Reforming the Eurozone - Analysing Member-State Preferences

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Presentation outline

- About the project
- Data collected by the project
- Analysing Member-State Preferences
About the Project

EMU Choices (.eu)

- June 2015 - June 2019
- Nine teams (Salzburg, Grenoble, Dublin, East Anglia, CEU, Stockholm, LUISS, ETH and Konstanz)

Research Questions

- Which member states pushed for monetary, economic and fiscal integration, and why?
- What kind of economic and political integration model was advocated, and by which member state?
- How and to what extent did political economy interests drive member states’ preferences?
- Did international pressure and constitutional constraints influence governments’ preference formation?
Research structure

5 research clusters

- Cluster 1: Case Studies
- Cluster 2: Quantitative Studies
- Cluster 3: Feasibility and dissemination
- Cluster 4: Theory
- Cluster 5: Legal
Data

3 data frames

- EMU Historical
- EMU Formation
- EMU Position
EMU Position

5-Step Data Collection Process

- policy proposals officially negotiated during the Eurozone crisis
- contested policy issues within these proposals.
- coding of preferences of all 28 EU member states and six EU institutions
- validation interviews
- aggregation
EMU Position

10 Policy proposals

- Assistance to Greece, EFSF, ESM
- SixPack, Two-Pack, Fiscal Compact
- FTT, Eurobonds, 5-Presidents Reports
- Banking Union
47 most contested issues

- they cover policy conflicts related to one of the ten selected reform proposals
- identifiable in the available primary and secondary sources
- validated by experts
## Coding of preferences

**Figure 2: Example of a policy space of a contested issue.**

<table>
<thead>
<tr>
<th>Definition: Position 0</th>
<th>Definition: Position 20</th>
<th>Definition: Position 60</th>
<th>Definition: Position 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prefers no treaty change.</td>
<td>Prefers limited treaty change to set-up the ESM.</td>
<td>Prefers treaty change to set-up the ESM and enhance the SGP rules.</td>
<td>Prefers fundamental treaty change for supranationalized ESM and SGP.</td>
</tr>
</tbody>
</table>

**Actors:**
- Position 0: FRA, NED, DNK, CYP
- Position 20: ITA, AUT, BEL, CZE, FIN, GRE, HUN, IRL, LAT, LIT, LUX, MLT, POL, ROM, SLK, ESP, SWE, UK, COM, Outcome
- Position 60: GER
- Position 100: EP, ECB

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How to use this data?

- What explains these positions?
- Which country was most successful?
- Explaining decision-making during the Eurozone
- Underlying dimensionality of political conflict
What is structuring political conflict over EMU reform?

Possible underlying dimension

▶ More vs. Less integration
▶ Left vs. Right
▶ Fiscal disciplin vs. fiscal redistribution
▶ Or a combination of those?

Questions

▶ One, two or multidimensional conflict?
▶ Which conflict dimension(s) explain(s) the identified underlying conflict structure?
▶ For which policies do we observe deviant conflict structures?
Method

Assumption

- Member states have an ideal point
- Ideal point structures their preferences
- Can be estimated

Dimension reduction methods

- W-Nominate
- Bayesian Ordinal Item Response Theory
- Basic Space Scaling (Robustness Check)
How many underlying dimensions?

One-dimensional IRT

Where it does not fit:

- Specific economic interest
- Forward looking proposals
- Legal constraints and traditions
- Technocratic governments
Conclusion

- One dimensions structures EMU conflict
- Not restricted to one issue area of EMU
- Pivotal role of Eastern MS
- Important role of coalition leaders - France and Germany
Thank you!