

## Actor alignments in European Union decision making

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**Abstract.** What is the structure of the political space in which decision-making actors operate in the European Union? Are there consistent alignments of actors? This article addresses these questions by examining a new data set containing information on the preferences of the Commission, the Member States and the European Parliament on 174 issues raised during talks on 70 recent Commission proposals. To a limited extent, the preference alignments can be described in terms of two underlying dimensions. However, these conceptual structures are weak. The first dimension is defined by the position of the European Commission and European Parliament at one end and the reference point at the other; the second dimension by a division between the Northern and Southern Member States. The meaning of these dimensions is investigated by identifying the substance of the policy issues on which these actor alignments are found. The Commission-reference point dimension is interpreted in terms of policy change rather than, as has previously been suggested, the level of integration. The North-South dimension corresponds to diverging views on the use of regulatory versus market-based solutions to policy problems. The weakness of these conceptual structures, it is argued, is due to the sectoral nature of European Union decision making. This lack of structure is likely to have a positive effect on support for the system among its members, since the benign effects of ideology at the national level cannot be expected to apply at the European Union level.

### Introduction

What is the structure of the political space in the European Union (EU)? In particular, to what extent can the relations between the preferences of the actors directly involved in EU decision making be described in terms of underlying dimensions? Answers to these questions are necessary to understand the context in which EU decision making takes place. This research question involves a shift in focus in EU studies from the process of integration to the functioning of the present system. It has been suggested that this shift in focus corresponds to a change in the context in which EU-level actors interact (Hix 1999: 71; Tsebelis & Garrett 2000). During the first decades of the European Community's development, the main dimension on which discussions took

place was the so-called 'Integration-Independence dimension'. However, as the EU has broadened its legislative ambit, acquiring authority in a broader range of policy areas, issues have arisen that cannot be subsumed under the Integration-Independence dimension. The extent to which the preference alignments of EU-level actors can be described in terms of interpretable underlying dimensions, the Integration-Independence dimension or others, is the empirical question addressed in this article.

Identifying the conceptual structures and actor alignments present in a political system is essential to understanding its workings. Research at the domestic level has examined how political ideologies ameliorate problems of limited information in the context of voting (Downs 1957; Budge 1994) and the selection of reliable coalition partners (Laver & Shepsle 1990). From theoretical research on the aggregation of individual preferences and on decision making in multi-dimensional policy spaces, it can be inferred that ideology plays an important, if not decisive role in achieving stable equilibrium outcomes in political systems (e.g., Black 1958; Riker 1980).

According to Arrow's (1951) well known theorem, in many situations transitive individual preferences cannot be aggregated to produce collective-level equilibrium outcomes.<sup>1</sup> McKelvey and Schofield (1986) prove that in a multi-dimensional decision situation, any potential outcome is prone to be overruled by a majority of actors that prefer an alternative outcome. One of the mechanisms through which such fundamental instability can be resolved, or at least ameliorated, is the presence of a strong conceptual structure to which the actors' preferences conform. In deriving the median voter theorem, Black (1958) demonstrated that an equilibrium outcome is achievable if the actors' preferences are represented on a uni-dimensional policy continuum by single-peaked utility functions. In the absence of such stability inducing conceptual structures, institutions are needed to prevent decision outcomes from being in constant flux.

This article examines a unique data set recently collected by an international team of researchers. The data set contains expert judgements on the preferences of the 15 Member States, the Commission and the European Parliament on 174 issues raised by 70 Commission proposals during recent years. A distinguishing feature of this data set is the systematic detail it provides on the preferences of actors on substantive and controversial policy issues raised during legislative decision making. This contrasts with previous research on conceptual structures that have relied on more abstractly defined categorisations, such as emphases of certain policy themes (e.g., Hix 1999; Pennings 2002). As will be shown, an important subset of these issues concerns the level of European integration. By contrast, some research on actor alignments has focused mainly on actors' positions on the level of integration, drawing out

the relations between these positions and the Left-Right dimension (e.g., Marks & Steenbergen 2002; Aspinwall 2002). Further, the data set examined in this article offers an opportunity to examine the actor alignments between the three main institutions – the European Commission, the Council of Ministers and the European Parliament – and within the Council on a range of legislative proposals. Decision making within the Council has often been closed to the scrutiny of social scientists. As a consequence, many descriptions of the EU's political space have been confined to the more open arena of the Parliament.

The following section discusses previous research on conceptual structures that informs the specific questions we address in the present study. The research design and method are described in the third section. In the fourth section we examine whether the actors' preferences on a range of specific issues can be summarised in terms of a number of underlying dimensions. The evidence points to the conclusion that there is a weak structure in most of the actor alignments. To the extent that there is evidence of some pattern in the alignments of actors' preferences, these are interpreted by referring to the substantive issues with which they are correlated.

## Research questions

When reviewing the existing literature on the structure of the EU's policy space and the alignment of its decision-making actors, we encounter different views on two aspects of the research problem: First, on the strength of the conceptual structures or the regularity of the alignments; and, second, to the extent that these structures are assumed or found to exist, on how they are defined. While this does not provide us with clear hypotheses derived from well-specified theories, it does point to specific research questions that can be addressed empirically.

The first question is:

*Q1: To what extent is there structure in the positions taken by EU level actors?*

In other words: Are there similarities between the alignments of actors found on different issues that arise during the course of legislative decision making in the EU? One view emphasises the fluidity and weakness of the coalition structures, particularly within the Council of Ministers. One scholar observes that 'cohesive and fixed alliances . . . between particular governments do not exist. Rather, governments tend to come together in different combinations

on different issues' (Nugent 1999: 474). Others point to the unpredictability and complexity of coalition structures (e.g., Wright 1996: 152; Hayes-Renshaw & Wallace 1997: 227). A second view holds that there are consistent alignments of actors. However, different propositions have been made regarding the nature of these alignments. We will discuss and investigate three possible dimensions that might inform EU level actors' positioning on controversial issues: the Integration-Independence dimension, the Left-Right dimension and the North-South dimension.

The *Integration-Independence dimension* corresponds with the so-called 'supranational scenario' to which many models of the EU's legislative procedures have been applied (e.g., Tsebelis 1994; Steunenberg 1994; Crombez 1996). Although recognised as an ideal typical model of the preference alignments, this scenario is purported to capture something of the essence of the EU's political space. In this scenario, the political space is conceived of as an uni-dimensional policy continuum on which the *status quo*, the outcome and the actors' preferences can be placed. At the extreme left of this continuum, we find the *status quo* – that is, the potential policy outcome that incorporates the least harmonised or integrationist solution. At the extreme right of the continuum, we find the preferences of the Commission and the European Parliament. These supranational institutions are said to be natural allies on this dimension; they both prefer the most extensive harmonisation or integration of Member States' policies. Finally, the Member States' preferences are supposed to be arranged between these two extremes, representing different states' preferences for varying degrees of harmonisation. Here, the term 'supranational scenario' refers to the nature of the issues on which EU-level actors decide and the alignment of those actors, not the locus of power, whether it be Member State governments or supranational institutions.

This supranational scenario raises a number of specific questions concerning both the nature of the issues at stake in legislative decision making and the alignments of actors found on those issues:

*Q2: To what extent do the issues at stake in legislative decision making concern choices between more or less European integration and harmonisation?*

The above scenario supposes that a large proportion of the issues concerns such choices. Moreover, it is proposed that there is a particular pattern of alignment in the positioning of the actors, one that would lead the following questions to be answered with high percentages:

*Q3a: On what percentage of issues does the Commission take an extreme position relative to the status quo?*

*Q3b: On what percentage of issues does the alignment of Member States correspond with their general orientation to the EU and European integration?*

Finding a relatively large number of issues on which the actors are aligned as described above would not be sufficient evidence that the supranational scenario is a useful approximation of the EU's political space. For example, we may (and in fact do) find a relatively high percentage of issues in which the Commission takes an extreme position relative to the *status quo*. However, contrary to the supranational scenario, support for radical change need not be linked to support for more harmonisation. Indeed, the issues being decided upon need not concern choices between more or less harmonised policy alternatives at all. In such cases, the Commission's radical position cannot be explained by its pro-integration stance. According to some of the practitioners we interviewed for this study, the reason for the Commission's radicalism was often tactical; the Commission often finds it expedient to introduce a radical proposal, in the knowledge that this will be modified and moderated by the negotiations that take place in the Council and EP. For the supranational scenario to hold, the extremity of the Commission's position has to be linked specifically with issues concerning choices between more or less integration.

Qualifications of this supranational scenario emphasise that other actor alignments are likely, based on, for example, a *Left-Right dimension*. Many of the most systematic empirical investigations of the political space in the EU have focused on the alignments of actors in the European Parliament. For example, using data derived from content analysis of documents released by parties in the European Parliament, the positions of the party groupings on a Left-Right dimension and on an Integration-Independence dimension were determined by Hix (1999). The Left-Right dimension was found to be defined primarily in socio-economic terms. The party groupings were ordered as would be expected given the orientations of their sister parties in national politics: the Liberals furthest to the Right, the Christian Democrats to the centre Right, and the Socialists and Greens to the Left. Less differentiation was found between the parties on the Integration-Independence dimension. This was explained by the fact that their constituencies are divided on such issues. Other studies of preference alignments in the European Parliament, based on survey research and voting records, are broadly consistent with these findings (Hix & Lord 1997; Kreppel & Tsebelis 1999; Schmitt & Thomassen 1999; Hix 2001; Pennings 2002).

The actor constellation considered in this article differs from the above studies. Here, we include the 15 Member States, the European Parliament and

the Commission as unitary actors, a view shared by the practitioners we interviewed. Given the evidence of the presence of the Left-Right dimension in the European Parliament, it is certainly worthwhile investigating it with our alternative actor constellation. Two main questions are relevant. The first concerns the nature of the issues discussed in legislative decision making.

*Q4: To what extent do the issues at stake in legislative decision making concern choices between state and other forms of regulatory intervention as opposed to market-based solutions?*

The socio-economic Left-Right dimension is primarily concerned with such choices, and if it plays a prominent role in EU politics, we would expect a large proportion of issues to be framed in this way. Given the different partisan compositions of the Member State governments represented in the Council, a question worthy of investigation is:

*Q5: On what percentage of issues does the alignment of Member States correspond to the location of their governments on a Left-Right ideological dimension?*

If we were to find left-wing governments aligned against right-wing ones, we might expect this pattern to be particularly evident when the issues concern choices between regulatory and market-based solutions.

A third possible pattern of alignment refers to a *North-South dimension*: a divide between Northern and Southern Member States. Mattila and Lane (2001) conducted one of the few studies to address the preference alignments of Council members. Their study is based on voting records provided by the Council Secretariat. These records indicate how many times each Member State voted for or against, or abstained from voting on Commission proposals in various policy areas. From these data, they derive indicators of the political distances between Council members. By applying multi-dimensional scaling analysis, they found that the total distances between the Council members could be described quite accurately using two dimensions. Further, two clusters of actors could be identified in this space, one consisting of Northern Member States and one consisting of Southern states. An unavoidable limitation of the data on which Mattila and Lane draw is the fact that the information refers to the actors' final voting positions. Since these voting positions are formulated after protracted bargaining, it could be that these differ from their initial positions (cf. Hayes-Renshaw & Wallace 1997: 244–274). Nevertheless, another study of coalition formation in the Council, based on the judgements of Swedish civil servants, also found that the North-South dimension was the most prominent (Elgström et al. 2001). No less than 82 per cent

of these officials indicated that coalitions that divided Northern Member States against Southern ones were 'very' or 'fairly' common.

On the basis of this evidence, we clearly need to provide an answer to the following question:

*Q6: On what percentage of issues does the alignment of Member States reflect a division between North and South?*

The meaning of this dimension is ambiguous. Elgström et al. (2001: 120) interpret it as 'a coalition pattern based on cultural affinity', and Mattila and Lane do not provide a substantive interpretation of the dimension. Testing the cultural affinity interpretation requires a more precise specification. If we interpret the policy-relevant aspects of cultural affinity to refer to fundamentally different views on the role of the state and regulation in solving societal problems, we would expect to find North versus South when such issues are raised. A narrower interpretation of the North-South dimension might focus on economic interest and distributive policy questions. This raises the following question:

*Q7: To what extent do the issues at stake in legislative decision making concern the amount of financial resources to be channelled to particular groups via EU policy programmes?*

A narrow interpretation of the North-South dimension would predict a division between rich Northern states and poor Southern ones, particularly when such redistributive issues are at stake.

## **Research design**

### *Data*

The data set examined in this article contains information on the actor alignments on 174 controversial issues raised by 70 proposals for legislative acts introduced by the European Commission. The selection of Commission proposals aimed to include dossiers on which there were at least some differences between the actors in terms of their positions, and on which reliable information could be obtained from experts. These Commission proposals were selected according to the following criteria: indication of a general awareness of the importance of the proposal, evident in reports in *Agence Europe* (an independent news service covering EU affairs); each proposal had to contain at least one issue on which there was a difference between the actors'

preferences; the proposals were introduced during or before December 2000 and were on the agenda (pending) in 1999 and/or 2000; and the proposals were subject to the consultation or co-decision procedure with the European Parliament and did not change to a different legislative procedure after the Treaty of Amsterdam came into effect. The selection of Commission proposals not mentioned in media reports would have resulted in the selection of a large number of very technical dossiers on which there were few substantive differences between the Member States' positions. The selection of relatively recent proposals was essential to ensuring the availability and responsiveness of experts. The selection is restricted to the consultation and co-decision procedures because, since the Treaty of Amsterdam, these have become the most important in EU legislative decision making.

The method of describing issues using policy scales, as described below, allows the actor alignments on this selection of legislative proposals to be compared. Moreover, we are able to identify whether there are stronger patterns in the actor alignments within groups of issues or proposals thought to be more homogeneous, such as those subject to the same legislative procedure or within the same policy area. Of the 70 proposals, 28 were subject to the co-decision procedure and 42 to the consultation procedure. The most prominently represented policy areas in the selection are internal market and agriculture (each with 14 proposals), although the selection also includes proposals from 13 other policy areas, including Economic and Financial Affairs (ECOFIN), Fisheries, General Affairs, and Justice and Home Affairs. There is a considerable amount of variation between the proposals in terms of their complexity and level of politicisation. Directives (30 of the proposals) are generally more complex and politicised than regulations (33 proposals) and decisions (7 proposals). Also, the numbers of controversial issues varies between proposals, ranging from one to six issues in each proposal, with an average of 2.5.

Interviews with policy area experts were conducted to obtain estimates of, among other variables, the alignment of the actors on the controversial issues raised by these Commission proposals. The method applied in this research is similar to the one used in an earlier study on European Community decision making (Bueno de Mesquita & Stokman 1994). Similar methods have been used in a range of collective decision making studies in various fields (for reviews, see Ray & Russett 1996; Bueno de Mesquita 2000; Stokman et al. 2000). On the basis of these interviews, quantitative case studies were constructed of the decision situations that existed soon after the introduction of each of the Commission proposals. At least 150 interviews were held with 125 experts, and these interviews lasted just over 1 hour and 40 minutes on average. The experts who provided the information had first hand knowledge of the decision situations under investigation; usually they were participants.<sup>2</sup>



The first step in each interview was to reconstruct and describe the political problem raised by a Commission proposal in terms of one or more policy issues represented by uni-dimensional scales. It is important that experts recognise the policy issues specified as the main elements of the discussions. For each of these policy scales, they were asked to indicate 'the policy alternative initially favoured by each stakeholder after the introduction of the proposal'.

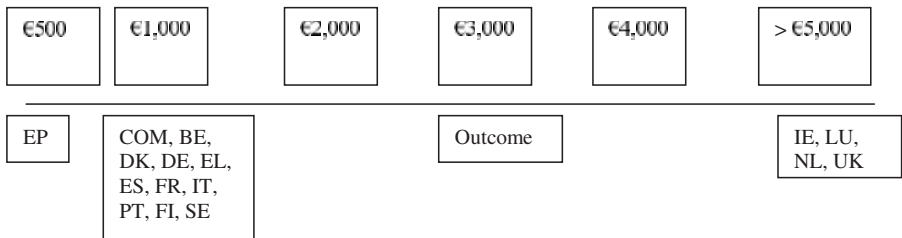
Examples of this way of representing policy discussions are given in Figure 1. The first issue concerns the Commission proposal for resale rights for artists of original works of art (Official Journal C 1996/178/16). The Directive's aim was to introduce harmonised legal arrangements governing the resale right for artists. The proposal was contested due to the fact that in the international art market outside the EU there is no uniform legal arrangement for resale rights. The fear among Member States that have large art markets (in particular the United Kingdom) was that the introduction of such a right would cause the market to relocate to New York and Geneva. Essentially, the United Kingdom, Ireland, the Netherlands, Luxembourg and Austria, supported to some extent by the Nordics, expressed these concerns. In terms of their preferences, they were far from the other Member States, the Commission and the European Parliament.

One of the issues that raised considerable controversy during the negotiations on this proposal concerned the sale threshold above which artists or their heirs should receive payments following a sale of their work. Accordingly, this issue was represented as a uni-dimensional scale on which the actors' preferences can be represented. The left extreme of this policy scale represents the lowest threshold preferred by any of the actors, the European Parliament's preference for a threshold of €500. The right extreme represents the highest threshold preferred by any of the actors: here, the preference of the United Kingdom and three other Member States for a threshold of at least €5,000.

The second issue in the example is from a completely separate Directive on company takeovers (Official Journal C 1996: 162/5). This is one of the most contentious dossiers to be dealt with in the EU in recent years. Not only were there substantial differences within the Council, but also between the three institutions. The aim of the proposal was to define a European regime for takeover bids and to guarantee a certain level of shareholder protection. One of the main issues raised by this proposal, and depicted in Figure 1, focused on defensive measures. This issue concerned the question of the extent to which the management bodies of companies that are the targets of hostile takeovers should have autonomy to take defensive measures, such as raising equity to prevent the takeover. The dispute centred on the extent to which management bodies should have to consult shareholders before doing so. The

### Resale rights for artists

What should be the threshold above which the resale right should apply?



### Company takeovers

Issue 1: To what extent should the management body have the autonomy to take defensive measures to prevent a takeover?

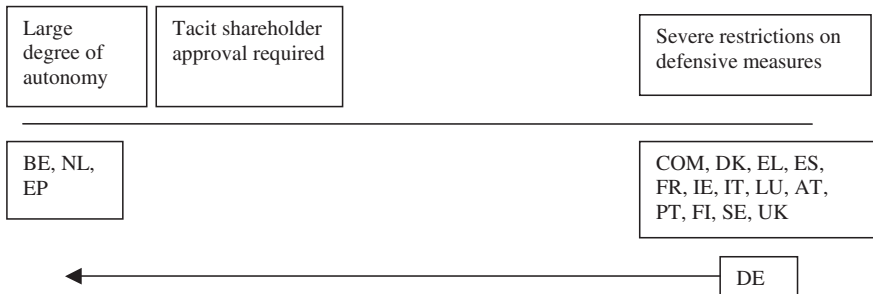


Figure 1. Preference alignments of actors on issues in two internal market proposals (COM: Commission; EP: European Parliament; BE: Belgium; DK: Denmark; DE: Germany; EL: Greece; ES: Spain; FR: France; IE: Ireland; IT: Italy; LU: Luxembourg; NL: The Netherlands; AT: Austria; PT: Portugal; FI: Finland; SE: Sweden; UK: United Kingdom).

Commission's proposal provided for severe restrictions on this autonomy. Management bodies would have to obtain the support of shareholders after informing them of the nature of the offer. The Commission considered this to be an appropriate way of facilitating takeovers in the EU, thereby bringing about a necessary restructuring and consolidation in certain sectors. Within the Council, 13 of the 15 Member States were said to agree with this part of the Commission's proposal up to the time of the Conciliation Committee. The actors who took a different position in the early stages were said to be the Netherlands, Belgium and the European Parliament. These actors supported a greater degree of autonomy for the management bodies. In the case of the Netherlands and Belgium, this was due to their current systems in which such 'poison pill' manoeuvres are more common. The defenders of autonomy for management bodies argued that shareholders do not always take the long-term interests of the company into account.

The development of German delegation's position is intriguing. In the early stages of the discussions, the German delegation was keen to be seen at the forefront of policy to restructure the European economy, and national legislation was prepared to implement this Directive. Prior to the formulation of the Council's common position, the German delegation was said to be instrumental in convincing the Dutch and the Belgians to accept the Commission's proposal on this point. The German Members of the European Parliament, by contrast, were at the forefront of the parliamentary coalition calling for wide margins of autonomy for management bodies, even without consulting shareholders. According to our key informants, industry lobbies sensed that the European Parliament was weakening in its stance in favour of autonomy and so intensified their influence attempts toward Council members – in particular toward the German chancellery. Volkswagen in particular was cited as one of the actors to whom the German chancellery was receptive. Subsequently, in April 2000, the German representation announced that it no longer supported the Council's common position. Of course, for the Dutch and Belgians, this was particularly ironic.

Returning to the data collection procedure, the method dictates that on each of the policy scales, an actor should prefer outcomes represented by scale positions closer to its preference than outcomes represented by positions further from its preference. The policy scales need not be inherently numerical. Policy scales may be constructed to register more qualitative issues, such as the strength of the health warning on tobacco products, or the amount of information producers should be obliged to give consumers on food labels. Where the issues involve choices between inherently qualitative alternatives, or where the numerical alternatives do not correspond to the political distances between the scale values, the subject area experts' are asked to place the policy alternatives on the policy scales to represent their judgement of the political distances between the alternative outcomes. In the spatial analyses performed in the following section, the policy scales are standardised so that the end points correspond with the values 0 and 100.

Measures of the other variables referred to in the research questions are readily available from existing data sources. Member States' general orientations to the European Union and European integration are measured using *Eurobarometer* data (European Commission 1996–2000). In particular, we refer to the percentages of respondents in each Member State who said they thought their country's membership of the EU had been a good thing. In the Spring 2000 *Eurobarometer*, this ranged from 25 per cent in the United Kingdom to 75 per cent in Luxembourg and Ireland.<sup>3</sup> Measuring the Left-Right position of the government of each Member State is more problematic since it involves comparisons between parties in different political systems. We

therefore use two alternative data sources. First, we refer to the Left-Right indicators proposed in the Comparative Manifestos Project, where indicators are based on parties' emphases of various policy themes in their national election programmes (Budge et al. 2001). Second, we refer to the positions of parties on the Left-Right dimension as estimated by experts in a survey carried out by Huber and Inglehart (1995). Using each of these data sources, we formulate two measures of governments' Left-Right position – so that we have in total four alternative indicators. The first variant of each data source is based on the position of the party that holds the premiership. The second measure weights the Left-Right position of all governing parties by the number of cabinet seats they hold.<sup>4</sup>

### *Method*

We apply multi-dimensional scaling (MDS) to explore the structure and general patterns of alignment in the actors' positions. A well-established multi-dimensional scaling technique called ALSCAL was applied (Kruskal & Wish 1978; Young & Hamer 1987). As mentioned above, each of the 174 issue scales were described so that their end points have the values 0 and 100. This allowed a matrix for each issue to be calculated, which contains information on the distances between each pair of actors. These matrices also contain, where possible, information on the distances between the actors' positions and the decision outcome and the reference point. The reference point is the outcome that would prevail in the absence of agreement on the legislative proposal.<sup>5</sup> The matrices containing the distances between the actors, and the outcome and reference point on each of the issues were stacked. This produced matrices containing estimates of the relative distances between the actors on all issues, or on selected sub sets of the issues. MDS is a method that can identify the presence of structure in such distance matrices. In particular, MDS generates a graphical representation of this information, and provides goodness-of-fit measures that identify the extent to which the graphical representation corresponds to the information in the distance matrices.

The data are treated as if they provide ordinal-level information on the distances between the actors, rather than ratio-level information. Although the experts were asked to provide estimates of the political distances between the actors at the ratio level, comparing the distances between the actors on different issues is problematic. It could well be the case, for example, that a distance between two actors on one issue scale of (say) 40, is perceived to be larger than the distance between the same two actors on another issue of (say) 50. Therefore, the ordering of the actors on the issues is taken as the input for the MDS analyses.<sup>6</sup>

This aggregate level analysis is supplemented by a detailed analysis of each of the 174 issues, to identify whether the alignment of actors correlates with any of the orderings proposed above. This analysis also allows us to identify whether certain alignments are found on certain types of issues. Again, the actors' positions on the issues are treated as ordinal; Spearman rank order correlations are calculated.

## Analysis

Table 1 presents the goodness-of-fit measures of the MDS solutions from one to four dimensions. As a rule of thumb, Kruskal's stress values of around 0.20 are generally considered to indicate that the MDS solution provides a poor approximation of the distance matrix it is intended to represent; smaller stress values indicate better fit. The  $R^2$  measures indicate the proportion of the scaled disparities between the points in the MDS solutions that is accounted for correctly by the corresponding distances in the original data matrices. Given that the data are treated as if they provide only ordinal-level information, the goodness-of-fit measures are generally poor, and the higher dimensional solutions, with three or more dimensions, are not readily interpretable.

Consider first the MDS solutions for all 174 issues. Clearly, with a stress value of 0.32, the one-dimensional solution does not adequately represent the structure of the data in the matrix. With the addition of a second dimension, the stress value drops sharply to 0.14 (with an  $R^2$  of 0.92). This indicates that the two-dimensional solution provides a reasonable approximation of the ordering of the points in the original data matrix. MDS solutions with three or four dimensions do of course result in lower stress values. However, the improvement in the fit of the solution is marginal. Moreover, the results in these higher dimensional solutions are less interpretable. Therefore, the results of this two-dimensional solution will be presented.

*Table 1.* Goodness-of-fit of alternative multi-dimensional scaling solutions

	1D	2D	3D	4D
All 174 issues	0.32 (0.70)	0.14 (0.92)	0.10 (0.95)	0.07 (0.96)
CNS QMV 55 issues	0.32 (0.68)	0.13 (0.92)	0.08 (0.96)	0.06 (0.98)
CNS unanimity 44 issues	0.34 (0.74)	0.17 (0.89)	0.10 (0.95)	0.07 (0.96)
COD 75 issues	0.35 (0.66)	0.17 (0.86)	0.10 (0.94)	0.07 (0.96)

Ordinal MDS. Kruskal's stress values and, in parentheses,  $R^2$  values. CNS: consultation; COD: co-decision; QMV: qualified majority voting.

Figure 2 contains a graphical presentation of the two-dimensional MDS solution to the matrix containing the ordering of the actors on all 174 issues.<sup>7</sup> The first dimension, running along the horizontal axis, is defined by the reference point to the left, the Commission and European Parliament to the right, and the Member States clustered around the centre. The ordering of these points bears a resemblance to the Integration-Independence dimension referred to earlier. As mentioned above, in the supranational scenario, it is assumed that the Commission and the European Parliament take the most pro-integration and harmonisation position, while the Member States are located between the *status quo* and the preferences of these supranational institutions. We will investigate whether we do indeed find this pattern of preferences on issues concerning choices between more or less harmonised decision outcomes. The second dimension, that runs along the vertical axis, is defined by the ordering of the Northern and Southern Member States. At the top of this axis, we find the United Kingdom, the Netherlands, Sweden, Denmark and Germany. At the bottom end, we find Portugal, Italy, Greece, Spain and France, while the other Member States are closer to the centre of this dimension. Again, the substantive meaning of this dimension will be inves-

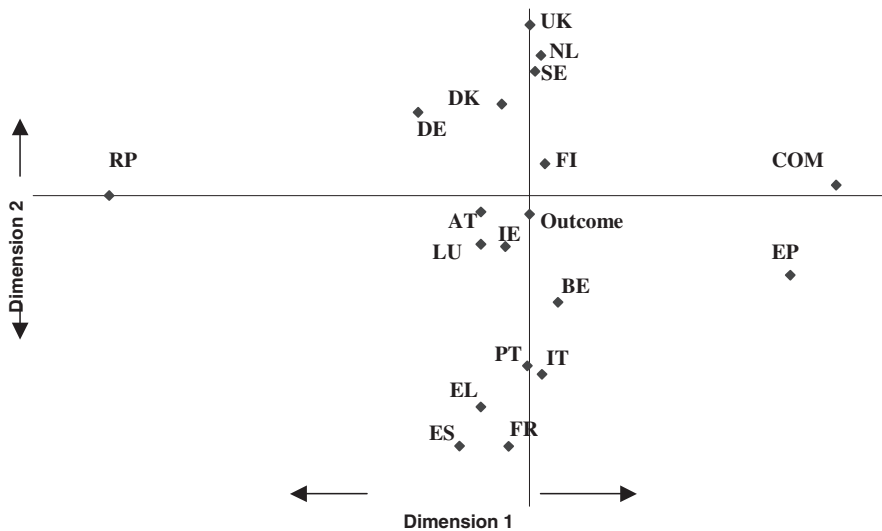


Figure 2. Multi-dimensional scaling solution in two dimensions. 174 policy issues, ordinal-level analysis. Kruskal's stress: 0.14;  $R^2$  0.92 (COM: Commission; EP: European Parliament; RP: Reference point; BE: Belgium; DK: Denmark; DE: Germany; EL: Greece; ES: Spain; FR: France; IE: Ireland; IT: Italy; LU: Luxembourg; NL: The Netherlands; AT: Austria; PT: Portugal; FI: Finland; SE: Sweden; UK: United Kingdom).

tigated below by identifying the policy issues on which this ordering of actors is found.

In addition to the MDS analysis of all 174 issues, analyses were performed on subsets of issues. These analyses explored whether stronger or different patterns could be found in the preference alignments of actors on what were thought to be more homogeneous groups of issues. Table 1 shows the goodness-of-fit statistics of the MDS solutions to the issues that fall under the same type of legislative procedure: consultation with qualified majority voting in the Council, consultation with Council unanimity and co-decision. The goodness-of-fit measures indicate that there is not much improvement in the extent to which the MDS solutions represent the actual ordering of actors in the original distance matrices. Moreover, the location of the points in these MDS solutions to the subsets of issues correlate highly with the location of the points in the overall solution presented in Figure 2.<sup>8</sup> Other subsets of issues were investigated on the basis of policy area (internal market, agriculture, fisheries, Justice and Home Affairs (JHA) and ECOFIN) and type of legislative instrument (the Directives and the Directives and regulations were isolated). These analyses generated MDS solutions that are similar to those found in the overall solution presented in Figure 2. It can be concluded that, whatever these two dimensions are, they are present in most subsets of issues. We now turn to the substantive meaning of these two dimensions.

To formulate a substantive interpretation of the actor alignments on these two dimensions, it is necessary to identify the types of issues on which they are found. Table 2 shows the categorisation of the 174 issues according to three criteria: whether the issues involved choices between different levels of European harmonisation, regulatory versus market-based solutions, and/or different levels of financial subsidies. Each of the 174 issues was examined to identify whether it could be described in these terms. A total of 40 issues concerned choices between more or less harmonisation of national legislation, while 91 issues concerned choices between regulatory versus market-based solutions to policy problems. Some 26 issues concerned choices between different levels of financial subsidies. It was possible for an issue to be placed in more than one category. Indeed, the 26 financial subsidy issues are a sub-set of the issues concerning choices between regulatory and market-based solutions.

To what extent do the categorisation of the issues displayed in Table 2 and the alignments of actors found on these issues correspond with the supranational scenario described earlier? It is perhaps surprising that only 40 of the 174 issues (23 per cent) directly involved choices between more or less harmonised policy alternatives. An example of one of these harmonisation issues

Table 2. Types of issues raised by legislative proposals (N = 174)

Type of issue – choices concerning:	Number in each category	Number in more than one category
more or less harmonisation	40	24
regulation versus market-based solutions	91	26
levels of financial subsidies for particular policy programmes	26	

NB: no issues were placed in all three categories.

is from the recent Directive on the manufacture, presentation and sale of tobacco products (Directive 2001/37/EC). One of the issues raised by the proposal concerned the question of whether EU rules should be applied to tobacco products manufactured in the EU but intended for export to third countries. One of the alternatives supported was that the EU rules should not apply, and that this should be left to national regulations. By contrast, other actors supported the application of harmonised European rules in all Member States. The relatively low percentage of such harmonisation issues is partly due to the fact that it is possible to have more or less intensive policy in terms of the level of regulation, but to remain at the same level of harmonisation. For example, while EU subsidies to producers of certain crops may be cut, exactly the same rules apply to producers in different Member States.

Although the first dimension in Figure 2 was defined by the reference point at one extreme and the position of the Commission at the other, a more detailed inspection of the actor alignments does not support the supranational scenario. On 60 of the 174 issues, we encounter a pattern of interests that resembles those in dimension one of the overall MDS solution, where the reference point and the Commission are at opposite extremes of the issue scales (Table 3). There are 130 of the total 174 issues where there is an estimate of the location of both the reference point and the Commission. On 40 of the 174 issues there is no point estimate for the reference point, due to the fact that failure to take a decision in these cases would result in the continuation of different national regimes. Therefore, there is no one point on the issue scale that defines the reference point; instead, there are multiple reference points, perhaps even one for each Member State. On an additional 4 of the 174 issues,



Table 3. Correspondence between actor alignments on issues and various factors (N = 174)

Factor on the basis of which actors might be aligned	Number (and percentage) of issues on which alignment is found
Commission and reference point at opposite extremes	60 (35)
Pro- versus anti-EU sentiment <sup>a</sup>	14 (8)
Left-Right position of Member State:	
Budge et al. (2001) measure of party with premiership <sup>b</sup>	4 (2)
Budge et al. (2001) measure of parties in government <sup>c</sup>	7 (4)
Huber & Inglehart (1995) measure of party with premiership <sup>d</sup>	2 (1)
Huber & Inglehart (1995) measure of parties in government <sup>e</sup>	5 (3)
North-South <sup>f</sup>	60 (35)
GDP per capita <sup>g</sup>	35 (20)

Note: With the exception of row 'Commission and reference point at opposite extremes', the numbers refer to the issues on which there were significant ( $p < 0.05$ ) Spearman rank correlations between actor alignments and the supposed factors. <sup>a</sup>measured by *Eurobarometer* survey respondents who said their country's EU membership was generally 'a good thing' (European Commission 1996–2000). Percentages for every half year were correlated with issues in proposals from the same half year. <sup>b&c</sup>measures of Member State governments' Left-Right position based on Comparative Manifestos indicators (Budge et al. 2001). <sup>d&e</sup>based on Huber & Inglehart (1995) expert survey. <sup>b&d</sup>indicators use the Left-Right position of the party holding the premiership. <sup>c&e</sup>indicators use the Left-Right position of all parties in the government and weight these by the number of cabinet posts they hold. <sup>f</sup>the North-South position of the Member States according to dimension two of Figure 2. <sup>g</sup>the per capita GDP in the years 1996–2000 (Eurostat 2002).

the Commission did not have a preference. These issues were said to concern discussions in the Council alone, and the Commission was said to be indifferent to the outcome of these discussions. Of the remaining 130 issues, we find the Commission and the reference point at opposite ends of the issue scale on 60 (46 per cent) of the cases. Most importantly, these 60 issues are not concentrated in the group of 40 issues classified as harmonisation issues. Of the 60 issues on which we find the reference point and Commission at opposite extremes of the issue scales, only 16 (27 per cent) referred to such harmonisation issues. Moreover, on issues involving clear choices between more or less harmonisation, the reference point and Commission were not significantly more likely to be at opposite extremes than on other issues.<sup>9</sup>

Table 3 also indicates the number of issues on which we encounter an ordering of the Member States that correlates significantly with the general level of pro- or anti-EU sentiment in each of the countries. On only 14 of the 174 issues (8 per cent), not much more than we would expect on the basis of chance, do we find a significant correspondence between the actor alignments and the *Eurobarometer* indicators of the level of pro-EU feeling.

The MDS solutions did not provide any indication of a Left-Right dimension. However, it could be the case that conflicts associated with the Left-Right dimension provide insight into the nature of some of the issues raised, or that alignments of Left versus Right are evident on specific issues. An important aspect of Left-Right conflict concerns choices between market-based versus regulatory policy alternatives. As reported in Table 2, a slim majority of the cases – 91 of the 174 issues (52 per cent) – contained such alternatives. An example of an issue containing choices between different levels of regulatory intensity is the infamous chocolate Directive (Directive 2000/36/EC). One of these issues resolved before adopting this Directive concerned the question of whether all vegetable fats should be permitted in products bearing the prestigious label ‘chocolate’ – leaving this question to the market – or whether only coca butter should be permitted – imposing regulation. During this intense political discussion, often at ministerial level, most of the Northern delegations took the liberal position that there should be few restrictions. The Southern connoisseurs (joined by the Netherlands and Belgium, famous for their exquisite chocolate) took the position that there should be regulatory restrictions on the fats that could be included. Certainly, many of the issues can be interpreted in terms of market-based versus regulatory solutions, an important aspect of the socio-economic Left-Right dimension.

Whether the Member States’ governments are located on such issues as we would expect, given their Left-Right position, is another question. Table 3 shows there are very few issues on which we find an ordering of actors that correlates significantly with any of the four measures of Member State governments’ Left-Right positions. At best, only seven (4 per cent) of the issues have an actor alignment that correlates significantly with the Member State governments’ Left-Right positions. Again, this is the level we would expect to find on the basis of chance alone.

As mentioned above, the interpretation of the North-South dimension is somewhat ambiguous. Do we find such a division primarily with regard to redistributive issues, or are there other types of issues that invoke this pattern of actor alignment? The North-South alignment of Member States from dimension two of the MDS solution was found to correlate significantly with the ordering of actors on 60 of the 174 issues (35 per cent).<sup>10</sup> As said, one interpretation of this actor alignment might focus on narrow economic interests.

Indeed, there is a high correlation between the location of the Member States on the North-South dimension and their per capita gross domestic product (GDP) (Spearman rank correlation:  $-0.70$ ,  $p = 0.004$ , in the year 2000). In addition, Member States' per capita GDP also correlates significantly with 35 of the 174 issues in our data set. Most of these 35 issues (29) also correlate with the location of the Member States on the North-South dimension. In this respect, the division between rich and less rich among the EU's membership appears to be a sub-division of the North-South division.

Turning to the nature of the issues on which we find a division between Northern and Southern Member States, it becomes clear that it is motivated by more than narrow economic interest alone. A sub-group of the issues concerning choices between regulatory and market-based solutions was concerned with the level of financial subsidies to particular groups (Table 2). The division between North and South was neither confined to, nor significantly concentrated in, this group of financial subsidy issues.<sup>11</sup> Nevertheless, in 12 of the 26 issues that concerned financial subsidies, there was a division between Northern and Southern Member States. In all 12 cases, the Northerners tended to support lower levels of subsidy.

More importantly though, the North-South dimension was found to correlate mainly with issues from the broader group of issues concerning choices between regulatory and market-based solutions to policy questions. As Table 4 shows, a clear majority (44 issues or 73 per cent) of the 60 issues where there are significant divisions between Northern and Southern delegations concern choices between free market and regulatory alternatives. This indicates that the North-South division cannot be interpreted primarily in terms of the redistribution of financial resources.

*Table 4.* Issues on which there is a division between Northern and Southern Member States and that concern choices between regulatory and market-based alternatives

Positions of Member States	Does the issue concern choices between regulatory and market based alternatives?		
	No	Yes	Total
Not correlated with North-South dimension	67 (59%)	47 (41%)	114 (100%)
Significantly correlated with North-South dimension	16 (27%)	44 (73%)	60 (100%)
Total	83 (48%)	91 (52%)	174 (100%)

Note: Chi-square 16.7;  $p = 0.00$ .

In general, the Northern delegations tend to support more market-based solutions than the Southern delegations. Of the 44 market versus regulation issues on which there is a division between Northern and Southern delegations, 34 (77 per cent) contain preference profiles such that the Northerners tend to be for the market solutions and the Southerners for the regulation-intense solutions. These issues include proposals to reduce EU subsidies for the production of certain crops (e.g., sugar and cotton) and proposals to regulate aspects of markets (e.g., copyright legislation, electronic signatures and electronic money). The minority of issues on which the Northerners were for more regulatory solutions concerned animal welfare (e.g., the minimum conditions for battery hens and livestock feed), and fishing restrictions.

## Conclusions

This article contained an analysis of the structure of the positions of the European Commission, the Council members and the European Parliament on 174 controversial issues in 70 Commission proposals introduced between 1996 and 2000. The data analysed refer to the actors' initially most favoured positions after the Commission introduced the proposals, rather than the actors' voting positions at the time of the adoption of the legislative acts. These data were obtained through structured interviews with experts.

Two dimensions on which the preferences of the actors can be placed were identified. On the first dimension, the Commission and European Parliament's positions are located at one end, and the reference point (the outcome if no decision is taken) at the other. The Member States are clustered at the centre of this dimension. This clustering of the Member States indicates that there are no Council members that are consistently closer to the Commission's position than others. Their support depends on the proposal at stake at any particular time. Although the ordering of actors on this dimension resembles that posited in the Integration-Independence dimension, we found that this ordering is neither confined to, nor even concentrated in, issues that contain choices between European harmonisation versus national solutions. We argue that the most appropriate interpretation of this dimension is phrased in terms of policy change. The Commission, as the initiator of the proposals, often finds it expedient to introduce radical proposals in the knowledge that these will be modified in the ensuing negotiations. One research question this raises concerns the conditions under which the Commission produces radical proposals, rather than ones that are acceptable to the Council without being modified. Addressing this question requires more detailed information on decision making within the Commission prior to the release of its proposals.

The second dimension indicates the presence of a North-South divide between the delegations in the Council. The North-South division occurs primarily when the Member States are faced with choices between market-based versus regulatory solutions to policy questions. There is a tendency for the Northern delegations to support market-based solutions and the Southern ones to support regulatory solutions. The dossiers investigated indicate that, on a substantial number of policy questions, Northern and Southern Member States hold different views on the extent to which state intervention and regulatory control are warranted.

Perhaps the most important finding is the lack of structure in the positions of the actors. Even within homogeneous groups of proposals subject to the same legislative procedure or policy area, the summaries of the locations of the actors provided by multi-dimensional scaling are rudimentary. In addition, in the issue-level analyses, no single factor correlated with much more than a third of the alignments found on the issues. Although there is a North-South division that corresponds to choices between market-based and regulatory alternatives, there are just as many market versus regulation issues on which other alignments of actors form. The brief examples of the issue specifications on resale rights for artists and company takeovers help understand why this is the case. In the first proposal, the United Kingdom took a strong anti-integration position, mainly to protect the interests of Christies and Sothebys. In the second example, on company takeovers, it was the German delegation that ended up opposing uniform measures to diminish the range of defensive measures firms could take against hostile takeovers. This was mainly to protect the interests of large industrial actors. The configuration of domestic interests and their access to the core executive is essential to understanding the preference formation at the European level.

While the link between positions on substantive issues and underlying dimensions is often seen as benign at the national level, its absence at the EU level prevents the formation of stable majorities. This is of essential importance for the functioning of the EU. If such consistency in the alignment of actors were to exist in the EU, Member States would see other Council members as either allies or opponents. Moreover, there would be a danger that decision outcomes over a range of policy areas would be consistently much further from the preferences of some Member States than others, raising the concern that the system contained a bias against their interests.

The weakness of the dimensionality of the EU political space raises questions about the mechanisms that promote policy stability and change. As mentioned above, it is known from theoretical research that multi-issue decision situations are prone to instability and cyclical voting. Formal and informal institutions help reduce this potential for instability by restricting the number

of feasible alternatives available to actors in the system. These institutions include the procedural rules that govern legislative decision making and the norms that govern the way in which actors interact during negotiations. Identifying the mechanisms that are most important in the EU requires testing and comparing competing models of the decision-making process. This is the main purpose for which the data examined here have been collected.

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## Notes

1. Arrow's theorem can be illustrated as follows. Suppose there are three actors, each with one of the following ordering of preferences between three potential policy outcomes, A, B and C:  $A > B > C$ ,  $B > C > A$  and  $C > A > B$ . No stable majority can be found since, at the collective level, the preferences are not transitive:  $A > B > C > A$ .
2. The detailed information we require means there are hardly any truly neutral and impartial individuals we could consult who would have the necessary knowledge. Individuals with different institutional affiliations were included in the list of experts. The largest proportion (69 of the 125 experts) were affiliated with the permanent representations of the Member States in Brussels (all 15), 31 were civil servants in the Commission, nine worked at the Council Secretariat. A small number of experts (four) were affiliated to the European Parliament. As mentioned, we require detailed information on the issues at stake in the Council, and the positions of the Member State delegations. Due to their institutional location, individuals in the European Parliament are often not

well placed to provide this information. Likewise, only a handful of the experts (12) were affiliated with interest groups based in Brussels. These interviews were used primarily for collecting background information on the issues at stake, before consulting participants to obtain more detailed information.

3. In the analyses, the results of each half-yearly *Eurobarometer* were matched with the Member States' positions on issues in Commission proposals that were introduced during the same half year. The *Eurobarometer* surveys referred to are numbers 45–54 (European Commission 1996–2000).
4. From Budge et al. (2001) we took the most recent measure of each parties' Left-Right position. This was usually from their election programme around 1998. Similarly, from the Huber and Inglehart (1995) survey we have a single estimate for the Left-Right position of each party. The measures of governments' Left-Right positions were adjusted to take into account changes in the composition of parties holding government office. One disadvantage of the Huber/Inglehart survey for our purposes is that it does not contain estimates for the parties from Greece or Luxembourg. These Member States therefore have to be excluded from these correlation analyses.
5. Note that the reference point need not be the same as the *status quo* at the time at which the proposal was introduced. On 40 of the 174 issues, estimates of the location of the reference point could not be obtained. This was mainly due to the fact that failure to take a decision would have resulted in the continuation of several different national-level legislative regimes. As a result, different points on the issue scale would represent the reference points for different Member States. On 12 of the 174 issues, there was no estimate of the decision outcome due to the fact that the decision had not been taken at the time of completion of the research project. Further, on average 15.6 of the 17 actors (the 15 Member States, the Commission and the European Parliament) took positions on each of the 174 issues. The actors who did not take positions were said to be indifferent to the outcome of the issue in question. Alternative solutions to the analytical problem of missing values were experimented with: the issues with missing reference points were excluded, the mean and median position was attributed to the missing values, the position of the Commission was attributed to the missing values and, finally, matrices were constructed where the missing actors had zero distance to all other actors. These alternatives changed the results only marginally. In the analyses presented in this article, the mean value of the positions on the issue scale is attributed to the missing values.
6. MDS solutions were also calculated while treating the data as if they provided ratio-level information on the distances between the actors. This yielded solutions with much poorer fits; for example, the two-dimensional solution for all 174 issues had a Kruskal's stress of 0.33 ( $R^2$  0.59) when treating the data as ratio-level, compared with 0.14 ( $R^2$  0.92) when treating the data as ordinal-level information.
7. Whether the extreme location of the reference point, the Commission and the European Parliament influence this MDS solution substantially was tested by conducting additional analyses whereby these points were excluded. The MDS solution of this  $16 \times 16$  matrix (the 15 Member States and the outcome) yielded a much better fit with one dimension (Kruskal's stress 0.21,  $R^2$  0.86) than the analysis of the matrix including these points (see Table 1: Kruskal's stress 0.32;  $R^2$  0.70). The addition of a second dimension (Kruskal's stress 0.12;  $R^2$  0.93) did not yield additional insights; the pattern is essentially the same as that shown in Figure 2. Excluding the outcome does not yield substantively different results either.

8. To identify the extent to which the MDS solutions generated by the analyses of subsets of issues corresponded with the overall solution (to the 174 issues), the solutions to the subsets of issues were rotated so that they approximated as closely as possible the overall solution. Then, the correlations between the positioning of the points in the dimension in the solutions to the subsets and the overall solution were calculated.
9. To be precise, of the 130 issues where there are estimates of both the reference point and the Commission's position, 30 concern choices between more or less harmonisation. On 16 of these 30 issues (53 per cent), we find the Commission position and reference point at opposite extremes. Of the remaining 100 issues, we find the Commission and reference points at opposite extremes on 44 issues (44 per cent): Chi square 0.81; one-tailed  $p = 0.25$ .
10. Rank order correlations were calculated between the ordering of actors on the North-South dimension (dimension two of Figure 2) and their positions on each of the 174 issues. A total of 60 issues were identified with significant ( $p < 0.05$ ) correlations; 17 of these 60 issues were issues where the reference point and Commission were at opposite extremes of the scales. The two dimensions are therefore not highly related.
11. On 12 (46 per cent) of the 26 issues that concerned financial subsidies, the North-South division was found. Of the remaining 148 issues, the North-South division was found on 48 (32 per cent): Chi square 1.84; one-tailed  $p = 0.13$ .

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