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Dorussen, Han; Nanou, Kyriaki

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European Integration, Intergovernmental Bargaining, and Convergence of Party Programmes

◆ **Han Dorussen**
University of Essex, UK

◆ **Kyriaki Nanou**
University of Essex, UK

ABSTRACT

Over the past 50 years, the European Union (EU) has dramatically increased its policy-making power. However, there remains considerable variation over time as well as across policy areas in the relative power of the EU and the member states. The variation is likely to influence EU-wide bargaining. Following the logic of bargaining games with domestically constrained actors, or two-level games, the changes in the bargaining environment may also influence party competition within the member states of the European Union. Using manifesto data for 1951–2001, this article examines convergence of party programmes across Western Europe. It is shown that European integration has increasingly constrained the range of policy platforms. Moreover, we generally find a stronger effect if and when countries are actually members of the EU. European integration bolsters programmatic convergence of Euro-friendly as well as Eurosceptic parties. However, European integration particularly influences the convergence of Eurosceptic parties in EU member states.

Although the process has not always been a smooth one, it is undeniable that the institutions of the European Union (EU) have increased dramatically in importance over the past 50 years. Throughout this period, a defining feature of the European Union has remained its system of multilevel governance in which the competencies of the various levels of authority are not clearly separated. The EU is still a prime example of power-sharing between national and supranational authorities. Decision-making power for nearly all policy issues falls between the national and the EU level. Consequently, it is appropriate to view European integration as a process by which bargaining power is shifting from national political institutions to the European supranational institutions. So far, this has particularly affected the legislative and executive branches of government, where national governments and parliaments find themselves weakened relative to the European Commission and, less obviously, the European Parliament. However, the increasing importance of the European Court of Justice indicates that a similar shift of power now also affects the judiciary.

The leading research question of this article is how, if at all, national polities react to the structural loss of bargaining power relative to EU institutions. Based on the logic of two-level games, we examine empirically whether European integration has led to programmatic convergence. The logic of two-level games suggests that changes in the bargaining environment may lead to a 'rallying-around-the-flag' effect in the member states, in particular when policies coming from Europe are perceived as a threat to the domestic status quo. Schelling (1960) argued that, in international negotiations, governments can benefit from the perception of being politically vulnerable at home, the so-called 'paradox of weakness'. This conjecture has been applied to analyse the importance of domestic veto players, as well as the size of the domestic 'win-set', defined as the area of possible outcomes that can win majority support to change the status quo (Shepsle and Weingast, 1987). Closely related, Putnam's (1988) thesis states that a smaller domestic 'win-set' increases the bargaining power of negotiators in intergovernmental bargaining (see also, Iida, 1993; Milner and Rosendorff, 1997). Tsebelis (1995, 2002) reasons accordingly that a unified parliament acting as a unified collective veto-player strengthens the bargaining position of its national government, because it is a more effective constraint.

Research into the Schelling or Putnam conjecture has generally evaluated the outcomes of international negotiations, and analysed whether more constrained negotiators indeed got a better deal (e.g. König and Hug, 2000; Hug and König, 2002; Bailer and Schneider, 2006).[1] Only a few studies consider what would seem to be a logical consequence of the Schelling conjecture: if governments benefit from 'tying their hands', then they should have

a strategic incentive to do so. Fearon (1994, 1997), Tarar (2001) and Leventoğlu and Tarar (2005) argue that negotiators may create so-called audience costs by escalating a conflict. Most relevant, however, are the studies by Mo (1994) and Pahre (1997), which allow for endogenous domestic institutions.

If a unified parliament increases its government's bargaining power, then parties may have an interest in presenting a common stance. In other words, is it indeed the case that European integration has led political parties to converge to a common unified stance in order to boost national influence at the European level? Do such strategic considerations affect the policy platforms of all parties similarly? It may be necessary to distinguish between government and opposition parties, as well as parties that are generally pro-EU or anti-EU. Finally, the notion of 'win-set' suggests that it is only the policy positions of parties that are needed for a majority in parliament that matter. Consequently, we test the Putnam thesis specifically for the relevant minimum winning coalition (MWC) that can be identified in parliament for a particular policy issue (Riker, 1962; Axelrod, 1970).

There are some recent examples that parties may indeed exhibit such strategic behaviour. During the 2005 negotiations on the EU budget, the Labour and Conservative parties in Britain largely agreed on the need to protect the British rebate and the need for changes in the Common Agricultural Policy. Similarly, in 2004, Greek parties across the political spectrum converged on the need to protect subsidies to olive growers as well as cotton and tobacco producers during the negotiations on the reform of subsidy status for Mediterranean products. Falkner et al. (2005: 333), moreover, note that the 'world of domestic politics' does not stop once a common policy has been agreed. With regard to Great Britain they observe:

> For ideological reasons, the Conservative government fought hard against the Directives at the EU level. The transposition process was then frequently used as a 'continuation of decision-making by other means,' i.e. as an opportunity to continue combating Directives that were already adopted against the will of the UK government. (Falkner et al., 2005: 333)

For example, in 1986 the British Conservative government decided to opt out of the Social Protocol, whereas during the 1980s Labour had supported harmonization of social policy standards throughout the EU. However, Labour's position on this matter changed markedly in the run-up to the general election of May 1997. Although in 1997 the New Labour government agreed to sign up to the Social Protocol during the negotiations of the Amsterdam Treaty, its approach towards implementation was in line with its general stance to minimize the effects of the directives. Especially with relation to the Parental Leave Directive, the Employment Relations Act of 1999 incorrectly

transposed this directive by setting lower rules than were required by the directive (Falkner et al., 2005: 147–8; Sifft, 2004: 19).

The next section reviews the emerging literature on the impact of European integration on the convergence of party programmes. The third section presents a two-level bargaining model to analyse strategic program- matic convergence. Next, we test whether there has indeed been such conver- gence in the various member states of the European Union: the fourth section details the research design, and section five presents the main results. We find significant effects of European integration on the issue-specific content of party programmes. European integration bolsters programmatic convergence of Euro-friendly as well as of Eurosceptic parties, although these parties still respond differently to this and other external influences. Policy positions of governing or minimum winning coalitions are less obviously affected by European integration. The conclusions briefly discuss the implications of our findings for the study and practice of European integration.

European integration and convergence of party programmes

There is a growing literature studying the EU impact on the organizational structure of political parties, in particular on the relationship between national parties and European parliamentarians and the functioning of European party families (Hix and Lord, 1997). A further area of consideration has become the importance of the EU and European issues in domestic electoral competition. The central research questions here are when political parties will emphasize their pro- or anti-EU stance, and what are the electoral gains and losses of such an electoral strategy (Marks et al., 2002).

Yet only very recently scholars have begun to examine the possible broader impact of European integration on party programmes. A small number of studies look for evidence in the manifesto data (Budge et al., 2001) to see whether EU membership influences the policy space in which parties compete at the national level (Mair, 2000; Binnema, 2002; Hix, 2003; Bernhard, 2004; Nanou and Dorussen, 2004; Pennings, in this issue). These studies disagree, however, on the precise impact of European integration on party policy competition as well as on the mechanisms behind the process.

Mair (2000) argues that the process of European integration removes the political-ideological element from an increasing number of policy issues. Issues that are in effect determined at the European level eventually get omitted from the domestic debate, because voters, and by extension parties, become largely indifferent about them. Ultimately, voters care about the

impact of their choice on policy outcomes, and they discount 'empty' promises. If in the end politics is more about substance than about form, EU-regulated issues should eventually be left out of political manifestos. It follows that, as long as a fully democratic debate at the European level is lacking, voters' choice is in fact diminished (Mair, 2000: 48–9).

The studies by Hix (2003) and Bernhard (2004) basically agree with Mair's (2000) de-politicization argument. Once in government, parties have to abide by policy commitments that derive from EU membership. Parties are thus unlikely to advocate policies that contradict such commitments, since they may be held accountable by their electorates. In order to avoid suffering electoral penalties, parties prefer to de-emphasize or avoid altogether EU-regulated issues. Hix (2003: 9–11) argues that the constraining impact of EU membership causes domestic party competition to shift the focus from policy content to 'political beauty contests' (2003: 10). Voters are asked to choose between the personalities and managerial abilities of the candidates rather than their policy platforms. Bernhard (2004) argues that, in order to differentiate themselves, parties focus their competition on issues that do not fall under the EU decision-making framework. He suggests further that political parties emphasize their opposition to common European policies if this accords with their more Eurosceptic position in general. The de-politicization argument implies that there is an implicit convergence of party platforms, because EU-regulated issues get deleted from party manifestos.

In contrast, Nanou and Dorussen (2004) argue that European integration has led to an *explicit* convergence of party positions since parties are increasingly aware of the constraints on domestic governance. Their research emphasizes that the competency of the EU has varied over time and across policy areas. However, voters still expect parties to take a stance, even for issues that have become largely EU regulated. Parties avoid making false promises, but want to differentiate themselves even when faced with a limited range of feasible positions. Nanou and Dorussen (2004) find empirical support for the idea that EU integration has led to a convergence of party policy positions. In agreement with Hix (2003), they find that issues that fall under the traditional left–right policy space are not removed from party competition even if they are regulated at the EU level – arguably, because they remain salient for voters and constitute the central part of the political debate in terms of ideology. However, like Bernhard (2004: 4), they find that the impact of EU membership is not the same for all parties. If parties have a real chance of winning office, they are more constrained by European integration. In contrast, extreme or protest parties can gain votes by simply (and strategically) ignoring the reality of European politics.

All studies mentioned so far share the Downsian (1957) assumption that

parties are vote-maximizers and care about policy only indirectly. Further, they all analyse European integration as a constraint on the feasible policy space. However, only Nanou and Dorussen (2004) test the implication that, if the EU indeed limits the feasible policy space, party programmes should converge not only within but also across EU member states.

European integration: Loss of national bargaining power and strategic convergence of party programmes

Here, we explore an alternative explanation for the possible convergence of party positions. The process of European integration can also be interpreted as a shift of bargaining power from the national governments to the institutions of the European Union. How, if at all, could a loss of national bargaining power affect the (strategic) positioning of political parties?

First, we need to consider the basic bargaining situation between the government of a member state (GOV) and 'Brussels' (EU). Admittedly, the key negotiations within the EU are between governments, but the assumption of negotiations between national governments and EU institutions is neither very unrealistic nor terribly restrictive. Generally, governments decide the framework for a common policy, but day-to-day political decisions are made by the Council of Ministers and implementation of policy is left to the Commission. The bargaining model does not deny that parties have an interest in influencing the common policy, but it concentrates on the remaining room for manoeuvre and on setting a national policy that differs from the common policy.[2] As Falkner et al. (2005) observe, the world of domestic politics also applies to the transposition process. Governments still rely on parliamentary support for policies that are set under so-called 'secondary' EU legislation, namely regulations, directives, decisions, recommendations and opinions. These vary in the extent and degree of application, from regulations being binding to opinions having no binding force (Nugent, 2003: 238–40; Hix, 1999: 103).

Figure 1 illustrates that the eventual agreement or policy outcome will fall between the ideal points of the government and the common European policy. If the government could simply ignore the EU, the agreement would be identical to the GOV ideal point. If the EU had complete power, the governments of the individual member states would have no choice but to implement the common European policy as interpreted by 'Brussels'. Further, as long as the member states retain veto power, a government concedes only up to the point (GOV_M) that makes it indifferent between the status quo (SQ) and the eventually accepted position.[3]
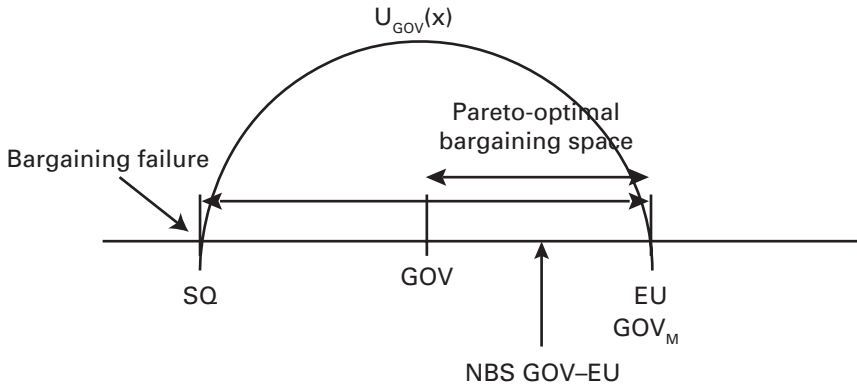
Figure 1 European integration and bargaining.

The Nash Bargaining Solution (NBS) determines the bargaining outcome more precisely. The NBS has several desirable properties: it provides a unique solution, which does not discriminate against any of the negotiators, and it is Pareto optimal. Assuming equal bargaining power, the NBS splits the difference between the reservation values of all negotiators within the Pareto-optimal bargaining space. For example, in Figure 1, the NBS is halfway between GOV and GOV_M (EU). Finally, the solution of its main alternative, the Stahl–Rubinstein alternative offers game, converges to the NBS when the time between the offers is reduced (Muthoo, 1999: 52–3). Lacking specific information about the bargaining protocol – as is common in most international negotiations – the NBS is thus definitely reasonable. The *asymmetric* NBS allows for differences in bargaining power, where more powerful players obtain more. In Figure 1, if the bargaining power of the EU increases, the asymmetric NBS predicts an agreement closer to the GOV_M. Similar, a stronger government pushes the outcome closer to its ideal point (GOV).

The need for legislative support or ratification of the agreement creates a domestic constraint on the international negotiations. In effect, two-level bargaining games introduce the legislative body as a veto player (VP) and provide the government with an outside option, which depends on majority support in parliament and often includes the opposition (Pahre, 1997). By construction, the NBS depends on the reservation value of the negotiators. The reservation value is the utility of the outcome that results if the bargaining fails or 'breaks down'. Typically, the bargaining failure outcome is a reversal to the status quo ex ante. More specifically in the context of the politics of the European Union, bargaining failure implies further delay in determining or implementing a common European policy. Figure 2 explores
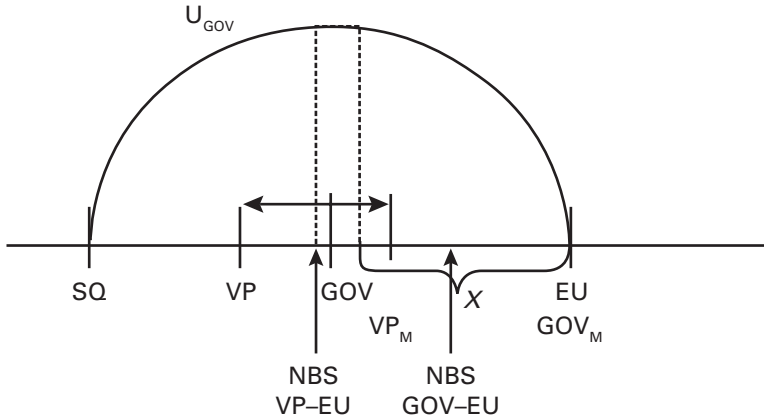
Figure 2 Bargaining and invoking veto players.

how the domestic constraints created by a veto player can benefit the govern-
ment in negotiations with the EU.

By relying on a veto player, the government is able to constrain the
bargaining space to the range VP–VPM, where VPM is the most the veto player
is willing to concede. Given the specific bargaining strength of the veto player
relative to the EU, it is straightforward to determine when a government
prefers to delegate bargaining. As shown in Figure 2, the government prefers
to invoke a veto player if the (a)symmetric NBS of the government and the
EU falls within X. If so, the threat with delegating bargaining to a veto player
is *credible*. Put differently, given a particular bargaining outcome x, which falls
within the Pareto-optimal bargaining space of the government and the EU, it
is possible to identify a veto player located between the status quo (SQ) and
the government's ideal point (GOV) that would generate a more preferred
outcome. Figure 2 thus provides a straightforward illustration of Schelling's
(1960) and Putnam's (1988) conjecture that greater domestic constraints can
provide a bargaining advantage in international negotiations.

Figure 2 provides further insights into the role of domestic constraints in
international negotiations. Domestic constraints are more valuable to a
government if it has less bargaining power. If the NBS is closer to GOV$_M$, the
government is more likely to rely on a veto player. In this case, the govern-
ment will accept a veto player that is further away from its ideal point. When
a government has more bargaining power, domestic constraints become less
valuable, and the government is more likely to avoid veto players that are
close to the status quo.

However, some additional assumptions are required before we can link

these insights to the strategic incentives of political parties. First, political parties position themselves in the same policy space as the government and the institutions of the EU. Secondly, a government has to find a simple majority in parliament to support any agreement. Thirdly, the ideal point of the government (GOV) does not necessarily reflect the ideal point of a majority in parliament, but there is some faction in parliament with an identical ideal point. Finally, a majority in parliament prefers the ideal point of the government (GOV) to the common EU policy as well as to the status quo (SQ). It is helpful to distinguish two further 'positions' in the space: parties located to the 'left' of the government's ideal point (GOV) are more Eurosceptic and potential veto players, whereas parties located to the 'right' of the government are more Euro-friendly. To find a majority in parliament, the government thus has to rely on the support of either Eurosceptic or Euro-friendly parties.

Eurosceptic parties are potential veto players, but from the perspective of the government the constraint is desirable only if it provides a better bargaining outcome. In Figure 3, based on a given (a)symmetric NBS solution, VP defines the ideal position of the most Eurosceptic party that is a feasible veto player. In contrast, Euro-friendly parties do not obviously improve the bargaining position of the government. By definition, these parties are located further from the status quo than the government and are consequently willing to accept any bargaining outcome that the government finds acceptable.
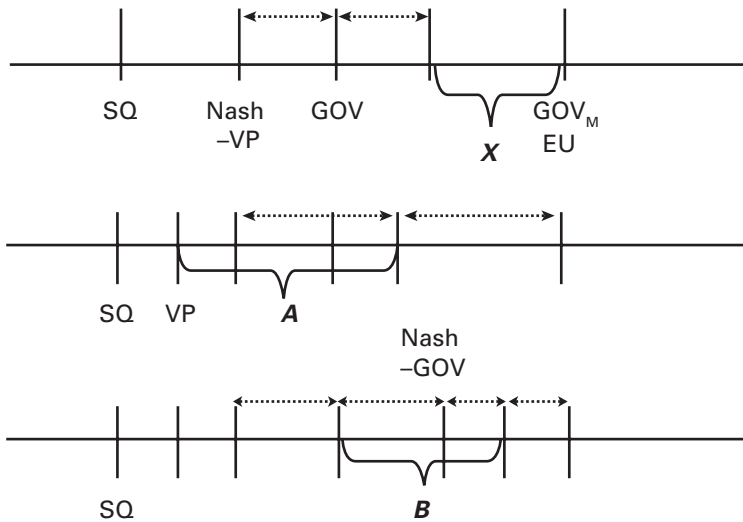

Figure 3   Bargaining and party policy positions.

However, Euro-friendly parties are willing to support agreements that are unacceptable to Eurosceptic parties. In effect, they enable the government to delegate veto power to a party that can reach an agreement close to the government's ideal point. Figure 3 depicts the strategic incentives of the political parties.

Political parties thus vary in their incentive to move their policy platform, depending on the initial location of their ideal point and their reservation value. Figure 3 considers these incentives separately. Political parties with an ideal point in *A* prefer the outcome of any bargain between the veto player (VP) and the EU (symmetric NBS) to the outcome of bargaining between the government and the EU (asymmetric NBS) as well as the SQ. Political parties located in *B* prefer the asymmetric NBS between the government and the EU to the symmetric NBS between the veto player and the EU. However, they still prefer the outcome of symmetric Nash bargaining between the government and the EU to the asymmetric NBS.

Parties in *A* face a trade-off between their optimal outcome, the symmetric NBS based on their role as veto player, and not being invoked. This trade-off pushes them towards the ideal position of the government if not being invoked leads to a less desirable outcome. In contrast, parties in *B* face a trade-off between their optimal bargain, the symmetric NBS between the government and the EU, and the prospect of veto player bargaining or even bargaining failure. Again, this trade-off pushes them towards the government's position. The trade-off is only very minor for parties with ideal points in the overlap of *A* and *B*, and we expect them largely to stay put. Finally, parties with ideal points close to the SQ or the EU ideal point have no incentive to alter their policy positions, since they are not interested in strengthening the hands of their government. Ultimately, these results depend on the necessity of the government to find a majority in parliament for any of the possible outcomes, but also on its choice between using parties in *A* or *B*.

To summarize, policy convergence may result from a 'rallying around the flag' effect, in particular when the policies coming from the EU level are perceived as a threat to the domestic status quo. Political parties may then converge to a common unified stance in order to boost national influence at the European level. The bargaining model thus not only illustrates Tsebelis' (1995, 2002) argument about the importance of a unified parliament within the context of European politics, but also extends the argument to show that this provides parties with an incentive to position themselves strategically. Finally, the analysis shows that not all parties are willing to position themselves strategically closer to the government's ideal point; to be precise, extremist parties are more likely to stay put.

In the bargaining model, political parties care only about policy and their

manifestos reflect their policy preferences. Clearly, parties have other inter-
ests as well. They want to gain as many votes as possible and get into office.
The discussion so far has largely ignored the impact of these motives on party
platforms. The empirical analysis controls for these alternative explanations
of programmatic convergences. Moreover, it is not unreasonable to treat party
manifestos as primarily reflecting policy intentions. Arguably, party mani-
festos are intended as much for party members and other political insiders,
such as journalists and fellow politicians, as for the general public, who tend
to remain largely uninformed about and uninterested in their specific content.
Political manifestos may thus very well reflect underlying strategic consider-
ations, including the need to build coalitions to achieve particular policy
outcomes.

The implications of the convergence argument are relatively straight-
forward. Comparing party manifestos within EU member countries, we
should find a convergence of policy positions on issues that are (mainly) regu-
lated at the EU level. Interestingly, the bargaining argument suggests various
ways in which this convergence may take place: between all (mainstream)
parties, between the parties that generally support the government, and
between parties that form a potential minimum winning coalition (MWC).
The next section elaborates on these distinctions and their operationalization.
The bargaining model, however, does not suggest that parties will generally
converge around the common European policy. Quite to the contrary, parties
are expected to converge on a national policy stance that is as distinct as
possible.

Measuring programmatic convergence

Data from the Comparative Manifesto Project (CMP) form the basis for our
analysis of programmatic convergence (Budge et al., 2001). The policy
position data are based on party programmes of approximately 172 political
parties in the 15 West European EU member states, covering the period from
1951 to 2001. As a control, we also include party programmes of countries
before they became a member of the EU as well as party programmes from
three European countries – Iceland, Norway and Switzerland – that have not
joined the EU. The models include a dummy variable to test for the effect of
EU membership on programmatic convergence. There are no observations for
Greece prior to 1974, for Portugal prior to 1975 or for Spain prior to 1977,
since, for obvious reasons, we included countries only when they held demo-
cratic elections. In total, the period covers 226 national elections and yields
8844 observations.

The CMP data allowed us to code party positions for 11 policy areas. In the manifesto data the units of analysis are (quasi) sentences, and the raw issue scores measure the salience of a particular issue in a party's platform. Salience is converted into policy position by means of scaling.[4] For each policy issue, the party position is the result of subtracting negative from positive references. Further, the party position data required a transposition of the original CMP data such that each entry represents the policy platforms of all parties on a specific policy domain. Hooghe and Marks (2001), continuing work initiated by Schmitter (1996), provide the information on the level of EU competency differentiated for 11 policy domains.[5]

The distance between party positions is measured by the range of policy alternatives. A smaller distance or range indicates a convergence of policy positions (see also Hix, 2003). The dependent variables of the party policy data (*Range, Range_GOV, Range_MWC, Range_proEU, Range_antiEU*) are all indicators of the compactness of the policy space, measured as the range of the party scores on a given issue dimension for a specific country and electoral confrontation. The data are interpolated for the years in between election campaigns. A smaller range indicates that parties are more unified on the specific policy issue. The variables, however, differ in the subset of parties used in the calculations.

Range is an indicator of convergence of the positions of all mainstream political parties. It followed from the bargaining model that convergence should mainly apply to mainstream parties. Consequently, we control for the impact of protest or extreme parties by excluding parties that attained less than 5% of the popular vote. Arguably, *Range* may still include parties that are largely irrelevant for finding a majority in parliament. Therefore, we also include measures of the range of party positions that should have direct relevance. *Range_GOV* is an indicator of convergence among the positions of the parties that are in the governing coalition. This measure can, however, be criticized for ignoring that (part of) the government may look for parliamentary support on a particular issue outside the incumbent parties. The implications of the bargaining model presented above clearly rely on such strategic behaviour. *Range_MWC* indicates the range of positions of the parties that are members of the most compact minimum winning coalition (MWC).

To the best of our knowledge, nobody so far has considered the range of the minimum winning coalition. The basic idea is that European integration leads to more compact MWCs. Operationally, we have to address several issues. First of all, compactness needs to be defined relative to a particular party. We use the party that represents the median voter.[6] Second, we need to determine the most compact subset of the party policy space that encompasses more than 50% of the votes. A *minimum* winning coalition has less

Table 1 Range of minimum winning coalitions: an example

Party	Vote (%)	Cumulative vote (%)	Position
A	10	10	−10
B	20	30	−3
C	25	55	0
D	10	65	1
E	35	100	6

than 50% if one party is excluded. Table 1 illustrates how we can identify the most compact MWC.

In the example of Table 1, Party C represents the median voter, and there are several MWCs that include C, namely {ABC}, {BCD}, and {CE}. *Range_MWC* is the range of the MWC with the smallest distance between its extreme members. Considering the distances of all relevant MWCs, dist{ABC} = 10, dist{BCD} = 4, and dist{CE} = 6. So, the MWC that we are looking for is {BCD} with *Range_MWC* = 4.[7]

Range_proEU and *Range_antiEU* rely on the general attitude towards European integration as measured in the CMP. Pro-EU (anti-EU) parties have more positive (negative) than negative (positive) references to European integration in their political manifestos. Parties without any positive references are included in *Range_antiEU*.

The extent of European integration is the main independent variable. The variable measures whether policy competency has shifted from the national to the EU level. Data are based on expert evaluations of the level of European integration for the various policy domains based on existing treaty obligations and obligations undertaken subsequently. The original data code the extent of EU authority from 2 (absent) to 5 (exclusively EU). However, observations are only rarely coded at the highest levels. *European integration* is a dummy variable measuring the existence of any European constraints on national policy-making (i.e. the levels 2 and above). The interaction term *EU member x European integration* picks up whether the impact of increased EU policy competency is unique to EU member states. The models also include a trend variable (*Years of EU constraints*) measuring the number of years since the introduction of EU constraints. The prediction is a negative relation between European integration and policy divergence.

The main control variables are characteristics of political systems and external (non-EU) constraints. If the number of parties increases, one is more likely to find divergence of party positions. Therefore, the specification includes two institution-specific controls. First, a *Three-party* dummy

distinguishes between party systems with two or three parties (1) and those with more than three parties (0). This roughly separates between majoritarian (generally with only two or three parties) and proportional party systems (generally with more than three parties). Further, the effective number of parties (*Effective no. of parties*) is used as an institution-specific control. This variable takes into account the number of parties as well as their relative size (Laakso and Taagepera, 1979: 4).

European integration is, however, not the only external factor that has been suggested as a cause of party policy convergence. Schmidt (2001) and Kitschelt et al. (1999), among others, argue that globalization also affects the national political context. Globalization has put common pressures on all states, particularly when located in a specific geographical region. Consequently, European states may converge on similar best-response strategies, and one of the functions of the EU is to formulate a common response to the external pressures of globalization. In contemporary capitalist economies, globalization may thus also explain the convergence of party positions with respect to socioeconomic issues.

Globalization arguments suggest that convergence will be strongest in small and open economies. We include *Population* and *Openness*, the size of a country's exports and imports relative to its GDP, from the Penn World Tables 6.1 (Gleditsch, 2002). We also control for the possible effect of economic development (*GDP*). The control variables are lagged to precede national elections (and thus the formulation of party programmes). The *Trend* variable controls for any convergence of party programmes over time. Since the estimation relies on panel data, it needs to be corrected for any correlation of group-specific measurement errors with the dependent variable. Fixed-effects generalized least squares (GLS) models provide the appropriate correction in our case (Greene, 2003: 283–338).

Findings

The main finding is that, as expected, European integration reduces the range of party policy positions, and the constraining effect increases with the number of years the EU has gained policy competency in a given issue area. Moreover, we generally find a stronger effect if and when countries are actually a member of the EU.

Model 1 in Table 2 presents the results of the fixed-effects models applied to the range of party positions for all (main) parties. *European integration* is negatively related to the range of policy positions, but the coefficient is insignificant. The coefficient for EU membership is positive but not statistically significant either; in other words, there is no clear difference in the range

of party positions between EU and non-EU members. However, the negative and significant coefficient of the interaction term (*EU member* x *European integration)* shows that EU-level competency reduces the range of policy positions, particularly in EU member states.[8] The coefficient for *Years of EU constraints* is also negative and significant at the 10% level, indicating that the range of policy platforms reduces if more years have passed since the EU (or one of its predecessors) obtained policy authority in a particular issue area.

The findings for the control variables are largely as expected. The range of policy positions is smaller in party systems with only two or three parties. If the (effective) number of parties increases, the range of policy positions also increases. There is weak support for the idea that party positions diverge more in larger countries. Party positions also seem more alike in richer and more open economies. Finally, there is a trend towards divergence of party programmes over time. These findings corroborate the convergence observed by Hix (2003), Nanou and Dorussen (2004) and Bernhard (2004). Given that the results presented here are based on a time- and policy-specific evaluation of European integration, they provide strong and precise evidence for an EU effect on party policy positions.

A possible critique of the first model is that it fails to demonstrate that policy convergence is the result of the logic of bargaining models. The bargaining model suggests that the unifying effect of European integration should not be similar for different subsets of parties. Models 2 and 3 examine the policy convergence of coalitions of parties that would be actually or potentially involved in sanctioning any agreement between their government and the EU. Further, Models 4 and 5 contrast the effect of European integration on Euro-friendly rather than Eurosceptic parties.

Model 2 considers the range of policy positions of parties that are actually in government. Among parties in government, we find that European integration correlates only weakly with policy convergence. The coefficients for *European integration* and the interaction term between *EU member* and *European integration*, although still negative, are no longer significant. Excluding the interaction term, however, the effect of *European integration* is negative and significant (see the Appendix[9]). Controlling for all other variables, governments in EU member countries tend to have more divergent policy positions. The actual governing coalition may matter less than the existence of any winning coalition willing to ratify an agreement. However, the findings for the minimum winning coalitions provide no clear support for this idea. In model 3, the coefficients of *European integration* and *EU member*, as well as the interaction term, are negative but generally not significant. Even excluding the interaction term, the effect of European integration on the *Range_MWC* is significant only at the 10% level. The only clear finding is that, if more years have passed since the increase in EU competence, the range of MWCs is

Table 2 European integration and party policy convergence: GLS fixed-effects estimators

	(1) Range	(2) Range_GOV	(3) Range_MWC	(4) Range_proEU	(5) Range_antiEU
Constant	4.9803	2.5490	1.4838	3.1878	3.0385
	(0.4432)***	(0.3992)***	(0.1993)***	(0.4772)***	(0.5875)***
European integration	−0.3888	−0.3130	−0.0811	−0.9496	−0.1021
	(0.2648)	(0.1951)	(0.1454)	(0.2291)**	(0.3505)
EU member	0.3809	1.0611	−0.2066	1.1395	−0.6238
	(0.2692)	(0.2000)***	(0.1232)*	(0.2250)***	(0.3307)*
(EU member × European integration)	−0.9329	−0.3165	−0.1890	−0.0549	−1.0923
	(0.2786)***	(0.2177)	(0.1450)	(0.2634)	(0.3721)***
Years of EU constraints	−0.0177	−0.0142	−0.0103	−0.0296	−0.0019
	(0.0094)*	(0.0076)*	(0.0048)**	(0.0085)***	(0.0128)
Three-party	−0.7610	−1.0054	−0.0748	0.1949	−0.7588
	(0.1648)***	(0.1290)***	(0.0829)	(0.1805)	(0.2143)***
Effective no. of parties	0.4971	0.3638	0.2195	0.3751	0.4826
	(0.0616)***	(0.0545)***	(0.0296)***	(0.0540)***	(0.0924)***
Population/1000	0.0426	−0.0561	−0.0000	−0.0684	0.0485
	(0.0154)***	(0.0157)***	(0.0061)	(0.0170)***	(0.0255)*
GDP/1000	−0.1018	−0.0018	−0.0580	−0.0725	0.0548
	(0.0410)**	(0.0306)	(0.0159)***	(0.0337)**	(0.0470)
Openness	−2.4436	0.2862	−0.4782	−0.8936	1.7596
	(0.3857)***	(0.3095)	(0.1884)**	(0.4073)**	(0.5070)***
Trend	0.0596	−0.0061	0.0268	0.0953	−0.0548
	(0.0165)***	(0.0124)	(0.0070)***	(0.0151)**	(0.0207)***
N (number of groups)	8559 (198)	8548 (198)	6544 (196)	7217 (198)	6993 (198)
Wald x^2	19.12***	18.90***	9.95***	31.12***	13.49***

Note: Robust standard errors in parentheses, * significant at 10%; ** significant at 5%; *** significant at 1%

significantly reduced. Regardless, in models 2 and 3, we cannot distinguish EU and non-EU members concerning the effect of European integration.

In model 2, the effects of the controls are not immediately obvious. Large countries have less policy divergence among government parties, and economic conditions (*GDP* and *Openness*) are not significant. A possible reason is that coalition governments are particularly common in small, open economies. In the *Range_MWC* model (model 3), the effects for the institutional and economic control variables are more commonsensical. There is more divergence in proportional systems, but less in more open economies.

Model 4 considers the range of policy positions of parties that are pro-EU, and the final model (model 5) evaluates the policy range of neutral and anti-EU parties (excluding Euro-friendly parties). The bargaining model suggests that convergence should be stronger in the second case, because Euro-friendly parties are less able (or even willing) to improve national bargaining power. Eurosceptic parties, however, can function as credible constraints. We indeed find a more significant effect of European integration if we exclude Euro-friendly parties. The effect of European integration on the party position of Euro-friendly parties inside and outside the EU cannot be distinguished. In model 4, the negative coefficient of European integration is strong and significant, but the effect of the interaction term is insignificant. A reasonable explanation is that parties with a positive attitude towards European integration find themselves generally in agreement on common European policies.

The dynamics among Eurosceptic parties is quite different, as shown in model 5. Here, the effects of European integration on Eurosceptic parties in and outside the EU can easily be distinguished (as shown by the significant coefficient of the interaction between *EU member* and *European integration*). By itself, however, European integration is not significant (regardless of whether the interaction term is included or not). With respect to the other control variables, too, Eurosceptic parties are quite different from Euro-friendly parties. Eurosceptic parties resist the converging influence of globalization (as shown by the strong positive coefficient for openness in model 5), whereas openness leads to convergence of the positions of Euro-friendly parties.

In summary, there is consistent support for the idea that European integration leads to a convergence of party policy positions. The effect is generally, but not always, unique to actual members of the EU (or one of its predecessors). Moreover, European integration particularly influences the convergence of Eurosceptic parties in EU member states. This finding is particularly interesting from the perspective of bargaining models, because these parties are especially valuable as constraints. The policy positions of governing and minimum winning coalitions, in contrast, are less obviously

affected by European integration. In particular, the lack of a strong finding for minimum winning coalitions is disappointing from the perspective of bargaining models.

Conclusions

There is little doubt that, over the past 50 years, the process of European integration has increasingly affected politics in Europe. The governments of all European countries – and quite a few non-European countries as well – now have to deal with powerful European institutions on a broad variety of issues. In many respects, the interaction between the governments of European countries and the institutions of the European Union follows the logic of bargaining with domestic constraints. The logic of two-level games applies where governments have to seek domestic support for any agreement reached at the international level. Schelling (1960) and Putnam (1988) derive the main conclusions of such models, namely the so-called 'paradox of weakness' or the bargaining advantages of a smaller domestic 'win-set'. We have argued that two-level bargaining models may also be used to explain strategic positioning by political parties.

In our opinion, the empirical analysis convincingly demonstrates that European integration has reduced the range of policy positions in Europe. Further, the results suggest that it is possible to attribute such convergence, at least partly, to the logic of bargaining models. These findings add to the emerging body of literature that demonstrates that the process of European integration influences the policy options that political parties advocate in the various European countries. So far, the evidence clearly points towards less divergence of policy options, with obvious implications for the quality of democratic debate in Europe. The bargaining model suggests that national parliaments may well unify to bolster a national position that differs from a common European policy. Not only may governments take an opposing position during the negotiation process, but subsequently they can also decline to implement any agreement properly (Falkner et al., 2005: 278). In both instances, they may find themselves strengthened in their 'obstinacy' by a unified parliament.

Notes

1   The literature on two-level games in international relations generally argues that domestic constraints help countries to achieve a better deal in international negotiations. Writing specifically about the politics in the EU area, the argument is occasionally turned around. Moravcsik (1994) and Hosli (2000), for example, argue that constraints set by the EU provide national government with more bargaining power relative to their national parliaments. Both arguments suggest that parliaments have a strategic interest in a unified position, but the implications for the behaviour of particular parties may be quite different. Here, we follow the former set-up.

2   The assumption is not very restrictive, because the common EU policy can also be interpreted as the intergovernmental bargaining outcome were the other EU members able to ignore the preferences of a particular government with an ideal point relatively close to the status quo. Schneider and Cederman (1994) analyse an intergovernmental bargaining model with a 'laggard' government.

3   In Figure 1, the maximum the government is willing to concede (GOV_M) is put at the common EU policy (EU). In Figure 3, the asymmetric NBS is also set at GOV_M to keep the graph as simple as possible. It is straightforward to relax these assumptions without significantly altering the conclusions. All figures assume symmetric, single-peaked preferences that are separable across issue domains.

4   Pelizzo (2003) criticizes the use of the manifesto data to determine policy positions. Budge et al. (2001) and Laver and Budge (1992) defend the practice. We have to admit, however, that there is a risk that our data combine information on salience and direction of policy programmes. We have been careful to avoid apparent convergence on zero values. Moreover, we excluded issue domains for which we could not construct a scale, for example environmental politics.

5   The Appendix, which can be found on the EUP webpage, provides precise information on the correspondence between issue dimensions in the CMP and the Hooghe and Marks (2001) data. The Appendix further contains descriptive statistics.

6   Ordering all voters from 'left' to 'right' on a particular issue, the median voter has half or more of all voters on each side. The median voter theorem holds that the party that takes the position of the median voter cannot lose in a majority contest (Enelow and Hinich, 1984: 12). Listing all parties from 'left' to 'right' on a particular issue, the party that represents the median voter has 50% or more of the voters to its left or right, including the percentage of votes for the median party.

7   Riker (1962) introduced the idea of minimum winning coalitions (MWCs). Axelrod (1970) elaborated the notion of MWCs by focusing on connected minimum winning coalitions. A connected MWC includes all parties that are located between parties that are members of an MWC; even excluding them would leave the coalition with more than 50% of the vote. Since we focus on the range of positions of the most extreme parties of the MWC, the distinction is inconsequential for our research purposes.

8   The correlations between *European integration*, *EU member* and the interaction
     terms are relatively modest, namely 0.13, 0.68 and 0.55, respectively. Further,
     the correlation between the *Trend* variable and *Years of EU constraints* is 0.5,
     and between *Three-party* and *Effective no. of parties* is –0.48. The Appendix,
     which can be found on the EUP webpage, also contains the coefficients of the
     models excluding the interaction term. Most importantly, excluding the inter-
     action term, the effect of *European integration* is negative and significant in all
     five models.
9   The Appendix can be found on the EUP webpage.

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About the authors

Han Dorussen is Senior Lecturer in the Department of Government, University of Essex, Wivenhoe Park, Colchester CO4 3SQ, UK.
Fax: +44 1206 873234
E-mail: hdorus@essex.ac.uk

Kyriaki Nanou is a PhD student in the Department of Government, University of Essex, University of Essex, Wivenhoe Park, Colchester CO4 3SQ, UK.
Fax: +44 1206 873234
E-mail: knanou@essex.ac.uk