 'uploading'. Despite possessing a high level of information and content expertise, Germany privileged preference intensity as the most useful bargaining resource to influence the outcome of 'uploading' negotiations. Further to that, the posited causal process through which preference intensity was expected to operate, via a credible threat to exit, was largely supported by the empirical evidence, though there was seen to be

some question as to the credibility of the German exit threat. Nonetheless, Germany did threaten to exit ‘uploading’ negotiations over the SGP, and other states responded to this threat by granting concessions to Germany, though France, the other state with a relatively low preference intensity for agreement in ‘uploading’, refused to concede fully, which ultimately led to a stand-off at the highest level of decision-making, settled only through clever political maneuvering, a point returned to later in this chapter.

Having a low preference intensity was also seen to explain French performance regarding the issue of a resolution on growth and employment, which the French delegation succeeded at working into the final version of the SGP that emerged from the Amsterdam Summit in June 1997. In this example, the process through which preference intensity operated did appear to be in line with the mechanisms posited a priori.

Regarding the effects of context, chapter 7 discussed the irrelevance of preference intensity in the ‘reuploading’ negotiations over the SGP, where this variable played no role in Dutch negotiation success, despite the Dutch negotiating most successfully, and having a relatively low preference intensity for reaching agreement in this case. Neither did the Belgians, with the lowest preference intensity, rely on this resource to influence negotiations in ‘reuploading’. Further to that, the posited causal process regarding the effects of context in mediating the utility of preference intensity, found support insofar as participant interviews confirmed that the threat of exit was not deemed viable for any member state in ‘reuploading’, regardless their relative preference intensity for reaching a reform agreement, and this tactic of threatening exit was not observed in ‘reuploading’ negotiations.

Chapter 7 also addressed the extent to which these findings contribute to existing literature. First, regarding the role of preference intensity as a bargaining resource, it was noted that findings confirmed the utility of preference intensity in international negotiations, as theorized by Moravcsik (1998), for example. However, it was also noted that findings regarding preference intensity in ‘reuploading’, indicate a need to consider context in theorizing the effects of preference intensity on states’ negotiation performance, given that the utility of preference intensity was seen to be diminished significantly in the context of ‘reuploading’.

These findings are broadly supportive of the literature that emphasizes the explanatory role of negotiation context (for example Krasner, 1991; Koremenos et al., 2001; Heritier, 2007; Naurin, 2009), though the specific effects of changing context, in mediating the utility of preference intensity as a bargaining resource, are in line with the rational choice institutionalist approach this study takes, which is in contrast to other approaches that privilege collective goal orientations as bound up with changing context (for example Elgström and Jönsson, 2000; Odell, 2000). Nonetheless, the weight given to context as an explanatory factor for negotiation processes and outcomes, is a unifying factor between this and the aforementioned contributions, and marks a division from approaches to explaining negotiation outcomes that privilege the explanatory role of bargaining resources, independent the effects of negotiation context (for example Dür and Mateo, 2010).

The following table summarizes findings regarding the role of preference intensity in the SGP negotiations:

Table XIII. Summary of Findings for Preference Intensity

Variable	Posited Causal Process	Findings
Preference Intensity	(‘uploading’) low preference intensity → state will use the threat of exit(1) → threat of exit is taken seriously by other states(2) → other states respond to demands of the state that utilizes this bargaining tactic(3) → the positions of that state are accommodated in the negotiated agreement(4) → state has negotiated successfully(5)	Confirmed in the case of French and German success in ‘uploading’, though with some question over step 2, in regard to Germany
Preference Intensity	(‘reuploading’) low preference intensity → state will not use the threat of exit(1) → threat to walk away from negotiations would not be taken seriously by other states(2) → the threat of exit is not a feasible bargaining tactic(3) → this tactic will be absent in ‘reuploading’ negotiations(4)	Confirmed in the absence of an exit threat in ‘reuploading’

Main findings from chapter 8, regarding the independent variable information, were that France and Germany had the joint highest levels of information in both ‘uploading’ and ‘reuploading’ negotiations over the SGP. However, this was not found to be the main explanatory factor for French and German negotiation performance in either ‘uploading’ or

‘reuploading’. Regarding ‘uploading’ negotiations, while both France and Germany relied on information to enhance strategies based on preference intensity, the former played only a secondary role. The process-tracing analysis revealed that France and Germany utilized information largely to signal resolve regarding certain issues in the SGP dossier, in aid of furthering strategies based on preference intensity. Further to that, information did not appear to have explanatory power for French and German negotiation success, except in the presence of each state’s low preference intensity for reaching agreement, in ‘uploading’.

While the predicted effects of context to limit the utility of information in ‘uploading’ negotiations, were thus confirmed, the mechanisms through which information was seen to operate, in combination with a low preference intensity, were not as predicted. In fact, the posited causal process through which information was predicted to affect negotiation performance was not confirmed by empirical evidence, in either ‘uploading’ or ‘reuploading’ negotiations. In both ‘uploading’ and ‘reuploading’ negotiations, the utility of information was seen to be in delivering information about own positions, more than gathering information about the positions of other states, the latter being the process through which information was posited to operate, a priori.

Regarding ‘reuploading’ negotiations specifically, contrary to predictions that information would be an important explanatory factor for negotiation success in the context of ‘reuploading’, information was not seen to be particularly useful for wielding influence in this case. Neither Germany nor France, the states with the highest levels of information, negotiated most successfully in ‘reuploading’. While Germany achieved some negotiation success with recourse to information, the process-tracing analysis revealed that information did not operate as predicted, namely as a way to gather preference information about other parties to the negotiation. Interestingly, the process-tracing analysis revealed that the causal process through which the German delegation deployed information in ‘reuploading’, was dependent on circumstances unique to Germany in these negotiations, and in any case led to only limited success.

Thus, chapter 8 presented an in-depth discussion of possible reasons for the failure of the independent variable information to accurately predict states' performance in 'reuploading' negotiations over the SGP, ultimately arriving at the conclusion that certain features of these negotiations, apart from the contextual distinctions between 'uploading' and 'reuploading' that are the main subject of analysis in this thesis, rendered information largely irrelevant for success in the specific case of 'reuploading' negotiations over the SGP. Having said that, it was acknowledged in chapter 8 that these features of 'reuploading' negotiations over the SGP, which have the cumulative effect of increasing total information, and reducing informational asymmetries amongst negotiating parties, as compared to 'uploading' negotiations, may be characteristic of 'reuploading' negotiations beyond the case of the SGP, and should thus be considered in analyzing the effects of contextual changes between 'uploading' and 'reuploading' negotiations more generally. This would be a worthwhile endeavor for future research, given the implications of such a contextual change for the role of information as a bargaining resource in EU negotiations, a point returned to later in this chapter.

Chapter 8 also discussed how findings regarding the French and German strategies of privileging preference intensity, rather than information, to influence 'uploading' negotiations, are supportive of the rational choice institutionalist approach, which predicts that negotiating parties will adjust bargaining strategies in line with context, to achieve the fixed goal of negotiation success (Aspinwall and Schneider, 2001). In light of the limited utility of information in the context of 'reuploading' negotiations, a logical question might then be why the German delegation relied on information to attempt to wield influence in 'reuploading'. As discussed previously in the current chapter, and in chapter 8, information as delivery, rather than collection, was relevant for German success in these negotiations, though this was for reasons unique to Germany. Thus, it can be considered rational for the German delegation to attempt to deploy information as a bargaining resource for negotiation success, in the context of 'reuploading' negotiations over the SGP, despite this resource being comparatively irrelevant to 'reuploading' negotiations beyond the German

case, and potentially more generally. Further to that, the Germans did not have an abundance of resources to choose from in the ‘reuploading’ negotiations, which provides further explanation for the decision to rely on information.

The following table summarizes main findings regarding information in the SGP negotiations:

Table XIV. Summary of Findings for Information

Variable	Posited Causal Process	Findings
Information	(‘uploading’) high level of information → know more about others’ positions than what is stated at formal negotiating sessions(1) → locate common ground(2) → situation remains the same unless others’ positions are nearer to the state(s) with the lowest preference intensity than was previously known(3)	Disconfirmed from step 1 in the case of French and German use of information in ‘uploading’
Information	(‘reuploading’) high level of information → know more about others’ positions than what is stated at formal negotiating sessions(1) → locate common ground(2) → propose compromises that encompass this common ground, whilst reflecting own positions as much as possible(3) → proposals are acceptable as they address others’ positions over crucial issues(4) → proposals incorporated into final agreement(5) → state has negotiated successfully(6)	Disconfirmed from step 1 in the case of German use of information in ‘reuploading’

Following chapter 8, chapter 9 discussed the independent variable content expertise. Chapter 9 presented the finding that, for the ‘uploading’ negotiations over the SGP, Belgium, Germany and the Netherlands displayed equal numerical values for the independent variable content expertise, yet it was possible to make a qualitative distinction between the expertise of the Dutch delegation, and the Belgian and German delegations, whereby the former ultimately had less effective content expertise than the latter two. Thus, chapter 9 predicted that Germany and Belgium would negotiate most successfully in ‘uploading’, though this was disconfirmed by the evidence, insofar as Germany did negotiate most successfully, while Belgium was the least successful state in ‘uploading’ negotiations. Nonetheless, Germany did not achieve this success with recourse to content expertise, but rather preference intensity, which, as hypothesized, was more relevant for success in the context of ‘uploading’ than was content expertise.

This also explains why Belgium did not negotiate successfully, despite having a high level of content expertise in ‘uploading’. Further, chapter 9 revealed that content expertise did not feature as a bargaining resource for any of the states under analysis, in ‘uploading’ negotiations over the SGP. This is fairly unsurprising in light of the expectation that context would serve to diminish the utility of content expertise for negotiation success, in ‘uploading’.

Main findings for the ‘reuploading’ negotiations were that the Belgian delegation had the highest level of content expertise and, while achieving some notable success in these negotiations, did not negotiate as successfully as did the Dutch. The Dutch were found to have a high level of content expertise, and to have relied on this resource to negotiate successfully in ‘reuploading’, while the Belgian delegation was seen to utilize process expertise rather than content expertise, to influence the outcome of ‘reuploading’ negotiations. While contrary to the actual predictions advanced regarding content expertise, in light of each states’ value for this independent variable, the finding that the Dutch relied on content expertise to negotiate successfully in ‘reuploading’, nonetheless supported the hypothesized role of content expertise in the context of ‘reuploading’.

However, the evidence regarding Dutch negotiation performance in ‘reuploading’ disconfirmed the posited causal process linking content expertise with negotiation success. Specifically, as discussed at length in chapter 9, the Dutch relied on content expertise to prevent some states’ positions being accommodated in a reformed SGP, and to frame their own proposals as in line with the intentions of the original pact, rather than relying on content expertise to propose technically acceptable compromises more quickly than other delegations, which was the process posited a priori.

Given that other delegations did not rely on content expertise in either ‘uploading’ or ‘reuploading’ negotiations over the SGP, there was a lack of additional evidence against which to compare observations of how the Dutch deployed content expertise in ‘reuploading’, so as to determine whether the causal mechanisms seen here are unique to the case at hand, or applicable more widely. Further to that, as discussed in chapter 9, the relevant literature

does not specify clearly the causal mechanisms through which content expertise operates to affect negotiation performance (for example Beach, 2005; Tallberg, 2008), which complicated the process of positing a causal process a priori, and complicates that of assessing whether the findings from this case are unique or more typical. Clarifying the causal mechanisms through which content expertise operates to affect states' negotiation performance was in fact one of the aims of this study. While findings from this thesis have produced conclusions regarding the case at hand, which contribute to an understanding of how content expertise can work to affect states' negotiation performance, they have also generated further questions to be tackled in future research, surrounding the wider applicability of these observations. Specifically, there is a need to undertake similarly detailed studies as this thesis does, to enhance understanding of the intervening processes through which content expertise operates, and findings herein have laid the groundwork for such studies, in generating testable propositions.

Turning to the question of context, chapter 9 presented evidence that content expertise was not particularly useful in the 'uploading' negotiations, with the example of Germany eschewing content expertise in favor of a strategy based on preference intensity, discussed in that chapter. This reinforces, yet again, a central conclusion of the study, that there is a need to consider negotiation context in evaluating the role of specific bargaining resources. Further to that, chapter 9 discussed the need to look beyond the resources states have, in predicting their bargaining behavior, or their influence in negotiations, because the negotiation context matters in mediating the utility of said resources. This is in contrast to the approach taken by Dür and Mateo (2010), for example, who emphasize the resources states possess as the determinant of their bargaining strategy, apart from the wider context of negotiations. Such an approach leaves open the question of why the German delegation relied on preference intensity and, to a lesser extent, information, rather than content expertise, to influence 'uploading' negotiations over the SGP. This thesis has offered an approach to answering that question, which could be usefully applied to additional cases of EU negotiations.

The following table summarizes findings regarding the role of content expertise in the SGP negotiations:

Table XV. Summary of Findings for Content Expertise

Variable	Posited Causal Process	Findings
Content Expertise	(‘uploading’) high level of content expertise→know the technical boundaries for possible issue outcomes(1)→quicker to narrow down the range of agreement and propose compromises(2)→proposals reflect own positions within a technically acceptable range of agreement(3)→proposals rejected unless they reflect positions of the state(s) with the lowest preference intensity(4)	Inconclusive, as no state was seen to use content expertise in ‘uploading’
Content Expertise	(‘reuploading’) high level of content expertise→know the technical boundaries for possible issue outcomes(1)→quicker to narrow down the range of agreement and propose compromises(2)→proposals reflect own positions within a technically acceptable range of agreement(3)→proposals incorporated into negotiated agreement(4)→state has negotiated successfully(5)	Disconfirmed from step 1 in the case of Dutch use of content expertise in ‘reuploading’

Turning to the final independent variable, chapter 10 discussed findings for process expertise. Regarding the ‘uploading’ negotiations, Belgium was found to have the highest level of process expertise, yet Belgium negotiated least successfully in ‘uploading’. While this demonstrates the lack of explanatory power for process expertise, as applied to ‘uploading’ negotiations over the SGP, this is in line with the hypothesized role of context in limiting the utility of process expertise for achieving success in ‘uploading’ negotiations. Interestingly, in line with the posited process through which process expertise would operate in ‘uploading’ negotiations, Belgium was able to wield influence with recourse to process expertise, though this was in aid of brokering a compromise between France and Germany, the two states with the lowest preference intensities for reaching agreement, rather than in support of uniquely Belgian positions. Thus, evidence presented in chapter 10 served to confirm the predicted role of process expertise in ‘uploading’ negotiations.

With regard to ‘reuploading’ negotiations, Belgium also had the most process expertise in ‘reuploading’, though the Belgians did not achieve the most success in ‘reuploading’. As discussed in chapter 9, on content

expertise, the Dutch negotiated most successfully in ‘reuploading’, which begs the question of whether content expertise is a more useful resource than process expertise generally. Despite achieving less negotiation success than the Dutch, chapter 10 presented evidence that the Belgians did negotiate successfully in ‘reuploading’, and did so with recourse to process expertise.

While the causal mechanisms through which process expertise affected Belgian performance, in both ‘uploading’ and ‘reuploading’ negotiations, were largely in line with a priori predictions, there were important observations about the operation of process expertise in ‘reuploading’ negotiations in particular, which had not been predicted. Specifically, while tenure of delegation members was included in the analysis as an indicator of member state process expertise, this was not expected to play a role in the causal process. Nonetheless, the credibility of Belgian negotiators, owing to their tenure and to policy continuity, was seen in chapter 10 to have played a role in the causal process through which Belgium achieved negotiation success in ‘reuploading’, specifically regarding the question of debt in a reformed SGP. It is not possible to conclude as to whether this is typical of the causal mechanisms through which process expertise operates, though further research should certainly strive to confirm this.

Regarding more conclusive contributions to existing literature, chapter 10 discussed how there is a clear need to consider context in evaluating the role of process expertise as a bargaining resource. This can be seen in the differential role of process expertise, as deployed by Belgium, in the ‘uploading’ versus ‘reuploading’ negotiations over the SGP. Further to that, the use by Belgium of process expertise to facilitate compromise in ‘uploading’ negotiations, serves to question the overarching distinction between bargaining and problem-solving in analyzing negotiation situations (for example Elgström and Jönsson, 2000). In other words, the presence of a cooperative bargaining tactic, exemplified by Belgian reliance on process expertise in ‘uploading’, and a competitive bargaining tactic, exemplified by German reliance on preference intensity in the same negotiations, indicates that cooperative and competitive bargaining, or bargaining and problem-

solving behavior, tend to coexist in any one negotiation situation, as argued by Dür and Mateo (2010).

Where the argument advanced by Dür and Mateo (2010) is not so effectively supported by the evidence, though, is in the case of Belgium eschewing preference intensity to privilege process expertise, and the Netherlands similarly eschewing preference intensity for a strategy based on content expertise, in ‘reuploading’ negotiations. It is not clear from the approach taken by Dür and Mateo (2010) why a state would at times choose to deploy some resources rather than others, which have the effect of conveying hard versus soft bargaining tactics, absent some consideration of the negotiation context and the extent to which this mediates the utility of specific bargaining resources. The rational choice institutionalist approach taken to analyzing the ‘uploading’ and ‘reuploading’ negotiations over the SGP, is an attempt to overcome such open questions, and, as advocated repeatedly, this approach could be usefully applied to analyses of additional EU negotiations.

The following table summarizes findings regarding the role of process expertise in the SGP negotiations:

Table XVI. Summary of Findings for Process Expertise

Variable	Posited Causal Process	Findings
Process Expertise	(‘uploading’) high level of process expertise→aware of institutional nuance surrounding negotiations(1)→identify effective routes for influence(2)→exploit this route to propose compromises that reflect own positions(3)→proposals rejected unless they reflect positions of the state or states with the lowest preference intensity(4)	Confirmed in the case of Belgian use of process expertise in ‘uploading’
Process Expertise	(‘reuploading’) high level of process expertise→aware of institutional nuance surrounding negotiations(1)→identify effective routes for influence(2)→exploit this route to propose compromises that reflect own positions(3)→proposals incorporated into negotiated agreement(4)→state has negotiated successfully(5)	Partly confirmed in the case of Belgian use of process expertise in ‘reuploading’, though evidence from this case points to a causal role for the tenure of delegation members, which might be part of the process more generally

11.2 Comparing 'uploading', 'reuploading' and the 2011 Negotiations

Earlier chapters advanced the theoretical argument that the distinct context in 'uploading' and 'reuploading' negotiations would impact on the relevance of specific bargaining resources in each case, and thus the resources member states must privilege to negotiate successfully in each. A great deal of empirical evidence has been offered in support of this argument, with a focus on the role of independent variables - bargaining resources - in explaining the dependent variable - states' negotiation performance, as well as the specific mechanisms linking the cause and outcome variables, and the role of context in mediating these causal processes. In order to facilitate some reflection on the current state of affairs in the Eurozone, it is useful to consider the more general process and outcome of the 'uploading' and 'reuploading' negotiations

One of the most significant pieces of information, in this regard, is that the 'uploading' negotiations over the SGP were dominated by France and Germany. This may seem an obvious point, given the evidence already presented of the superior negotiation performance of these states in the 'uploading' negotiations, though this Franco-German dominance is decidedly unmatched by any Dutch dominance in the 'reuploading' negotiations, despite the successes of that delegation in 'reuploading'. Thus, the importance of this observation lies in the distinction between negotiation success and dominance.

A state can achieve negotiation success in that the delegation secures an outcome nearest to their position over the issues under consideration, yet this does not necessarily mean that the state dominates negotiations, only that this state succeeds amongst the group of states vying for influence. This was indeed the case in the 'reuploading' negotiations, where the majority of states were active in shaping the outcome to achieve an agreement acceptable to all parties (interview, Luxembourgish finance ministry), but this was not the case in the 'uploading' negotiations, where a central goal was to bridge the gap between France and Germany in order to secure the wider goal of completing EMU (interview, British treasury). While it was necessary to bridge the gap between the French and Dutch, for instance, to secure agreement in the 'reuploading' negotiations, this was simply because these

states occupied opposite ends of the spectrum along which positions lay, rather than being part of a wider need for French and Dutch ascent, in particular.

In contrast to this, in the ‘uploading’ negotiations, the need to balance seeking a politically acceptable compromise over the pact specifically, with the wider constraint of securing progress toward the single currency, had the effect of constraining all those states not essential to completion of the project, which led to Franco-German dominance. This is not to say that all other states were sidelined in the ‘uploading’ negotiations, as of course I have presented evidence on the role of other states in facilitating agreement over the SGP, and it is too far a simplification to argue that the ‘uploading’ negotiations were solely about France and Germany. Rather, the key point is that, in the ‘uploading’ negotiations, it was essential, de facto, to keep onboard France and Germany, rather than any other state, in order for negotiations to be successful. This is in contrast to the ‘reuploading’ negotiations, where the ascent of all states was equally necessary, both practically and procedurally.

Without considering particular bargaining resources or the strategies states might rely on, this distinct environment between ‘uploading’ and ‘reuploading’ stands to impact on the general outcome agreement. Specifically, when there is a need to deliver agreement over policy as part of a wider, immensely important political goal, the likelihood of having a workable policy decreases substantially. This is apparent in the incompleteness of the Maastricht Treaty with regard to the specific operation of EMU, which precipitated the original SGP negotiations, and in the failure of the original SGP as witnessed with the crisis of 2003, which precipitated the reform negotiations.

The following examples serve to illustrate this in the case of the original SGP agreement. One approach taken to overcoming divides between the French and German positions, when compromise did not appear possible, was to include the phrase ‘as a rule’ in drafting the agreement (interviews, British treasury, German finance ministry a, Dutch finance ministry a and Dutch finance ministry b). This can be seen in reference to the ‘exceptional and temporary’ circumstances clause in the original SGP, whereby the

member states commit to take, ‘as a rule’, a certain numerical reference point into consideration in deciding on the existence of an excessive deficit in the case of potentially ‘exceptional and temporary circumstances’ (OJ L 209, 1997a). While such ambiguous language can have the effect of facilitating agreement over a policy, this also sets the stage for potential future conflict in implementing the policy.

Another example of this trend is in the resolution on growth and employment added to the stability pact in order to satisfy the new French Socialist government in June 1997. While it was made apparent that the new French negotiators would demand some concession on the question of growth, to sell to their domestic public, it was also clear that the German delegation would not accept any meaningful changes to the stability-inducing goal of the pact as it was. The solution to this was to add a vaguely worded resolution on growth and employment, which had no practical implications for policy (interview, Dutch finance ministry and Council secretariat a; Lichfield, 1997; Webster, 1997).

While neither of these points was the direct catalyst for the SGP crisis of 2003, they are illustrative of the effects on agreement outcomes in the presence of high stakes and multi-level political pressure, which characterized the ‘uploading’ negotiations over the SGP. To be sure, the stakes were high in the ‘reuploading’ negotiations as well, given the potential stability risks to the single currency, though these were less political than the risk of a breakdown in ‘uploading’ negotiations and resultant failure to deliver the single currency. It is unsurprising, then, that the two states capable of halting progress toward this hugely significant political achievement would have dominated negotiations over the SGP, and that the efforts of other parties involved would aim toward bridging the gap between them. Further to that, the motivations for securing agreement at the expense of clarity of content are easy to comprehend. None of this is to say that, in the absence of such political expediency, the reformed pact that emerged from ‘reuploading’ negotiations in 2005 was a picture of implementable brilliance. However, this iteration of the pact did go some way toward addressing ambiguities in the original, and the most significant failings witnessed in conjunction with its design since 2005, had more to do with its

excessive focus on deficits and, to a lesser extent debt, at the expense of the wider macroeconomic scenario in a member state, than with ambiguity as such.

To return to the aforementioned comparison of the stakes in ‘uploading’ and ‘reuploading’, as well as having different meaning overall, the consequences of one outcome or another were, in the case of ‘uploading’, distinct for each member state, though this was not so in the case of ‘reuploading’. For example, in the ‘uploading’ negotiations, the agreement outcome, as well as even the positions states could defend, had implications for their membership in the future single currency. In the case of such states as Italy, Spain and Portugal, that very much wanted to gain first round membership in EMU, a strong stability pact was seen as something that could ease the concerns of stability-oriented states like Germany and the Netherlands, which saw membership of the former states in the currency union as a potential stability risk (Heipertz and Verdun, 2010). Along the same lines, these states could not take strong positions against such proposals as penalties for breaching the deficit ceiling, regardless their opposition to this, for fear of provoking the response that they should not join the currency union in that case (interviews, British treasury and Council secretariat a). Thus, the way delegations approached these negotiations was dictated somewhat by the risks to them from the stringency or otherwise of the outcome agreement, combined with the potential costs of non-membership in the single currency.

In addition to the content of any agreement that was reached, the costs to member states from failure to complete EMU were different, depending, for instance, on such political factors as domestic support for a single currency or the economic need for enhanced credibility in financial markets that was expected to result from currency union. Thus, to the extent that SGP negotiations broke down during ‘uploading’ and, with that, progress to the single currency, Italy would still have to suffer the high borrowing costs associated with an inflation-prone currency, whereas Germany would not have had this problem. In the ‘reuploading’ negotiations, on the other hand, a breakdown would have been equally costly, or not, for all member states, depending on whether a defunct SGP led to fiscal

profligacy and ultimately an unstable single currency.³¹ This had the effect of removing, in the ‘reuploading’ negotiations, the constraints that were present for some states in the ‘uploading’ negotiations, not only because the costs of failure would be spread evenly in the former, but also because there was not the incentive to conceal one’s preferences in aid of gaining membership in the single currency.³²

Taking into consideration these points of difference between the ‘uploading’ and ‘reuploading’ negotiations, it is clear that the theoretical argument regarding contextual changes between ‘uploading’ and ‘reuploading’ is supported by empirical evidence in the case of the SGP negotiations. In addition to evidence presented in the empirical section, regarding the impact of these contextual changes on the role of specific bargaining resources in each, there is reason to believe that the outcome agreements resulting from negotiations in these distinct contexts will be affected as well. Specifically, as outlined above, the wider question of whether a change will take place, as bound up with the outcome of reaching agreement or not in ‘uploading’ negotiations, can result in ambiguous, unworkable policy arrangements as the only way to prevent a breakdown in negotiations.

When such a constraint is removed, as seen in the ‘reuploading’ negotiations, the likelihood is that resultant agreements will not suffer from the same ambiguity as agreements concluded in an ‘uploading’ round of negotiations, because the motivation for this is limited in the context of ‘reuploading’, rather than ‘uploading’. While this thesis does not aim to test such predictions, and existing data does not provide for conclusive findings one way or the other, the distinct features of ‘uploading’ and ‘reuploading’ negotiations in general, and those in the case of the SGP in particular, could be expected to shape agreements from each accordingly, which is a possible causal relationship that certainly warrants further research.

³¹ With the benefit of hindsight, it is clear that the impact of an ineffective policy to ensure fiscal discipline in the Eurozone has not had the same costs for all member states, but this current situation is distinct from what would have occurred if the ‘reuploading’ negotiations had broken down in 2005, when markets still considered all members’ sovereign debt to be equally safe.

³² This is only so for negotiations amongst Eurozone states - new member states wishing to gain entry into the euro were wary of expressing a preference that might reveal budgetary weaknesses (interview, Council secretariat b).

Turning to a more contemporary focus, the sovereign debt crisis in the Eurozone that precipitated a joint EU-IMF bailout of Greece in May 2010, which was the first of many such bailouts for Greece and other Eurozone members, has led to a number of attempts to reform Eurozone governance, so as to tackle the current crisis and prevent the onset of future such crises. Among these was an agreement reached in 2011 to reform the SGP. This agreement makes a number of important changes to the existing SGP, including changing the voting rules under which the Council decides on a recommendation from the Commission to escalate the EDP against a member state that has failed to correct an excessive deficit. Specifically, under the reformed pact, a majority of states must vote against the Commission's recommendation to implement the EDP in order for a state to avoid sanctions, whereas previously the Commission's recommendation was only upheld if a majority of member states in the Council voted in favor.

Had this rule been in place in 2003, it is unlikely that the French and Germans could have escaped sanction for their excessive deficits, the event which precipitated the first reform negotiations in 2004 (interview, Council secretariat b). Another significant change in the new pact is that, rather than the corrective arm focusing only on deficits, the broader macroeconomic picture will be taken into consideration, with the MIP. This widening of the focus is an attempt to address the failure of the SGP to detect problems such as those in Spain, which had appeared to be a shining example of budgetary sustainability, yet has turned out to be one of the gravest threats to the stability of the Eurozone.

While the discussion of differences between 'uploading' and 'reuploading', as applied to the case of 'uploading' and the first 'reuploading' negotiations that have been covered thus far, is also relevant in considering the differences between 'uploading' negotiations and the most recent 'reuploading' negotiations, given that the question of completing EMU and membership in the single currency were not a feature of the latter negotiations, there remain important differences between the first and second 'reuploading' negotiations as well. First and foremost, given the severity of the Eurozone debt crisis at the time of the most recent 'reuploading' negotiations, neither continued membership in the single currency for some

states, nor the continued existence of the single currency generally, were certain. Further to that, securing a credible agreement to strengthen Eurozone governance was deemed essential if the single currency was to survive fully intact, and hence the political expediency of delivering a compromise agreement, notably one that could be sold as a significant improvement on current policy, was akin to the political significance of progressing to full EMU, the backdrop against which the ‘uploading’ negotiations took place. In this way, there are some similarities between the 2011 ‘reuploading’ negotiations and the ‘uploading’ negotiations, which would not normally be present between ‘uploading’ and ‘reuploading’ negotiations.

The most recent ‘reuploading’ negotiations over the SGP had the unusual feature that the default condition in case of no agreement, albeit indirectly, could have been a return to domestic policy arrangements. In other words, had the negotiations failed to produce an agreement, financial markets might have responded with unsustainable borrowing costs for Spain, Italy or even France, prompting the exit of multiple members and/or the eventual breakup of the Eurozone, to name one possible scenario. With regard to the outcome of negotiations, then, the need to sacrifice clarity of content due to the political expediency of securing a compromise, which I argue led to an ambiguous agreement in ‘uploading’ negotiations, might also have been a factor in these most recent ‘reuploading’ negotiations.

Of course, it is also possible to argue the opposite, that the particular political pressure in this case of ‘reuploading’ negotiations was such as to make far less likely an ambiguous compromise, which would have sent the wrong signal to financial markets, with highly deleterious consequences. Thus, negotiating parties, aware of this, were prepared to make compromises that they would not have made under different circumstances, in order to deliver a sufficiently clear agreement. Ultimately, this is an empirical, rather than a theoretical question, which relates to negotiators’ perceptions of the risks and costs of Eurozone breakup resulting from failure to deliver a credible agreement, as compared to the costs, political and economic, of compromising on a position in order to facilitate agreement over SGP reform. Regardless the actual outcome, and the extent to which the context of negotiations can be seen to shape this, the 2011 ‘reuploading’ negotiations

over the SGP represent a very interesting case where the default condition in case of no agreement is potentially more similar to that in the ‘uploading’ negotiations, than in the first ‘reuploading’ negotiations.

Another important question to consider is the impact of context in the 2011 ‘reuploading’ negotiations, as compared to that in ‘uploading’ and previous ‘reuploading’ negotiations, on the process of member state influence. As mentioned in the previous section, one significant difference between the ‘uploading’ and ‘reuploading’ negotiations was the fact that, in the former, some member states were severely constrained as a result of the EMU membership decision looming over negotiations, as well as the differential costs of a breakdown in negotiations for distinct member states. In comparison with the most recent ‘reuploading’ negotiations, then, the question is whether the risk of some states having to exit the Eurozone effectively approximates the membership question that surrounded ‘uploading’ negotiations. Along the same lines, there is the question of whether a Eurozone breakup can be considered equally costly for all member states, or differentially so, with the latter case approximating the differential costs for distinct member states of failure to complete the single currency, as in the context of ‘uploading’.

In order to treat these two questions separately, it is necessary to make the assumption that the exit of one or more member states from the Eurozone would not lead to the breakdown of the currency union as a whole, in which case the issues would blend together. It is by no means certain that this assumption would be true in practice, but nor is it certain that the reverse would be true, so for the purposes of discussion, I begin with the assumption that the exit of one or more member states would not prompt the dissolution of the entire Eurozone. Thus, in comparing the most recent ‘reuploading’ situation to the context in ‘uploading’, the argument is that those indebted Eurozone members that were dependent, for solvency, on the continued flow of rescue funds, could not defend positions in opposition to fiscal discipline, for fear of signaling a less than credible commitment to undertaking the structural reforms on which continued aid has always been dependent, at least in theory. To put this in more concrete terms, regardless of whether the Portuguese were opposed to changing voting rules in the Council so as to

make it more likely that Commission recommendations to implement the EDP would pass, the delegation may have felt unable to advertise any opposition, or bargain in support of it, for fear of losing the confidence of creditors and, without future funding, defaulting on sovereign debt and being forced to exit the Eurozone. This would be very similar to the constraints on Portugal, for instance, in the ‘uploading’ negotiations, where the risk was failing to gain, rather than losing membership in the single currency, but the effects, in terms of the context of negotiations impacting on the process of member state influence, specifically prohibiting Portugal from effectively promoting certain positions (interview, British treasury official and Council secretariat official a), would be more or less the same.

However, one point of difference in this regard might be the more widespread effect of constraints on member state influence, resulting from context in the recent ‘reuploading’ rather than ‘uploading’ negotiations. Specifically, in the latter, the only risk of Germany not gaining membership in the single currency was if the currency union didn’t come to pass, and in that case there would have been costs strictly from a counterfactual point of view, in terms of losses to exporters from currency exchange charges or the higher value of the D-Mark relative to what the euro might have been.³³ It is this feature of the ‘uploading’ negotiations that appears distinct from the 2011 ‘reuploading’ negotiations, in that the costs to Germany from exiting the Eurozone in 2011 would have been substantial, given the benefits to German exporters from a much weaker currency, in the form of the euro, than would be a new D-Mark, among other costs.

It is questionable, then, whether the risks of Eurozone exit, which surrounded the 2011 ‘reuploading’ negotiations, approximate the risks of failing to join the currency union, which loomed over the ‘uploading’ negotiations, because in the former, this risk is arguably applicable to all member states, which was not the case in the ‘uploading’ negotiations. The practical effects of this, in terms of constraining member states and so

³³ The political costs to Germany from exiting SGP negotiations would have been extremely significant, but only to the extent that the German delegation brought this about. In the context of this discussion, I refer only to the costs from a breakdown in negotiations that was not precipitated by the state in question - Germany in this example and Portugal in the previous one - purely to facilitate the comparison between negotiations.

impacting on the process of negotiations, is another empirical, rather than theoretical question. However, in terms of comparing the context in ‘uploading’ with that in the most recent ‘reuploading’ negotiations over the SGP, the leveling of the playing field that occurs following conclusion of ‘uploading’ negotiations, does appear to have changed the context in the most recent ‘reuploading’ negotiations, just as it did for the first ‘reuploading’ negotiations in 2004-05.

Turning to the second point introduced above, regarding the risks of a Eurozone breakup and whether that would be equally costly for all member states, it is not possible to argue with authority one way or the other, because of the host of variables involved in such an event, but it certainly appears that all member states would be equally constrained by this looming eventuality, which serves to distinguish the context in the most recent ‘reuploading’ negotiations from that in the ‘uploading’ negotiations. In other words, the costs to the Italian economy from maintaining the status quo of a national currency, and the constant struggle against inflationary pressures to keep that currency in the ERM, were clearly distinct from the respective costs to the German economy had the status quo been maintained in the ‘uploading’ negotiations (Moravcsik, 1998; Dyson and Featherstone, 1999). While such a counterfactual argument is not particularly compelling, it is sufficient to illustrate the differential way in which distinct states were constrained during the ‘uploading’ negotiations, as compared to the most recent ‘reuploading’ negotiations, where it is very difficult to predict which member state’s economy, if any, would be left standing in the case of a Eurozone breakup. Thus, with regard to the effects of context on the process of negotiations, and specifically the constraints on member states in defending, or even revealing their positions, there is a clear difference between the ‘uploading’ and most recent ‘reuploading’ negotiations, which lies in the asymmetrical interdependence between states prior to ‘uploading’ negotiations, compared to the more symmetrical interdependence thereafter.

Having outlined the broad contours of negotiation context in the ‘uploading’, ‘reuploading’ and most recent ‘reuploading’ negotiations over the SGP, the focus turns now to elaborating the implications of this discussion, and of the more concrete findings presented in previous chapters,

for the current situation in the Eurozone. Many explanations have been given for the Eurozone debt crisis, which range from the general unsuitability of the EU for a currency union, to the poor design of EMU, to a lack of progress on painful yet necessary structural reforms, to name but a few (for example Krugman, 2012; *Spiegel International*, 2012; *Reuters*, 2013). On the question of why EU leaders have so far failed to find a convincing solution to the crisis, the answers are equally numerous and varied, but an overarching theme behind these responses points to the distance between economically necessary and politically acceptable measures (for example Eichengreen, 2011; Tilford, 2012). Whether that gap can ultimately be bridged appears to represent the answer to whether the Eurozone crisis can be solved.

There is a surprising continuity in the debate over Eurozone economic governance, which stretches back even before the start of ‘uploading’ negotiations over the SGP in 1995. Throughout that time, this has been, to simplify somewhat, a debate between the forces that would emphasize price stability and fiscal discipline and those that favor greater political discretion over economic policy to deliver growth and employment, rather than stability above all else (see chapter 2; Dyson and Featherstone, 1999; Howarth, 2007). This was a feature of the ‘uploading’ negotiations over the SGP just as it is central to debate in the Eurozone today.

While the two sides of this debate have generally been Germany, fighting the stability cause, and France, pushing the growth agenda, the reform negotiations over the SGP in 2004-05 represented something of a departure from the trend of France and Germany occupying opposite ends of the spectrum (Chang, 2006; Heipertz and Verdun, 2010). However, as has hopefully become clear from preceding chapters, findings regarding the first ‘reuploading’ negotiations that emerged from the study at hand indicate that considerable, if more subtle, differences still separated France and Germany in the 2004-05 ‘reuploading’ negotiations. Specifically, Germany had not departed from stability-oriented policy in the lead up to the 2004-05 ‘reuploading’ negotiations, but had run afoul of the original SGP in undertaking structural reforms to ensure stability in the long-term (see chapter 8). Thus, in arguing for a reform of the pact to encourage such

painful, yet necessary structural reforms, the Germans were mistakenly put in the camp of those states arguing for a weaker pact, as opposed to an increasingly workable pact, which was in fact the German goal (interviews, Council secretariat b, Commission d, German finance ministry b).

This interpretation of the 2004-05 reforms and, related, the German role in the 2003 SGP crisis, sheds some light on the German approach to the current debt crisis in the Eurozone, and can clarify some misunderstandings therein. With regard to the latter point, some commentators have looked on in horror as the Germans insist on ever more austerity from their fellow Eurozone members, and stricter rules to prevent them doing exactly what the Germans did in the face of hard economic times and looming sanctions under the then current SGP. However, when one considers German impatience toward states that did not use economically benign circumstances to implement difficult structural reforms, regardless of whether they were budgetary saints, as in the case of Spain, or sinners, as in the case of Greece, in light of the fact that Germany did undertake this difficult feat, it leads to a very different appraisal of the situation.

Unfortunately, the result of this appraisal is to see how politically difficult it would be, at domestic level, for the Germans to compromise on their stance at EU-level. This recalls an earlier point, about the ambiguity of content that is sometimes required to secure agreement in the face of political expediency combined with conflicting positions. Thus, the Maastricht Treaty first, and then the original SGP, left some questions open to secure agreement in aid of achieving the politically monumental goal of a single European currency. However, in trying to do the same thing to achieve the politically monumental goal of preserving the single European currency, financial markets, on uniquely high alert, keep thwarting these efforts. Again, this relates to the point raised earlier, that in the unusual circumstances of the Eurozone debt crisis, it is difficult to determine whether an ambiguous policy compromise in aid of a wider political goal is a viable option, or whether genuine compromise to present a bold, credible solution is uniquely necessary.

With this in mind, the process of European economic and monetary integration may finally have reached a point where leaders must genuinely

reconcile their differences in approaching economic policy, or abandon the project. However, as has been the case throughout, and is perhaps more so at present, the political difficulty of compromise for any and all parties is staggeringly great. For the German leadership, this would essentially mean acknowledging that their domestic public had been misled in believing the currency union would not be a transfer union, and that the euro would be at least as stable as the D-Mark. For the French leadership, it would mean accepting that continued austerity, rather than growth, would be the Eurozone norm for the foreseeable future.

This is to name only two examples of the national political costs that represent a constant constraint on the possibility for member states, and the supranational organs of the EU, to tackle the crisis in the Eurozone. However, regardless the unique nature of national concerns and constraints, the overarching point remains that politics must be separated from economics, if the crisis is to be meaningfully solved, and design flaws in the Eurozone addressed. This may seem like the holy grail for decision-makers everywhere, given that politics and economics are hopelessly intertwined, though the reality is that room exists for EU leaders to separate further these facets of policy.

Specifically, there is a need to determine whether maintaining the single currency remains a political goal, akin to the overarching goal of rendering impossible the onset of another European war, which has been bound up with European integration throughout its progression. The implication of this would be that economic costs must be subjugated and the commitment made clear that no amount of money is too much to save a Eurozone member. Of course, this would require some acquiescence on the part of Europe's citizens, to what is ultimately a transfer union, rather than a mere currency union, and that acquiescence may prove elusive.

This is surely preferable, nonetheless, to putting up still staggering sums of taxpayer money to arrive at half solutions, and without the direct consent of those taxpayers, not to mention demanding punishing austerity from other national citizens, absent a commitment to greater solidarity across the Eurozone. On the other hand, it would be possible for leaders to acknowledge that their predecessors had miscalculated the economic costs

associated with the political goal of currency union, and that there was a point at which the former costs would become too great for the single currency to be sustained. In that case, it would be deeply unfortunate that so much money had already gone into abortive attempts to save the Eurozone, yet less so than if this were admitted five years hence, after still more money had been sunk. Neither this nor the above approach would likely prove popular, but then that hardly distinguishes them from the approaches taken to tackling the crisis thus far.

With regard to potential for solving the crisis, it seems that three specific findings emerging from the analysis in this thesis must be taken into account. First, there is a tendency among the states involved in negotiating these agreements, to sacrifice clarity of content on the altar of political expediency. While this has proved to be of limited utility in past, excepting the short-term feasibility of such an approach, it has proved to be useless, if not highly damaging, in the face of vigilant bond markets and angry domestic publics.

The second finding is that context matters. The strategies states adopted to influence the outcome of 'reuploading' negotiations over the SGP, differ from those taken to influence 'uploading' negotiations. It is highly likely that context mattered in the most recent 'reuploading' negotiations as well, and in-depth analysis into those negotiations would be of momentous import. With regard to negotiations still to come, it is essential that the member states involved, as well as supranational actors, take advantage of the fact that states are, to a large extent, locked into cooperation, making it very difficult to neutralize such effective resources as information, process expertise and content expertise. This has the effect of opening the way for influence from states that possess these resources, and perhaps even more so from the supranational actors that arguably possess them in greater quantity than any member state (Meerts and Cede, 2004; Beach, 2005), whilst lacking national constraints, and may thus be best placed to lead.

Third, and finally, understanding why past agreements look the way they do, affects the capacity for negotiators to identify workable compromises (see chapter 9). This implicates a need to consider the history

of economic and monetary integration in Europe, and the compromises involved in the legal framework on which it is based, so as to identify the root of design flaws wreaking havoc currently, and the extent to which they can be addressed within the remit of goals that have shaped the drive toward EMU.

11.3 Wider Implications and Future Research: Beyond the SGP

This thesis has undertaken an in-depth analysis of ‘uploading’ and ‘reuploading’ negotiations over the EU SGP, generating a number of interesting findings and contributions to existing literature, as well as propositions to be tested in future research. This section of the chapter articulates how the analysis conducted herein might apply to further instances of EU negotiations, beyond the SGP, with implications for potential avenues that warrant future investigation.

Focusing on individual bargaining resources, findings regarding preference intensity point to the supreme importance of relative preference intensities in establishing policy at EU-level, where none yet exists. It is possible that features of the SGP negotiations, by which other negotiations are not characterized, such as the need for unanimous agreement, make relative preference intensities more directly explanatory in the former than latter situations, though this is not to negate the analytical leverage potentially gained from consideration of preference intensities in any negotiation situation. In other words, in the case of negotiations over policy that can ultimately be agreed by a qualified majority, it would nonetheless be possible to predict when a majority is likely to exist for agreement in a given form, if one were to observe the relative preference intensities and positions of member states party to the negotiation, and to consider voting weights. In general, the explanatory power of preference intensity, as seen in the ‘uploading’ negotiations over the SGP, indicates that analyses of EU negotiations more generally should take this factor into account. Future research should aim to uncover the effects of preference intensity as a bargaining resource, in additional cases of EU negotiations, and, perhaps

more importantly, to test the effects of context in limiting the utility of preference intensity, in additional cases of 'reuploading' negotiations.

In light of findings regarding information as a bargaining resource, it does not appear that there is much potential for predicting the role of information in EU negotiations beyond the case of the SGP. However, findings from the case at hand certainly represent important points of departure for the direction of future research, including the question of whether information generally operates more through delivery than gathering, as indicated from the analysis of both 'uploading' and 'reuploading' negotiations over the SGP. Existing contributions emphasize that the utility of information is in enhancing understanding of the preferences of other negotiating parties (for example Tallberg, 2008; Naurin, 2009), more so than clarifying own positions to other parties, the latter being the role of information this analysis revealed. This indicates a need to update understanding of the role of information in intergovernmental negotiations, to determine when and why information is more likely to operate for the purposes of delivery, rather than gathering.

Another interesting direction for future research lies in tackling the question of whether certain features of 'reuploading' negotiations over the SGP that appear to have diminished the utility of information as a bargaining resource in this case, are characteristic of 'reuploading' negotiations more generally. A great deal of literature has thus far analyzed the role of information in explaining the process and outcome of EU negotiations, not only from the standpoint of intergovernmental negotiations and differential levels of information amongst EU member states, as the current contribution does (for example Bailer, 2004; 2006; 2010), but also from the standpoint of informational discrepancies between national and supranational actors (for example Beach, 2005; Tallberg, 2006). Regarding the latter category of contributions, if the context in 'reuploading' were found to minimize informational discrepancies across negotiating parties, in additional instances of EU negotiations, there is reason to believe that supranational actors, often theorized to hold an informational advantage, will be constrained in seeking to exploit that advantage in the context of 'reuploading' negotiations (see Beach, 2005; Tallberg, 2006). This would have important implications for

debate over the influence of supranational versus national actors in EU decision-making, and thus warrants attention in future research.

Turning to content expertise, findings indicate that one question worthy of further investigation is whether the causal mechanisms through which the Dutch delegation impacted on ‘reuploading’ negotiations, with recourse to content expertise, are present in other instances of intergovernmental negotiations. Given the complexity of EU legislation generally (Tallberg, 2008), there is reason to believe that the advantage enjoyed by the Dutch delegation, from having a representative present at ‘reuploading’ negotiations who had also participated in ‘uploading’ negotiations over the SGP, would be applicable to additional instances of EU negotiations, and this is supported by findings from Beach (2005) and Tallberg (2006; 2008), regarding the influence of both national and supranational actors. However, there remains a lack of clarity surrounding the specific causal mechanisms through which content expertise impacts on negotiation performance, and while findings from the case at hand certainly clarify the picture for this instance, further research is essential to determine whether content expertise typically operates through effectively preventing reforms outside the aims of the original agreement, and facilitating presentation of own positions as furthering said aims in an updated format, as seen in Dutch success in ‘reuploading’.

In terms of wider application of findings regarding both content expertise and process expertise, while it is not possible to assume that the effects of context in limiting the utility of these resources in the ‘uploading’ negotiations observed here, will be present in the wider universe of EU negotiations, it is certainly worth testing these findings in further cases, to determine whether they apply more generally. Both content expertise and process expertise are resources that could be cultivated by most any member state in the EU, and so an understanding of where these bargaining resources can be deployed effectively, would represent useful advice to states looking to maximize their influence with finite resources, as well as to researchers seeking to understand why states that might not appear likely to be influential in intergovernmental negotiations, sometimes are.

Regarding process expertise specifically, the finding that the Belgian delegation deployed process expertise to achieve negotiation success in ‘reuploading’, in combination with the finding that taking positions over a limited number of issues was the specific approach of the Belgian delegation, warrants further investigation. To the extent that this is an effective approach to influencing negotiations more generally, the implication would be that, rather than suffering from a deficit in terms of influencing EU negotiations, small states might have an advantage. This could be the case insofar as such an approach is uniquely suited for use by those states that anyway tend to take positions over only a selection of issues in a given dossier, namely smaller states (see Panke, 2012).

Along similar lines, there is relevance regarding the question raised in chapter 4 and revisited in chapter 10, on the subject of how best to conceptualize negotiation performance in light of the differential number of issues over which states take positions. This is an issue Diana Panke (2012) has sought to address with the concept of ‘negotiation effectiveness’. The finding that the number of issues a state takes positions over might actually have explanatory weight in the influence they exert on intergovernmental negotiations, would move beyond Panke’s contribution, and generate fruitful engagement with existing literature that explores the role of issue characteristics as an explanatory factor for states’ bargaining strategies in EU negotiations (for example McKibben, 2010).

11.4 Wider Implications and Future Research: Beyond the EU

Turning to implications and the potential for future research, beyond the EU, regardless of important differences between the EU and other IOs, the findings that emerge from this thesis demonstrate how analysis of negotiation processes and outcomes within these fora for international cooperation, should consider the relationship between negotiation context and states’ bargaining resources. Thus, one wider implication from the findings herein is that context matters, and it matters not only in affecting the likelihood of parties concluding an agreement, or the boldness of compromises that can be achieved (see Keohane, 1984; Ostrom, 1986; Scharpf, 1988; Dimitrova and

Steunenberg, 2000), but also in impacting on the bargaining resources states can rely on to wield influence. Further to that, contributions that assess the general utility of different bargaining resources, or the extent to which some states are more influential than others (see Krasner, 1991; Zartman and Rubin, 2000; Bailer, 2004; 2006; 2008; Dür and Mateo, 2010), while providing important insight, leave open the key question of how negotiation context can alter this, even controlling for negotiating parties, forum and policy area under discussion. This thesis has sought to answer such open questions, by considering the effects of context on distributional outcomes, via bargaining resources.

In thinking about how findings from this study can apply more specifically outside the EU, it is useful to consider how the EU differs from other IOs, and what effects such differences might have on the processes observed here. Along those lines, a crucial feature of distinction is the densely institutionalized cooperation between EU member states, which is not characteristic of most IOs. The corollary to this is that when EU policy is initially established, states are effectively locked in and it is very difficult to depart from cooperation in future. This was the case with the SGP negotiations, and it is the case in other areas, including such salient policies as immigration and border control, as well as the more mundane fields of fisheries and agricultural regulation. The EU has sophisticated legal procedures to deal with compliance failure, and a high court to adjudicate disputes regarding discrepancies between national and supranational law.

This is not so in an organization like the WTO, which has a comparatively limited remit and no independent bureaucracy to sanction members, the dispute settlement mechanism being under the discretion of member states. While this indicates some reason to believe that changes theorized, and observed in this study, between ‘uploading’ and ‘reuploading’ negotiations over the SGP, may not apply in the same way to less densely institutionalized cooperation between states, it also points to an interesting area for future research. Specifically, a comparative inter-institutional study of changes between ‘uploading’ and ‘reuploading’, across IOs that are characterized by variation on density of cooperation, or level of institutionalization, would be a highly useful exercise to enhance

understanding of how institutional design impacts on negotiation processes at different stages of cooperation, as well as whether the shift from ‘uploading’ to ‘reuploading’ can still be seen to mediate the utility of different bargaining resources in each.

These findings could have important implications for the variety of states that are capable of influencing negotiations in different institutional settings. It is particularly important to understand such effects in institutions like the WTO or UN, where membership is far wider and features greater diversity than does the EU, with the result that resource capabilities should differ much more amongst members of those former organizations. Knowledge of how negotiation context might offer an advantage to states with individual-level resources that can be cultivated more easily than can structural resources, for instance, would have important practical and academic utility.

Further to that, this study reports in-depth on how specific bargaining resources, namely preference intensity, information, content expertise and process expertise can be deployed to affect negotiation outcomes, by EU member states. While there is reason to assume that the same causal processes would be at work in any institutional setting, not least because this thesis draws on literature from a variety of fields, beyond EU studies, in theorizing the effects of and operationalizing the independent variables analyzed here, it is essential to test this assumption through empirical studies of additional institutions. Learning that the causal mechanisms through which information affects states’ performance in IMF negotiations are distinct from those at work in the EU, would be an important contribution to the literature on international negotiations, and to enhancing understanding of how agreements are reached in these institutions. Assessing the extent to which these distinctions in casual process might relate to variation in institutional design, the subject of study outlined above, would have further utility still.

This study has demonstrated that a variety of bargaining resources can be used to influence intergovernmental negotiations in the EU, and that the more bargaining resources states possess, the more able they are to influence negotiation outcomes. Thus, Germany negotiated most successfully

in ‘uploading’, because Germany had a low preference intensity for reaching agreement, while the Netherlands negotiated most successfully in ‘reuploading’ because of a high level of content expertise. Crucially, though, analysis of negotiation context has demonstrated that context matters, and that it is essential to consider the mediating effects of context on the utility of specific bargaining resources, to understand how and why member states achieve negotiation success. This serves to explain why Germany privileged preference intensity, despite possessing a high level of information and process expertise, in ‘uploading’ negotiations, and why Belgium negotiated successfully in ‘reuploading’, with recourse to process expertise, though not in ‘uploading’, despite deploying a high level of process expertise in the latter context as well. Thus, the wider implication of these findings is that a dynamic approach, which combines analysis of both resources capabilities and negotiation context, as applied in the study at hand, is essential to understand the outcome of negotiations between member states in the EU, and beyond.

Appendix

List of Minutes from MC Meetings consulted for ‘uploading’ Negotiations (accessed via FOI request to DG-Ecfin)

- Monetary Committee of the European Community (1996) ‘Draft Minutes of the 439th Meeting of the Monetary Committee, Brussels, 17 January 1996’, 18 January, MC/II/038/96-EN
- Monetary Committee of the European Community (1996) ‘Draft Minutes of the 440th Meeting of the Monetary Committee, Brussels, 7 February 1996’, 8 February, MC/II/093/96-EN
- Monetary Committee of the European Community (1996) ‘Draft Minutes of the 443rd Meeting of the Monetary Committee, Brussels, 9 April 1996’, 10 April, MC/II/232/96-EN
- Monetary Committee of the European Community (1996) ‘Draft Minutes of the 449th Meeting of the Monetary Committee, Brussels, 9 and 10 September 1996’, 26 September, MC/II/525/96-EN
- Monetary Committee of the European Community (1996) ‘Draft Minutes of the 450th Meeting of the Monetary Committee, Brussels, 8 October 1996’, 29 October, MC/II/581/96-EN-rev.1
- Monetary Committee of the European Community (1996) ‘Draft Minutes of the 452nd Meeting of the Monetary Committee, Brussels, 5 and 6 November 1996’, 14 November, MC/II/632/96-EN
- Monetary Committee of the European Community (1996) ‘Draft Minutes of the 453rd Meeting of the Monetary Committee, Brussels, 19 November 1996’, 21 November, MC/II/656/96-EN

List of Interviews conducted by the author

Organization	Date of Interview	Place of Interview	Label used for Referencing
Greek finance ministry	21 September 2011	via telephone	N/A
French finance ministry	4 January 2012	Paris	French finance ministry
Luxembourgish finance ministry	5 January 2012	Luxembourg	Luxembourgish finance ministry
German finance ministry	9 January 2012	via telephone	German finance ministry b
British treasury	6 February 2012	London	British treasury
Dutch finance ministry	14 February 2012	Amsterdam	Dutch finance ministry a

Organization	Date of Interview	Place of Interview	Label used for Referencing
Dutch finance ministry	14 February 2012	Amsterdam	Dutch finance ministry c
Belgian finance ministry	16 February 2012	Brussels	Belgian finance ministry a
Belgian finance ministry	16 February 2012	Brussels	Belgian finance ministry b
German finance ministry	17 February 2012	Luxembourg	German finance ministry a
European Commission	17 February 2012	Luxembourg	Commission d
European Commission	22 March 2012	Brussels	Commission b
Dutch finance ministry	29 March 2012	The Hague	Dutch finance ministry b
Dutch finance ministry	13 April 2012	via telephone	Dutch finance ministry d
EU Council secretariat	21 June 2012	Brussels	Council secretariat a
European Commission	21 June 2012	Brussels	Commission a
EU Council secretariat	4 July 2012	Brussels	Council secretariat b
European Commission	18 July 2012	Brussels	N/A

List of Publications returned and consulted from the Lexis/Nexis search for data on Member State Positions: ‘uploading’

English Language

Extel Examiner

The Guardian

The Independent

Dutch Language

Algemeen Nederlands Persbureau

de Volkskrant

Het Financieele Dagblad

Het Parool
NRC Handelsblad

French Language

La Croix
Le Monde
Les Echos
Sud Ouest

German Language

Focus Magazin
Wirtschaftsblatt

* The Lexis/Nexis search did not generate any results for Belgian media, neither in the category of Dutch Language results, nor French Language results. After trying to access the archives for leading Belgian publications directly, which was prohibitively expensive, it was necessary to rely on other media, documentary evidence and interviews to capture Belgian positions

List of Publications returned and consulted from the Lexis/Nexis search for data on Member State Positions: ‘reuploading’

English Language

EU Observer
Agence France Presse
The Irish Times
European Report
BBC
The Times
Deutsche Presse-Agentur
New York Times

Dutch Language

Algemeen Dagblad
Het Financieele Dagblad
NRC Handelsblad

French Language

Les Echos
Le Monde
Sud Ouest

German Language

Die Welt
Der Spiegel
Focus Magazin
Spiegel Online
Wirtschaftsblatt

*The Lexis/Nexis search did not generate any results for Belgian media, neither in the category of Dutch Language results, nor French Language results. After trying to access the archives for leading Belgian publications directly, which was prohibitively expensive, it was necessary to rely on other media, documentary evidence and interviews to capture Belgian positions

List of Publications returned and consulted from the Lexis/Nexis search, for data to aid in the Process-tracing Analysis: ‘uploading’

AFX News
Agence France Presse
Deutsche Presse-Agentur
European Report
Extel Examiner
International Herald Tribune
The Economist
The Economist (US Edition)
The Guardian
The Independent
The Irish Times
The Times

List of Publications returned and consulted from the Lexis/Nexis search, for data to aid in the Process-tracing Analysis: ‘reuploading’

AFX News
Agence France Presse
ANSA English Media Service
Deutsche Presse-Agentur
EU Observer
European Report
International Herald Tribune
The Associated Press
The New York Times

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