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Who determined what governments really wanted? Preference formation and the euro crisis

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ABSTRACT
This article reviews how different integration theories interpret which political actors mattered in governmental preference formation during the euro crisis. It presents new evidence on the respective influence of national governments, European Union (EU) intergovernmental bodies – including the Eurogroup, the European Council and expert committees – supranational institutions, as well as parliamentary forces and socio-economic interest groups. Contrary to understandings of domestic preference formation as an insulated process, which precedes EU negotiations in the context of two-level games, new data on all 28 member states reveals that decision making by heads of governments and finance ministries was to a large extent decoupled from other domestic interests while EU-level forums for collective decision making played a constitutive role. The findings endorse in particular new intergovernmentalist interpretations of the euro crisis. By empirically testing competing theoretical interpretations of configurations of actor influence, this article proposes an alternative route to the study of preference formation.

KEYWORDS Preferences; euro crisis; new intergovernmentalism; European Council; Eurogroup

The euro area financial crisis (in the following: the euro crisis) revived the debate on integration theory in the European Union (EU) studies literature. Authors have referred to classic approaches, such as liberal intergovernmentalism (Schimmelfennig 2015) and neofunctionalism (Niemann and Ioannou 2015), as well as to more recent theoretical frameworks on EU decision making and institutional change, such as historical (Verdun 2015) and discursive (Crespy and Schmidt 2014; Schmidt 2013a) institutionalism and new intergovernmentalism (Bickerton *et al.* 2015a; Puetter 2012).[1] A central, yet partially hidden, disagreement within this debate concerns the process of preference formation. Who determined what

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governments really wanted during the euro crisis? Did powerful domestic interest groups or parliamentary actors shape what national executives advocated when negotiating at the EU-level? Or rather, was there an EU-wide elite-level discourse which influenced eventual decision-making outcomes? Was EU-level interaction a mere function of the relative bargaining power of member state governments or did intergovernmental discussions between the EU's top-level executives in the European Council and the Eurogroup served as integral parts of the preference formation process?

This article seeks to advance this debate. First, it recasts the debate on the euro crisis as a disagreement between individual contributions that pertain to the notion of preference formation either as being an inherently domestic process or one where the role of EU-level interaction is constitutive to what member state governments want. Second, this article uses peer influence ratings by 141 interviewees, who represent executive, parliamentary and societal actors, as new empirical evidence to advance the understanding of governmental preference formation during four major episodes of euro area crisis decision making: the first bailout of Greece, the creation of the European Stability Mechanism (ESM), the revision of the sanction procedure of the Stability and Growth Pact (SGP) through the introduction of the reverse qualified majority rule and the introduction of domestic debt brake clauses by the Treaty on Stability, Coordination and Governance (TSCG). Third, these empirical findings are related back to competing theories of preference formation. The article sets out to identify government autonomy as a common theme in the euro crisis literature and offers support in particular for new intergovernmentalist accounts of EU decision making, which see governmental preference formation to be inherently connected with EU-level interaction.

Understanding preference formation during the euro crisis

The literature provides a range of views on how governmental preferences were formed during the euro crisis. Indeed, governments acted unilaterally and in close coordination. They pressured each other emphasising their differences as much as their commonalities. They stressed commitment to domestic audiences and ignored them. They highlighted the European interest as much as national concerns. Students of preference formation thus face a complex picture. A key point of contention is whether governmental preference formation is predominantly determined by domestic actors or whether in turn EU-level interaction between government representatives as well as transnational public discourses were constitutive for governments' preferences regarding euro crisis management.

Integration theories and the analysis of euro crisis decision making

The notion that decision making in the EU is a constant struggle to reconcile diverging national interests is a predominant one, for which the euro crisis provided yet another illustration. A central point of contention is who shapes governments' preferences in EU decision making. Liberal intergovernmentalism builds upon a two-level game (Putnam 1988) approach where the difficulty in finding an EU-level agreement essentially arises from a government's commitment to domestic interests (cf. Bellamy and Weale 2015). The notion of a preference here is that of a distinctively national preference, which is "independent of any particular international negotiation" (Moravcsik 1998: 20). This perspective implies a temporal sequencing. While the position, which a government eventually takes in relation to other EU member states, may reflect concessions to the bargaining power of other governments in the form of side payments and coalition building efforts, its ultimate preference does not. Among recent analyses, Rothacher's (2015) work reflects the original liberal intergovernmentalist framework the closest. He understands preference formation in France as a domestic competition between influential financial and industrial sector interests, which reflected the exposure of French banks to crisis-ridden countries and a sceptical public who lamented the financial contributions towards the rescue schemes. However, other studies testing liberal intergovernmentalism provide inconclusive results in relation to the role of domestic interest groups. Schäfer (2016) shows that there is no clear-cut pattern of influence between the interests of the banking sector in Germany and the government's actual preferences on banking union. While Moravcsik acknowledges the limits of societal and interest groups' influence on governmental preferences when domestic constituencies behind a policy are diffuse, and the substantive implications of a choice are uncertain (Moravcsik 2018: 1651), he leaves it "to other theories" (Moravcsik 2018) to provide an explanation of what and who informs preferences under such circumstances. The identification of the domestic sphere as the one which determines member states' preference formation processes during the euro crisis is further underlined by the idea that the second dimension of the two-level game is essentially a function of the former. EU-level negotiations reflect diverging domestic preferences and relative bargaining power, they are not a sphere of actual preference formation. Schimmelfennig (2015), for example, does not trace the frenetic meeting activity of the European Council and the Eurogroup, or the role of individual politicians. Rather, it is implied that member state governments know what they want when their representatives come to Brussels.

Other authors are less inclined to give importance to the study of domestic interest competition as the central element in preference formation even though they insist that distinct domestic preferences exist independent of EU interaction. Ezrow and Hellwig (2014) argue that economic interdependence may distract political elites from their electorates and make them instead responsive to market actors. Puntscher Riekmann and Wydra (2013) show that executive actors often circumvented parliamentary actors and societal interests. Schimmelfennig (2015) sees individual member states' preferences as being primarily determined by cost distribution and burden-sharing considerations. He further modifies liberal intergovernmentalism by assuming a common European preference for preserving the euro. Such a predetermination for preserving integration brings liberal intergovernmentalism closer to neofunctionalist expectations of ever-progressing integration. Vilpišauskas (2013) too combines neofunctionalist expectations about a functionalist spill-over and the notion of diverging domestic preferences. Other authors who do not locate themselves in the tradition of integration theory also identify distinct domestic preferences, which exist regardless of any EU negotiations. Armingeon and Cranmer (2018) base their analysis on a particular strand of political economy and see governments' preferences to be determined by a country's economic competitiveness within the euro zone.

In contrast, Crespy and Schmidt (2014: 1088–1089) take aim at classic realist and intergovernmentalist approaches, which assume that governments are driven by clearly defined "win sets" and "instrumental rationality". They insist that there are no separate spheres of domestic and European preferences. Rather, while acting under uncertainty, leaders invoked Keynesian and ordoliberal economic ideologies and embedded them in their dominant discourses. Crespy and Schmidt understand euro crisis decision making as a case of discursive institutionalism where crisis management is "a simultaneous double game, in which preferences (or interests) are constructed, reconfigured and communicated simultaneously to national constituencies and other European decision makers" (Crespy and Schmidt 2014: 1087). Not only do the different domestic and the EU spheres "interpenetrate each other" (Crespy and Schmidt 2014: 1088) during the processes of collective decision making and preference formation but they have a public dimension as well. Policy-makers seek to legitimise their preferences by appealing to different audiences, and by using different narrative frames (cf. Papadimitriou *et al.* 2018). The notion of the two-level game becomes blurred. What member state governments wanted in the euro crisis also depended on whether and how they could win over constituencies in different member states. Schmidt (2013b: 459–460) shows that it was often their own initial communication – both to markets and their own publics – which came to haunt EU leaders and forced them to revise policy.

Similarly, new intergovernmentalism considers domestic and EU-level politics as interwoven. Bickerton, Hodson and Puetter (2015a, 2015b) see domestic politicians as drivers of EU decision making being committed to collaborative solutions, though without empowering traditional supranational actors. The latter are understood to be complicit in this emphasis on intergovernmentalism. National leaders are expected to prioritise EU consensus over other objectives, however difficult the reconciliation of diverging views may be. The commitment to consensus is not merely an informal norm but is enshrined in the design of leading EU institutions – above all the European Council, the Council and the Eurogroup (Puetter 2014). Policy deliberation as a working method connects high-level politicians as much as technocratic elites. The transnational bureaucratic infrastructure of EU economic governance, notably the Economic and Financial Committee (EFC) and the Eurogroup Working Group (EWG), produce and diffuse views about appropriate policy options, which are taken on board by member state governments. Member states' preference for collective agreement is, thus, principled rather than strictly functional. Laffan (2014) too sees EU governments to have prioritised "the responsibility of each euro member to the collective" (Laffan 2014: 285) over the responsibility towards their own domestic constituencies. This preference of EU governments is not a mere idea but the result of the EU's system of pooled sovereignty. Research on Europe's political parties mirrors these findings. Hobolt and Tilley (2016) stress that mainstream political parties – from which virtually all governments in the EU emerge – share a normative commitment to EU consensus. They see this commitment to be a key factor in explaining the flight of critical voters from the centre to challenger parties.

Together with postfunctionalism (Hooghe and Marks 2009), and contrary to liberal intergovernmentalism, new intergovernmentalism sees post-Maastricht integration to be accompanied by political currents which challenge mainstream pro-EU elites on their decisions about Europe. The authors link EU politics to tensions in representative democracy more broadly and see a "growing indeterminacy of preferences, the interaction between sectoral interests and more disparate and protean anti-political sentiments, and concern with the procedural as well as the substantive components of policies" (Bickerton *et al.* 2015a: 715). Furthermore, they express the strongest concern so far, that the EU is in disequilibrium (Hodson and Puetter 2019).

Niemann and Ioannou (2015) in their neofunctionalist account of the euro crisis are more confident regarding the symbiosis between powerful domestic interests and member state governments' preferences. They deviate from new and liberal intergovernmentalism by emphasising that domestic interest groups do not primarily constitute obstacles to EU agreements but rather, because of functional interdependencies, they throw their weight behind pro-integration minded governments (Niemann and Ioannou 2015: 205–207). While Niemann and Ioannou flag the role of the ECB as a leading supranational actor, they also emphasise the role of European Council meetings as venues at which domestic executives come to realise functional spill-overs (Niemann and Ioannou 2015: 208). Historical institutionalism (Gocaj and Meunier 2013; Verdun 2015) also questions the division between domestic and European spheres of preference formation by arguing that the incomplete institutional architecture of EMU played a crucial role in the process, as it forced governments to accept that further integration, which they were reluctant to commit to initially, was necessary. The role of supranational institutions in governmental preference formation is implicit in Verdun's (2017) account of the ECB's transformative leadership role. When no other leaders were willing to act, the ECB could lead, implying that member states preferred tolerating ECB action over alternative adjustments. In comparison Commission influence is seen to have materialised in the wake of reforms rather than at the time of crisis management. Savage and Verdun (2016) conclude that "at the height of crisis management the member state governments were in the drivers' seat", yet the Commission could increase its surveillance powers through internal reorganisation afterwards. Bauer and Becker (2014) see the Commission to emerge as the "unexpected winner of the crisis" because of these new powers, even though they also agree that the Commission lost out on agenda-setting, thus being less significant in either shaping or opposing governmental preferences.

Although different theoretical perspectives harbour diverging explanations on how member state preferences were formed, the majority of contributions concludes that governments enjoyed considerable leeway when making crisis decisions. Whatever their motivation was, executives were not captured by major domestic interests. Unfortunately, much of the literature is based on broad reviews of political developments, which often feature key statements by relevant political actors as their main source. Moreover, structural explanations which point to a decoupling of governmental elites and domestic interests base their analysis on negotiation outcomes not on reviewing actual political processes and, thus, agency. Although the notion that governmental elites determined crisis management might be a common place, we still lack further empirical grounding for this claim. Furthermore, the above review shows that authors disagree on how elites interacted and to what extent. This article makes a fresh attempt at establishing the broader pattern of preference formation in relation to euro crisis decision making based on new evidence.

Testing competing explanations of preference formation through actor influence ratings

This article considers preference formation to be a political process between different actors in which influence is a pivotal indicator. The term influence includes notions of ideational or normative influence, bargaining power, discursive interventions, influence through routine interactions and behavioural practices. The assumption that actors, who are not seen as influential, are unlikely to have mattered in preference formation should be compatible with all approaches reviewed in the previous section. The opposite assumption – that those actors who are rated as highly influential matter most – instead is contested. Here the key point is how different theories would make sense of the overall distribution of influence ratings between different actors in euro crisis management. For discursive institutionalism influence lies with the orchestrators of discursive interventions. Top-level representatives of member state governments are seen to have mattered most as only they had enough visibility to appeal both to domestic and other member states' audiences. High influence is thus attributed to these individuals whereas EU institutions on their own are seen as less influential. There are no salient domestic actors below the executive level, however, negative public opinion is expected to trigger discursive interventions on part of national leaders, even if it ultimately does not influence the latter's policy preferences. The influence of public opinion thus should be expected to be relevant, even though not dominant or excessive. For liberal intergovernmentalism, besides the government, domestic actors are the most relevant actors to influence preference formation. Supranational institutions might force concessions only in rare cases but should never be found influential across the board. EU-level negotiation forums, which comprise member state representatives and supranational actors alike, such as the European Council, the Eurogroup and expert committees ought not to be seen as being influential in their own right as these forums are primarily bargaining arenas, within which pre-existing preferences, which are attributed to governments regardless of any negotiation (Moravcsik 1998: 24-25), are aggregated.

In contrast, strong influence of EU-level forums is expected by new intergovernmentalism, provided that it is coupled with strong individual influence of those government members who populate these decision-making bodies. Supranational actors could have some influence, but they should be clearly perceived as less influential than member state governments. Domestic non-executive actors should have little or no influence regarding governmental preference formation. Public opinion too is not expected to feature prominently. Neofunctionalist accounts equally attribute influence to government representatives who understand functional spill-overs to require further integration while being confronted with the views of supranational actors, such as the ECB. Influence ratings of domestic governmental and supranational actors thus would be expected to be fairly similar. Yet, neofunctionalists also would like to see non-governmental actors who represent socio-economic interests to be attributed relevant influence. With regard to the influence of supranational actors we see some variation in the literature but it seems that both neofunctionalists and students of supranational agency would expect to see significant influence of one or several supranational actors at least in relation to some key decisions.

We consider these different expectations regarding influence ratings as a set of tentative answers to the question of who mattered in governmental preference formation and thus as a set of partially competing hypotheses, which we can test in relation to our findings (Brady and Collier 2010). The notion of political influence implies an important element of political agency, which can be researched through process-tracing (Degner and Leuffen 2019; Fontan and Saurugger 2019). An important advantage in this regard is that preference formation can be studied in conjunction with substantive preferences in a particular country-setting and or in EU-level interactions. However, a major drawback of this method is that a broader analysis of EU decision making in the context of the euro crisis is difficult given resource constraints, which prevent us from running in-depth case studies for all member states and several decision-making episodes in a row. Moreover, as our literature review demonstrated, the findings of these case studies may be ultimately inconclusive if we want to establish the broad pattern of preference formation in EU decision making. Variations, which depend both on the country-setting and the concrete issue of euro crisis decision making are highly likely, yet they may distract attention from wider trends. Alternatively, we could resort to approaches on EU bargaining, which are inspired by rational choice institutionalism and seek to measure influence in terms of negotiation outcomes. Recent contributions based on member state position data may serve as examples (Finke and Bailer 2019; Târlea *et al.* 2019). Yet, this strategy suffers from two shortcomings. First, it misses out on agency. Because of their methodological choice researchers need to take snap-shot views of member states' bargaining positions. Consequently, they provide evidence on bargaining successes as opposed to political action and thus no insights into who engineered these positions in the first place. Secondly, this method does not reveal much on actors' interactions. Yet, as shown above, precisely this element is contested in the current debate. What may be considered a concession in relation to EU-level negotiations by liberal intergovernmentalists, may be interpreted as part of a process of preference formation which is embedded in both domestic and EU politics by discursive institutionalists, new intergovernmentalists and neo-functionalists. For these reasons we consider actor influence, as based peer-ratings, as our primary source of evidence and supplement it with answers to open-ended questions by the same peers. Peer ratings are obtained through interviews with officials who were involved in governmental decision making during the different episodes of the euro crisis. Our strategy represents a middle-way between country specific in-depth case studies and bargaining analysis based on position data. Even though we do not reconstruct the emergence of substantive preferences in relation to individual member states, our approach allows studying broad patterns of political agency across the EU in a unique way.

Reviewing new evidence on euro crisis decision making – the lead role of Europe's collective executive

This article relies on the EMU Formation dataset of the EMU Choices project.[2] The dataset is based on 141 interviews carried out between the fall of 2016 and the spring of 2017 in all 28 EU member states with government officials, parliamentarians, central bankers, interest group representatives and experts who were identified to have close familiarity with crisis decision making. The number of expert interviewees with no role in the decisions is below 8% while societal interest groups such as trade unions and business associations account for 10% of the sample. Interviewees were asked about the positions and influence of core domestic, EU-level and international actors in euro crisis decision making on a scale from 0 to 100, reflecting either a total lack of influence or decisive influence. Influence ratings are related to individual actors and are not relative to each other. Thus, an interviewee could assign maximum influence to both the head of government and the ministry of finance. Actor influence is recorded in relation to four issues: rejection or approval of immediate financial support for Greece in the first half of 2010; the size of the ESM to remain the same as the lending capacity of the temporary stabilization instruments (EUR 500 billion) or to be significantly higher; a domestic debt brake clause to be implemented either by ordinary legislation or a constitutional provision; the refusal or support of the use of reverse qualified majority voting in relation to the adoption of sanctions for countries with excessive government deficits. These issues are considered to be among the most important steps in crisis management, each of them having major repercussions for domestic economic policy and the stability of the euro zone as a whole (cf. Hodson and Puetter 2016). The first bailout of Greece in 2010 and the creation of the ESM in September 2012 as a permanent rescue fund mark the departure from a policy of ambiguity, if not outright rejection, regarding the provision of financial assistance. Moreover, these decisions involved not only financial commitments and liabilities on part of all member states but also the acceptance of strict conditionality on part of those who were at the receiving end. The other two issues relate to the question of whether euro zone rules should constitute binding provisions or are a matter of political discretion. The introduction of the reverse qualified majority rule in 2011, at least in principle, makes it more likely that a Commission proposal to sanction a member state for non-compliance is implemented. With the TSCG, member states committed to the adoption of domestic debt brakes through new legislation, either ordinary or constitutional, implying that EU deficit rules acquire the status of legal provisions domestically.

The following sub-sections discuss how interviewees ranked the influence of different political actors on the formation of the national position in each case. The EMU Formation dataset contains responses on the influence of 23 actors. For this article 17 were selected. This group includes the head of government (or state), the finance ministry, the national central bank, the European Council, the Eurogroup, the EFC/EWG, the Commission, the ECB and the IMF as key executive actors. The influence of parliamentary actors is rated for the parliamentary majority, the opposition, the leading parliamentary committee and the EP. The selection of non-governmental actors includes interest groups representing respectively business, labour and commercial banks. Finally, the influence of public opinion polls is estimated by interviewees. The following discussion is based on aggregate data for the EU-28 and is supplemented by quotes from responses to open ended questions by the same group of interviewees which reveal further the links between different actor groups. While in comparison to existing research on euro crisis decision making the EMU Formation dataset offers deeper insight, limitations of a small-n study still apply. Not all interviews generated responses in relation to all actors. Scores which are referred to in the following discussion are average scores based on all valid responses per issue. Nonreplies, instances in which the interviewee lacked knowledge about a particular actor, were disregarded. The explicit statement of perceived total absence of influence is a score of ‘0′. The results were also compared to the average influence ratings based on member state aggregates while all member state averages were treated equally. The deviations are minimal (less than 5 points) for almost all issues. The former method is preferred over the latter as there are a number of member states which show substantially fewer responses on a range of issues in the sample than others. Finally, two further compilations of average scores are provided with the EMU Formation dataset, which include weighted averages based on interview quality ratings and the minimum number of responses. These compilations generally decrease the influence scores of all actors while in most instances they reproduce the same or a very similar distribution of influence scores. Given the small size of the dataset the presentation here disregards these compilations.

The 2010 bailout of Greece

The granting of financial assistance to Greece in May 2010, which involved a €110bn credit line, was preceded by increased intergovernmental activity. The escalation of the crisis coincided with the appointment of Herman Van Rompuy as the first elected president of the European Council at the end of 2009. By the beginning of 2010 a phase of unprecedentedly intense decision making in the European Council and the Eurogroup concerning euro zone economic governance had commenced which lasted for three consecutive years until 2012. The Greek bailout also marked the beginning of an increased politicization of euro crisis management. The revelations on Greece’s problems of accounting triggered severe criticisms of the looming prospect of a bailout in particular in the EU’s northern member states but also in France. In Slovakia the government decided against participating in the first support package for Greece. However, Slovak governments backed all of the following decisions on the creation of financial assistance mechanisms and the relevant euro zone reforms, which are reviewed further below. The decision to bail out Greece was taken within a few months given the apparent refinancing problems.

The assessment of actor influence in relation to the 2010 bailout of Greece reflects the predominant role of executive actors (Figure 1). The finance ministry and the head of government (or state) receive the highest influence ratings of above 80 points. They are considered to have exercised predominant influence on preference formation. The European Council, the Eurogroup and the EFC/EWG committee tandem are equally

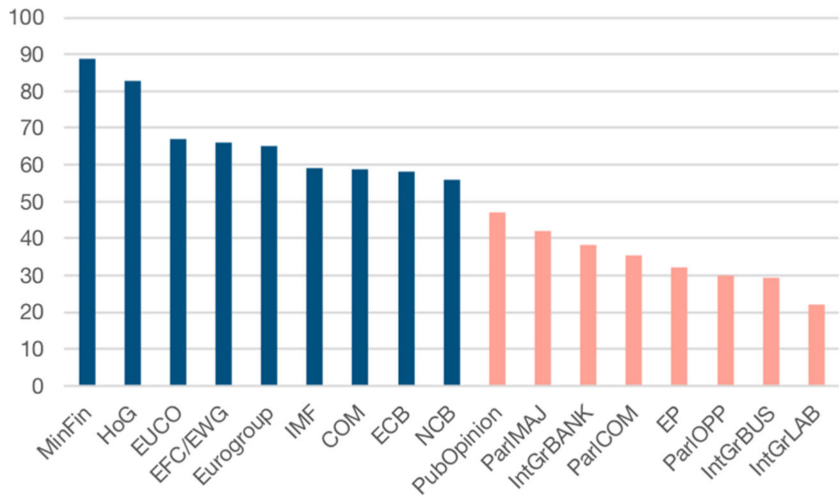

Figure 1. Actor influence in relation to the 2010 bailout of Greece.

considered to have exerted significant influence as they all receive ratings of 65 points or above. The Commission, the ECB and national central banks, whose presidents are members of the ECB Governing Council, are rated as having been influential too and receive close to 60 points on average. The IMF, which was pulled in to flank the euro zone's mobilization of credit for Greece, is ranked similarly. In contrast to this, all non-executive actors are given average scores of below 50. Here, the most important player is considered to have been the parliamentary majority. Although controversial discussions unfolded in many EU member states relating to the first bailout of Greece given the need for parliamentary approval of all bilateral credit lines, a rating of just above 40 points does not suggest that parliaments were highly influential. The EP, which had no formal role in the actual bailout decision and whose members only could make their voice heard through public interventions, received similar average scores of around 30 points as the domestic opposition and the leading parliamentary committee. Organised business and labour ranked highest among the four cases, yet they gain the lowest average rankings in the sample of less than 30 points. The exception are banking sector interest groups, whose influence rating is closer to the one of the most important parliamentary actors, however, it remains below 40 points. Public opinion is mentioned to have influenced decision making on the 2010 bailout for Greece to a considerable even though not decisive degree. With a score of close to but below 50 points it is rated higher than any non-executive actor.

Quotes from individual interviewees help to illustrate the link between the strong ratings for domestic top executives and the intergovernmental bodies in which they interact. As one interviewee said: "It was mainly the Eurogroup Working Group and the Eurogroup that pre-cooked decisions" (BUD12.HUN).[3] Another interviewee replied in a similar way by flagging that "the Eurogroup really does the thing "(SLO2.SVN). Interviewees also pointed out where they see differences between the relevant EU bodies: "The management of the crisis has been intergovernmental […] the Commission has lost a lot of power" (ESP05.ESP). The interconnectedness of the domestic and EU spheres is also stressed as an important aspect of crisis management: "It doesn't work in a way that somebody is coming out with a proposal, and then everybody goes home, and then gets back to a position. It's always working together, because it's a common project […]. It's a two-way traffic" (STO13.EST).

The creation of the ESM

The decision to create a permanent euro zone stabilization fund was finalised just a little more than one year after the clearance of the first assistance package for Greece. In July 2011 euro zone governments signed an intergovernmental treaty on the creation of the ESM. The treaty was ratified by all euro zone national parliaments thereafter. The fund started its work in September 2012. With the decision to bail out Greece in May 2010 European Council president Herman Van Rompuy, who had received a mandate from the March 2010 European Council, started to chair a series of working meetings of EU finance ministers and senior officials to work out proposals for euro zone reform. The meetings continued until October 2010 when the Van Rompuy Task Force, as the group was labelled, released its recommendations, among them the creation of the ESM and the reinforcement of budgetary surveillance mechanisms. In December 2010 the European Council had endorsed a limited amendment of the Treaty to create a legal basis for a support mechanism. Politically, the creation of the ESM was controversial. For its proponents the ESM was an important instrument to deter uncertainty surrounding the euro zone's ability to engage in effective macroeconomic stabilization policies. For its critics the ESM converted euro membership into an obligation of financial transfers to those member states which were unable to control public deficits.

The distribution of average influence ratings by interviewees (Figure 2) is similar to the previous case. Executive actors receive the highest influence ratings. All non-executive actors rank at least 10 points below the weakest executive actors. In the case of the ESM it is noteworthy to add that most non-executive actors receive scores lower than 30 points. Interest groups but also the EP are considered to have been marginal when it came to determining governmental preferences regarding the creation of the ESM.

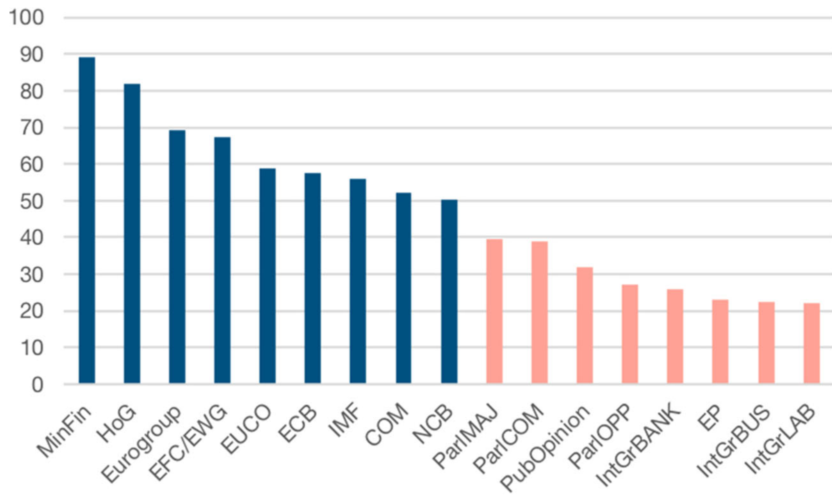

Figure 2. Actor influence in relation to the creation of the ESM.

The most important EU-level actors are the Eurogroup and the EFC/EWG committee tandem, which receive ratings close to 70 points. All executive actors receive scores of 50 and above. Other than in the previous case public opinion only ranks slightly above 30 points. This leaves two institutional actors – the parliamentary majority and the relevant parliamentary committee – as the only non-executive actors to rank close to 40 points. Sample quotes from interviewees may help to illustrate their assessment. For example, parliamentary actors are conceived to have been pushed to the side, as one interviewee explained: "In this sort of matters, the parliament has often been a spectator" (ITA00.ITA). Another interviewee claimed that "the parliament was not part of the debate" (POR05.PRT) and yet another interviewee recalled that "parties did not want to talk about the problem [the ESM] publicly" (POR08.PRT). EU-level discussions among finance ministers and senior officials are described by several interviewees in terms of feedback loops. As one of them put it: "The decision [on the ESM] was taken by the Eurogroup and influenced the position of the minister of finance" (POR05.PRT). One interviewee even claimed that "[b]oth the Eurogroup and the EWG expressed strong peer pressure on this matter [the creation of the ESM]" (BUD04.SVK). Another interviewee argued that "[t]he EFC helped us [to] understand the context as well as formulate a position." (BUD12.HUN).

The reverse qualified majority rule

The introduction of the reverse qualified majority rule was part of the so-called six-pack of legislative adjustments, which entered into force in

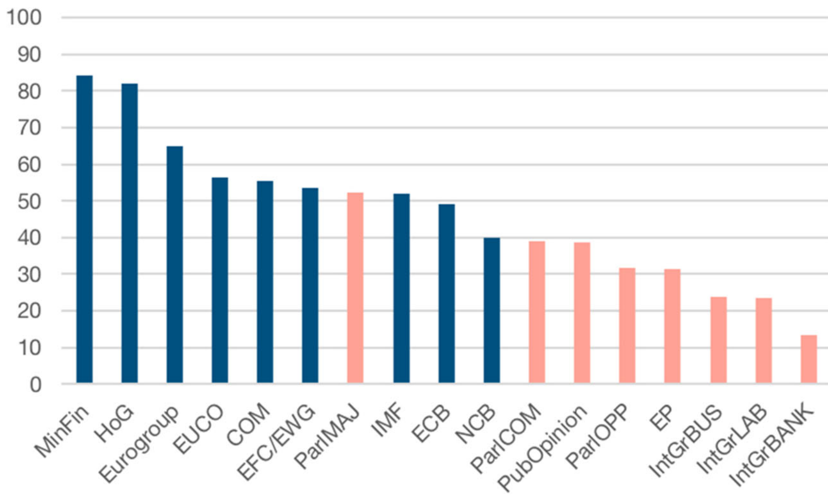

Figure 3. Actor influence in relation to the reverse qualified majority rule.

November 2011. The package introduced a series of changes to procedural rules for the coordination of budgetary policy and the implementation of the EU's provisions on the avoidance of excessive deficit, which were part of the SGP. The Van Rompuy Task Force had paved the way for principled agreement on the issue while the Commission had worked on the legislative text. Unlike the decisions on financial assistance, the introduction of the reverse qualified majority rule sought to create confidence into the application of budgetary discipline inside the euro zone by making it more difficult for member states, which face reprimands regarding their deficits, to outvote proposals by the Commission to sanction them for non-compliance. This decision-making rule thus may be considered as politically not as controversial as financial assistance programs, yet it has the potential to tie the hands of the concerned national governments and parliaments further.

The distribution of influence scores (see Figure 3) resembles the broader pattern which was identified in the two previous case studies. Domestic and EU-level executive actors are clearly considered to exercise the strongest influence. The ratings suggest that the head of government and the finance ministry enjoy considerable autonomy from other domestic actors. Interest groups can be considered to have been irrelevant. The low influence rating of the EP is noteworthy as the six-pack is the only legislative decision in the case study sample which fell under the ordinary legislative procedure and required EP approval. Among the executive actors the scores of the ECB and national central banks are lower than in the two previous cases. By contrast, the average influence rating for the parliamentary majority is above 50 points, making it the only non-executive actor who is considered to have had relevant influence. Public opinion is not viewed as having been important to governmental preference formation.

According to many interviewees the introduction of the reverse qualified majority rule was by far the most technical issue in the sample and because of this it did not trigger wider public debate (SAL02.AUT, SAL07.AUT, ESP01.ESP, STO20.LTU, POR07.PRT, SLO01/02/03/04/05.SVN). As one of them put it: "The matter was so technical that neither the public nor the usual stakeholders were interested" (SAL05.AUT). Another interviewee pointed out that organised interests lacked access to governmental actors regarding the issue and outlined that there was "very little consultation with social partners on this issue" (STO26.SWE).

The member-state-level debt brakes in the TSCG

The TSCG, also widely referred to as the Fiscal Compact or Fiscal Treaty, was concluded outside EU law as an intergovernmental treaty while regulating the work of EU institutions and assigning responsibilities to EU member states. The document required ratification by national parliaments. The British prime minister David Cameron had blocked demands within the European Council for a series of formal Treaty changes in December 2011. In response 26 EU member states under the chairmanship of European Council president Herman Van Rompuy completed negotiations on the TSCG as an alternative legal instrument already a month later. In March 2012 they signed the document without the United Kingdom and the Czech Republic. The TSCG codifies a series of earlier European Council and Eurogroup decisions. The introduction of member-state-level debt brakes may be considered the domestically most relevant issue, as it commits national parliaments to introduce new legislation which reduces their own autonomy. National parliaments thus can be seen as those political actors which are most affected by the decision.

The average influence ratings (see Figure 4) show a big lead for the finance ministry and the head of government or state in comparison to all other actors. Still, interviewees attribute significant influence to all executive actors except for the national central bank and the IMF. The latter had no formal role in the decision-making process. Non-executive actors are seen to have exercised marginal influence except for the parliamentary majority, which receives almost exactly the same average influence rating as the one evident from the reverse qualified majority rule case study. It is also noteworthy that the parliamentary opposition and the relevant senior parliamentary committee receive higher influence ratings than in any other case studies. The three EU-level intergovernmental forums have identical influence ratings. They are viewed to have been of considerable importance, yet

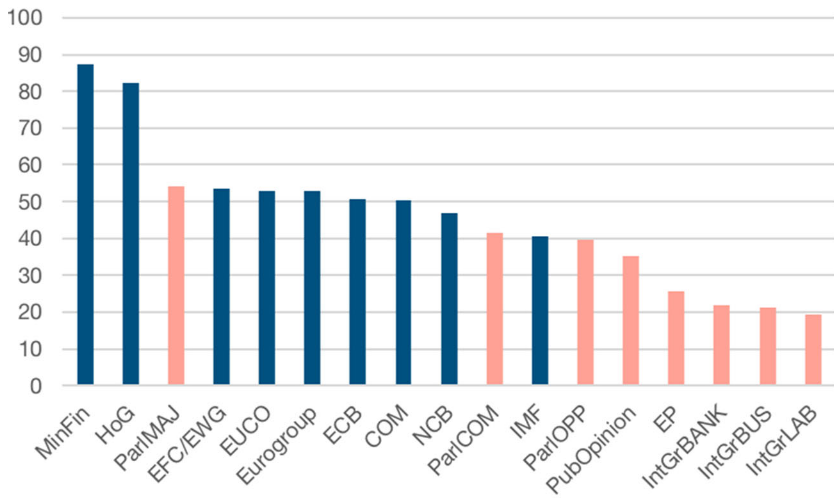

Figure 4. Actor influence in relation to the introduction of debt brakes by the TSCG.

their influence is rated lower than in the other case studies, notably in relation to the Greek bailout and the creation of the ESM.

The speedy process of TSCG adoption is mentioned by interviewees as one of the reasons why there was no involvement of a broader group of political actors. As one interviewee argued: "[I]n this express procedure there is no room for debate" (ESP01.ESP). One interviewee argued that "commercial banks and the employers' association did not directly participate and were not influential" (ESP05.ESP). Other interviewees referred to trade unions in the same way (ESP04.ESP, SLO4.SVN) and in some cases even stressed that interest groups expressed no real opinion on the matter (SLO2.SVN, STO5.FIN).

Conclusions

By using peer ratings of influence this article provided an alternative approach to understanding preference formation. The findings reflect on European integration theory in general and key aspects of the discussion between different strands of intergovernmentalism in particular. Evidence suggests that EU intergovernmentalism, as the pertinent governance mode throughout the euro crisis, lost much of its 'liberal' angle. This means member state divergences regarding the socio-economic and political settings matter far less than liberal intergovernmentalism or structuralist approaches would assume. Instead the key finding of the above analysis is that there is a fairly uniform pattern of preference formation across the four episodes of euro crisis management which applies throughout the EU. This finding endorses new intergovernmentalist theory of EU decision making. On the one hand, the strong leadership role of finance ministries and the heads of state or government is uncontested across the cases and their influence ratings are two, three or even four times higher than those of any other domestic actor. This suggests that their decisions were to a large extent decoupled from domestic influences. On the other hand, evidence shows that the role of domestic executives is coupled with high influence ratings for EU-level forums in which these member state representatives come together: the European Council, the Eurogroup and the EFC/EWG committee tandem. The integration of Europe's most senior governmental elites in EU forums for collective decision making is constitutive for preference formation. These forums are not merely a functional appendix to predefined governmental preferences and the pursuance of them. It is this amalgamation of European and national level processes that explains uniformity.

The differences between liberal and new intergovernmentalism also extend to the role of supranational actors. In particular, the influence ratings for the ECB and the Commission are uniform across cases, though being weaker in relation to the issue of the debt break. These institutions rank clearly below governments and intergovernmental forums but do matter consistently rather than occasionally. This finding is compatible with the new intergovernmentalist idea of complicit supranational institutions. While the consistent involvement of supranational actors also is anticipated by neofunctionalist accounts, which identify the interplay between representatives of supranational institutions and the work of intergovernmental bodies as constitutive in relation to functional spillover, the neofunctionalist notion that interest groups were decisive in pushing governments towards euro zone reforms does not find support in our analysis. The influence of banking sector associations acquires some, though still limited, importance only in the case of the first Greek bailout. Approaches which emphasise supranational leadership have been careful not to overstate the role of the Commission during the peak period of crisis decision making. Our data do not point even to instances of occasional leadership of supranational institutions. The discursive institutionalist notion that national leaders act as orchestrators of discursive interventions are compatible with the strong influence ratings of the heads of state or government. Furthermore, though the role of public opinion varies slightly between the cases, the influence ratings associated with the first Greek bailout and the issue of reverse qualified majority voting lend plausibility to discursive institutionalist interpretations. In both cases public opinion is far from being considered to be a decisive but certainly a noticeable factor. In the case of the Greek bailout it is even considered to have been more influential than parliamentary politics.

It is the latter case which specifically suggests that closed elite politics and mass publics might be the key determinants of contemporary integration, as Genschel and Jachtenfuchs (2016) expect. Reflecting upon Hooghe and Marks (2009: 5), the most compelling interpretation of our data here is that elites indeed "looked over their shoulders". They also were involved in what Crespy and Schmidt (Crespy and Schmidt 2014: 1087) call a "simultaneous double game", as they sought to reconcile commitment to the euro zone consensus and the acquisition of broader public support across member states. Yet, the detectable predominance of executive influence at the national and EU levels suggests that elites were equally determined to circumvent sceptical publics and challengers of integration when it came to finding short-term fixes to a spiralling crisis, as Hodson and Puetter (2019: 1167) put it. A lesson from this study for euro zone democracy thus is, that the latter's legitimacy still rests on fragile grounds.

Notes

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2. The EMU Choice Formation dataset can be accessed here: https://emuchoices.eu/data/emuf/ (accessed 12 February 2020).
3. Interview codes in this article correspondent to the EMU Choices Formation dataset codebook.

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