Looking Backwards to Go Forwards? Europe at a Crossroads

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The Bible – The European Council's Task Force Report on Economic Governance

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ABSTRACT One of the consequences of the 2008 financial crisis in the European Union was "the emergence of the European Council as the centre of political gravity", as heads of state and government met frequently in an effort to stabilise the Eurozone. Using the powers to "define the general political direction and priorities [of the EU]" under Article 15.1 of the Treaty on the European Union, the European Council requested then President Herman Van Rompuy to establish, in co-operation with the European Commission, a Task Force on economic governance with representatives of the Member States, the rotating presidency and the European Central Bank. The Task Force was charged with presenting to the European Council a set of measures by the end of 2010 that would reinforce and improve the current legal framework of the Economic and Monetary Union, resolve the crisis and to strengthen the enforcement of budgetary discipline among Member States. Using data collected from 58 interviews with senior policy makers, this paper will provide new insights into the roles of the Member States, the European Central Bank, the European Commission and the European Council on a number of issues in the negotiations in the Task Force.

Traditionally European Union policy has been decided through the so called "community method", a process which involves the European Commission (Commission) initiating legislation and the Council of Ministers (Council) and European Parliament (Parliament) either amending or vetoing it (Wallace, 2005). The role of the intergovernmental European Council, the body where Heads of State and Government meet, under this process was traditionally restricted to providing broad policy guidelines and determining treaty reforms. However with the 2008 financial crisis, "the European Council emerged as the centre of political gravity" as EU leaders met frequently in an effort to stabilise the Eurozone (Puetter, 2012). By 2010 the financial crisis had developed into a sovereign debt crisis, which posed another and arguably more dangerous threat to the stability of the Eurozone. The first Member State to suffer from the fallout of the sovereign debt crisis was Greece in March 2010. As the country was heading for a bailout, EU leaders convened in Brussels for a European Council meeting on the 25 and 26 of March, where they agreed to establish a Task Force on Economic Governance (Task Force) under the leadership of the President of the European Council Herman Van Rompuy. The Task Force was charged with providing a set of recommendations by the next European Council summit on the 28-29 of October, which would improve economic policy making in the Eurozone and Economic and Monetary Union (European Council, 2010a).

The aim of this paper is to measure the influence of the Member States, the Commission and the European Central Bank in shaping the outcome of those Task Force recommendations. The paper is an important contribution to the growing empirical literature on European economic governance by reconstructing the negotiations that took place in the Task Force. Aside from the academic interest that studying these negotiations have, the Task Force report set the agenda for the future reforms of the Eurozone and Economic Monetary Union. The Six-Pack, the Two-Pack and the Fiscal Compact represent the most significant pieces of legislation and treaty reform designed to respond to the sovereign debt crisis and thus the Task Force negotiations require a detailed analysis. Further the Task Force negotiations allowed the Commission and the European Central Bank to find an influential role in the new post crisis economic governance framework in the face of growing intergovernmentalism.

The negotiations in the Task Force also deepened the divide between non Euro-area and Euro-area Member States and within the Eurozone, which in turn strengthened the concept of a two-tier/speed EU. Likewise the discussions raised questions about the European Council's role in resolving the crisis through the Task Force and will be an indicator of whether the institution alone has the capacity to resolve other threats to the stability of the EU in the future. Finally this research project will bring transparency to the negotiations on the Task Force. There is a shortage of information on the relative influence of the Member States, the Commission and the European Central Bank during those discussions. A lack of knowledge in this area also increases the public perception that the decisions made at the EU level are down to a small cohort of bureaucrats and/or Member States. This adds to the growing perception that a "democratic deficit" exists between the European institutions and citizens throughout the EU. An argument reinforced by the decision not to involve the European Parliament in the negotiations of the Task Force.

EXPECTATIONS ABOUT STATES' BARGAINING SUCCESS

Attempts to explain the bargaining success of actors in the EU has one major flaw, the assumption that certain factors equate to power without a theoretical rationale. Therefore each of the following hypotheses has a theoretical foundation. This approach has also ensured that each hypothesis captures a different theoretical concept.

Defining an agenda can be tricky. Cobb and Elder (1971) characterised an agenda as set of legitimate political controversies that warrants the attention of the policy makers. As for agenda setting, Kingdon (2013) argued that it was the preference of some subjects or problems over others. Agenda-setting thus reduces the number of conceivable subjects or problems to those that become the focus of attention. In the EU, the Commission is unlike any other actor as it can set the agenda through tabling or withdrawing a proposal (Pollack, 1997 and Schmidt, 2000). However the Commission's agenda can be influenced by powerful actors such as the Member States and the environment that those negotiations are taking place in (Pollack 1997; Tallberg 2000; Tsebelis and Garrett 2000, 2001, Häge and Toshkov, 2011 and Bailer 2014). During those negotiations in the Task Force, the Commission was joined by the European Central Bank. The institution played an active role during those negotiations as a policy entrepreneur by advocating a "quantum leap" with its proposals on reforming economic governance (Interview 1 with senior Council official). Drawing measurements from the dataset and empirical evidence for the hypotheses, the assumption is that

H1: A Member State that is closer to the Commission will have more bargaining success than a Member State that has positioned itself further away from the institution.

H1.1: A Member State that is closer to the European Central Bank will have more bargaining success than a Member State that has positioned itself further away from the institution.

Economic power is source of bargaining power for Member States within the Council (Bailer, 2004, p.101). Yet the literature on bargaining power in the Council does not provide a theoretical foundation for this source of power, see Bailer (2004) and (2010). Thus this paper argues that the theory of economic interdependence can be a source of economic power as the economies of the Member States are interlinked to varying degrees in the Economic and Monetary Union. Economic interdependence is therefore the missing link between a Member States capacity to influence the outcomes in the Council and its economic power. Wagner (1988) argues that economic interdependence can be a source of bargaining power only in a context where economic resources are exchanged for political support. Thus the more economic power a Member State has the more likely it can buy an agreement. Using data collected by Eurostat on the economic size of a Member State as a share of EU 27 GDP in 2010, the expectation is that:

H2: A Member State with more economic power has more bargaining success than a Member State with considerably little.

Salience or issue intensity unlike economic and voting power is difficult to conceptualise. The closest definition is the importance that an actor attaches to an issue. An actor attaches importance to an issue on the basis of whether it is of central concern to the domestic audience or if the Member State has the capacity to meet demands placed on it. These factors can thus influence whether an issue is salient to that actor. As such not all issues are considered to be equally salient by actors (Wartjen, 2012, p.169). From the saliency score given by the interviewees the expectation is that:

H3: A Member State that attaches a high level of saliency to an issue will be more successful than a Member State that does not.

RESEARCH DESIGN

A dataset containing seven of the most controversial issues from the Task Force negotiations are analysed by utilising the spatial model of EU decision-making. The spatial model has been used previously by Bailer (2004), Thomson et al. (2006) and Thomson (2011), Thomson et al. (2012) and Arregui and Thomson (2014) to study decision-making in the EU. The model assumes that actors share the same perception of the political space. The actors within the political space that take positions on issues agree that those are the positions that require a solution and that they also contain the main policy alternatives considered. Actors may have differing views as to what constitutes a salient issue and thus one actor may invest considerably more time and effort than other actors in attempting to influence the decision outcome on an issue. Actors may also have differing perceptions of the extent of the difference between two policy alternatives (Thomson, 2011).

The actors interviewed for this research were drawn from the Member States[1] and the Commission. No interview was secured with any policy maker from the European Central

[1] No interview was secured with any policy maker from Romania. Three officials were contacted, however all declined to participate in the interviews.

Bank. In response to an interview request, the Bank's Media department stated that "the bank does not comment on policy". The interviewees were senior officials directly involved in the negotiations. These senior policy makers were sought out due to their intimate knowledge of the discussions and of the issues. Further as key players in the negotiations on behalf of their respective institution or Member State, they could provide a detailed account of the factors that influenced the position of the actor that they were representing. Indeed in some cases, interviewees were able to access files and reports which were extremely useful during the discussions. The interviews lasted on average 60 minutes, with some taking only 30 minutes while others ended after 90 minutes. 40 senior Member State officials who participated in the negotiations either worked in the permanent representations in Brussels or in Finance ministries. The 7 senior Commission officials that were involved in the discussions worked at varying levels of the Directorate‐ General for Economic and Financial Affairs. This was also the case with the 7 senior Council officials in the Economic and Financial Affairs configuration who observed the negotiations.

The controversial issues were selected in the first round of the semi-structured interviews with 15 senior Commission, Council and Member State officials. Interviewees were asked to rank the most controversial issues identified from a list compiled from primary documents. The documents contained the positions of 17 Member States, the Commission and the European Central Bank, which each actor had submitted during the negotiations in the Task Force. The identified issues were cross referenced with those from other primary documents. Those documents included unpublished Council notes which were taken during the meetings and reports of the Chair of the Sherpa Committee, the body that did most of the work of the Task Force, and summaries of the negotiations drafted by two Member State representations. Interviewees were then asked to place the main policy options ranging from 0 - 100 in each issue on a Likert scale, see figures 1 – 7 below. The Likert scales which are known more commonly as policy scales or issue dimensions in the literature, represent the scope of the bargaining space for each actor on each issue. The interviewees were also asked to identify the status quo. The status quo is the pre-existing policy or default legalisation that emerges as the outcome if no agreement can be reached between the actors. To ensure that all of the controversial issues were identified, each senior policy maker was given the opportunity to do so at the end of the interview.

A further 58[2] semi-structured interviews were conducted on the controversial issues that had been identified in the first round. The interviews mirrored Thomson et al. (2006) design for data collection. Key informants were asked to determine their institutions or Member States' policy preferences ranging from 0 – 100 using the issues dimensions from the first round of interviews. Interviewees were also asked about the level of salience that their respective Member State or institution attached to one of the controversial issues in the negotiations on a Likert or saliency scale ranging from 0 – 100. On the saliency scale a score of 100 that is assigned to an issue indicates that it is highly important to the actor. A score of 0 that is assigned to the issue indicates that it is not salient to the actor (Thomson, 2011). Throughout the first and second round of interviews, the key informants were asked to provide a detailed explanation for their judgements on the positions of the actors and the importance of the issues.

In some cases interviewees were unable to estimate the position of their Member State on the issue dimension. This raised issues on the treatment of Member States that were neutral in the data set and the changes that were needed to test the models empirically. The inability of an interviewee in determining the position of a Member State should not imply that there should be missing values. Member States may not have had a strong position or policy preference on a particular issue and thus might have accepted any outcome. The negotiations on pensions supports this contention. Key informants from Spain, Italy, Portugal, Malta, Belgium and Greece stated that their respective Member State took a neutral position on this question (Interviews 2, 3, 4, 5 and 6 with senior Member State officials). There is a number of solutions which could be taken to address this question. One strategy would be to drop these Member States from the data set and lower the threshold in the Council for the remaining actors. However since this research is assessing the bargaining success of individual states, the voting threshold does not really matter in that way. A more appropriate solution is to replace the missing values with the mean value between the Commission's position and the status quo. The actor in effect is apathetic to either solution. With regard to the missing value for salience, multiple imputation is used to estimate its value for more detailed analysis.

The Bible - Task Force Report

[2] In a number of cases there was an overlap between the first and second round, as some interviewees were asked to participate twice.

The Task Force was established at the European Council summit on the 25 -26 of March, under the leadership of the President of the European Council Herman Van Rompuy (European Council, 2010a). The Task Force was given a mandate to:

> broaden and strengthen economic surveillance and policy coordination in the Euro area, including by paying close attention to debt levels…;- reinforce the rules and procedures for surveillance of euro area Member States, including through a strengthening of the Stability and Growth Pact and more effective sanctions (European Commission, 2010a, pp. 2-3).

With this mandate the Task Force focused on the operationalisation of the debt criteria through the Medium Term Budgetary Objective, making EU expenditures conditional upon compliance with the Stability and Growth Pact, a common deadline for the submission of Stability and Convergence Programmes, the impact of second pillar pension reforms and the introduction of interest bearing deposits, reverse qualified majority voting and fiscal councils. The discussions in the Task Force began with the operationalisation of the debt criteria through the Medium Term Budgetary Objective.

There was broad agreement among the Member States that a greater emphasis should be placed on achieving the Medium Term Budgetary Objective through the operationalisation of the debt criteria. Member States with debt levels above 60% of GDP would thus be required to undertake a faster adjustment path to reduce debt to below that level (Council of Ministers, 2010a). Asked why their respective Member State supported this measure, officials from a coalition of mostly Northern and Eastern Member States cited a need to calm the markets which were worried about the unsustainability of high debt or about respecting the rules of the treaty and economic logic. Officials also eluded to the need to take action to reduce debt after the crisis and to treat deficits and the debt criteria equally. As for the European Central Bank, the institution wanted the debt criteria to play a central role in the reforms of the Stability and Growth Pact (Interviews conducted with senior Member State and Commission officials).

The charge against giving debt greater significance was led by a coalition of mainly Southern and Western Member States. Officials from those Member States argued that it made no sense to count the debt criteria twice in the Medium Term Budgetary Objective, as debt sustainability was already included in the provision or that there was no economic rationale to reduce debt at such a pace (Interviews conducted with senior Member State officials). As for the Commission, the institution backed those Member States that opposed the inclusion of the debt criteria on the basis that it was not needed (Interview 1 with senior Commission official).

Issue One: What were the initial positions of the actors to the proposal that a high level of debt or excessive macroeconomic imbalances or both would be the only factors to be taken into account if a Member State had to adjust its path towards the Medium Term Budgetary Objective? The operationalisation of the debt criteria - 60%). (Figure One).

MT/UK/HU/FR/IT
/EL/ES/IE/COM
Status quo

NL/PT/EE/BE/DE/SE/SK/SI/DK
/CY/LT/LV/PL/BG/AT/LU/FI/
CZ/ECB/Task Force/<u>Outcome</u>

0: High level of debt or excessive macroeconomic imbalances or both. (Against the operationalisation of the debt criteria).

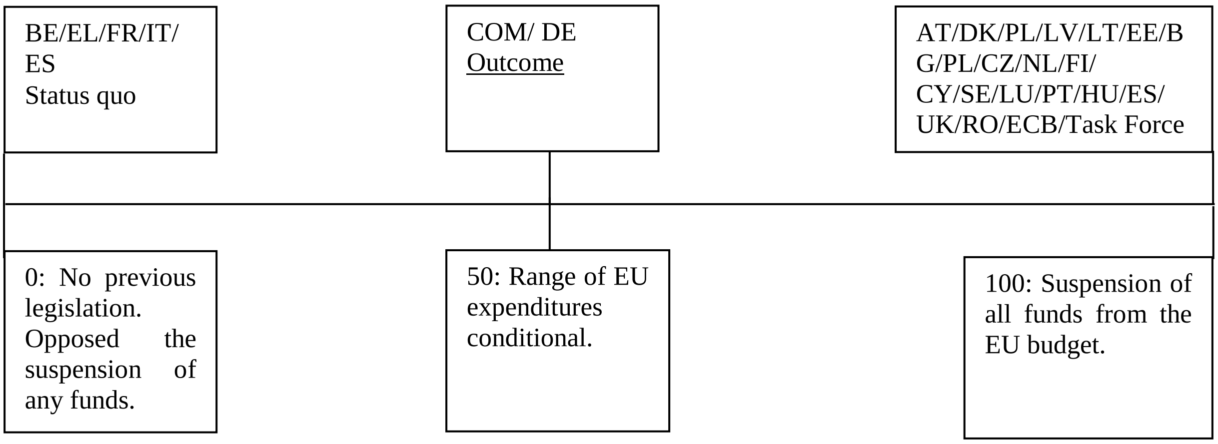
100: Member States faced with a debt level exceeding 60% of GDP or with pronounced risks of overall debt sustainability (Favoured the operationalisation of the debt

The initial meeting of the Task Force also dealt in-depth with one of the options that could strengthen the sanctions regime in the Stability and Growth Pact, the temporary suspension of funds from the EU budget for those Member States that failed to meet the debt criteria (Council of Ministers, 2010a). The bulk of Northern and Eastern Member States supported the suspension of all funds from the Union budget. Those Member States from the old Eastern Bloc supported this option, as they considered it to be the fairest approach. Many were net beneficiaries of Cohesion and Structural Funds and thus would be disproportionally affected if only those subsidises were targeted (Interviews conducted with senior Member State and Commission officials). Conversely support from the northern fiscal hawks was driven by a need instil fiscal discipline in future members of the Euro-area and to strengthen the Stability and Growth Pact (Interviews conducted with senior Member State and Commission officials).

As for the European Central Bank, its support was based on a lack of understanding as to how the budget worked (Interview 1 with senior Commission official). Unlike the

European Central Bank, the Commission and Germany understood the legal and budgetary complexities that were involved in suspending all funds from the EU budget and thus pushed for a range of expenditures to be made conditional (Interviews 1 and 7 with senior Commission and Member State officials). As for those opposing this measure, the impact that the suspension of any funds on budget deficit and on programmes in those Member States was the basis for their position.

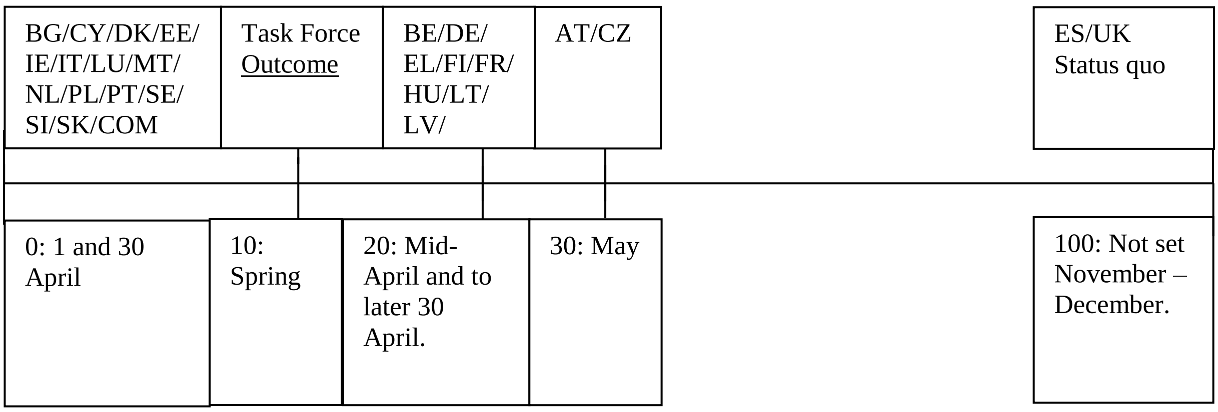
Issue Two: What were the initial positions of the actors to the recommendations that enforcement measures will be extended to all Member States by making a range of EU expenditures conditional upon compliance with the Stability and Growth Pact? Task Force report on economic governance. (Figure Two).



Stability and Convergence Programmes represented a mechanism which the Commission could avail of to help the institution monitor the fiscal health of a Member State and were dealt with between the first and third Task Force (Council of Ministers, 2010b and 2010c). Eurozone members were required to submit ‘Stability Programmes’ which contained information about fiscal plans for the next three years while Member States not using the single currency presented ‘Convergence Programmes,’ containing information on monetary policies. The Commission and finance ministers used this data to gauge whether a Member State was on target towards their Medium Term Budgetary Objectives (European Commission, 2016). To ensure that the data is accurate, the Commission argued that Stability and Convergence Programmes should be submitted for review during the first half of the year, with a preference for the start of April. The pressure that this would place on the budgetary and administrative processes along with constitutional problems that such a change would entail within the Member States prompted a substantial minority to push for a compromise of late April. Facing the same problems as those Member State, the Czech Republic and Austria proposed May (Interviews 8 and 9 with senior Member State officials). While Spain and the United Kingdom pushed, as it would do so again in its submission to the Task Force, for the status quo. The Member State made clear the prerogative of the House of Commons on budgetary matters with regards the submission of the Stability and Convergence Programmes (Interview 10 with senior Member State official). Spain's preference for November – December was driven by more practical concerns due the Member States own budgetary rules (Interview 6 with senior Member State official).

For the other Member States, there were no constitutional or parliamentary hurdles to prevent those countries from meeting the Commission's deadline of the first half of April. Unsurprisingly both the Commission and the European Central Bank were supportive of the earlier deadline. The submission of the Stability and Convergence Programmes in early April would provide the Commission with sufficient time to assess them before issuing country specific recommendations. These sentiments were echoed by the European Central Bank, as it fitted into the institutions overall position during the negotiations in the Task Force of strengthening economic governance (Interviews conducted with senior Member State and Commission officials). In an effort to bridge the gap between those Member States advocating the first and second half of April, which was the main divide, it was agreed at the third Task Force Meeting on the 12 of July that the Stability and Convergence Programmes should be submitted in the spring (Council of Ministers, 2010d).

Issue Three: What were the initial positions of the actors as to the date of the submission of Stability and Convergence Programmes? (Figure Three).



The suspension of funds from the EU budget represented a stepping up of the excessive deficit procedure in the corrective arm, however for some Member States sanctions were also needed in the preventive arm of the Stability and Growth Pact. During the crisis it became abundantly clear that sanctions came into force at too late of a stage to have an effect on the budgetary policies of the Member States. This was viewed by the European Central Bank, the Commission and the Council as one of the major weaknesses in how the Stability and Growth Pact operated (Interview 1 with senior Commission official). To remedy this weakness, interest bearing deposits of 0.2% for those Member States that failed to respect the Medium Term Budgetary Objective were proposed (Council 2010b).

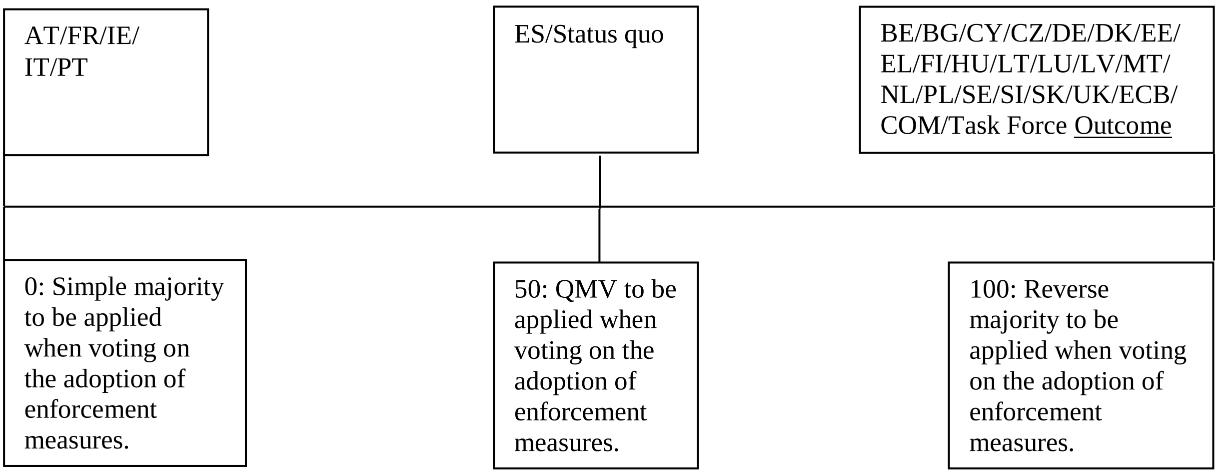
Unlike issue two, a substantial minority of Southern Member States supported the same policy as those from the Northern and Eastern Europe. Various motives given by senior officials included strengthening the sanctions regime of the Stability and Growth Pact and using interest bearing deposits as an incentive for good budgetary policies. These positions reflected those of the Commission and the European Central Bank. The minority of Member States that rejected the proposal did so for a number of reasons including the punitive nature of the measure and the prospect of been the first country to have to lodge an interest bearing deposit with the Commission (Interviews conducted with senior Member State and Commission officials).

Issue Four: What were the initial positions of the actors to the recommendations to allow interest bearing deposits to be imposed in the first stage of the sanctions regime? Task Force report on economic governance. (Figure Four).

Earlier discussions in the Task Force had focused on automatic sanctions, however it had come to nothing due to political and legal issues. Nonetheless there was a need to improve the automaticity of the imposition of sanctions. A compromise was thus reached between fiscal hardliners and most fiscal doves for interest bearing deposits to be applied quasi-automatically which would be done through reverse qualified majority voting (Interview 11 with senior Council officials). Under reverse qualified majority voting, sanctions applied to Eurozone members placed in the excessive deficit procedure in the preventive arm of the Stability and Growth Pact would be deemed adopted unless the Council decided by a qualified majority of Member States to reject them. Thus Member States needed at least 255 weighted votes out of a total of 345 representing two thirds of the Council, a qualified majority, under reverse qualified majority voting rather than 91 votes, under qualified majority voting, to oppose the imposition of sanctions by the Commission (European Commission, 2014).

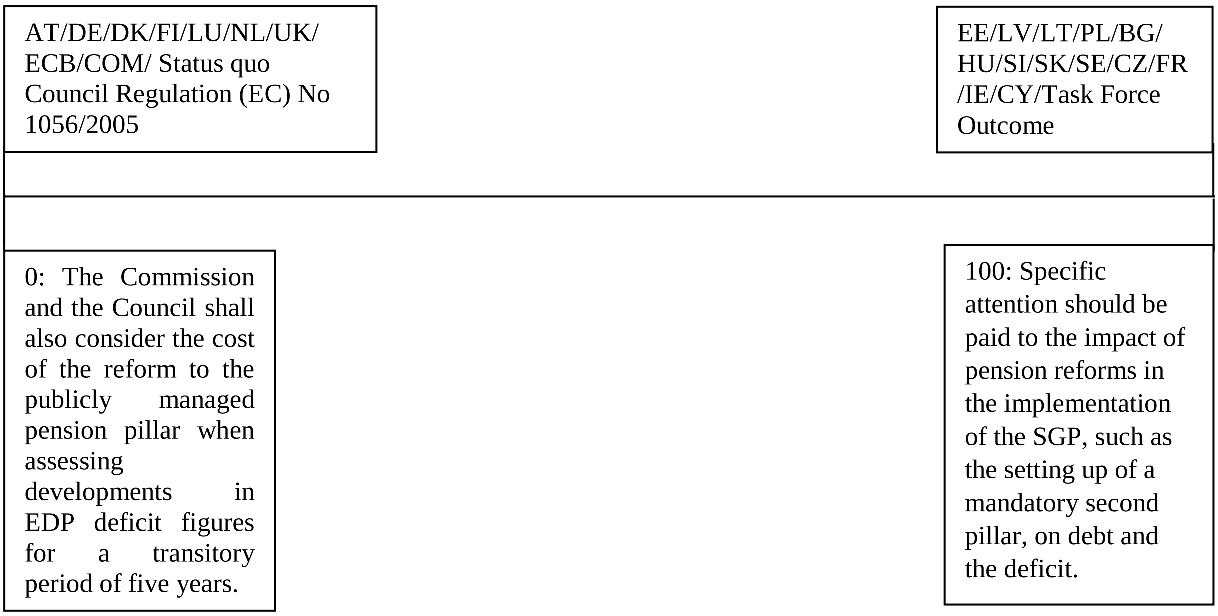
As with issue four, the majority of the Member States backing the measure were from Northern and Eastern Europe with some support from the Mediterranean. Interviewees from those states, by an overwhelming margin, cited the 2003 debacle where Germany and France avoided sanctions for breaking the deficit criteria in the Stability and Growth Pact after the Council voted against them. For the Commission and the European Central Bank, reverse qualified majority voting would make the Stability and Growth Pact as water tight as possible (Interview 1 with senior Commission official). Unlike the other Member States that were opposing the proposal for the new voting procedure, Spain pushed for the retention of the status quo. The Member State considered the new voting mechanism to be a considerable adjustment to the previous procedure, which would require treaty change. Those Member States that were advocating simple majority did so due to concerns over the neutrality of the Commission and the impact on the powers of the Council (Interview 6 with senior Member State official).

Issue Five: What were the initial positions of the actors to the recommendations to allow the Council to use reversed qualified majority voting to amend the Commission's recommendation that sanctions be applied to a Member State? (Figure Five).



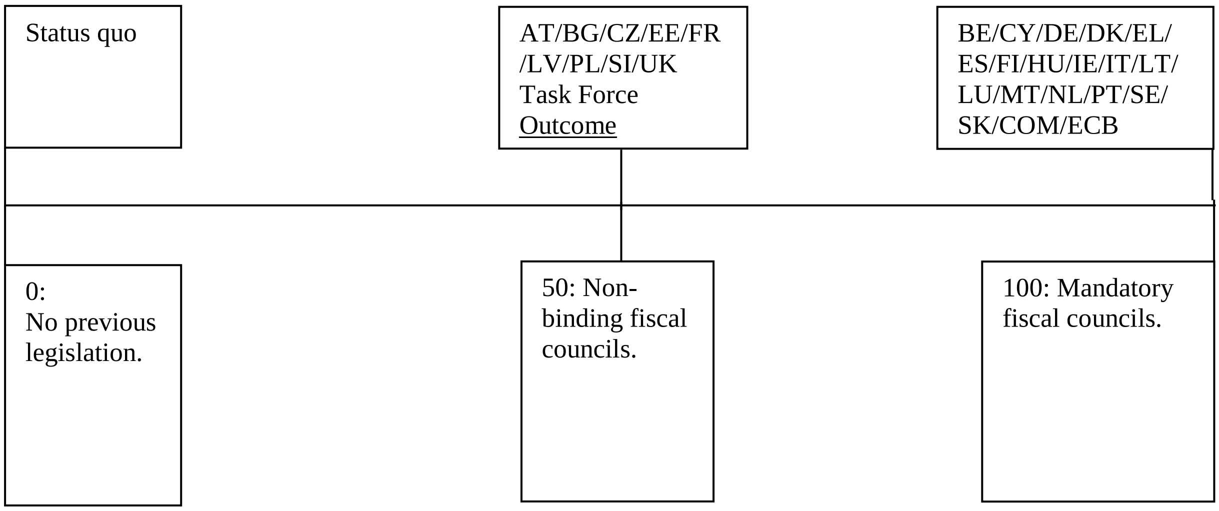
The question of taking the costs of second pillar pension reforms into account in the excess deficit procedure, emerged as an important issue during the latter stages of the negotiations in the Task Force. Member States from the former Eastern Bloc, particularly Poland and Hungary, argued that reforms to the pension system were one of the contributing factors to a country's high debt and that this should be taken into account in any future reforms of the excessive deficit procedure. Those Member States were joined by a number of countries from the Mediterranean and Sweden who contended that those undertaking pension reforms should be compensated. With the exception of Sweden and Ireland, all Northern Members fought to maintain the status quo. A variety of reasons were given by the representatives of the Member States such as pre-existing provisions for pension reforms in the Stability and Convergence Programme framework or fears that such leeway would provide an opportunity to manipulate the deficit figures. Both the European Central Bank and the Commission were concerned about the longevity of these pension reforms (Interview 12 with senior Council official).

Issue Six: What were the initial positions of the actors to giving consideration to pension reforms in the excessive deficit procedure? (Figure Six).



Another issue that was left to the end of the negotiations was the establishment of fiscal councils. These councils were to be created at the national level with the aim of helping to reinforce fiscal governance by providing independent forecasts, assessments and analysis on domestic economic policy matters (Finnish financial counsellor notes, 2010a). Unlike the other issues, national concerns were the main driving force behind the policy preferences of the Member States. Those pushing for non-binding fiscal councils contended that these bodies would prove to be an administrative burden while other Member States were concerned about their influence over budgetary policy. Conversely, the European Central Bank and the Commission pointed to strong evidence that fiscal councils had a positive impact on the budgetary policies. The institutions received support from a large number of Member States, who echoed those sentiments.

Issue Seven: What were the initial positions of the role of fiscal councils in the budgetary process? (Figure Seven).



Van Rompuy presented the Task Force report at the European Council summit which took place on the 28 and 29 of October. The assembled heads of state and government endorsed the report and called for a “fast track approach to be followed on the adoption of secondary legislation needed for the implementation of many of the recommendations”. Leaders set a deadline of summer 2011 for the Council and the Parliament to reach an agreement on the Commission’s proposals, which would ensure that the new surveillance framework would be effectively implemented as soon as possible. The Council was also asked to report back on the impact of pension reforms on the implementation of the Stability and Growth Pact by December, when the next summit was to be held. With the negotiations now completed in the Task Force, the next step in the process was to implement the report legislatively through the Six-Pack (European Council, 2010a).

Analysis and Conclusion

On the question of whether a Member State derives bargaining success from aligning itself with the European Central Bank and the Commission, the findings suggest that the benefits for an actor are limited. Across the seven issues both institutions had bargaining success below 50 percent. With regard to the Bank, the institution's initial position mirrored the outcome on issue one, four and five. Thus the Bank had a 43 percent success rate. The Commission's initial position aligned with the outcome on issue two and also on issue four and five. Like the Bank, the Commission had a bargaining success of 43 percent. A factor in the low rate of bargaining success might be the belief that an intergovernmental approach was needed rather than a supranational one. A contention supported by the creation of the Task Force. The Commission's agenda setting powers had been challenged by the decision of the European Council to establish the Task Force. The Commission however would eventually wrest back its agenda setting powers by announcing a package of six legislative proposals on the 29 of September, a month before the Task Force report was presented to the European Council. The Bank's lack of success may be down to a lack of bargaining expertise. The Bank up until the crisis was focused on its mandate of defining monetary policy. During the crisis, the Bank was required to go beyond this role. The Bank which had previously observed Economic and Financial Affairs Council configuration discussions, was now required to actively participate, along with the Member States, in shaping the most important reforms of the governance structures of the Eurozone and in the Economic Monetary Union. The Bank simply did not have expertise or experience to be an effective bargaining actor.

As to the role of economic power in determining the bargaining success of a Member State, the verdict is decidedly mixed. Of the five largest economies, Germany had the highest rate of bargaining success. The Member State was on the winning side on four issues while the outcome was close to its initial policy preference on issue three. Germany thus had a bargaining success of 77 per cent. Conversely, the bargaining success for the other four Member States was lower. France's rate of bargaining success stands at 48 per cent as the Member State was on the winning side twice while the outcome was close to the its initial policy preference on issue three. Like France, the United Kingdom was on the winning side twice, however its bargaining success was considerable lower at 37 percent due to the initial position that the Member State took on other issues. Italy also had the same rate of bargaining success as France, yet the Member State was only on the winning side only once. The Member States' initial policy preferences however were closer to the outcome on more issues than the positions taken by France. Spain had the second lowest rate of success at 44 percent. Like Italy, the Member State was on the winning side just once, however Spain positioned itself at a consider distance from the outcome on a number of issues. On the basis of these conclusions, economic power was not a power resource that the larger Member States could have relied on to buy an agreement that reflected their policy preference in the Task Force. There are three reasons which might explain these finding, first the seriousness of European sovereign debt crisis weakened any attempts to oppose reforms to the Stability and Growth Pact. Second, the difficulties that France, Spain and Italy were facing reduced their influence. Third, the United Kingdom was no longer interested in developments in the Eurozone or in the Economic and Monetary Union. A contention supported by the downgrading of the European unit in Her Majesty's Treasury and the Member States' opt out (Interview 10 with senior Member State official).

On the question of salience influencing the bargaining success of a Member State, the findings present a mixed picture. Of the 19 Member States that attached importance to issue one, that is 50 percent or above, the outcome reflected the initial position of 17 of those countries. In total 65 percent of the Member States that indicated that the issue was above average importance were on the winning side, while only 7 percent that attached a level of salience above average were on the losing side. On issue two only one Member State, Germany, was on the winning side and it attached an average level of importance to the issue. The rest of the Member States were equally distance from the decision outcome. The outcome did not reflect any preferences in issue three, however 35 percent of the Member States that attached a level of below average and 50 percent of the Member States that attached a level above 50 percent were close to the outcome, 90 on the scale. The remaining Member State that considered the issue to be of importance were on 80 and 10 on the scale. On issue four, 80 percent of the Member States that opposed the introduction of fines attached a level of salience above 50 percent, however only 61 percent of Member States that attached a level of importance above 50 percent were on the winning side. Likewise on issue five a majority of Member States, 80 percent, that opposed the proposal attached a high level of importance. A smaller number of Member States, 67 percent, were on the winning side however. The number of those Member States that attached a high level of importance to issue 6 number 71 percent of those on the winning side while only 33 percent of those that opposed any leeway on pension reforms considered it to be important. As with the previous issue, 67 percent of Member States that attached a high level of importance to the issue were on the winning side. This was only marginally higher than the 64 percent of Member States that were on the losing side. The findings suggest that salience has only a limited impact overall on the bargaining success of Member States. The Member States that tended to attach high levels of saliency and opposed any potential reforms failed in their efforts to ensure that the outcome reflected their policy preferences. This again might be down to the climate at the time, where opposing economic reforms was difficult. Thus no matter how important the issues were to those Member States or the amount of resources that they invested, it was always going to be impossible to successful turn a losing position into a winning one. In comparison the relatively low rate of saliency attached by Member States in the winning coalitions may be a result of a lack of resources. Smaller Member States do not have same institutional capacities as larger ones do to fight every single issue. Thus smaller Member States could have focused on issues that were more pertinent to them while allowing the larger countries to fight on their behalf.

The failure of salience, economic and institutional power to increase the bargaining success of Member States does not mean that these factors cannot influence the outcome. The extent and depth of the crisis meant that opposing reforms was not feasible. The real dividing issue is not whether there should be reforms, but how far should or could these reforms go in practice? National and legal issues were the underlying drivers across a number of issues for the majority of Member States. It is a possible avenue that future research could explore.

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Annex:

Closeness to European Central Bank / Commission			
Issue 1	Issue 2	Issue 3	Issue 4
AT: 100/0	AT: 100/50	AT: 80 /80	AT: 100/100
BE: 100/0	BE: 0/50	BE: 90/90	BE: 0/0
BG: 100/0	BG: 100/50	BG: 100/100	BG: 100/100
CY: 100/0	CY: 100/50	CY: 100/100	CY: 100/100
CZ: 100/0	CZ: 100/50	CZ: 80/80	CZ: 100/100
DE: 100/0	DE: 100/50	DE: 90/90	DE: 100/100
DK: 100/0	DK: 100/50	DK: 100/100	DK: 100/100
EE: 100/0	EE: 100/50	EE: 100/100	EE: 100/100
EL: 0/100	EL: 0/50	EL: 90/90	EL: 0/0
ES: 0/100	ES: 0/50	ES: 0/0	ES: 100/100
FI: 100/0	FI: 100/50	FI: 90/90	FI: 100/100
FR: 0/100	FR: 0/50	FR: 90/90	FR: 0/0
HU: 0/100	HU: 100/50	HU: 90/90	HU: 100/100
IE: 100/0	IE: N/A	IE: 100/100	IE: 100/100
IT: 0/100	IT: 0/50	IT: 100/100	IT: 100/100
LT: 100/0	LT: 100/50	LT: 90/90	LT: 100/100
LU: 100/0	LU: 100/50	LU: 100/100	LU: 100/100
LV: 100/0	LV: 100/50	LV: 90/90	LV: 100/100
MT: 0/100	MT: 100/50	MT: 100/100	MT: 100/100

NL: 100/0	NL: 100/50	NL:100/100	NL: 100/100
PL: 100/0	PL: 100/50	PL: 100/100	PL: 100/100
PT: 100/0	PT: 100/50	PT: 100/100	PT: 0/0
RO: 100/0	RO: 100/50	RO: N/A	RO: 100/100
SE: 100/0	SE: 100/50	SE: 100/100	SE: 100/100
SI: 100/0	SI: 100/50	SI: 100/100	SI: 100/100
SK: 100/0	SK: 100/50	SK: 100/100	SK: 100/100
UK: 100/0	UK: 100/50	UK: 100/100	UK: 0/0

Closeness to European Central Bank / Commission		
Issue 5	Issue 6	Issue 7
AT: 0/0	AT: 100/100	AT: 50/50
BE: 100/100	BE: 50/50	BE: 100/100
BG: 100/100	BG: 0/0	BG: 50/50
CY: 100/100	CY: 0/0	CY: 100/100
CZ: 100/100	CZ: 0/0	CZ: 50/50
DE: 100/100	DE: 100/100	DE: 100/100
DK: 100/100	DK: 100/100	DK: 100/100
EE: 100/100	EE: 0/0	EE: 50/50
EL: 100/100	EL: 50/50	EL: 100/100
ES: 50/50	ES: 50/50	ES: 100/100
FI: 100/100	FI: 100/100	FI: 100/100
FR: 0/0	FR: 0/0	FR: 50/50
HU: 100/100	HU: 0/0	HU: 100/100
IE: 100/100	IE: 0/0	IE: 100/100
IT: 0/0	IT: 50/50	IT: 100/100
LT: 100/100	LT: 0/0	LT: 100/100
LU: 100/100	LU: 100/100	LU: 100/100
LV: 100/100	LV: 0/0	LV: 50/50
MT: 100/100	MT: 50/50	MT: 100/100
NL: 100/100	NL: 100/100	NL: 100/100
PL: 100/100	PL: 0/0	PL: 50/50
PT: 0/0	PT: 50/50	PT: 100/100
RO: 100/100	RO:0/0	RO: N/A
SE: 100/100	SE: 0/0	SE: 100/100
SI: 100/100	SI: 0/0	SI: 50/50
SK: 100/100	SK: 0/0	SK: 100/100
UK: 100/100	UK: 100/100	UK: 50/50

Economic size of a Member State as a share of EU 27 GDP in 2010	
AT: 2.3	IT: 12.7
BE: 2.9	LT: 0.2
BG: 0.3	LU: 0.3
CY: 0.1	LV: 0.2
CZ: 1.2	MT: 0.1
DE: 20.3	NL: 4.8
DK: 1.9	PL: 2.9

EE: 0.1	PT: 1.4
EL: 1.8	RO: 1
ES: 8.5	SE: 2.9
FI: 1.5	SI: 0.3
FR: 15.8	SK: 0.5
HU: 0.8	UK: 13.9
IE: 1.3	

Salience						
Issue 1	Issue 2	Issue 3	Issue 4	Issue 5	Issue 6	Issue 7
AT: 40	AT: 100	AT: 100	AT: 80	AT: 70	AT: 0	AT: 50
BE: 80	BE: 80	BE: 90	BE: 60	BE: 90	BE: N/A	BE: 50
BG: 60	BG: 70	BG: 30	BG: 80	BG: 90	BG: 30	BG: 20
CY: 60	CY: 70	CY: 70	CY: 80	CY: 80	CY: 40	CY: 50
CZ: 80	CZ: 100	CZ: 80	CZ: 70	CZ: 70	CZ: 90	CZ: 100
DE: 90	DE: 50	DE: 30	DE: 80	DE: 80	DE: 50	DE: 70
DK: 90	DK: 90	DK: 50	DK: 90	DK: 70	DK: 0	DK: 80
EE: 50	EE: 70	EE: 20	EE: 50	EE: 70	EE: 0	EE: 50
EL: 90	EL: 70	EL: 50	EL: 80	EL: 0	EL: N/A	EL: 100
ES: 30	ES: 100	ES: 70	ES: 30	ES: 90	ES: N/A	ES: 50
FI: 100	FI: 100	FI: 50	FI: 70	FI: 90	FI: 20	FI: 50
FR: 50	FR:90	FR: 30	FR: 50	FR: 70	FR: 50	FR: 70
HU: 0	HU: 100	HU: 30	HU: 0	HU: 0	HU: 100	HU: 0
IE: 40	IE: N/A	IE: 0	IE: 30	IE: 10	IE: 40	IE: 40
IT: 90	IT: 70	IT: 30	IT: 60	IT: 60	IT: N/A	IT: 40
LT:60	LT: 90	LT: 90	LT: 70	LT: 70	LT: 90	LT: 40
LU: 80	LU: 50	LU: 100	LU: 50	LU: 100	LU: 60	LU: 70
LV: 80	LV: 90	LV: 70	LV: 60	LV: 70	LV: 80	LV: 60
MT:50	MT: 70	MT: 100	MT: 80	MT: 50	MT: N/A	MT: 40
NL: 70	NL: 40	NL: 30	NL: 80	NL: 90	NL: 50	NL: 50
PL: 50	PL: 100	PL: 0	PL: 0	PL: 50	PL: 100	PL: 30
PT: 0	PT: 100	PT: 0	PT: 100	PT: 90	PT: N/A	PT: 30
RO: N/A	RO: 100	RO: N/A	RO: N/A	RO: N/A	RO: 70	RO: N/A
SE: 80	SE: 60	SE: 60	SE: 50	SE: 70	SE: 50	SE: 50
SI: 70	SI: 100	SI: 70	SI: 100	SI: 70	SI: 30	SI: 50
SK: 80	SK: 90	SK: 50	SK: 50	SK: 80	SK: 90	SK: 70
UK: 0	UK: 0	UK: 100	UK: 0	UK: 60	UK: 0	UK: 0