BREAD, BUTTER *AND* GAMES?

The Effect of Politicization on the Implementation of Country-Specific Recommendations in European Economic Governance

Master's Thesis: Research in Public Administration & Organizational Science
Written by Reinout Arthur van der Veer - 5560632 (UU) & 364149 (EUR)
Supervision by Prof. dr. M. Haverland (EUR) & Dr. J. van der Waal (EUR)
Defended on the 24th of August, 2016

Abstract

The proper implementation of economic policy is an essential precondition to the prevention of a new economic crisis in Europe. But the phase of policy implementation has so far only been studied as a matter of effectiveness and efficiency, while the context in which actors tasked with the implementation of policy operate in is often highly political. If policy implementation is responsivene to such political pressures, intended policy outcomes can be jeopardized. In this thesis I conceptualize the phase of policy implementation as a political process by investigating how the politicization of the European Union has affected the implementation of a specific measure in the area of European economic and fiscal policy: the Country-Specific Recommendations. I combine theories of delegation, risk management and political bargaining to generate hypotheses that are tested through both large-N multilevel models and qualitative content analysis. Contrary to theoretical expectations, I find a positive relationship: during policy implementation, the EU appears to respond to increasing levels of politicization by increasing the extent of the recommendations it imposes on its Eurosceptic member states.

Executive Summary

In this thesis, I set out to find an answer to the question of how the increasing levels of politicization affect the implementation of Country-Specific Recommendations by the European Commission and the European Council. These CSRs are a new policy-tool situated in a European Semester that saw an increasing transfer of competences to the supranational level since the crisis. Especially the public-opinion-sensitive Commission saw a reinforcement of its role in economic governance, which resulted in my expectation−guided by theories of regulatory reputation−that politicization would have the largest impact on the Commission: the higher the levels of politicization in a member state, the more reluctant the Commission would be in imposing CSRs on that member state. I expected this effect to be especially relevant in the case of politically powerful member states, which hold much sway over the future of the Commission as an agent. Based on theories of voting power, I expected the Council to be the battleground for national interests guided by more structural and economic factors. Politically stronger member states would seek weaker CSRs, whereas economically underperforming member states would receive stronger CSRs. As such, the scope for politicization would be smaller but not entirely absent: different underlying logics of politicization in debtor and creditor countries could guide the forming of coalitions along a North-South divide, whereby creditors would demand harsher CSRs for debtor countries.
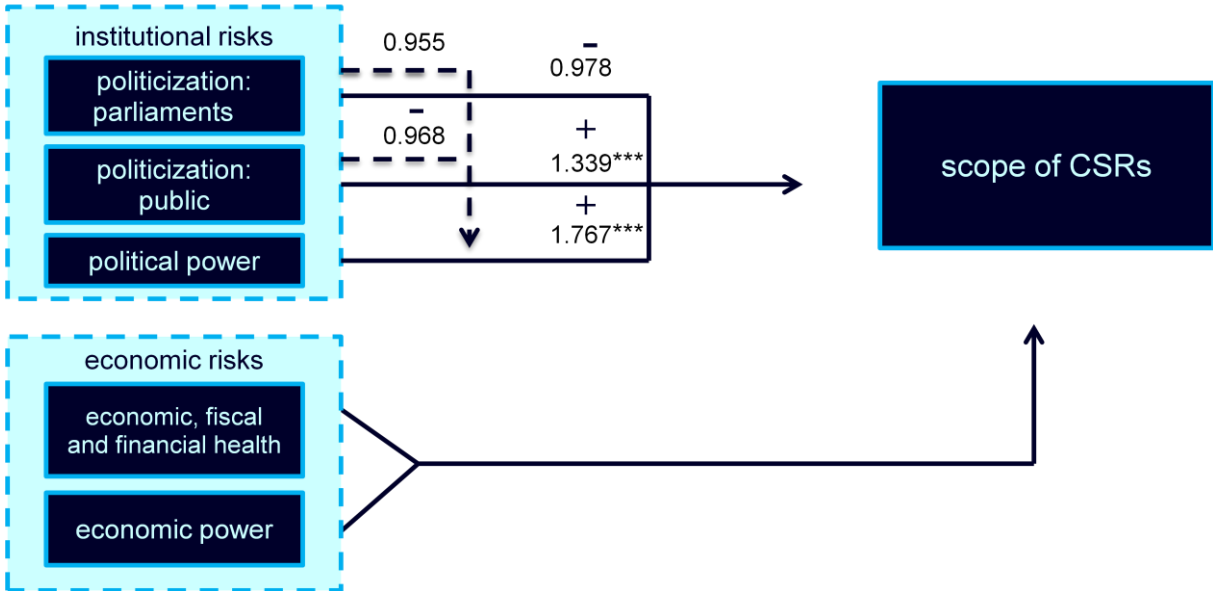
I tested these hypotheses using a combination of statistical (multilevel) models and qualitative content analysis. I find no empirical evidence supporting the claim that the Commission is susceptible to the levels of politicization in a member states parliament. Similarly, there is no

evidence that the Commission proposes less extensive recommendations to countries with more Eurosceptic publics. Instead, highly reliable statistical estimates suggest the opposite: the Commission appears to be highly susceptible to politicization amongst a member states public, but seems to responds to this by proposing *more* scopeful recommendations to these member states. The Commission also does not mitigate its recommendations against politically powerful states out of fear of future delegating decisions, but appears to do the opposite; highly reliable statistical estimates suggest the Commission may proposes considerably more scopeful CSRs to those member states who have more clout in the Council. Furthermore, unreliable estimates for the marginal effect of voting power on politicization (or vice versa) indicated no support for a interaction effect between politicization and voting power; the Commission is not more concerned with politicization in those member states that are more politically powerful.

Due to the low number of cases that are substantively amended by the Council, no conclusive verdicts can be reached on the patterns present in its decision-making. However, the qualitative content and preliminary statistical analyses allow some tentative conclusions to be drawn. Whereas amendments to CSRs are very common in the Council, the vast majority of these amendments has no impact on the actual scope of application of these recommendations or only changes this scope marginally. Thus, the Commission has most discretion and influence on shaping the final CSRs−and the Commission's susceptibility to politicization amongst European publics persists through the amendment process: higher levels of public politicization correspond to more scopeful recommendations, even after amendment by the Council. Visualizations of the relationship between politicization in creditor countries and the strengthening of CSRs for debtor countries also provide some tentative indications of the presence of a relationship, but future research will need to shed more light on this.

Voorwoord

De scriptie die nu voor u ligt is het laatste stuk dat ik heb geschreven ter afronding van de gedeelde onderzoeksmaster Bestuurskunde & Organisatiewetenschappen van onder andere de Universiteit Utrecht (USBO) en de Erasmus Universiteit Rotterdam (FSW). Met de afronding van deze scriptie sluit ik nu een hele bijzondere periode in mijn leven af. Ik heb de twee jaar durende onderzoeksmaster ervaren als een geweldige en stimulerende opleiding die mij veel vrijheid gaf om mijn eigen interesses te ontwikkelen en mijn hart te volgen. Ik heb ongelooflijk veel geleerd, zowel op onderzoekstechnisch als op persoonlijk vlak. Daarvoor wil ik allereerst alle betrokken docenten (en Liliane van der Vaart), en in het bijzonder de opleidingscoördinatoren Prof. dr. Albert Meijer en Prof. dr. Paul 't Hart, heel erg bedanken. Maar vooral ook alle Resmaatjes, met wie ik heel veel plezier gehad heb en van wie ik misschien nog wel het meest heb geleerd.

Maar ondanks het afronden van mijn scriptie, ben ik nog niet klaar op de universiteit−of met dit onderwerp. Ik mag namelijk de komende vier jaar aan de slag met een nieuw project: het schrijven van een proefschrift op basis van een NWO talent beurs. De toekenning van deze beurs heeft me veel nieuwe energie en motivatie gegeven, zowel om de scriptie af te ronden en om dit onderzoek nog vier jaar voort te zetten. Mijn dank voor de Nederlandse Organisatie voor Wetenschappelijk Onderzoek is daarom groot.

Het aanvraagproces dat vooraf is gegaan aan de toekenning van deze beurs is een belangrijk onderdeel gaan uitmaken van de afgelopen twee jaar, en deze scriptie is er sterk mee verweven geraakt. Dat ik hartstikke blij ben met de toekenning moge duidelijk zijn. Maar het gelijktijdig toegekend krijgen van een talent beurs, het nominaal en cum laude afronden van de onderzoeksmaster, het voltooien van een stage bij de WRR, het hebben van een (enigszins) sociaal leven, tijd hebben voor mijzelf én het zijn van een lieve vriend (en baasje) is niet altijd gemakkelijk geweest. Het dieptepunt bereikte ik een jaar geleden, toen ik twee dagen eerder moest terugkeren van de ECPR summerschool in Ljubljana (waar ik ironisch genoeg een vak volgde over multilevel modeling). Maurits van Leeuwen (bijna MSc.) en Sebastiaan de Cocq (bijna MSc.), nogmaals excuses voor de plotselinge verdwijning!

Ik heb in deze periode, maar vooral het afgelopen jaar, heel veel geleerd over omgaan met voorspoed, tegenslag en stress. Inmiddels ben ik daar−al zeg ik het zelf−best goed in geworden. Maar het bereiken van deze resultaten was me allemaal niet gelukt zonder hulp.

Allereerst wil ik iedereen bedanken die mij heeft geholpen met het aanvragen van de talentbeurs. In het bijzonder zijn dit dr. Gijs Jan Brandsma die in een vroeg stadium heeft meegedacht over interessante onderwerpen en dr. Jeroen van der Waal die, naast het begeleiden van mijn scriptie, het vuur aan mijn schenen heeft gelegd tijdens de generale repetitie voor mijn interview met de commissie van het NWO. Ik heb ongelofelijk veel geleerd van alle feedback en inzichten die mij zijn aangeboden gedurende dit proces.

Daarnaast wil ik Prof. dr. Markus Haverland bedanken voor alle tijd, feedback en leermomenten, steun en kansen die u mij heeft geboden de afgelopen vier jaar. Maar vooral ook voor het constante vertrouwen dat ik van u krijg, zowel bij keuzes die ik heb gemaakt en keuzes die ik nog moet maken. De vrijheid die ik van u krijg om mijn eigen fouten te maken is ongelofelijk leerzaam. In het boek dat van u kreeg schreef u voorin: "Succes met je reis door academia en erbuiten". Ik ben blij dat ik deze reis nog minimaal vier jaar met u voort mag zetten.

Verder wil ik mijn familie en vrienden bedanken. Met name mijn ouders, die mij (op geheel verschillende wijze) gesteund hebben de afgelopen vijf jaar. Het was goed om te zien dat jullie samen aanwezig waren bij mijn scriptieverdediging. En natuurlijk mijn broer (inmiddels zonder -tje); het is geweldig om te zien dat je je eigen draai hebt gevonden op de TU Delft en dat (hoe hard ik het ook probeer) je mij helemaal niet als voorbeeld nodig hebt. Bedankt voor alle steun, dat kleine jongetje dat droomde over wereldvrede mag mede dankzij jullie straks nog vier jaar verder met het (hopelijk) verbeteren van de wereld! Tot slot ook veel dank aan Quinten Lainert MSc. en Angela den Drijver MSc. voor alle ontspanning, lol, plezier, zin en onzin van de afgelopen jaren. Prestatieteampje CollegeBFFs + A carries on, al zitten we straks echt allemaal ergens anders!

Daphne Stip MSc., bedankt dat je me enerzijds steeds weer laat zien waar ik het allemaal voor doe, terwijl je me anderzijds continu laat zien dat er zoveel meer is. Zonder jou was het me allemaal echt niet gelukt. Samen met Mr. Brightside (onze witte kater) ben je de basis waar ik iedere dag weer naar kan terugdalen als ik klaar ben met het Europese supranationale bestuur. En nogmaals sorry dat je mijn NWO presentatie zo'n 30 keer hebt moeten aanhoren.

Bedankt allemaal! Ik ga nu eerst even andere dingen doen. Tot 1 oktober!

Reinout van der Veer MSc.

Augustus 2016

List of Abbreviations

AGS	Annual Growth Survey; European Commission publication that sets out the EU's annual economic priorities.
AMR	Alert Mechanism Report; European Commission publication that identifies which member states require increased examination.
BEPG	Broad Economic Policy Guidelines; European Council guidelines for the coordination of the economic policies of the member states.
CHES	Chapel Hill Expert Survey
CJEU	Court of Justice of the European Union. Formerly referred to as European Court of Justice (ECJ).
CSR	Country-Specific Recommendation
EB	Eurobarometer; Biannual public opinion survey issued by European Commission.
ECB	European Central Bank
ECSB	European System of Central Banks
EDP	Excessive Deficit Procedure; One of two corrective procedures by which EU enforces member state compliance with EU fiscal and economic supervision.
EMU	European Monetary Union
EU	European Union
GDP	Gross Domestic Product
IMF	International Monetary Fund
MAP	Macroeconomic Adjustment Programme; Conditional programme of reforms imposed on member states in need of financial support from European Union.
MIP	Macroeconomic Imbalance Procedure; One of two corrective procedures by which EU enforces member state compliance with EU fiscal and economic supervision.
NIIP	Net International Investment Position
NRP	National Reform Programme; Member state publication outlining annual plans to converge on the economic objectives set out by the EU.
OMC	Open-Method of Coordination; Soft law coordination mechanism whereby member states shared good practices on policy designs and funding schemes.
QMV	Qualified Majority Voting; Voting rule in European Council whereby decision requires supporting coalition representing 55% of member states and 65% of the EU's population.
SCP	Stability and Convergence Programme; Member state publication outlining annual plans to converge on the fiscal objectives set out by the EU.
SGP	Stability and Growth Pact; Treaty that introduced the rules by which member states must pursue sound public finances and coordinate fiscal policies.
TFEU	Treaty on the Functioning of the European Union

Index

1. Europe and Its Unwelcome Advice?

Advice is a vital part of politics. Since the beginning of recorded history, those in power have received council from trustees, experts and political advisors. Some political advisors have even managed to bolster their positions to such extents that they became more influential than the political executives they guided; think of Socrates in ancient Athens, Niccolò Machiavelli to the Medici dynasty and Grigori Rasputin to Tsar Nicholas II. In the 21st century, the positions of advisors to European governments have been fully institutionalized. For example, the Dutch government is counselled by numerous advisory bodies such as the Social and Economic Council (SER), the Scientific Council for Government Policy (WRR) and the Council of State (RvS).

The 2011 overhaul of the European Union's (EU) annual fiscal and economic coordination cycle−the European Semester−has added another advisory body to the list of actors making recommendations to European governments: the European Commission. The Country-Specific Recommendations (CSRs) it issues to EU member states are some of the latest policy instruments delegated to the EU to strengthen the post-crisis framework of European economic governance. The European Council must formally adopt recommendations formulated by the Commission before they are imposed on member states, but the role of this intergovernmental body in the CSR implementation process is limited. As such, the CSRs grant the supranational and unelected Commission far-reaching authority and substantial discretion in shaping policy outcomes in policy areas that remain core *national* competences, such as healthcare, pensions, education and housing. These and other changes have sparked concerns about the democratic legitimacy of the new economic surveillance framework (Scharpf, 2015; Hallerberg, Marzinotto & Wolff, 2011) and its relatively strong focus on economic performance over social development (Zeitlin & Vanhercke, 2014; Armstrong, 2012; Azzopardi-Muscat, Clemens, Stoner & Brand, 2015).

At the same time, European issues, actors and the EU as a whole face a context of increasing *politicization*. Political conflict on EU issues is no longer strictly confined to EU political arenas, but increasingly spills over to domestic arenas (Rauh, 2016). EU issues have become part and parcel of domestic political debates and their salience has increased substantially amongst domestic publics, media outlets and political parties; the response to the financial, sovereign debt and single currency crises as well as the current refugee crisis offer striking examples. The increase in salience is accompanied by an increase in *Euroscepticism*: public

support for the EU is slowly recovering from a historical low in 2013 (European Commission, 2015a), Eurosceptic political parties at the extreme left and right are gaining political clout and citizens increasingly reject further European integration at referenda, exemplified once again during the 2016 Dutch consultative referendum on the Association Agreement with Ukraine and the UK's more recent popular 'Brexit' decision to leave the EU altogether. These developments do not only sensitize EU actors to and draw them into domestic political arenas−they are expected to also constrain the choices and modes of action available to them (Hooghe & Marks, 2008).

This politicization has made public opinion a vital resource for both national governments and EU actors (Haverland, 2013). Politicization matters especially for EU actors, as the rules of engagement that applied under the period of *permissive consensus*−the period where European integration was a low salience issue on which most citizens either had no opinion or quietly supported government (or 'elitists') efforts to increase further integration (Hooghe & Marks, 2008)−are no longer applicable. But politicization has currently only been linked to legislative processes, not to the actual implementation of policy−despite the latter stage's vital importance for policy outcomes. On the one hand, the European Commission (and European Council, together referred to as the EU's dual executive) is responsible for the issuing of CSRs and must now make expert policy recommendations to individual member states on highly salient national policy areas. On the other, the current context of increasing politicization has EU actors scrambling for whatever legitimacy they can muster. In this politicized environment, where everyone is watching and many issues are characterized by political conflict, EU actors must increasingly look over their shoulder during policy implementation: a single misstep can have large consequences for the legitimacy of the EU as a whole.

In this thesis, I look at how politicization affects policy implementation by the EU's dual executive, with a specific focus on the formulation of CSRs by the Commission. As we will see, the Council's relatively small role in the process of CSR implementation justifies this focus. But the Council also has the final say over the CSRs imposed on member states and its role in shaping CSRs can therefore not be disregarded entirely. Thus, the main analysis presented here focuses on the behaviour of the Commission, but I account for the role of the Council in a subsequent preliminary analysis. Importantly, *policy implementation* in this thesis only refers to the *supranational* implementation of these institutionalized CSRs by the EU: the formulation and adoption of the CSRs imposed on member states. While these

recommendations must then be complied with by these member states, the implementation of national policies based on these recommendations is a story of national−not supranational−policy implementation.

The Commission appears to be sensitive to institutional risks emanating from its political context, as it actively seeks legitimacy through participatory initiatives, public consultations and public opinion surveys (Haverland, de Ruiter, van de Walle 2015; Quittkat, 2011; Kohler-Koch, 2010; Schmidt, 2013). The Council, on the contrary, has always been a political arena in which structural factors such as political and economic power dominate decision-making processes (Matilla & Lane, 2001; Golub, 2012). But recent events like the Brexit referendum show that even decision-making in the Council is not fully isolated from politicization. Both actors therefore have a keen interest in preserving the status-quo: by mitigating the effects of politicization, the Commission retains its supranational power while member state governments preserve the Council as an international decision-making body that is insulated from the partisan political opposition these governments face at the national level.

1.1. Research Question

Evidently, this raises important questions about the link between politicization and the implementation of the CSRs: what happens when the Commission must make high-impact recommendations to member states whose citizens do not want the EU meddling in their affairs? And are these recommendations really the product of "extensive and objective technical analysis" (European Commission, 2015b) or are they more political in nature? Hence, my main research question is as follows:

> *Does politicization affect the implementation of Country-Specific Recommendations by the European Commission (and European Council) under the European Semester?*

1.2. Societal Relevance

The findings generated by this question will be of great value to a number of societal audiences, such as EU officials, members of national and the European parliaments, civil society organizations and individual citizens. For them, the implications of the CSRs are great, but so are the costs of becoming fully informed: without prior experience with the complex system of EU governance, the origins, workings and consequences of the technocratic CSRs are difficult to understand. Yet it is these CSRs that, for example, affect increases in the retirement age for the EU's 508 million citizens. If the supervision by and

recommendations issued by the Commission are susceptible to political pressure, this can have severe social and economic implications. For example, failure to identify critical risks in the economic and fiscal performance of a member state can ultimately lead to a new economic crisis, of which citizens bear the heaviest costs. In addition, politically motivated supervision can have major implications for the democratic legitimacy of both national democratic policy formulation processes and the European supervisory system. If recommendations made to France on core national competences such as pensions are softened in response to political pressures emerging from the French national political arena, this may seem legitimate from a French perspective: the recommendations are responsive to what French citizens want. But what about the wishes of the citizens of the other 27 EU member states, who will be profoundly affected if the French economy crashes? Conversely, how legitimate is it if the EU imposes crippling recommendations on Hungary in response to the wishes of Finnish voters?

1.3. Academic Relevance

In addition, my study will offer a valuable interdisciplinary contribution to academic debates in public administration, political science, European law and economics. There is a lot of academic interest in politicization as a development but remarkably little research on the actual effects of politicization (Rauh, 2016). Studies that have investigated its consequences have predominantly focused on European integration at large (Hooghe & Marks, 2008; Schimmelfennig, 2014; Leupold, 2016). However, there are very few studies of the effects of politicization on specific EU policy areas (see Rauh, 2016), and there are *none* on its effects on the phases of policy implementation and enforcement (Haverland, 2013). No studies at all, despite the importance of these phases for final policy outcomes. Given the large amount of discretion left to the Commission in formulating the CSRs, the application of CSRs makes for a interesting *least likely* test of the politicization effect on policy implementation in the EU; the task of formulating CSRs was delegated to the Commission to depoliticize the economic coordination process, as the Commission is further removed from domestic politicization than member state governments−who also make up the Council. If there is a politicization effect here, it is highly likely that actors who are more directly confronted with politicization will be even more responsive.

The insights provided by this study will therefore be able to inform academic debates on the politics of policy implementation in the fields of public administration and political science. They will also be highly valuable to legal scholars as they provide insights into the

determinants of the softness of 'soft law' measures (Armstrong, 2013). Moreover, the economic performance of the EU, Eurozone and individual member states is strongly dependent on the behaviour of national and supranational governments, so insights into the way CSRs are implemented are also vital to any economist dealing with European or national macroeconomic governance (Schulten & Müller, 2012). It may also very well be that the format of country-specific recommendations issued by EU institutions finds its way into other policy areas in the near future; at the time of writing, the Commission is investigating whether a CSR-like approach is a suitable method of scrutinizing national compliance with EU environmental policy (EUObserver, 2016).

1.4. Reader's Guide

Advice is also a double-edged sword. Not all advice that is given was first solicited, and the content of good advice may differ from the advice that the receiver would like to hear. Consequently, an advisor may suddenly find him- or herself out of the political executive's or the public's good graces, even if the advisor's intentions were to be genuinely helpful. After all, our influential political advisors did not fare so well in the end: Socrates was executed, Machiavelli was tortured and banished and Rasputin was assassinated.

To see how our advisor(s) fare(s), I begin by laying out the background to two of the most important developments in the recent history of the European Union and their relevance for the present study: the EU's response to the economic, financial and monetary crises and the increasing politicization of the EU at the national level (Chapter 2). I then draw on three strands of literature to formulate a theoretical answer to the question of how politicization may affect the Commission, the Council and the interaction between the two during policy implementation (Chapter 3). After I explain how I measure my constructs and the data I use (Chapter 4), I present the findings from a combination of large-N multilevel models (Commission behaviour) and qualitative content analysis combined with preliminary statistical analyses (Council behaviour) (Chapter 5). Finally, I formulate an answer to this study's main research question, reflect on this study's limitations and outline an agenda for future research into the politicization of policy implementation (Chapter 6).

2. Literature Review: The Politicization of Economic Governance

In this chapter I review the existing literature on the post-crisis politics of economic governance and the politicization of European integration, politics and policy. The background to both developments is vital to understanding the specific topic of this thesis. Through post-crisis reforms, the EU responded to the worst economic crisis since the Great Depression. This response has not only fundamentally shaped the European system of economic governance−and therewith the context in which the CSRs are implemented−but has also increased the visibility of the EU in domestic political arenas. Simultaneously, a more powerful EU has also become more politicized and contested in these domestic arenas. These two co-occuring developments have placed the EU on a collission course with Eurosceptic citizens and political parties. By outlining both developments below, I set the stage for the examination of the politicization of policy implementation in European economic governance. The chapter is informed by a comprehensive systematic review of 595 articles (2001-2015) on the politics of EU financial regulation and economic governance, using the PRISMA framework developed by Liberati et al. (2009).

2.1. Europe's Crisis Response

The series of crises−first a financial, then a sovereign debt and finally a currency crisis−that hit the European continent in 2008 have had major implications for the EU and its member states. After a period of steady growth, the growth of the EU as a whole shrank to 0.5% GDP in 2008 and then hit a negative growth of -4.4% GDP at the peak of the crisis in 2009 (Eurostat, 2016a). Economic heterogeneity−or the lack of a core optimal currency area−amongst EU member states was the more fundamental problem, however, as differences in economic growth were as large as 17.4% between Lithuania (-14.8% GDP) and Poland (2.6% GDP), the latter being the only EU member state experiencing growth in 2009. Especially the large differences between members of the Eurozone created problems, because the single currency meant economic differences could not be compensated for by allowing exchange rates to vary between strongly and poorly performing countries (Lane, 2012): the former were unable to adjust their currencies relative to the latter to mitigate negative cross-border spillover of economic issues, and the latter were unable to protect themselves from harmful competition. As a result, unemployment rates for both the Eurozone and the EU as a whole shot up from 15% in the beginning of 2008 to over 24% by 2013 (Eurostat, 2016b). By 2014, 122 million people were living in−or at risk of−poverty across the EU-28 (Eurostat, 2016c).

The EU responded to the crisis by strengthening the rigor of its economic governance framework through a series of revisions, with the implementation of the CSRs being some of the latest. The European Monetary Union (EMU) was from its inception a project with clear defects that were not addressed as its member states lacked the political will to do so (Amtenbrink & De Haan, 2003). Whereas monetary policy was fully centralized and delegated to the European System of Central Banks (ECSB), economic and fiscal policy and financial regulation remained predominantly at the member state level (Armstrong, 2013; Schimmelfennig, 2014). Most of these decentralized areas have experienced some degree of centralization since the crisis.

Fiscal policy coordination was strengthened by the 'Six-Pack' (2011): a revision of the Stability and Growth Pact (1997) aimed predominantly at fortifying the corrective arm of its Excessive Deficit Procedure (EDP) (Regulation 1467/97). Under this procedure, member states must ensure their government deficits and debts do not exceed 3% and 60% of GDP, respectively. The Six-Pack also introduced a new measure for economic policy surveillance: the Macroeconomic Imbalance Procedure (MIP) (Regulations 1176/2011 and 1174/2011). In this procedure, the European Commission uses a scoreboard of indicators to assess member state economies in order to detect any imbalances that may pose a threat to the Eurozone as a whole. In the field of financial regulation, the introduction of a Banking Union was the main step towards more centralized financial supervision.

2.1.1. The European Semester

The two procedures mentioned above, the EDP and MIP, are mainly concerned with the correction of fiscal and economic problems. To prevent such issues before they occur, the EU in 2011 introduced an annual fiscal and economic policy coordination cycle, known as the European Semester. Through the Semester, member states coordinate their fiscal and economic policies with the broader objectives−most notably the Europe 2020 Strategy−set out by the EU. It starts with a Commission publication of two documents: the Annual Growth Survey (AGS), which sets out the EU's priorities for the coming year, and Alert Mechanism Report (AMR), which identifies the member states that require further analysis of possible imbalances. The Commission also makes recommendations to the Euro area as a whole. The Council then adopts the AGS, AMR and recommendations and concludes this first mainly European stage.

The Commission then drafts Country Reports for each individual member state, which contain an analysis of the economic policies for the member state in question. After bilateral meetings between the Commission and member states, the member states themselves draft economic National Reform Programmes (NRPs) and budgetary Stability and Convergence Programmes (SCPs), that lay out their plans to converge on the broad economic objectives set out by the EU and to ensure sound public finances. In the final stage of the Semester, the Commission reviews these NRPs and SCPs and then issues CSRs to each individual member state. These CSRs must finally be formally endorsed by the European Council. Here, all member states are free to suggest amendments to the CSRs, but these must be adopted by qualified majority voting (QMV). The adoption by the Council is also subject to a 'comply or explain' requirement, meaning the Council must either adopt the Commission's CSRs or publicly explain why it does not.

2.1.2. The Country-Specific Recommendations

The CSRs are intended to be the comprehensive and coherent output of the European Semester, which incorporate the many different aspects of the Semester into a single set of recommendations. CSRs are published in May and are predominantly concerned with boosting jobs, growth and securing sound public finances. For example, a recommendation made to Germany in 2015 states:

> *Increase incentives for later retirement. Take measures to reduce high labour taxes and social security contributions, especially for low-wage earners, and address the impact of fiscal drag. Revise the fiscal treatment of mini-jobs to facilitate the transition to other forms of employment.* (OJ C 271)

It is evident that the sheer number of CSRs alone is not an adequate measure of economic problems in a member state; CSRs often combine many facets aimed at different but related issues or policies. It is also important to note that the discretion the Commission enjoys in formulating these CSRs is practically unlimited: there are no publicly available documents that guide Commission decisions on what it should (not) address in the CSRs, as long as they contribute towards the EU's broader fiscal and economic targets.

Both economic and employment policy are traditionally national competences, but the supranational Commission has gradually received more authority to coordinate national policies of different member states in these areas. The legal basis of the CSRs give us a hint of the complexity of the framework. Depending on what policy area a CSR deals with, its legal basis can be 121(2) TFEU (economic policy) or 148(4) TFEU (employment policy). The CSRs therefore also vary in bindingness: some of the CSRs have legal bases in the enforceable EDP or MIP, others are not enforceable at all. As a result, compliance with recommendations calling for tighter budgetary discipline are enforceable by sanctions, but recommendations calling for better employment opportunities for migrants are not. The CSRs therefore rely on peer pressure and benchmarking as mechanisms to ensure compliance, which have in the case of the Broad Economic Policy Guidelines (BEPG) proven to be too soft to deter noncompliance (Deroose, Hodson & Kuhlman, 2008).

But despite the overall lack of enforcement mechanisms, compliance with the CSRs has been relatively high. The Commission uses a 'traffic light approach' to monitor compliance, which rates progress towards implementation on a three-point scale (Darvas & Leandro, 2015). This methodology puts the implementation rate with CSRs between 40% in 2011 to 25% in 2014, with the assessment occurring after a 12 month period. But using a different methodology these figures look more optimistic: Deroose & Griesse (2014) find that only for 3% of the CSRs of 2012 and 2013 no progress was made, whereas some to substantial progress was made for 59% of all CSRs.

2.1.3. A Closing-Method of Coordination?

The high implementation rates on the CSRs are an indication of the special status of the new European economic and fiscal coordination framework. Economic policy coordination long occurred through the Open-Method of Coordination (OMC), an institutionalized but soft law coordination mechanism whereby member states shared good practices on policy designs and funding schemes. But with the shift towards the European Semester−and in particular its CSRs−economic policy coordination has hardened into a "meta-OMC", which opens up domestic policy making to increasing European influence (Armstrong, 2013: 27). First, the role of EU actors in the process has increased significantly. Secondly, recommendations are now more binding than under previous coordination schemes. Thirdly, policy coordination no longer occurs ex-post, but before policies are actually created and implemented at the national level (Bieling, 2012). Through the introduction of CSRs, economic coordination has therefore

shifted from "governance by co-ordination" to "co-ordination of governance", with the authority to coordinate predominantly vested in the European Commission and European Council (Armstrong, 2012). The resulting framework of economic policy coordination embodied in the European Semester is therefore best described as a hybrid of soft and hard law measures, of rule-based and coordination-based governance (Armstrong, 2013).

The EU's crisis response has been met with substantial criticism, however. The delegation of competences to the Commission aimed to depoliticize supervision and coordination (Amtenbrink & De Haan, 2003). By design the new framework should prevent influential member states from bending the austerity rules in their favour, as was the case with France and Germany in 2003 (see Box 1), and to keep member states subject to the logic of the market (Amtenbrink, De Haan & Sleijpen, 1997). But as the supervisory and coordination framework shifted from a 'fire alarm' to a 'police patrol' method (Savage, forthcoming), the Commission has received a substantial amount of discretion in shaping policy outcomes at the national level (Scharpf, 2015). These include policy areas that are of high societal salience, such as healthcare, education, housing and pensions.

Box 1. Commission v. France and Germany, 2003

The allocation of these competences is a constant battle between the member states and the Commission, as the history of the SGP shows. In 2003, six years after the adoption of the SGP, France and Germany convinced enough member states to suspend the Excessive Deficit Procedures initiated against them by the Commission. They did so because both countries exceeded the 3% deficit criterion and thus were two of the first member states to face sanctions by the Commission. The Commission was outraged at this decision which effectively declared its role in the economic governance of the EU to be pointless and it decided to bring the case before the European Court of Justice (CJEU). The CJEU, in turn, ruled only partially in favour of the Commission (Euractiv, 2010). The possibility that the supervised simply ignore the authority of the supervisor is a plausible reason for the Commission's efforts to strengthen its supervisory capacity (vis-a-vis the member states) in economic governance.

For Fritz Scharpf (2015; but see also Crum, 2013 and Schmidt, 2015) the problem is that while the new framework may enhance the effectiveness and efficiency of economic policy coordination, it erodes the democratic legitimacy of policy formulation processes at the

national level. Scharpf (2015: 10-12) argues that especially the new Euro regime does not trust democratically accountable national governments to pursue policies that the EU considers essential to prevent a new crisis. As such, the Commission's strengthened position−both in absolute terms and relative to the Council (Amtenbrink, 2014)−allows it to formulate detailed recommendations to individual member states on politically salient issues, which are in some cases enforceable by severe financial sanctions. But the Commission is not elected or democratically accountable in the way that other supervisory bodies are: there is no 'nuclear option', i.e. a way for member states to remove the Commission's mandate when it abuses its discretion. And whereas Council ministers are directly legitimated by being accountable to their respective parliaments, a German minister can legitimately accept sacrifices for Germany or the EU as a whole. But it is not democratically legitimate for a German finance minister to accept sacrifices for Greece. Even when the Council has the final right to reject CSRs, the increasing transfer of sovereignty to the supranational level (i.e. Commission) creates new 'persistent minorities' along national division lines.

Early empirical reviews of the CSRs as an instrument provide evidence that seems problematic from a democratic legitimacy viewpoint. Azzopardi-Muscat et al. (2015) find that in terms of CSR formulation by the Commission, the goal of sustainable public finances appears to outweigh broader social goals such as combating poverty and social exclusion. Vanhercke & Zeitlin (2014) find that when CSRs are geared towards social objectives, they are increasingly specified towards those policy areas that are not EU competences. In terms of the adoption of CSRs by the Council, Hallerberg et al. (2011) found that for the first wave many CSRs were watered down during the endorsement process. In a more comprehensive study, Vanhercke, Zeitlin & Zwinkels (2015) find that the CSR amendment process also appears to have become more politicized and less deliberative than in earlier years, with the outcome depending more on lobbying and coalitional voting than on the quality of the evidence and arguments presented.

The new framework and the discretion given to the Commission thus seem to effectively shift the room for 'political tinkering' away from the member state level towards the supranational level, most notably the Commission. And given the impact of the new framework on European citizens, it is of vital importance that the economic policy coordination and supervision by the EU is conducted in line with its original intention: managing risks that can

have major negative externalities for other member states and the Euro area as a whole. So what can cause this political goal displacement at the supranational level?

2.2. The Politicization of the European Union

In addition to the financial, economic and currency crisis, scholars have long debated the existence of a more fundamental crisis the EU is facing: a legitimacy crisis, i.e. the existence 'democratic deficit' (for example, see Scharpf, 1999; Majone, 2000; Moravcsik, 2002; Crum, 2005; Føllesdal & Hix, 2006; Haverland, 2013; Schmidt, 2013; Gandrud & Hallerberg, 2015). Heavily simplified, the debate centers around the premises that the EU's technocratic nature as a regulatory state has long been enough to ensure sufficient output legitimacy to keep its citizens content, but that−as more sovereignty is transferred to the supranational level, as is the case with the EU's crisis response−a truly democratic EU needs both stronger input *and* output legitimacy and more democratic politics (Føllesdal & Hix, 2006): the role of national parliaments is too small, the European Parliament is too weak, European elections are frail, the EU is too distant from its citizens and its policies do not sufficiently reflect citizen preferences. The series of economic crises have further exacerbated these flaws, as crisis measures have often directly opposed citizen preferences and citizen input remains highly volatile (Schmidt, 2015).

2.2.1. From Elite-Driven Integration...

Although I will not take a stance on this debate in this thesis, the legitimacy crisis is an important context factor against which the second development−politicization−can be contrasted. Early (neofunctional) theories of European (economic) integration and their conceptualization of the EU as a regulatory state have described the EU mostly as a vehicle to achieve more (pareto-)efficient and effective policy outcomes (Moravcsik & Katzenstein, 1998; Rosamond, 2000; Majone, 2009). Given this focus on efficiency and effectiveness, the integration process also resulted in a supranational layer of government that is predominantly concerned with technical policy solutions that is often seen as technocratic (Radaelli, 1999; Rauh, 2016). And technical issues require professional expertise, a demand which "tends to subordinate national boundaries to shared professional concerns and epistemic communities" (Gornitzka & Sverdrup, 2008: 737). In the EU, professionalism and expertise long mattered more than nationality, partisan affiliation or political ideals. If you wanted to shape European integration, you needed to be a seasoned politician, expert policy maker or esteemed academic. Many observers issued the critique that this process creates political divisions between ordinary citizens and the "elites" driving integration (Hooghe, 2003; Hooghe &

Marks, 2007; Radaelli & O'Connor, 2009). In this light, it is not surprising that the expansion of the EU has long been characterized as a process of "integration by stealth", condoned by a "permissive consensus" amongst European citizens (Majone, 2009; Hooghe & Marks, 2008).

But over the past two decades, the EU has moved away from a regulatory state that only aims to achieve pareto-efficient outcomes (Hooghe & Marks, 2008). It increasingly deals with policies that have distributional consequences and−as the visibility of the EU has growth for European citizens−identity increasingly shapes preferences on European integration. As a result, neofunctional theories have lost some of their explanatory power for present developments, and elements of a *postfunctional* period of integration become observable: the permissive consensus has ended and a "constraining dissensus" has emerged that now constrains the extent to which elites can push for further integration (Ibid.). The development that appears to cause this is the one of interest here: *politicization.*

2.2.2. To Politicization-Driven Division

Politicization has become a buzzword in the debate on European integration (De Wilde, 2011), and various studies document its rise in European politics (Hutter & Grande, 2014; Risse, 2014; Rauh, 2016). The concept of politicization of European integration refers to "an increase in polarization of opinions, interests or values and the extent to which they are publicly advanced towards the process of policy formulation" (De Wilde, 2011: 567). Politicization occurs with regard to institutions, decision-making processes and issues: politicized issues feed into politicized decision-making processes, and the institutions involved in these decision-making processes are increasingly pressured by political actors, causing the institutions to become politicized themselves. Consequently, politicized institutions are more involved in politicizing issues than depoliticized institutions (De Wilde, 2011: 563). Importantly, it is not that EU politics has become highly political−this has arguably always been the case−but that "European integration no longer proceeds outside the wider public's main field of vision" (Rauh, 2016: 1).

This ongoing process of politicization features three overarching observable components that occur within *domestic* political and public arenas (De Wilde & Zürn, 2012; Hutter & Grande, 2014; De Wilde, Leupold & Schmidtke, 2016; Rauh, 2016):

1. *Increasing salience of EU issues, actors and decision making processes:*

22

The visibility and importance of EU issues, actors and decision-making in national public media and public discourse and national politics has steadily increased over time (Boomgaarden, Vliegenthart, De Vreese & Schuck, 2010; Hoeglinger, 2016). Crises also appear to be focusing events (Schon-Quinlivan & Scipioni, forthcoming); the number of mentions of the EU in the German Bundestag shot up from 2008 onwards and achieved its highest point in 2010, at the height of the crisis (Rauh, 2014). This involves both an increase in salience of specific EU issues and the salience of European integration more generally.

2. *Increasing polarization of opinions and rise of Euroscepticism:*
Public opinion is increasingly becoming more divided on these issues, with especially the voices of those against further integration becoming louder: trust in the EU and its institutions have significantly decreased since the crisis and an increasing number of people holds a negative attitude towards the EU[1] (European Commission, 2013; Serricchio, Tsakatika & Quaglia, 2013; Ehrmann, Soudan & Stracca, 2013). As a result, Euroscepticism has become a clear indicator of a politicized integration process. The benefits of European integration are increasingly distributed only amongst a select few, causing others to revert the integration process in an attempt to defend their shrinking benefits through demarcation (Hooghe & Marks, 2016). And citizens also increasingly act on these Eurosceptic attitudes: they reject further integration at referenda (Lubbers, 2008; Garry, Marsh & Sinnott, 2005; Startin & Krouwel, 2013) and vote on Eurosceptic parties, both at the national and European levels (Treib, 2014).

3. *Increasing expansion of EU actors and issues in* domestic *politics:*
Finally, this increasing salience and polarization of opinions seems to increasingly sensitize national political actors to these EU issues and draw EU political actors into national political arenas. National actors play into Eurosceptic sentiments to further their own domestic agendas (Adam & Maier, 2011; Kriesi, 2007). Especially national political parties at the extremes increasingly profile on EU issues to attract Eurosceptic voters (De Vries & Edwards, 2009; Meijers, 2015; Meijers & Rauh,

---

[1] This development is not necessarily EU specific: public trust in national governments and national parliaments has also decreased over the past decade (European Commission, 2013). Interestingly, this effect seems to only occur for political and public institutions: despite the "Euro crisis", support for the common currency has remained stable between 2009 and 2013.

2016); right-wing extremists claim the EU erodes national sovereignty (an identity argument), whereas left-wing extremists criticize its neoliberal character (a distributional argument). European issues are especially suitable for priming, framing and cueing due to the EU's being a relative new and distant polity (Hooghe & Marks, 2008). Simultaneously and as their visibility increases, EU actors increasingly feature in or are sensitized to national political arenas and conflicts (Meyer, 2004; Meyer, 2009). For example, the current Commission President (Jean-Claude Juncker) does not shy away from taking part in highly politicized domestic debates on EU issues: he has issued strong public 'warnings' to the Dutch, Brits and Greeks and others in attempts to influence referendum outcomes (e.g. see Euractiv, 2016a; Euractiv, 2016b).

Politicization thus closes the gap between EU politics and EU citizens, but only does so partly as political processes remain predominantly bound to national political arenas. Consequently, the development has been received with mixed feelings (Rauh, 2016). Some fear politicization creates perverse short-term political incentives for governments: these put the credible commitment to long-term policy objectives and effective supranational cooperation in the technocratic EU at risk. For others, politicization is the next step towards the maturing of the EU as a democratic polity, as public visibility and contestation make a wider audience's preferences audible in EU politics−a sound that balances out the dominance of specific interests which find it easier to mobilize themselves.

But despite the widespread academic interest, politicization cannot yet be univocally labeled a game changer of European integration: the development is observable, but its implications should not be overestimated (Schimmelfennnig, 2014; Leupold, 2016). First, politicization has not fully offset integration, as shown by the large amounts of new supranational and technocratic competences delegated to the EU during and after the crises. Secondly, the bargaining preferences of governments during crises largely remain functions of more structural factors of national interest such as economic strength or political power, as opposed to partisan preferences. At the height of the crisis, member states often found themselves divided based on whether they were a net creditor or debtor to other EU countries (Dehousse, 2015); creditor countries favoured more austerity measures while debtor countries wanted debt relief. Finally, Schimmelfennig (2014) claims national governments have managed to constrain the 'constraining dissensus' itself by isolating crisis management from politicization:

governments have always sought to exclude Eurosceptic parties when forming coalitions, have tried to avoid referendums as much as possible and have delegated more competences to the supranational level−effectively removing issues from the domestic political arena.

2.2.3. Linking Politicization to Policy Output: A Responsive Executive?

So far, the discussion has focused on politicization and European integration; a story in which national governments−who make the final decisions to delegate to the EU−inevitably assert themselves as the key actors. Indeed, most scholars have argued that since the crisis member states have reasserted their position in economic governance, whereas the Commission is portrayed as a loser who is left as an 'obedient agent' (Bocquillon & Dobbels, 2014: 32). Still, the 2011 revision of the system of economic governance largely strengthened the Commission's position in affecting EU *policy outputs*. Policy output refers to the final form or content of a policy when the European policy-making cycle ends; in this case, it refers to the final content of the CSRs imposed on member states. Conversely, policy outcomes refer to the final (societal and economic) consequences that are caused by these policies. This also concerns what member states do with the CSRs after the Commission has issued them, and how society responds to these policies. If the Commission is influenced by politicization during policy implementation (i.e. creating policy *outputs*)−for example by issuing harsher or softer recommendations to member states in which politicization is high−the Commission can be seen as *responsive* to politicization.

For Dehousse (2015) and Schön-Quinlivan & Scipioni (forthcoming), the reason for the increased delegation under politicization is partly due to the member states' desire to credibly commit to long-term policy objectives by delegating to the technocratic and supranational Commission, but also because the Commission has been an adept policy entrepreneur. The mistrust between creditor and debtor countries reached such high levels that depoliticization of the conflict was necessary and the Commission, who was eager to take on these new competences, strategically ensured it was the recipient of the newly delegated competences *and* that the scope of the mandate suited its preferences. For example, the 'comply or explain principle' that governs the amendment of CSRs, which weakens the Council's control over the Commission, was included on a request of the Commission itself. As a result of these and the other changes mentioned earlier the Commission now holds a more prominent position, which simultaneously makes it more susceptible to politicization. And as the Commission is

responsible for the day-to-day business of the EU, this may cause problems for policy output and outcomes.

A number of studies have indicated a connection between public opinion and policy output, where policy output follows public opinion to varying extents (Daniels & Clark-Daniels, 2002; Schmidt, 2002; Hobolt & Klemmensen, 2008; Wlezien & Soroka, 2012). In an EU context such a relationship has only been tested twice. Franklin & Wlezien (1997) find that public opinion is affected by legislative outputs. A decade later, Toshkov (2011) finds that for a long time, EU legislative output closely followed public opinion but that this relationship ends in the 1990's. Toshkov (2011) notes two important changes that may explain the breaking of the link: the accession of three new member states or the implementation of the Maastricht Treaty (1993), which significantly changed the legislative process−predominantly granting more power to the European Parliament. But while the link between public opinion and legislative output appears to be broken, legislative output is only one of the first stages of the larger process that leads to policy output and outcomes: laws are translated into implementable policies, which are then implemented and enforced. In all these stages, the politically sensitive European Commission plays a central part.

The European Commission also has a distinguished track-record of being concerned with public opinion and the way wider processes of politicization may affect the legitimacy it enjoys (Schmidt, 2013). The Commission regularly surveys public opinion through the Eurobarometer surveys (Haverland, De Ruiter & Van de Walle, 2015). In addition, in most policy formulation processes the Commission uses some form of (online) public consultation−on its own accord or as part of a mandatory Impact Assessment−especially with the aim of involving a wider public through civil society organizations and other societal stakeholders (Bäcklund, 2009; Kohler-Koch, 2010; Quittkat, 2011). Individual Commission officials have been also found to seek public approval of their work, as they "consider the exclusive reliance on professional norms insufficient to legitimize their work and are therefore also attentive to the political preferences and sensitivities of the broader public as well as of their political principles" (Wonka & Rittberger, 2011: 904). This strong concern with public opinion demonstrates the Commission has a keen interest in the views of its citizens, and EU policy makers may very well be directly responsive to such views (Bolstad, 2014). Consequently, even the distant Commission−as a least likely case−displays some characteristics that may indicate the presence of a politicization effect.

The paradox of European economic integration is now clearly visible. On one hand, we have transferred more policy competences to the European level than ever before. On the other, it is precisely this ongoing integration process that is increasingly contested by a politicized environment. In the next chapter, I identify the theories that may help answer the question of how the actors involved in implementing the CSRs respond to their politicized environment.

3. Theoretical Framework: Delegation, Reputation & Power

In this chapter I outline the theories that may help explain how politicization may affect the implementation of the CSRs by the EU's dual executive, with the final goal of formulating a series of hypotheses that guide the empirical analysis of the politicization effect. I begin by shortly outlining the basic framework−delegation theory−that structures the division of labour between the Commission and Council during policy implementation. Building on these insights, I turn to those theories that help explain how politicization affects each of these actors separately. Theories of risk-based regulation help explain how the Commission seeks to maintain the competences delegated upon it by the Council, and why politicization poses a risk to this objective that warrants a response. The Commission must carefully balance the management of economic, fiscal and social risks emanating from member state economies through issueing CSRs with the management of risks posed to its institutional position that arise as it manages these societal risks. Theories of voting in the Council help explain how the Council keeps the Commission in check, why some member states may find it easier to get CSRs amended and how politicization could play an important role in that respect. In the final section of this chapter, I summarize the hypotheses stemming from these theories by outlining a conceptual model used for the specification of the multilevel model.

3.1. The Dual Executive: Discretion and Control

Delegation is part and parcel of any parliamentary democracy; voters delegate to elected representatives, these legislators delegate to the executive branch, the executive branch delegates to different executive departments and these departments delegate to civil servants (Pollack, 2002). While all these links are important, most scholarly attention has been paid to the practice of delegation from the legislative to the executive branch (Franchino, 2002; Franchino, 2005; Worsham & Gatrell, 2005; Thomson & Torenvlied, 2011; Lavertu, 2015). The most widely used model of delegation is the classical principal-agent model, which originates from transaction cost approaches in economics (Moe, 1985; Epstein & O'Halloran, 1999). In this model, principals (i.e. legislators) use their authority to establish non-majoritarian institutions through the act of delegation. In turn, these newfound institutions are agents (i.e. executives) who govern on behalf of these principals by using the powers delegated to them. For the principal(s), this delegation is inherently functional; the benefits of delegation outweigh the costs. Exactly what these benefits of delegation are may vary per case, resulting in several distinct rationales for delegation (Majone, 2001; Thatcher & Stone

Sweet, 2002; Pollack, 2002; Thomson & Torenvlied, 2011; Schillemans & Busuioc, 2014; Lavertu, 2015).

Here, it is important to note that any act of public delegation leaves the agent with some degree of administrative discretion, stemming from the transfer of public authority necessary to realize the benefits of delegation. The P-A framework assumes that when agents are given discretion, they develop their own preferences independent from those of their principals (Thatcher & Stone Sweet, 2002). Such interests range from merely securing the agency's survival to 'reshaping' the bureau to increase its authority, budget or the quality of the policy it delivers, given the agents own understanding of the nature of the policy issue and its environment (Wildavsky, 1978; Dunleavy, 1985). For these and other reasons, the policy outputs generated by agents may not be identical to the outputs originally intended by the principals. Such 'policy drift' or 'shirking' by the agent causes *agency loss* for the principal, which is an important cost of delegation (Majone, 2001). For all agents, the most basic objective is to ensure survival by maintaining the competences it received; they will seek to avoid any situation in which the legislator decides to revert the delegation decision by (partially) removing the agent's mandate at all costs.

3.1.1. Delegating Discretion as Problem *and* Solution

Within the P-A tradition, the *zone of discretion* (i.e. the full range of discretion left to an agent after delegation) is the sum of originally delegated powers minus the sum of control instruments used by the principal to limit this discretion (Epstein & O'Halloran in Pollack, 2002). Discretion is a volatile concept, however: it has different meanings in different academic fields and is easily confused with the concept of drift. In line with legal and public administration traditions, discretion is the autonomy inevitably left to agents as a legal framework cannot cover all possible scenario's it aims to regulate–it is the mismatch between the level of specification of the rules and the empirical reality. This discretion is also normative and intentionally given to agents, as it allows agents to manage contingencies and create more beneficial policy outcomes for society (Moore, 1995). Conversely, policy drift stems from a political science tradition and is defined as the ability of the agent to enact outputs different from the policy outputs preferred by those who originally delegated powers (Epstein & O'Halloran, 1999).

Drift differs from discretion in two respects. First, discretion results in policy outputs that are *intended* by the principal, whereas drift leads to outputs that are not. Second, an agent using its discretion will act in accordance with the rules and instructions imposed on it by the principal, but a drifting agent may also go beyond these rules and instructions–it may break or ignore them. This distinction matters in the case of the CSRs, because the Commission has a lot of it; responsiveness to politicization is only problematic if it results in the Commission drifting policy, but the large zone of discretion makes it difficult to clearly identify such drift. Consequently, the best way to identify drift is to look at how the principal responds to the behaviour of its agent.

To minimize policy drift, principals can choose to limit the administrative discretion of the agent through a number of *ex ante* and *ex post* controls (Thatcher & Stone Sweet, 2002). For example, principals can choose to specify the delegated task or rely on monitoring devices to monitor the agent's behaviour. This latter option may involve employing another agent to monitor the first one, or to rely on "affected parties", such as interest groups or individual citizens to report policy drift or shirking. The first method of control is often referred to as the 'police patrol' method, whereas the second is referred to as the 'fire alarm' method (McCubbins & Schwartz, 1984). Again, there is a trade-off for the principal: while police patrols are an effective means of control, they are a costly and time-consuming endeavour. The fire alarm option is not, on the other hand, but implies that the principal must rely on third parties to limit drift. These costs of controlling imply that the principal is likely to accept some agency loss, as fully controlling and sanctioning the principal will be too expensive.

3.1.2. Control: Council over Commission?

The European Council and European Parliament (as legislators) have several ways to control the Commission (as delegate) in its execution of delegated tasks (Franchino, 2002). The comitology system is a typical police patrol method through which the Parliament and Council control the way in which the Commission implements policy, for example. The Commission can also be monitored directly by the Council itself. Council control can be imposed in three main variants, which relate to the voting rules applied in the Council: high Council control requires unanimous approval of Commission proposals, which means all member states must agree and every member state has a veto right. Medium Council control requires qualified majority voting (QMV) to adopt the proposal, which implies that the political weight of individual member states matters in the bargaining process. Low Council

control requires unanimity to overrule a Commission proposal, granting every member state the right to veto the Council's interference. The adoption of the CSRs issued by the Commission is a special case of Council control that is situated somewhere between medium and low control: a qualified majority of the Council is required to amend the CSRs, and even then such amendments must be publicly explained. This 'comply or explain principle' effectively means that the Council cannot exert control over CSRs proposed by the Commission, unless it does so publically. This limits the scope for Council interference, as it creates opportunities for an audience (i.e. the media and the public) to evaluate the validity of the Council's reasons to exert control. Finally, this is a form of police patrol control: the Council reviews *every* single CSR that is issued by the Commission.

One important insight from the literature on delegation is that politicization will most likely affect the actor who has most control (and therefore responsibility) over policy output: the actor who controls the final output is also the actor who is best able to alter these outputs in response to politicization. But in this case, control over the final CSRs is shared between the Commission, having substantial discretion, and Council, having the final say. To understand how politicization may affect final outputs, we need to separate these two phases analytically. To do so, we first turn to theories of risk-based regulation that help explain how our main actor of interest, the Commission, may be affected by politicization in its exercise of its discretion.

3.2. The Commission as a Regulator: Reputation and Risk-Based Regulation

As we have seen, European economic integration has always been a tale of mutual gains through increased cooperation. But the EU's crisis response (Section 2.1.) unveils another important driving logic behind further economic integration in the European Union: integration also improves the capabilities of managing economic externalities, or in other words: cross-border economic risks. And precisely this is the task that is delegated to the Commission in economic governance; economic (and social) gains will be created through enhanced cross-border trade, as long as the Commission is able to successfully regulate the risks that are created as a side-product of this increased economic integration. A common currency decreases cross-border trade barriers, for example, but also creates new risks for member states as they lose the ability to autonomously conduct monetary policy. This is why the Commission is tasked with supervising the member states' budget deficits and sovereign

debts through the EDP. And this is why it is tasked with issuing CSRs: to manage those economic, financial and social risks in a member state that require corrective action.

A strand of literature dealing specifically with risk management offers insight into the way regulatory agencies employ their discretion in the process of policy implementation (Rothstein, Huber & Gaskell, 2006; Black & Baldwin, 2010; Carpenter, 2010; Carpenter & Krause, 2012; Gilad, 2012). Two notions constitute the central tenets of this literature: that of manufactured risk and risk colonization (Giddens, 2002; Rothstein, 2006). Manufactured risk refers to the idea that the very management of societal risks creates new societal risks (Giddens, 2002). In "pre-modern" times, dangers posed to a society consisted mostly of natural hazards that came from 'above' such as floods, storms and draughts; the sources of these dangers lay beyond that society's control. As societies were "modernized", they learned to control such hazards to large extents. By building dykes, fortifying houses and developing agrarian irrigation systems these inevitable dangers were reduced to *risks* (e.g. the dykes transformed the imminent danger of floods into avertable flood-risks). In "late modernity", societal efforts to control these risks saw the creation of new risks: farmers now insure themselves against flood-risks, but this requires insurance companies. Such insurance companies pose new risks to a society, however, which must also be regulated: these risks are *manufactured*, as they are the by-product of a society's efforts to regulate flood-risk.

Thus, as we regulate more risk more risk appears. This leads to a situation where risk *colonizes* a society's efforts to govern itself: risk increasingly comes to define the object, methods and rationale of governance (Rothstein, Huber & Gaskell, 2006). New risks do not only appear as negative externalities of regulatory progress, but developments in academia and technological innovation also enable "greater understanding, detection and control of previously unidentified and unmeasured risks" (Ibid.: 94). Moreover, regulators aiming to regulate the ever-growing body of risks posed to society may finally face yet another form of risk themselves: *institutional risk*. Problem issues rarely perfectly fit the regulatory frameworks that regulators have developed for them, and even then regulators are dependent on complex institutional regulatory regimes making regulatory success difficult to achieve. Consequently, regulators only have limited impact on the successful management of societal risks, and "the difficulty in satisfying conflicting demands on regulation, therefore, creates institutional risks that can threaten the legitimacy of regulatory organizations and their practices" (Ibid.: 95).

Luckily, regulators have found ways to regulate the myriad of risks presented to them−but the regulatory focus is dependent on which risks regulators identify as the greater evils. The literature on risk-based regulation identifies the three dominant ways in which regulatory agencies allocate resources and prioritize tasks in order to manage the risks that are inherent to the practice of public policy (Gilad, 2012).

3.2.1. Three Approaches to Regulating Risks

The first approach is risk-based regulation, which involves the management of regulatory resources and priorities in proportion to risks in society; regulators make decisions weighing the impacts of risks against the likelihoods that they occur. Thus, this approach is predominantly concerned with the *societal risk* mentioned above. But this does not imply that regulators following this approach blindly focus only on these societal risks: good risk-based regulation also involves being responsive to the behaviour, attitude and culture of the regulatees, the performance of and ways in which different regulatory tools interact and changes in regulatory priorities, challenges and objectives (Black & Baldwin, 2010). Sensitivity to these aspects of one's regulatory efforts also directly benefits the management of societal risk through good cooperation with the regulatees−but directly managing societal risk is always the main focus of this approach. Risk-based regulation is problematized by the methodological issue of risk assessment, the considerable demand it places on organizational capacity and the normative conflicts it is prone to when different stakeholders weigh risks differently (Rothstein, 2006).

A second approach focuses more on the actors in the regulatory network that a regulator is situated in; hence, this approach is coined stakeholder-based regulation (Gilad, 2012). Here, regulators are highly sensitive to external signals emitted by regulatees, other stakeholders and institutional overseers. Regulators alter their behaviour and their regulatory interventions in such a way that they maximize the positive feedback and minimize the negative feedback they receive from these stakeholders. Such stakeholders are not necessarily (political) actors in the public domain, but may also be regulated firms or even media outlets or the public at large (Jennings, 2009). But stakeholder-based regulation does not involve simply obeying the will of the stakeholders in the regulatory network. Instead, it is based on the regulatory belief that such stakeholders are vital partners in managing risks to society (Rothstein, Irving, Walden & Yearsley, 2006): stakeholder-based regulation recognizes the dependence of the

regulator and the importance of the regulatory network for achieving successful regulatory outcomes. For example, a stakeholder-based regulator will be responsive to the institutional risk posed by an angry institutional overseer, as the possibility that it is overruled by this overseer may harmfully impact the regulator's efforts to manage societal risk. As such, regulators following this approach are willing to accept some deviations from their preferred regulatory policy positions if this means all relevant stakeholders are supportive of the regulatory efforts. These regulatory efforts are more likely to *indirectly* result in positive regulatory outcomes as they enjoy wider support, even though their outcomes may be marginally different from those the regulator would have aspired to achieve by itself.

Third, regulators may employ institutional risk-based regulation as a risk management strategy (Gilad, 2012). As its name suggests, regulators using this approach are more concerned with the institutional risks they face than the societal risks they are tasked with managing; these regulators prioritize tasks and allocate resources to mitigate the institutional risks which are inherent to the job of regulating risks to society (Rothstein, 2006). By focusing regulatory attention to high-salience, low probability events over low-salience, high-probability events they avoid large-impact disasters and therefore enhance their regulatory reputation and chances of regulatory survival. For example, financial regulators may go to great lengths to prevent the insolvency of financial institutions that are 'too big to fail', because the occurrence of such phenomenon will publicly be received as clear signs of regulatory failure. But in doing so, the regulator may disregard minor financial misconduct by the same banks−an issue that will be much more prevalent and less disastrous by itself, but more harmful to society if all counts of this misconduct are viewed together.

The consequence of such practices is that regulatory attention is focused *only* on issues that involve high institutional risks for the regulator instead of those that involve high risks to society (Gilad, 2012). Protocolization may be a solid strategy to manage institutional risks, for instance, as good process quality can avoid blame for a regulator even if the outcome of the regulator's efforts were a failure (Hood, 2002). But a regulator's increased focus on institutional risk may also have the positive effect of increasing awareness to new and unregulated risks (Rothstein, Huber & Gaskell, 2006). At any rate, the main focus of this approach is not the risks to society, but those issues that pose the largest institutional risk to the regulator itself.

Whichever of these various approaches regulators employ, their success is not wholly dependent on their objective actions. The amount of administrative discretion and bureaucratic autonomy delegated to regulators is also greatly dependent on the regulators *reputation*: stronger reputations lead to more discretion and autonomy (Carpenter & Krause, 2012). If regulators wish to keep the tasks that are delegated to them by their political overseers, they must therefore also "seek, forge and protect a reputation for a unique function or trait" (Gilad, 2012). The construction of these regulatory reputations largely depends on the audience who−through interaction with the regulator−constructs it (Carpenter, 2010). It is the audience's assessment of a regulators efficacy, expertise and legitimacy that shapes the regulator's reputation−and it is here that politicization is likely to matter. Reputation-sensitive regulators will seek to safeguard and enhance this audience's positive judgement even at the expense of some short-term dissatisfaction and negative feedback (Gilad, 2012): the responsiveness to some external signals and unresponsiveness to others will be guided by the regulator's institutionalized organizational identity. But as politicization is gradually ceasing to be a short-term phenomenon, the public's enduring dissatisfaction with the EU and the negative feedback it sends the EU's way may force the Commission to be responsive to politicization.

3.2.2. The Commission: A Regulator Under Pressure?

These three approaches to regulating risks are highly informative of how politicization may affect the issuing of CSRs by the Commission. Under business as usual, when politicization is low and the legitimacy of the supranational governance of the EU goes unchallenged, the Commission is facing fewer institutional risks. Consequently, the Commission will likely use the CSRs in line with the original intention of the Council when it delegated the task to the Commission (see section 2.1.): the CSRs are tools to directly manage the economic and fiscal risks posed to the EU and Eurozone and the accompanying social risks posed to EU citizens stemming from deficiencies in the economies of individual member states. The economic performance and financial and fiscal health of a member state should therefore be the main determinants of the scope of CSRs proposed by the Commission. But even when levels of politicization are low, the Commission has incentives to apply stakeholder and institutional risk management strategies to better its own position and bolster its reputation ahead of future delegation decisions.

However, as the levels of politicization increase and politicization becomes a more permanent phenomenon, it also increasingly becomes an institutional risk the Commission must respond to. Politicization can be institutionally risky as it may further erode the legitimacy of the EU and therefore weaken the institutional position of the Commission as its day-to-day executive, both vis-a-vis member states and other European institutions. The Commission is therefore likely to, with its own position in mind, avoid purposefully antagonizing citizens of an already Eurosceptic member state. Similarly, the Commission will not likely try to intentionally antagonize the governments or national parliaments of Eurosceptic member states, as it is these institutional overseers who will decide on the medium- to long-term future of the Commission. But regulatory failure to manage the economic, fiscal and social risks in the EU economy is another institutional risk that may harm the Commission's reputation; if a development triggers another full-blown crisis, all eyes will be on the Commission−the dedicated supervisor who was supposed to provide early warnings and ensure the implementation of preventive measures through the use of CSRs. Consequently, when politicization increases, it is likely that the Commission is less daring and resolute in formulating CSRs: their scope will increasingly be limited only to those high-impact developments that pose significant economic risks. Which issues specifically are labeled as 'high-impact' depends on the outcomes of the Commission's risk assessments and is not important here; what matters is that those 'low-impact' risks will no longer be included in the CSRs and the recommendations therefore become less scopeful if politicization is high. In conclusion, my first hypotheses are as follows[2]:

H_{1a}:   The level of politicization in a member state's parliament correlates negatively with the scope of CSRs proposed by the Commission.

H_{1b}:   The level of politicization amongst a member state's public correlates negatively with the scope of CSRs proposed by the Commission.

Following the same logic, the Commission will also be incentivized to avoid aggravating more politically powerful member states, as these member states have more sway over future delegation decisions−and therewith indirectly the Commission's future. Moreover,

---

[2] In all following hypotheses I make a clear distinction between the level of politicization of EU integration in a member state's parliament and amongst a member state's public. The reason for this is not theoretical, but analytical: I do not expect two to have differing effects, but I will be able to detect differences should they exist.

politicization is especially likely to matter in those politically powerful countries. This leads us to the following hypotheses:

H$_{2a}$:   The political power of a member state correlates negatively with the scope of CSRs proposed by the Commission.

H$_{2b}$:   The relationship between political power and the scope of CSRs proposed by the Commission is negatively moderated by the level of politicization in a member state's parliament.

H$_{2c}$:   The relationship between political power and the scope of CSRs proposed by the Commission is negatively moderated by the level of politicization amongst a member state's public.

3.3. The Council as the Sum of its Parts: Bargaining and Voting Power

As stated earlier, the main purpose of including the Council in the analyses presented in this thesis is to measure exactly how often the Council overrules the Commission and thereby providing a yardstick of the validity of the findings concerning the Commission. Still, because some CSRs will be amended, we must also explore the determinants of this amendment−specifically if they are informative of the effect of politicization on final CSR output. Moreover, if the CSRs for a given country are amended in the Council, this can result in two different outcomes: the *scope* of the CSRs proposed by the Commission can either be *increased* or *decreased* during amendment. With this in mind, I draw on a third strand of literature to develop some preliminary hypotheses about the behaviour of the Council during the process of CSR amendment.

Whereas the Commission (as an agent) is likely to be susceptible to politicization because it poses an institutional risk to its own position, this is less the case for the Council. The Council (as a composite principal) consists of representatives of the governments of all EU member states, who together have delegated the task of CSR formulation to the Commission. But as the Council must formally adopt the CSRs formulated by the Commission, the member states have kept some degree of control over their agent. The political survival of these governments is less dependent on the survival of the Council as an institution−and less dependent on the legitimacy of the EU as a whole−because national governments also gain legitimacy through their actions at the national level. Moreover, even if a single member state wishes to be responsive to politicization, it still needs to convince a qualified majority in the Council.

Consequently, the scope for politicization is smaller in the Council: CSR amendment in the Council is more likely the result of other factors, most notably a set of *structural* factors presented below (Schimmelfennig, 2014; Leupold, 2016).

3.3.1. Voting Power as a Resource

Theories of voting in the Council help explain why individual member states in the Council will cooperate to adopt or amend CSRs proposed by the Commission. When voting in the Council must be unanimous, as is the case with the ratification of new treaties, all member states have an effective veto. And because any member state can block a decision, every member state has the same amount of *voting power*. The CSR amendment process uses qualified majority voting as a voting rule, however. Since November 2014, decision by QMV in the Council implies that the support of 55% of all member states, representing at least 65% of the EU's population, is required to pass a vote. In addition, larger member states have been given more votes under this new voting rule. The required majority to pass a decision is therefore dependent on both the number of member states supporting a decision, the number of votes they have *and* the population they represent. And because QMV creates differences in the voting power between member states−effectively giving some member states more power to pursue their interests than others−this radically changes the rules by which the political bargaining game is played.

The voting power of a member state is a measure of its political power in the Council and reflects the weight of the bargaining power a member state has (Barr & Passarelli, 2009). Member states with larger populations and more votes have a higher chance of being part of a winning coalition and, as these factors usually reflect the size of a member state, this means that larger member states have more voting power. Consequently, these large member states are valuable coalition partners and other (small) member states will avoid aggravating them as much as possible (Hix & Høyland, 2011). But while having voting power matters, it is *what* you do with that power that determines voting outcomes. And two dominant voting patterns appear in the Council when QMV applies.

3.3.2. Bargaining and Vote Trading

First, member states often trade votes to get the voting outcomes they want (Golub, 2012; Høyland & Hansen, 2013). The logic behind vote trading is one of making mutual policy concessions: one (group of) member state(s) will ask other member states to make policy concessions so that it gets an outcome that is close to its own preferred outcome, but the cost

of such action is that member states will only make concessions if they believe they get something in return. The conceding member states will therefore ask for the favour to be returned at some point, most likely on a policy issue that matters strongly to them. Vote trading thus works upon the principle of delayed gratification (Golub, 2012): one state offers the other policy concessions today on the understanding that the latter will return the favour sometime in the future when called upon to do so.

Successful vote trading is largely determined by two factors: political power and the salience of a member state's interest at stake (Golub, 2012). No-voters are often powerful member states, while smaller countries rarely vote against them. Instead, they often imitate larger countries, as the costs of recording a negative vote are high (Matilla, 2004; Novak, 2010): being known as a disruptive player negatively affects future bargaining options for smaller member states. However, playing hard while vote trading can also be a favourable strategy for small member states: if a blocking minority of member states can convince a supportive majority of member states that they will have the power to block a decision, the winning majority will be more incentivized to hand out policy concessions to get the minority on board. Thus, in some cases feigning opposition is a viable strategy to get policy concessions you would otherwise not have received (Häge, 2013; Tsebelis, 2013).

When conflict does occur and voting is decisive, conflict does not occur along partisan lines; again, the scope for politicization (among party lines) is smaller in the Council (Tallberg & Johansson, 2008). Instead, issues are dealt with on an issue specific basis, with the only recurrent divides being based on *structural economic factors* that characterize different groups of member states (Mattila & Lane, 2001). Member states seek coalitions that are based on ideological preferences, but these preferences mostly reflect the structural positions of member states (Hix & Høyland, 2011): even if the Dutch government changes from labour to conservative, the impact of this ideological shift is small compared to the overall ideological spacing of governments in the Council. Instead, the recurrent dividing factor in Council voting is the North-South (Mattila & Lane, 2001) or creditor-debtor divide (Dehousse, 2015).

3.3.4. Powerful Member States, Weak Recommendations?

A number of expectations emanate from the theory provided above. Both delegation theory and voting theory assume the Council (as principal) and its member states will use their political power and control over the Commission to further their own agendas wherever

possible. Thus, as the coalition that wins a vote determines Council behaviour, Council behaviour will reflect the preferences of the winning coalition. That said, it is important to note that I do not actually observe bargaining in the Council; this is a difficult endeavour even if roll call votes for CSR decisions were publicly available (they are not). Instead, I only observe the outcomes of this stage for the CSRs imposed on a specific member state: CSRs for a given country in a given year are either adopted or amended. It is therefore impossible to test assumptions about how member state A would vote on the amendment of recommendations for member state B. But the theories of QMV described above are nonetheless highly informative of the determinants of the *overall outcome* of the amendment process, and it is in this light that I use them here: to make predictions about which factors influence the Council's decision to *strengthen* or *weaken* CSRs.

Given that more politically powerful countries obtain better bargaining positions when trading votes−and are therefore more likely to obtain policy concessions in return for their support−I expect member states with more voting power to be more successful at mitigating (i.e. weakening) the recommendations the Commission has proposed for them. Consequently, the first hypothesis concerning CSR amendment in the Council is as follows:

H_3:   The political power of a member state correlates positively to the proportion of CSRs proposed by the Commission that are weakened by the Council.

Moreover, I expect the economic structural factors to play a major part in deciding coalition formation in the Council. As we have seen in Section 2.1., the economic, financial and monetary crises have had different effects in economically well-performing creditor countries and economically poorly-performing debtor countries. The former have been forced to bail out the latter, but have done so on the condition that underperforming debtors would push through severe austerity reforms. As coalitions are created by like-minded countries and CSRs are a means to coordinate economic policy at the EU-level, I expect this fundamental divide to characterize coalition formation. Coalitions of economically strongly performing (i.e. Northern) member states will therefore likely seek further amplification of recommendations for underperforming (i.e. Southern) member states, further ramping up−but out of self-interest−the Commission's efforts to mitigate the economic risk these economies pose to the well-performing economies and the EU economy as a whole:

H~4a~:   The economic performance of a member state correlates negatively to the proportion of CSRs proposed by the Commission that are strengthened by the Council.

H~4b~:   The status of a member state as a net creditor correlates negatively to the proportion of CSRs proposed by the Commission that are strengthened by the Council.

Finally, while I do not expect politicization to affect Council decision making directly, politicization may play a role in augmenting the effects of these structural factors on Council decision-making. As explained earlier, the Euro crisis placed a lot of strain on the solidarity of EU citizens, pushing citizens in Northern and Southern member states to opposite ends of the political spectrum (Hooghe & Marks, 2016): citizens from creditor countries blame debtor countries for not meeting the austerity targets, while citizens from debtor countries blame creditor countries for imposing austerity targets that are too harsh and socially crippling. Consequently, I expect that when politicization in creditor countries increases, this will cause creditor governments to seek even stronger CSRs for debtor countries:

H~5a~:   The relationship between the economic performance of a member state and the proportion of CSRs proposed by the Commission that are strengthened in the Council is negatively moderated by the level of politicization amongst the public in creditor countries.

H~5b~:   The relationship between the status of a member state as a net creditor and the proportion of CSRs proposed by the Commission that are strengthened in the Council is negatively moderated by the level of politicization amongst the public in creditor countries.

3.4. Controls & Conceptual Model

Figure 3.1. presents the main conceptual model for this study: the conceptual model for CSR formulation by the Commission. It includes three additional control variables not mentioned in the hypotheses above. The first measures whether a member state is part of EMU, the second measures the economic power of a member state and the third indicates whether a member state is in the corrective phase of the EDP. All three control for the economic risk management logic behind the CSRs (see section 2.1.) and help isolate the politicization effect. The first is included because negative externalities originating from an EMU member state can be more problematic for the single market and single currency, and membership in EMU

therefore creates additional obligations for member states. As such, EMU membership is a legitimate reason to expand the scope of CSRs imposed on a member state, because problems in an EMU member state pose bigger risks to the Eurozone. Secondly, the economic power of a member state controls for possible differences between small and large economies which are not of direct interest here, but may matter as issues in the larger economies again pose bigger risks to the EU economy. Finally, as the CSRs are tied to the EU's corrective procedures, the scope of CSRs is should also increase when a member state is in a corrective phase. I therefore include a measure that indicates whether a member state is subject to the EDP[3].

Figure 3.1.: Conceptual Model - CSR formulation by Commission
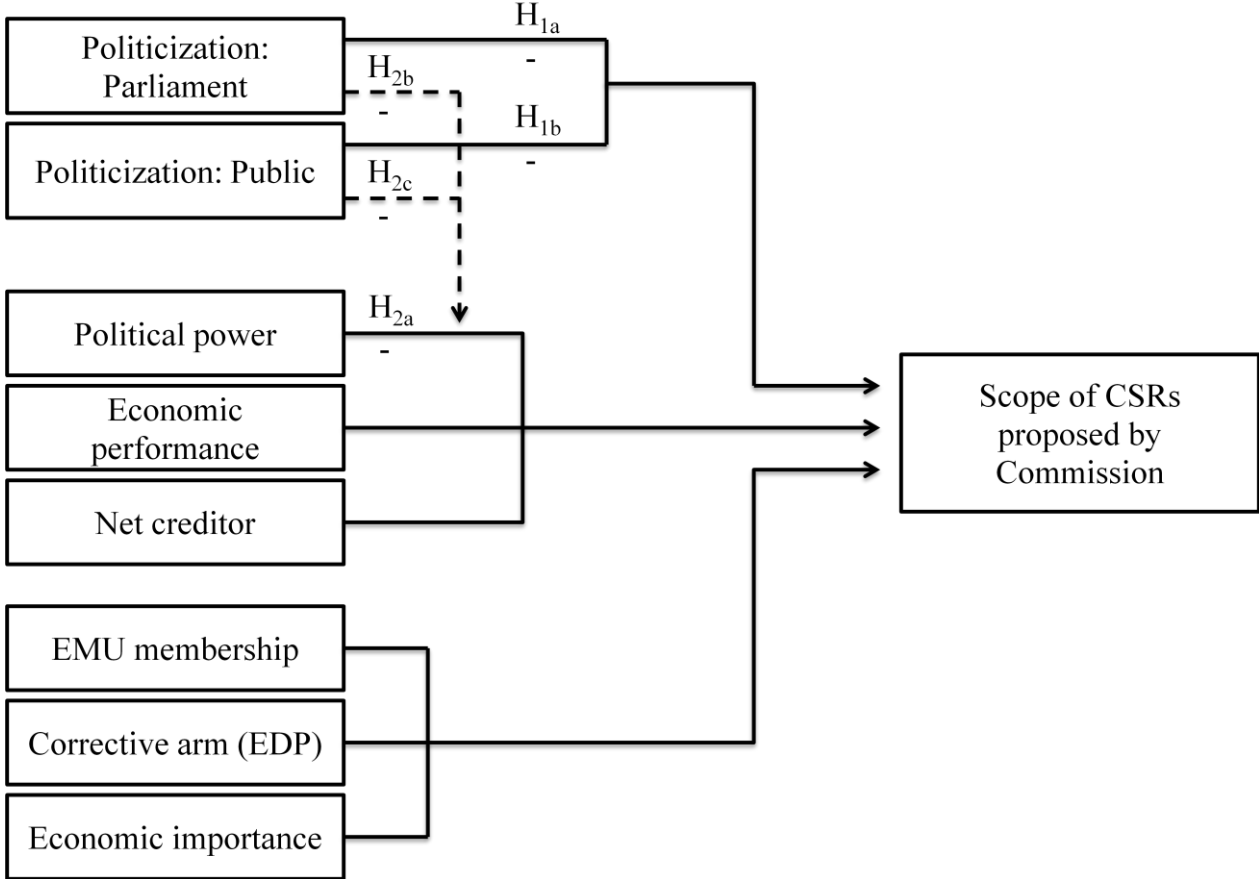
Hypotheses H_3 to H_{5b} are preliminary hypotheses that serve to guide the initial exploration of CSR amendment in the Council. I use them to develop an informed control of the extent to which Commission CSRs are altered by the Council and thus to what extent politicization affects the implementation of CSRs by the EU. Given that these hypotheses are not related to

---

[3] Data on the corrective procedures of the MIP are not available. I partially circumvent this problem by including measures for the most important MIP scoreboard items (see section 4.1).

my main analysis, I do not present full conceptual models for amendment in the Council to benefit the conciseness of this study.

4. Data and Methods

To test these hypotheses, I develop a multilevel (or hierarchical) model of CSR formulation by the Commission and apply this to a composite dataset on CSR application. The set contains data for 27 member states for the period 2011-2016, resulting in 159 observations. Only Greece is fully absent from the dataset, as for the entire period between 2011-2016 it was subject to Macroeconomic Adjustment Programmes (MAP) and therefore did not receive CSRs. Cyprus, Ireland, Latvia, Portugal and Romania were subject to MAPs for one or more (but not all) years between 2011-2016; these country-years are included in the dataset but received a missing value for CSR-related variables. The preliminary analyses of amendment in the Council are qualitative (content coding) and quantitative (descriptive statistics, data visualizations and bivariate correlations). As we shall see, the use of these low-end statistical methods is justified by the small amount of CSRs that are actually amended, resulting in low-variance amendment variables which were unsuitable for more elaborate methods[4]. In the following sections, I first explain how I measure the variables as shown in Figure 3.1. and then further specify the statistical model I employ.

4.1. Variables and Measurement

All predictor and control variables described here are constructed in such a way that they are *lagged*: they are measured at a point in time that is between 4-6 months before the Commission formulates CSRs. This lag is necessary, as the formulation of CSRs likely takes time and changes in a predictor variable will unlikely affect change in the scope of CSRs if they occur too close to the public disclosure of these recommendations.

4.1.1. Outcome Variables: CSR Formulation and Amendment

I measure the scope of CSRs proposed by the Commission as the number of words used to formulate the CSRs per country-year. The number of words are a better measure of the overall scope than the sheer number of recommendations[5], as both the "number and level of detail of the recommendations reflect the scale of the challenges each Member State faces, and the extent to which these challenges have spillover effects to other Member States" (European Commission, 2015b). CSRs are formulated concisely and without overlap, so the number of words reflects their scope of application well. Importantly, this only concerns the actual recommendations made; the documents that present the CSRs also contain sections that

---

[4] During data analysis, I attempted to predict the strengthening and weakening of CSRs with simple, multiple and multilevel regression models. These analyses did not yield any well-fitting models or reliable estimates beyond the model intercepts.

[5] Both quantitative and qualitative robustness checks confirmed this notion. Models predicting the number of CSRs provided significantly worse fitting models than those predicting the number of words.

outline the context against which the CSRs are situated, and these sections are not included in the word count.

I measure CSR amendment by looking at the proportion of substantive changes made by the Council to the recommendations proposed by the Commission. Thus, if the Council increases the scope of one out of five CSRs for a given country-year, the value for this measure would be 0.2. The EU publishes documents containing the recommendations by the Commission and Council separately, and does not indicate whether CSRs have been amended or not. To circumvent this issue, I use document-comparison software (Beyond Compare 4) and coding software (Nvivo 10) to identify all changes made by the Council to the CSRs formulated by the Commission. If substantive changes are made to *the scope* of a recommendation, I code it as amended. Some changes made by the Council are textual in nature, however: the Council has a tendency to change "notably" to "in particular", for example. While these changes may have symbolic value, they are made for nearly all CSRs and are therefore not analytically meaningful.

Instead, I use axial coding to code as amended those cases in which the Council alters the scope of the *substantive* application of a recommendation by removing, adding or changing the wording of text for a CSR. Axial coding involves a mixture of open and selective coding, whereby the researcher starts the coding process with some codes already in mind but allows room for the addition, removal or alteration of codes if this is demanded by the data (Berg & Lune, 2012). If an amendment increases or decreases the scope of application of a specific recommendation, I code this as strengthening or weakening that specific recommendation, respectively. The qualitative nature of the coding process has an important benefit: it allows me to assess changes in the scope of application that go beyond merely proportions of amended recommendations. This strongly benefits the internal validity of the findings, while risks to the internal validity (i.e. coding bias) are minimized through the use of repeated coding waves and the use of coding software which enables the direct comparison and explicit reporting of coded fragments. The final coding tree is included in Appendix I.

4.1.2. Main Predictor Variables: Politicization
Politicization is a composite construct that involves salience, polarization of opinions and the mobilization of new actors in domestic political arenas, and creating a measure that captures all three elements is difficult and beyond the scope of this thesis. But as explained in section

2.2.2., one aspect in particular has proven to be highly consistent with the broader trend of politicization: the increase in Euroscepticism (anti-EU attitudes) that occurs as opinions become more polarized (Rauh, 2016). Euroscepticism is also the politicization component that is most likely to elicit a response from the EU's executives. And Euroscepticism is the politicization-component that is shown to be strongly related to the increasing salience of the EU in general and the rise of new (Eurosceptic) actors in both domestic and European political arenas (Hooghe & Marks, 2016). For reasons of feasibility, I measure the level of politicization in a member state using two indicators: the share of seats held by Eurosceptic parties in parliament and the share of Eurosceptic citizens in the member state. The choice for these manifestations of Euroscepticism is guided by the idea that such signals must be able to reach the Commission to influence its behaviour. Other forms of Euroscepticism, such as Euroscepticism in media reporting, are likely to be more diffuse and less univocally detectable to Commission officials.

I use the Chapel Hill Expert Survey (CHES) to identify which political parties hold anti-EU attitudes. This survey uses expert's judgments to estimate domestic political party support for European integration on a seven-point scale (1-7), where higher scores indicate more support. These expert judgments have been aggregated and cross-validated and are reliable and valid measures of a party's position on further integration (Bakker et al., 2012). Ray (2007) shows that parties scoring below four in the CHES data are identified as either 'soft' or 'hard' Eurosceptics following the definition of Taggart and Szczerbiak (2000). I follow this operationalization[6] and construct the overall measure of Euroscepticism in domestic parliaments for any given year by calculating the ratio of parliamentary seats held by Eurosceptic parties. Unfortunately, the survey only contains values for 2014. While this reduces the validity of the measure, the CHES is the only valid estimator of party positioning available. Moreover, research on party position change has shown that structural position change is unlikely to occur as a sudden shift, but occurs more incrementally instead (Fagerholm, 2015; Hooghe & Marks, 2016). I consequently rely on the 2014 assessments of party positioning for the entire period between 2011 and 2016.

---

[6] I have also constructed measures where Eurosceptic parties were defined as scoring below three (strong Euroscepticism) and below two (extreme Euroscepticism) on the CHES item for support for European integration and where public Euroscepticism was measured only by citizens holding "very negative" views on the EU. Including these measures resulted in significantly worse fitting models during data analysis. Given that my aim is to establish a first link between politicization and policy implementation, both theory and statistics support the choice for this measure.

Using the same method, I use the Autumn Eurobarometer (EB) surveys to measure the proportion of Eurosceptic citizens in a member state. I use the following item: "In general, does the EU conjure up for you a very positive, fairly positive, neutral, fairly negative or very negative image?" The EB's are consistent in question wording for the period between 2011 and 2016. The final measure for public politicization indicates the combined proportions of citizens who answered "fairly negative" and "very negative".

4.1.2. Controlling Predictor Variables: Political Power

I measure political power as the voting power of a member state in the Council, using the Shapley-Shubik index of the power distribution under the Nice rules for 2011-2013 and under the Lisbon rules for 2014-2016. These indices are based on the probability that a member state is pivotal in turning a losing coalition into a winning one and are widely used in the literature on legislative bargaining (Shapley & Shubik, 1954; Hix & Høyland, 2011). Barr and Passarelli (2009) show that more accurate predictions of voting power can be made using other indices that, in addition, account of the preferences of the actors involved. I do not use these for three reasons: (1) these indices are developed for the passing of legislation that binds all parties and since the CSRs are country-specific (they only apply to one party) ideological preferences are difficult to establish and likely to matter less, (2) using these indices may cause problems of multicollinearity as some important factors shaping preferences have already been included as structural factors in the analysis and (3) CSRs are voted for in bulk (all CSRs for a given country-year together), and as such a vote covers many different topics that cross basic ideological divides. Croatia is not part of any index as Croatia joined the EU in 2013. This means that for 2014-2016, the estimation power of other countries may be marginally different from their true values. The only other alternative is relying on rough 'voting shares' but these are far less developed than the Shapley-Shubik index (e.g., see European Parliament, 2014). Finally, the Shapley-Shubik index does not account for the possibility that a member state is pivotal in turning a losing *blocking* coalition into a winning *blocking* coalition. However, these measures *also* rely on ideological preferences and are therefore not suitable in the case of the CSRs (Barr & Passarelli, 2009).

4.1.3. Controlling Predictor Variables: Economic Factors

There is no publicly available data on the corrective procedures of the MIP or Commission assessments relating to these for the entire period between 2011 and 2016. To measure the economic performance of a member state, I therefore rely on two of the most important indicators for the MIP scoreboard used by the Commission to assess the economic

performance of individual member states. The data for both indicators is provided by Eurostat. The first indicator is a member state's unemployment rate, measured as the percentage of unemployed (as defined by Eurostat, 2016e) relative to the total labour force of a member state. The second indicator is a member state's current account balance, which represents all transactions in goods, services, primary and secondary income that occur between a member state's residents and non-residents—measured as a percentage of GDP[7]. Positive values indicate a current account surplus, which means a member state's economy is producing more than it is absorbing. Negative values indicate absorption and are a sign of weak economic performance. The current account is a more fine-grained measure than the balance of trade, for example, as it covers most important types of economic transactions that occur between states but excludes financial transactions (IMF, 2016). I use two dummies in the statistical models: one that indicates current account deficits ($X < -1.0\%$ GDP) and one that indicates surpluses ($X > 1.0\%$ GDP). Surpluses are not defined as imbalances by the Commission, but an offer additional measure for strong economic performance.

I use Eurostat data on a country's Net International Investment Position (NIIP) to determine whether it is a net creditor or debtor. The NIIP is a statistic comprised of the difference between an economy's external financial assets and liabilities. Consequently, a positive NIIP (where assets are higher than liabilities) means a country is a net creditor. The problem with this method is that there is no data available on the financial balance sheets of member states with respect only to other EU countries. As a result, the NIIP indicates whether a country is a creditor to *all* other countries worldwide. Yet the NIIP is the most developed and most widely used statistic available (IMF, 2015; Eurostat, 2016d), and it is unlikely that net creditors to EU member states are net debtors to the rest of the world, or vice versa. Still, I use a dichotomous coding because balance sheet ratios may be misguiding if a country has a lot of external assets outside of the EU. The NIIP is the third MIP scoreboard indicator included in the analyses. These three MIP indicators combined constitute a good measure of the overall economic and financial health of an economy, as they adequately cover the economic (current account balance), financial (NIIP) and social (unemployment rate) dimensions.

I use Eurostat data to measure the proportion of EU GDP[8] contributed by the GDP of a specific member state to construct a measure of the economic importance of a member state to

---

[7] At current market prices, May-June 2016.
[8] At current market prices, May-June 2016.

the EU as a whole. Finally, I use additional two dichotomous measures as control variables: one that indicates whether an EU member state is also a member of EMU and one that indicates whether a member state is in the corrective phase of the EDP at the time the CSRs are issued. The use of the latter introduces the possibility of an endogeneity bias: if CSRs are affected by politicization, it is possible that the application of the corrective phases by the EU's dual executive is similarly affected by politicization. As such, this may harm the reliability of the measure as a politicization effect may already be present in one of the control variables−and may consequently also cause underestimation of politicization coefficients. Again, I do rely on this indicator because CSRs are most likely to reflect the economic and fiscal issues *as assessed by the EU* and alternative assessments−such as the IMF's or OECD's−may differ significantly. A summary of all variables included in the statistical models is presented in Table 4.1..

4.2. Multilevel Models

I employ a multilevel model which accounts for the nested character of the data and program this in the open-source statistics software R (see Appendix III for the R code). The issued CSRs are nested in countries (e.g. the Netherlands received CSRs in 2011, 2012, etc.) and years (e.g. 25 EU member states received CSRs in 2013). Level one (country-years) variables and parameters are indicated with 'i', whereas level two[9] parameters are indicated with 'j' (countries) and 'k' (years) (see also Table 4.1.). A multilevel analysis allows the explicit modelling of such data structures which has several important benefits (Gelman & Hill, 2007; Field, 2013). Firstly, it accounts for both individual- and group-level variation, giving estimations of how much variance in the CSR adoption process stems from differences between countries, years, or both. It also overcomes estimation problems caused by dependent errors, a problem that is likely to occur in the present study. For example, the formulation of recommendations may be influenced by recommendations made previously to other countries or in earlier years. Grouping these observations by countries and years controls for this problem. Third, it allows the estimation of country-specific and year-specific intercepts and−if one has sufficient cases−coefficients.

The data in this study is cross-classified: individual level observations are nested in two grouping categories. Statistically, the recognition of this cross-classification is important because if either class is disregarded the remaining class will absorb some of the variance of

---

[9] As no variables remained constant between years or countries, all variables were treated as level one variables.

the former (Fielding & Goldstein, 2006). Such an 'underspecified model' will provide unreliable estimates due to possible confounding effects. But despite the inclusion of a grouping variable that distinguishes years, the data here is not longitudinal: longitudinal studies focus on explaining *change* in some outcome variable through repeated measures or panel data (Gelman & Hill, 2007). Here, change in CSRs over time is not of substantive interest and the cross-classified design should sufficiently account for the possibility that CSRs issued at T are partially dependent on those issued at T-1. The cross-classified nature of the data also increases the number of parameters estimated by the multilevel model. In combination with the relatively small sample size (N = 159), this means that fitting a varying intercept *and* varying slope model is too statistically demanding. This became evident during data analysis: allowing the slopes of the politicization effect to vary by country or year significantly decreased the fit of the model. I therefore only specify a varying intercept model, which implies that the outcome means are allowed to vary over countries and years, but effect sizes for all predictor variables are constant across groups. The final three statistical models are specified in sections 4.2.2. and 4.2.3..

4.2.1. Centering and Standardization

To improve the interpretability of the intercepts, all predictor variables have been centered. Centering makes coefficients directly interpretable as the change in Y due to a one-unit change X while all other predictors are at their mean. In common multilevel models that contain level two predictors and are not cross-classified, level one predictors are centered around their group means and level two predictors are centered around their grand mean (Enders & Tofighi, 2007; Gelman & Hill, 2007). The reason for this is both substantive and statistical: centering level one predictors around their group means isolates all level two variance from the group-specific intercepts, allowing observations to be compared to other observations within the same groups by excluding variance stemming from level two. Thus, for a cross-sectional model with observations for the EU-28 (for only a single year) the random intercept for Hungary will indicate the value of Y when all predictors are at their Hungary-specific means and the grand mean will include all variance stemming from level two.

However, as my data is clustered in two grouping variables and centering predictors around two means at once is mathematically impossible, centering predictors around either their country-group or year-group means is uninformative and problematic. Group mean centering

isolates only part of the level two variance and means intercepts will be informative about either countries or years, not both. As such, centering only on the country-mean creates a year-specific intercept that is the value of that year when all predictors are at their country-means (which span multiple years!). There is also a strong theoretical argument for centering level one predictors around the grand mean. As CSRs are issued and amended by (boundedly) rational actors, these actors likely (subconsciously) compare the CSRs they are formulating or amending to other CSRs they have formulated or amended before. And these comparisons are likely made both across years and countries. It therefore makes more substantive sense to center predictors around their grand means, so that a country-specific or year-specific intercept indicates the value of Y when all predictors are at their country-group and year-group means.

Finally, all continuous predictors are standardized by dividing by two standard deviations. This places them on a scale that is virtually bound between 0-1, and greatly improves the comparison of these continuous predictors to the unstandardized dichotomous variables (Gelman & Hill, 2007). After standardization and centering, a one-unit change in a predictor indicates a change from one standard deviation below the grand mean to one standard deviation above it.

Table 4.1.: Overview of variables

Variable [ID]	Measure	Scale*	Level
Scope of CSRs proposed by Commission [CSRCOM]	Number of words used to formulate recommendations proposed by Commission	$0-\infty$	i
Amendment (weakening) of CSRs by Council [CSRCLW]	Ratio of CSRs of which scope was substantively reduced by Council	0-1	i
Amendment (strengthening) of CSRs by Council [CSRCLS]	Ratio of CSRs of which scope was substantively increased by Council	0-1	i
Politicization: Parliament [PPAR]	Percentage of seats held by Eurosceptic parties in parliament of member state	$0\text{-}100^{s,c}$	i
Politicization: Public [PPUB]	Percentage of Eurosceptic citizens in member state	$0\text{-}100^{s,c}$	i
Political power [VOTE]	Percentage under Shapley-Shubik voting power index	$0\text{-}100^{s,c}$	i

Unemployment rate [UNEMP]	Percentage of unemployed in member state	0-100[s,c]	i
Current account balance: positive [CURACP]	Current account balance for member state is positive	Dichotomous[c], 1 = Yes	i
Current account balance: negative [CURACN]	Current account balance for member state is negative	Dichotomous[c], 1 = Yes	i
Net creditor [CRED]	Member state is net creditor (NIIP)	Dichotomous[c], 1 = Yes	i
EMU membership [EMU]	Member state is also member of EMU	Dichotomous[c], 1 = Yes	i
Scope of fiscal problems [COR]	Member state is subject to corrective stage of EDP	Dichotomous[c], 1 = Yes	i
Economic importance [GDP]	Proportion of EU GDP contributed by member state	0-100[s,c]	i

Notes: * Indicates original variable scale. Variables indicated by 's' were standardized by two standard deviations, variables indicated by 'c' are grand mean centered.

4.2.2. Model Specification: CSR Formulation by Commission

The statistical specification of my main conceptual model (as presented in Figure 3.1.) is presented below. Here, $y_{(j,k)i}$ is the outcome for the ith observation, where the intercept $(\alpha_{(j,k)i})$ is allowed to vary by country and year:

$$
\begin{aligned}
y_{(j,k)i} \quad = \quad & \alpha_{(j,k)i} + \beta^{PPAR}_{i}PPAR + \beta^{PPUB}_{i}PPUB + \beta^{VOTE}_{i}VOTE + \\
& \beta^{UNEMP}_{i}UNEMP + \beta^{CURACP}_{i}CURACP + \\
& \beta^{CURACN}_{i}CURACN + \beta^{CRED}_{i}CRED + \beta^{EMU}_{i}EMU + \\
& \beta^{COR}_{i}COR + \beta^{GDP}_{i}GDP + \beta^{PPARVOTE}_{i}PPAR \cdot VOTE + \\
& \beta^{PPUBVOTE}_{i}PPUB \cdot VOTE + \varepsilon_{i,}
\end{aligned}
$$

where:

$$
\alpha_{(j,k)i} \quad = \quad \gamma^{\alpha}_{j} + \gamma^{\alpha}_{k} + \eta_{j} + \eta_{k}
$$

4.2.4. Truncated Data and the Problem of Endogeneity

Before turning to the results, two last issues require further elaboration. The first issue is that the data in this study may appear to be truncated (or censored): when the economic problems in a given country have become so severe that it requires financial aid, a Macroeconomic Adjustment Programme (MAP) is installed and CSRs are no longer issued. The problem with

truncated data is that those countries that are subject to are MAPs are censored from the analysis provided here, which means the resulting analyses do not include cases that go beyond a certain severity of economic problems. On one hand, this is an inescapable problem that limits the generalizability of the findings presented here: *if* MAPs are regarded as part of the same population, their exclusion will mean coefficient estimates are wrongly estimated based only on those cases for which the outcome variables take less extreme values. Other statistical techniques, such as the Heckman (1979) selection model, are capable of dealing with such truncated data−but they require a much larger sample size than is presently attainable for CSR-related data. On the other hand, the problem should not be overstated: this study's findings relate to CSRs, not to MAPs. MAPs differ significantly from CSRs in their bindingness, the way they are implemented and the actors responsible for their enforcement (the 'Troika', i.e. Commission, ECB and IMF). As such, CSRs and MAPs are significantly different policy tools which can be argued to be different populations entirely. Seen this way, including countries under MAPs in the present analysis actually harms the internal validity of the findings.

The final issue that may be fundamentally problematic in this study is the risk of an endogeneity problem, where there is a correlation between a predictor and the error term. Substantively, this would mean that there is another factor influencing both the predictor and outcome variable you are observing, or that there is a causal loop between the two. This latter option is especially likely in the present study: the application of CSRs may be influenced by politicization, but CSRs may in turn also affect politicization. Similarly, the scope of a country's fiscal and economic problems will influence the scope of the issued CSRs, but these issued CSRs are in turn intended to reduce the scope of these problems. I have tried to reduce this source of bias as much as possible, both by cross-classifying the data and by creating lag between the measurement of the predictors and outcome variables. However, it is important to note that this study's (correlational) design will *not* allow me to make any causal inferences (hence the term 'predictor' instead of 'explanatory' or 'independent' variable). The statistical models specified above are *theoretical* constructs that are applied to empirical data; any directional relationship specified in these models is based on theoretical assumptions, not empirical observation (Kass, 2011). More reliable causal inferences require either more elaborate longitudinal statistical techniques that do account for change over time, qualitative causal process tracing or experimental designs.

5. Results

In this chapter I present the results of this study. I begin by first describing and visualizing the data with regard to the two most important sets of variables: those relating to CSR implementation and those relating to politicization. This step is important−especially in the case of cross-classification−as it provides us with a general idea of the structure of the data before we look at actual relationships between the two sets of variables. Similar descriptives ad visualizations for the structrural and economic factors can be found in Appendix II. I then present the fixed effect (fixed slope) results from the multilevel models that predict the extent of recommendations formulated by the Commission and were used to test the first set of hypotheses relating to Commission behaviour. A further dissection of the random effects (random intercepts) of these models is also given in Appendix II. In the last part of this chapter, I check to what extent the findings related to the Commission hold for the overall CSR implementation process by looking at CSR amendment in the Council. Here, I first present the results from the qualitative content analysis and then turn to the results provided by a preliminary quantitative analysis.

All bar plots presented in this chapter plot the values of the relevant variables in their raw (untransformed, unstandardized and uncentered) metrics, unless explicitly stated otherwise. To aid the substantive interpretation of the coefficients of the multilevel models, means (black lines) and standard deviations (dashed lines, mean +/-1 SD) are displayed in the bar plots given below. Finally, I mention the EU-27 throughout this chapter, by which I refer to all EU member states except Greece.

5.1. CSR Formulation and Politicization, 2011-2016

The descriptive statistics for the main outcome variable, the scope of CSRs formulated by the Commission, are presented in Table 5.1. The average number of individual recommendations given to a member state was five, and the relatively small standard deviation shows that in roughly 70% of all cases, a country received three to seven CSRs. Sweden is the only country to receive a solitary recommendation (both in 2015 and 2016), as opposed to Spain (2013) and Slovenia (2013) who both share the highest score with nine recommendations−despite neither country being subject to a MAP in the period of 2011-2016. Countries that did receive a MAP during this period are Cyprus (2013-2015), Ireland (2011-2013), Latvia (2011), Portugal (2011-2013) and Romania (2011-2012). Importantly, these cases are not included in either the descriptives presented here or the multilevel models presented below.

Table 5.1.: Descriptive Statistics: CSR Formulation by Commission

	Min.	Max.	Mean.	S.D.
Number of Commission CSRs*	1	9	5.054	1.679
Scope of Commission CSRs [CSRCOM]*	51	1139	314.7	206.431
Natural log transformation [logCSRCOM]*	3.932	7.038	5.552	0.654

Notes: These statistics are derived from the entire dataset, including those cases that contained missing values and were subsequently dropped from the multilevel analyses through listwise deletion. N = 147; J = 27; K = 6. *Variables contain 12 missing values that are not reflected in these descriptives.

The minimum number of words used by the Commission is 51, both for Denmark in 2015 and Luxembourg in 2016, while the maximum is a total of 1139 words addressed to Portugal in 2014, which was subject to a MAP until 2013. The average number of words proposed by the Commission is 314, but the relatively large standard deviation shows there is a considerable amount of variation between countries and years. The last variable in Table 5.1. is a natural log transformed version of the number of words proposed by the Commission. I use this transformation in the statistical models presented below as it reduced the positive skew in the outcome variable, thus reducing high-end outliers and significantly improving model fit. Moreover, using a log-transformed outcome variable improves the interpretability of coefficients by transforming them to reflect proportional changes (ratios) in the outcome variable (Gelman & Hill, 2007).

The number of words used to formulate the CSRs seems to reflect the substantive scope of these recommendations well. CSRs are concise, to the point and examples or clarifications are rarely given in the recommendations themselves. They are only elaborated upon in the sections preceding the actual CSRs, where the context of and reasoning behind the recommendations are explained. The correlation between the number of words and the actual number of recommendations is also strong ($\rho = 0.815$, CI: [0.752, 0.863]), suggesting that different CSRs on average are covered by a comparable number of words. The statistical association is even stronger between the number of recommendations and the log transformed variable ($\rho = 0.883$, CI: [0.841, 0.914]).

Figure 5.1.: Scope of CSRs proposed by Commission, six year country average
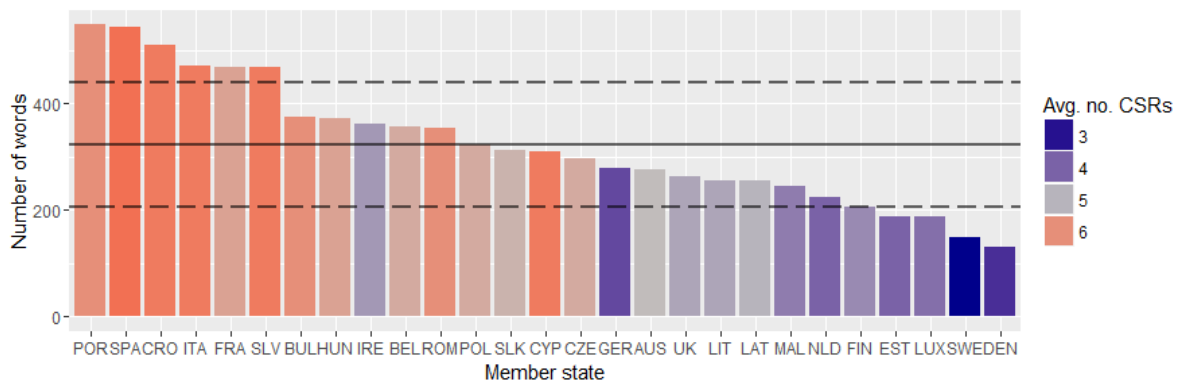
Figure 5.1. plots the average number of words proposed by the Commission for each country. Southern member states on average receive the highest number of words, with the means for Portugal, Spain and Italy at respectively 548, 543 and 471. Two Scandinavian countries score the lowest mean values (Denmark: 131; Sweden: 150), being closely followed by Luxembourg (188). The scope of CSRs gradually increased from 254 words in 2011 to 533 words in 2014 (as shown in Figure 5.2.) before dropping sharply to 168 in 2015 and 165 in 2016.

Figure 5.2.: Scope of CSRs proposed by Commission, yearly average of EU-27
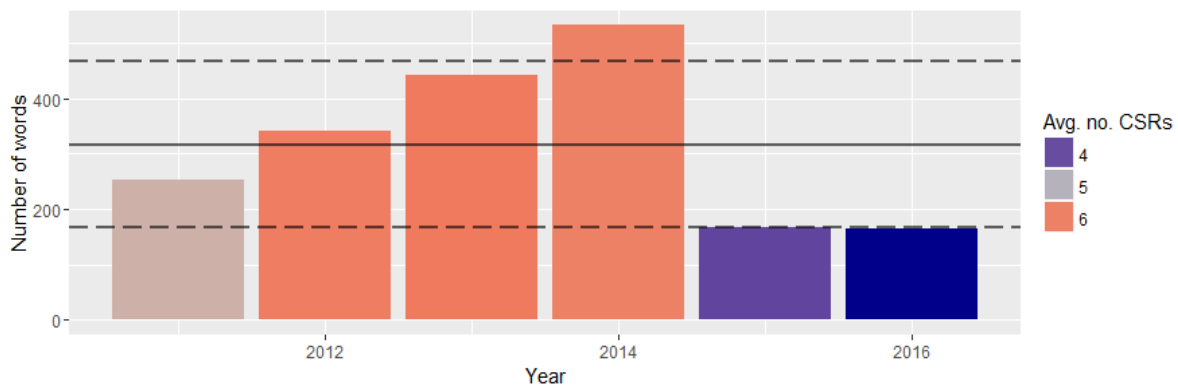
Table 5.2. presents the descriptives for the main predictor variables related to politicization. Between 2011 and 2016, the mean value of seats held by Eurosceptic parties across the national parliaments of the EU-27 is 15.8%. The parliaments of Croatia, Cyprus, the Baltic States, Malta, Romania and Spain all have one or more years where Eurosceptic parties did not hold any seats in parliament. Conversely, since the 2014 elections, Hungary has the highest percentage of parliamentary seats which are held by two Eurosceptic parties: the Hungarian Civic Union (Fidesz, 58.8%) and Movement for a Better Hungary (JOBBIK, 11.6%). The mean value for public Euroscepticism was 22.1% between 2011-2016, with observed extremes as low as 5.6% in Poland in 2015 and as high as 54.0% in Cyprus in 2014−the latter being in the middle of a MAP programme at the time. Finally, the variation

between countries in terms of Euroscepticism in parliament is much larger than the variation for Euroscepticism amongst the general public, as indicated by the standard deviations.

Table 5.2.: Descriptive Statistics: Politicization

	Min.	Max.	Mean.	S.D.
Politicization: Parliament [PPAR]	0.000	70.400	15.790	15.325
Politicization: Public [PPUB]	5.609	53.390	22.080	9.633

Notes: These statistics are derived from the entire dataset, including those cases that contained missing values and were subsequently dropped from the multilevel analyses through listwise deletion. N = 159; J = 27; K = 6.

Figure 5.3. plots the mean levels of politicization in parliament by country. On average, the United Kingdom has the most Eurosceptic parliament: since the 2015 general election, the mildly Eurosceptic Conservative Party holds 50.8% of the seats in the House of Commons, whereas the extremely Eurosceptic UK Independence Party (UKIP) holds one seat (0.2%). The UK is followed by Poland and the Czech Republic, but at some distance. The mildly Eurosceptic Law and Justice Party (PiS) holds 37.6% of seats in the Polish Sejm since the 2015 elections. In the Czech Parlament[10] the Eurosceptic Civic Democratic Party (ODS) and Communist Party of Bohemia and Moravia (KSCM) hold 8% and 16.5% of seats respectively, with another 7% of seats held by the strongly Eurosceptic ANO 2011, Action of Dissatisfied Citizens (USVIT). Consistent with the arguments of Hooghe & Marks (2009), most Eurosceptic parties do appear to emerge as either economically left or traditional-authoritarian-nationalist parties at the political fringes.

Figure 5.3.: Politicization - parliament: Eurosceptic parties, six year country average
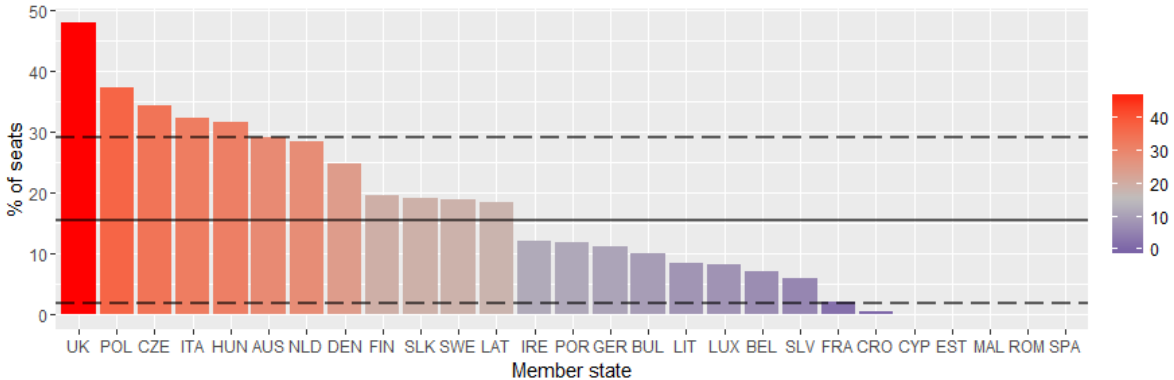
Figure 5.4. shows essentially the same plot, but for annual parliamentary politicization means for the entire EU-27. As we can see, Euroscepticism in parliament has slowly but steadily

---

[10] Spelling intended.

increased over the past six years, from 13.1% in 2011 to 18.8% in 2016. This 5.7% increase indicates the growing salience of and increasing profiling on EU issues to and by national politicians.

Figure 5.4.: Politicization - parliament: Eurosceptic parties, yearly average of EU-27
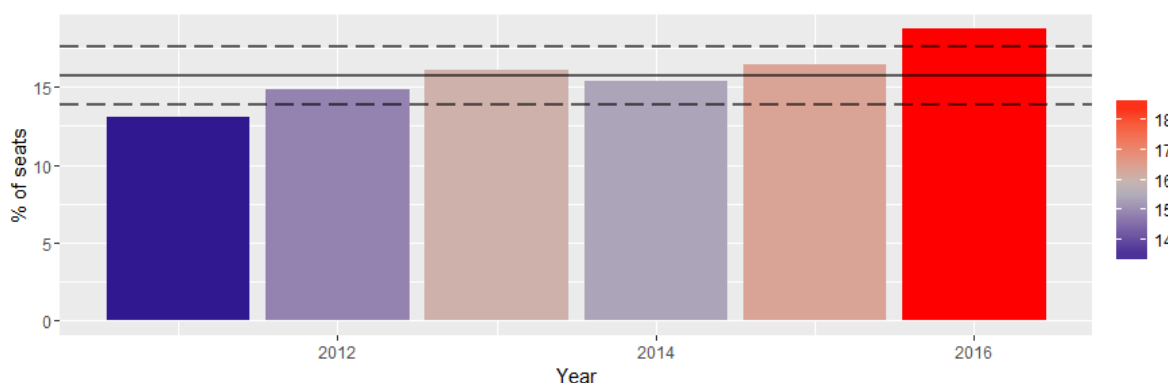
The mean levels of public politicization at the country level are plotted in Figure 5.5. The UK again takes centre stage with an average of 39.7% of its citizens holding Eurosceptic attitudes between 2011-2016. The UK is closely followed by Cyprus (37.1%) and Austria (37.0%). The least Eurosceptic publics are the Baltic states (Lithuania = 7.5%) and larger Eastern European countries−Poland (8.3%), Romania (11.5%) and Bulgaria (13.9%). If attitudes on the EU are determined by utilitarian (cost-benefit) considerations (see e.g. Boomgaarden et al., 2011), this is not incidental: citizens from these member states also constitute the biggest source of mobile labour within the EU as a whole (European Commission, 2014).

Figure 5.5.: Politicization - public: Eurosceptic citizens, six year country average
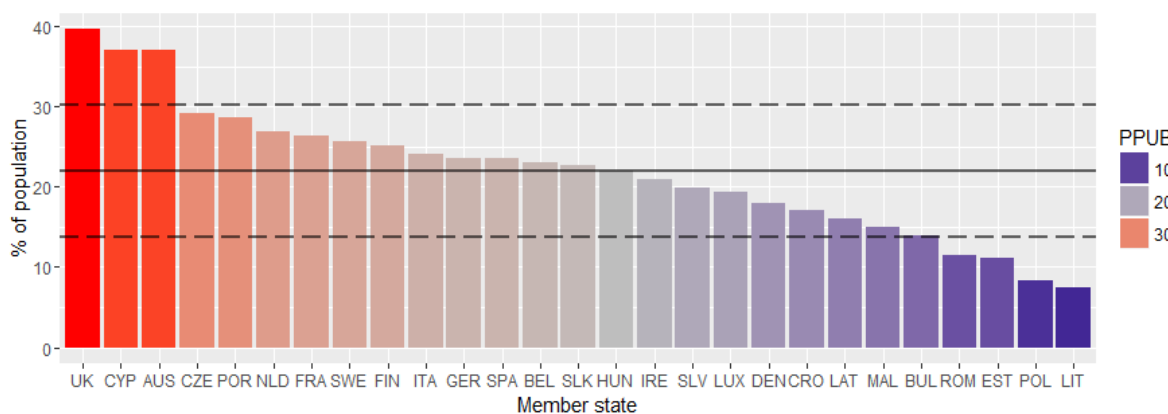
Figure 5.6. finally plots the annual public politicization means for the entire EU-27. At the height of the crisis in 2011, 17.8% of citizens across the EU-27 held Eurosceptic views. By 2013, this figure rose to 24.8%, a relative increase of 39.3% in only two years. After 2013, Euroscepticism dropped back to 19.3% by 2015 and 20.4% in pre-Brexit 2016.

Figure 5.6.: Politicization - public: Eurosceptic citizens, yearly average of EU-27
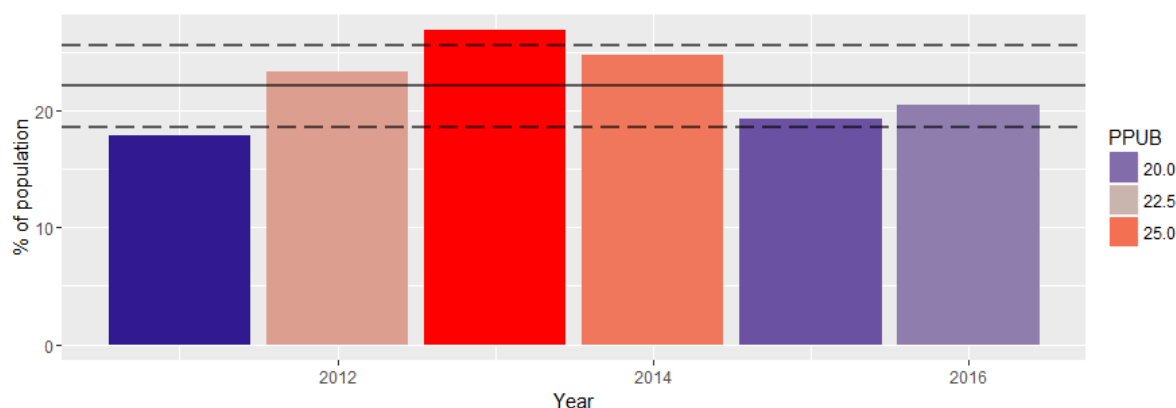
5.2. Multilevel Models: Scope of CSRs as proposed by Commission

We now turn to the multilevel models that use the structural and politicization variables to predict the (log transformed) scope of recommendations proposed by the Commission. The first step to assessing validity of these models is to assess the Intraclass Correlation Coefficient (ICC), which serves as an indicator of the necessity of employing multilevel models over ordinary (multiple) regression modeling techniques. Derived from an empty model[11] (or baseline model), the ICC indicates the amount of variance stemming from the grouping level (i.e. differences between countries and years) as a proportion of the total variance in the data. Given the cross-classified structure of the data, there are multiple informative ICCs for this model which are given in Table 5.3..

Table 5.3.: Intracrass Correlation Coefficient (ICC)

	Formula	Value
$ICC_{j,k}$	$(\sigma^2_{\alpha j} + \sigma^2_{\alpha k})/(\sigma^2_{\alpha j} + \sigma^2_{\alpha k} + \sigma^2_y)$	0.8474584
ICC_j	$\sigma^2_{\alpha j}/(\sigma^2_{\alpha j} + \sigma^2_{\alpha k} + \sigma^2_y)$	0.3164505
ICC_k	$\sigma^2_{\alpha k}/(\sigma^2_{\alpha j} + \sigma^2_{\alpha k} + \sigma^2_y)$	0.5310079
$ICC_{j/l2}$	$\sigma^2_{\alpha j}/(\sigma^2_{\alpha j} + \sigma^2_{\alpha k})$	0.3734112
$ICC_{k/l2}$	$\sigma^2_{\alpha k}/(\sigma^2_{\alpha j} + \sigma^2_{\alpha k})$	0.6265888

Notes: N = 144; J = 26; K = 6.

$ICC_{j,k}$ indicates the amount of variance at the grouping level in the dataset, which is 84.8%. This is well over the threshold of 10% that is the absolute minimum of variance stemming from level two required for multilevel models. ICC_j shows that of the total variance in the data 31.7% stems from differences between countries, which is much less than the 53.1% of

---

[11] An "empty" model here refers to a model where the outcome variable is predicted only by an intercept that is allowed to vary across groups, i.e. a model without any predictor variables included (logCSRCOM ~ 1 + (1 | country) + (1 | year)).

variance stemming from differences between years (ICC_k). Consequently, of the 84.8% variance stemming from the grouping factors, 37.3% is at the country level ($ICC_{j/12}$) and 62.6% is at the year level ($ICC_{k/2}$). Conversely, a mere total of 15.2% of the variance in the data is country- and year-specific. These ICCs show that there are multiple important grouping factors in the data on CSR formulation by the Commission. The most important of these grouping factors is years and not countries, which from a comparative politics perspective may seem striking but is largely due to the large drop in the average scope of CSRs in 2015.

The multilevel models themselves are presented in Table 5.4. The β's for the predictor variables are on the log scale and need to be exponentiated to be directly interpretable: these values are given under exp(β) and indicate the *proportional change* in Y for a one unit change in X. Given that all predictors are grand mean centered and all continuous predictors are standardized by two standard deviations, the β's and exp(β)'s for continuous predictors indicate the proportional change in Y for a change in X from one standard deviation below the grand mean to one standard deviation above the grand mean, while all *other* predictors are at their grand means. Standard errors for the β's are given in parentheses and indicate the reliability of the estimate; smaller standard errors indicate more reliable estimates. If the confidence intervals−two standard errors above and below the estimate of β−do not include zero, this corresponds to a 95% confidence level (p = 0.05). Importantly, the exp(β) for the intercept no longer reflects the arithmetic but the *geometric* mean when all predictors are at their grand means, which is the base value that the proportional change of the other β's occurs over.

Model 0 is the baseline model that was used to calculate the ICCs. Model 1 introduces the predictors of the structural and economic factors into the model, which make up the control variables for the model predicting the scope of CSRs formulated by the Commission. Model 2 subsequently adds both politicization predictors to the model and Model 3 finally introduces the interaction effects between the politicization predictors and voting power. The (changes in) fit of these models is reflected by the AIC statistics in Table 5.5. (smaller values are better), which is a statistic that indicates how well the models fit the data while controlling for the number of added predictors−as adding predictors will always decrease the log likelihoods and deviance even if model fit does not necessary improve. The χ^2-test statistics indicate

whether the improvements in fit are significant. Thus, we see that adding the control variables to the empty model very significantly improves the fit of the model, pushing the AIC down from 115.8 to 89.0. Adding the politicization predictors again significantly improves model fit by reducing the AIC to 81.4. Adding the interaction terms in Model 3 does not improve model fit, and actually pushes the AIC back upwards. Consequently, the best fitting model for explaining CSR formulation is Model 2. No modeling assumptions were violated by any of the models presented below[12].

---

[12] Plots and statistics available from author on request.

Table 5.4.: Multilevel models (y = logCSRCOM)

	(0)		(1)		(2)		(3)	
	β	exp(β)	β	exp(β)	β	exp(β)	β	exp(β)
Intercept	5.5788*** (0.2107)	264.7637	5.5970*** (0.20026)	269.6107764	5.60227*** (0.18731)	271.0424392	5.606690*** (0.187510)	272.2415490
Voting power [VOTE]			0.56170*** (0.15463)	1.7536513	0.56903*** (0.14911)	1.7665611	0.577885*** (0.149943)	1.7822653
Unemployment [UNEMP]			0.32818*** (0.08813)	1.3884357	0.26179** (0.08910)	1.2992536	0.261718** (0.088855)	1.2991601
Current account: positive [CURACP]			0.08159 (0.06610)	1.0850056	0.07931 (0.06391)	1.0825403	0.078095 (0.063994)	1.0812257
Current account: negative [CURACN]			0.09736 (0.06729)	1.1022619	0.10860 (0.06468)	1.1147144	0.103899 (0.065399)	1.1094880
Net creditor [CRED]			-0.23941* (0.09519)	0.7870943	-0.28131** (0.09334)	0.7547984	-0.285912** (0.094226)	0.7513287
EMU membership [EMU]			0.30476*** (0.09588)	1.3562993	0.27343** (0.09878)	1.3144609	0.274493** (0.098700)	1.3158634
EDP: Corrective stage [COR]			0.00199 (0.06551)	1.0019923	0.00773 (0.06370)	1.0077603	0.006109 (0.063947)	1.0061277
Economic importance [GDP]			-0.41239* (0.17544)	0.6620685	-0.49515** (0.17272)	0.6094783	-0.493871** (0.172646)	0.6102593
Politicization: parliament [PPAR]					-0.02196 (0.07094)	0.9782805	-0.018879 (0.071362)	0.9812984
Politicization: public [PPUB]					0.29162*** (0.08427)	1.3385915	0.295968*** (0.084659)	1.3444266
Politicization: parliament x voting power							-0.046086 (0.122154)	0.9549599
Politicization: public x voting power							-0.032107 (0.145242)	0.9684031

	(1)	(2)	(3)	(4)
Residual Variance:				
Intercepts ($\sigma^2_{\alpha j}$)	0.13808	0.06757	0.06580	0.06481
Intercepts ($\sigma^2_{\alpha k}$)	0.23170	0.22256	0.19303	0.19320
Data (σ^2_y)	0.06656	0.05293	0.04849	0.04852
N	144	144	144	144
J	26	26	26	26
K	6	6	6	6
Log Likelihood	-53.9	-32.5	-26.7	-26.6
AIC	115.8	89.0	81.4	85.1

Notes: Missing values were excluded from the models through listwise deletion. *p<0.05; **p<0.01; ***p<0.001.

Table 5.5.: Model Fit Statistics

	Df	AIC	Log Likelihood	Deviance	χ^2	$Pr(\chi^2)$
(0)	4	115.768	-53.884	107.768		
(1)	12	88.976	-32.488	64.976	42.7926	9.61e-07***
(2)	14	81.374	-26.687	53.374	11.6018	0.003025**
(3)	16	85.126	-26.563	53.126	0.2479	0.883404

Notes: N = 144; J = 26; K = 6.   *p<0.05; **p<0.01 ***p<0.001

5.2.1. Multilevel Model: Fixed Effects

Moving to the coefficient estimates of Model 2 and the interaction effects of Model 3, we find a highly reliable estimate indicating that the mean number of words formulated by the Commission when all predictors are at their grand means is 271. The estimates for the two main predictor variables relating to politicization variables are strikingly different in terms of reliability and direction of the estimated effect. The coefficient for parliamentary politicization indicates that if the share of seats held by Eurosceptic parties in a member state's parliament increases by one unit−a change corresponding with the difference between country means for France (2.17%) and Austria (29.0%)−the scope of CSRs proposed by the Commission decreases by 2.2%. Not only is this effect size marginal, but it is also highly unreliable: its standard error (0.07094) is more than three times larger than the coefficient estimate. The coefficient for politicization amongst the public tells a very different story: a one unit increase in Euroscepticism amongst a member state's citizens is associated with a 33.9% *increase* in the scope of the recommendations as formulated by the Commission. This change is similar to the difference in country means between Bulgaria (13.9%) and the Czech Republic (29.3%), or the annual means of 2011 (17.8%) and 2014 (24.8%). Moreover, the estimate of this coefficient is highly reliable and would correspond to a confidence level of 99.9% (p = 0.001) under conventional statistical criteria.

Thus, I find no empirical support for H_{1a}: there is no empirical evidence supporting the claim that the Commission is susceptible to the levels of politicization in a member states parliament, or that it sees increases in such politicization as in institutional risk it faces. Similarly, H_{1b} must be rejected, as there is no evidence that the Commission proposes less extensive recommendations to countries with more Eurosceptic publics. Instead, highly reliable statistical estimates suggest the opposite: the Commission is highly susceptible to the institutional risk posed to it by politicization amongst a member states public, but responds to this by proposing *more* scopeful recommendations to these member states. An assessment of the CSRs issued to the more Eurosceptic countries (UK, Cyprus and Austria) suggests that this effect is not explained by the notion that Commission officials use more words to further elaborate on the recommendations issued to these countries. In addition, a comparison of figures 5.2. and 5.6. provides evidence against an endogeneity problem where Euroscepticism is caused by more extensive CSRs, as public Euroscepticism started decreasing in 2013, whereas the average scope of CSRs did not decrease until 2014.

The exp(β) for voting power indicates that a one unit increase in voting power is related to a 76.7% increase in the scope of CSRs proposed by the Commission while all other predictors are at their grand means, and the small standard error indicates that this coefficient is highly reliable. This change in political power in the Council is roughly comparable to a change from Malta (2016 population: 420,000) to Poland (2016 population: 38,627,000). Thus, H$_{2a}$ must also be rejected. The Commission does not mitigate its recommendations against politically powerful states out of fear of future delegating decisions, but does the opposite; highly reliable statistical estimates suggest the Commission proposes considerably more scopeful CSRs to those member states who have more clout in the Council.

Adding interaction terms between both politicization variables and voting power produces very small coefficients and highly inaccurate estimates, indicating that there are no conditional relationships between these variables. The marginal effects plot for the interaction term between voting power and public politicization plotted in Figure 5.7. provides more clarity on the relationship: the plot indicates that the effect of public politicization on the scope of CSRs proposed by the Commission is conditional on voting power. Thus, when a country has more voting power, the positive association between public politicization and the scope of CSRs proposed is decreased. Alternatively, when public politicization is higher, the positive association between voting power and the scope of CSRs proposed is weaker (Brambor, Clark & Golder, 2006). But Figure 5.7. also indicates that the coefficient for the marginal effect becomes unreliable when a country's voting power is larger than approximately +0.75 standard deviations above the grand mean (e.g. France). As the marginal effect is both of trivial magnitude and statistically insignificant, there is little supporting evidence for meaningful substantive marginal effect (Berry, Golder & Milton, 2012).

Figure 5.7.: Marginal Effects Plot - Public Politicization x Voting Power
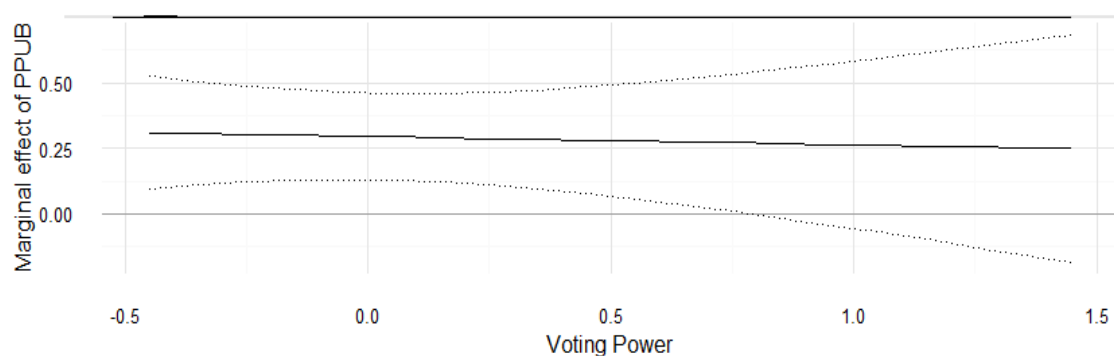
Thus, there is no support for H_{2b} and H_{2c} either; the Commission is not more concerned with politicization in those member states that are more politically powerful. This lack of a relationship indicates that the Commission is not interested in appeasing powerful member states to smoothen the adoption of its future proposals, but can also be explained by the fact that any substantial changes to the Commissions supranational role usually require unanimity in the Council—making political power less relevant.

Moving to the control variables that account for the economic and fiscal risks in member states receiving CSRs, we find less surprising results. A one unit change in the unemployment rate corresponds to a 29.9% increase in the scope of the formulated recommendations and this estimate is highly reliable. This change is roughly comparable to the difference in country means between Malta to Portugal—or between the year means of 2012 and 2014. The effect coefficients for the dichotomous variables indicating net creditors and members of EMU are also highly reliable. A country moving from being a debtor to being a creditor can expect an associated decrease in the scope of its CSRs formulated by the Commission of 24.5%. Similarly, a country acceding to the monetary union (as did Latvia and Lithuania) can expect a 31.5% increase in the number of words the Commission uses to propose its CSRs. All these estimates appear to tell the same story: managing economic and fiscal risks to other EU member states and the EU economy as a whole is a vital part of the reason why the Commission issues CSRs—as it should be.

The final reliable estimate for the structural factors is the coefficient for economic importance. A one unit change in this variable is associated with a 39.0% decrease in the scope of CSRs formulated by the Commission, while all other variables are at their grand means. This roughly corresponds to a change in contributed GDP from Malta (the smallest economy) to Italy (the third largest economy). This coefficient is strongly correlated to the coefficient for voting power ($\rho = 0.772$). Additional analyses indicate that there is no serious multicollinearity between the two variables, however[13]. Both variables appear to measure different latent variables of the structural differences between member states, where one seems related to a political dimension while the other relates to a mostly economic dimension.

---

[13] VIF = 2.690786 (should remain below 10) and Kappa = 6.147313 (should remain small) (Field, 2013).

Three control variables do not produce reliable coefficient estimates. These include both dichotomous variables for the current account balance, for which the size of the standard errors are close to the actual size of the estimated coefficients. Either the current account balance of an economy is not important enough to affect changes in the scope of proposed CSRs, or the two dichotomous variables are too crude to detect a relationship. Similarly, the estimate for the effect of the corrective arm of the EDP is so unreliable that its standard error (0.06370) is actually bigger than its estimated coefficient (0.00773). This lack of association is best explained by the nature of the CSRs themselves: they are aimed mostly at social and economic problems, whereas the EDP only deals with fiscal imbalances. This is only a small part of the scope of the CSRs and, for most years, is covered by the first recommendation made to each individual member state. But for these recommendations scope does not differ: they either recommend a member state to end the excessive deficit or to avoid it in the future.

In conclusion, the statistical results above indicate that on average member states receive more sizable recommendations from the Commission when they: (1) are more politically powerful, (2) have higher unemployment rates, (3) are net debtors to other countries, (4) are members of the Eurozone, (5) have smaller economies or (6) when their publics are more Eurosceptic. Thus, there is a politicization effect present in the CSR formulation phase. But before CSRs are finalized, they must be adopted by the Council. In the next section, we turn to what happens during the CSR amendment process to find out to what extent the findings presented here−including the politicization effect−hold for final CSR outcomes as adopted by the Council.

5.3. CSR Amendment by the Council, 2011-2016

To see to what extent the Commission's CSRs are altered by the Council, I will first provide a qualitative analysis of CSR amendment process and provide examples of the coding techniques used to construct the amendment variables used in the statistical analyses. The final coding tree can be found in Appendix I. I then provide some quantitative results. However, because overall *substantive* amendment in the Council is relatively rare, the quantitative outcome variables did not contain enough variance to develop any kind of meaningful statistical models. The quantitative results presented below therefore only consist of plots, descriptives and bivariate correlations instead.

5.4.1. Amendment in the Council: Content and Coding

Amendment in the Council is not a rare phenomenon. In fact, out of all CSRs proposed between 2011 and 2016, less than one percent remained completely untouched by the Council and in 56.5% of cases (country-years), the substantive application of one or more CSRs was altered. By far, the most popular form of amendment exercised in the Council concerned very minor revisions (411 coded fragments). For 88 coded fragments, minor revisions made by the Council were informative in nature. For example, in the fourth recommendation made to Italy in 2015, the Commission recommended that Italy should "introduce binding measures [...] to tackle weaknesses in the corporate governance of banks, particularly the role of foundations, [...]". The Council amended the latter part of the sentence to "[...] governance of banks, implement the agreed reform of foundations, [...]", most likely to inform the reader of steps taken by Italy between the formulation and amendment of CSRs. Interestingly, this indicates that member states may already begin implementing reforms based on CSRs issued by the Commission before those CSRs are adopted in the Council. In another case (Poland, 2011-1), the Council added "in line with the Council recommendations under the EDP" to the Commission's warning to stick to the deficit criterion of 3% of GDP. Not all informative changes seem as relevant, however. For example, in the CSRs proposed to Italy in 2013(-1), the Council changed "Ensure that the deficit remains below 3% of GDP in 2013" to "Ensure that the deficit remains below the 3% of GDP *Treaty reference value* in 2013".

The second and most widely used form of minor amendment concerns linguistic revisions (323 coded fragments), where the Council changes the wording used by the Commission without altering the substantive application of a recommendation. These revisions range from changing "notably" into "in particular" (e.g. Austria, 2014-2) to changing points into commas and adding indents to long words (see Czech Republic, 2015-1). The Council also seems to be

indecisive about which linguistic rules it should follow: whereas it removed abbreviations used by the Commission in 2012 (e.g. "SMEs" into "small and medium-sized enterprises" for Spain, 2012-6), it subsequently chose to prefer abbreviations a year later (e.g. by changing "European System of Accounts" into "ESA" for Poland, 2013-2).

More meaningful changes were fortunately also part of the amendment process. These come in two varieties: changes that decrease (weaken) the substantive scope of a recommendation and those that increase (strengthen) it. Of the 92 coded fragments where recommendations were weakened, 35 were weakened by removing text shown (e.g. Bulgaria, 2012-2, removed text shown in *italics*): "Take steps to reduce risks to the sustainability and to improve adequacy of the pension system *by restricting access to early retirement and* by making the statutory retirement age the same for men and women with full career contributions. [...]". In 15 cases, a recommendation's scope was decreased by adding text (shown in *italics*), for example for Cyprus (2011-3): "[...] For pensions, extend years of contribution, link retirement age with life expectancy *or adopt other measures with an equivalent budgetary effect,* while taking care to address the high at-risk-of-poverty rate for the elderly [...]". Eight fragments were coded as weakening recommendations by weakening their language. For example, the wording of the second recommendation made to the UK in 2014 was changed (see *italics*) from "[...] Deploy appropriate measures to respond to the rapid increases in property prices in areas that account for a substantial share of economic growth in the United Kingdom, particularly London, *for example by adjusting the Help to Buy 2 scheme* and mitigate risks related to high mortgage indebtedness. *Remove distortions in property taxation* by regularly updating the valuation of property and reduce the regressivity of the band and rates within the council tax system [...]" to "[...] United Kingdom, particularly London, and mitigate risks related to high mortgage indebtedness. *Monitor the Help to Buy 2 scheme and adjust it if deemed necessary. Consider reforms to the taxation* of land and property including measures on the revaluation of property to alleviate distortions in the housing market [...]".

The strengthening of recommendations is covered by 85 coded fragments, of which a single fragment (France, 2012-2) deals with increasing substantive application by removing text (in *italics*): "Introduce further reforms to combat labour market segmentation by reviewing selected aspects of employment protection legislation, in consultation with the social partners in accordance with national practices, in particular related to *the administrative procedure for individual* dismissals; [...]". 76 fragments indicate instances where the Council strengthened

application by adding text (in *italics*), for example for the Czech Republic in 2013(-4): "[...] Increase significantly the availability of inclusive childcare facilities with a focus on children up to three years old, and the participation of Roma children, *in particular* by adopting and implementing the law on provision of childcare services and strengthening the capacities of *both* public *and private* childcare services." Eight CSRs were strengthened by strengthening the language in the recommendations, such as changing "*Consider the alignment of excise duties on diesel to those on petrol and their indexation on inflation*, and remove environmentally harmful subsidies" to "*Ensure more effective environmental taxation, including in the area of excise duties*, and remove environmentally harmful subsidies" for Italy (2014-2).

It is important to note that these amendments can hardly be considered very impactful. Only in one case (Latvia, 2013) did the Council add an entire recommendation to the set proposed by the Commission, and only the Netherlands in 2011 managed to secure a complete removal of a recommendation during the amendment process. Full substitution of a recommendation also only occurred once for Cyprus in 2011(-7), where a recommendation on the prices of network services was transformed into a recommendation on stimulating renewable energy sources. All other amendments were either uneventful or only marginally weakened or strengthened the application of a recommendation without significantly changing its focus. Consequently, the first and most important conclusion we can draw here is that while amendment in the Council occurs frequently, changes are minor and only marginally alter the scope of the CSRs proposed by the Commission. As such, the Commission has much more influence on shaping the final recommendation outputs.

5.4.2. Amendment in the Council: Descriptives and Figures

The descriptives for the quantitative measures for CSR amendment are given in Table 5.6.. The average number of weakened recommendations for a given country-year is 0.51, with a widely occurring minimum of zero and a maximum value of five weakened CSRs for the UK in 2011. A more meaningful measure is the scope of weakened CSRs, which reflects the proportion of weakened CSRs to the total number of CSRs proposed by the Commission for a given country-year. The average percentage of CSRs weakened in the Council is 9.5%, and again only the UK managed to obtain a weakening of all its CSRs in 2011.

Table 5.6.: Descriptive Statistics: CSR Amendment by Council

	Min.	Max.	Mean.	S.D.

Number of weakened CSRs*	0	5	0.510	0.831
Scope of weakened CSRs [CSRCLW]*	0	1	0.095	0.163
Number of strengthened CSRs*	0	4	0.497	0.788
Scope of strengthened CSRs [CSRCLS]*	0	0.670	0.087	0.138

Notes: These statistics are derived from the entire dataset, including those cases that contained missing values and were subsequently dropped from the multilevel analyses through listwise deletion. N = 159; J = 27; K = 6. *Variables contain 12 missing values that are not reflected in these descriptives (MAPs).

The strengthening of recommendations in the Council occurred less frequently; an average of 0.5 CSRs was strengthened for a given country-year, with 96 observations where no strengthening occurred and only one where the maximum value of four was recorded for Italy in 2011. These figures amount to an average strengthening ratio of 8.7% per country-year, with a maximum value of 67% (Italy, 2011). Thus, in addition to amendments being relatively minor in scope, such amendments also occur for less than a fifth of all CSRs proposed by the Commission.

Figure 5.8. plots the average proportions of CSRs for which their substantive scopes were decreased in the Council between 2011 and 2015. As we can see, the UK received most decreases in their recommendations with a mean value of 19.5%, followed closely by Malta and Estonia with respective averages of 18.6% and 18.3%. Croatia, Latvia, Romania and Slovakia never saw their recommendations weakened.

Figure 5.8.: Scope of weakened CSRs in Council, six year country average
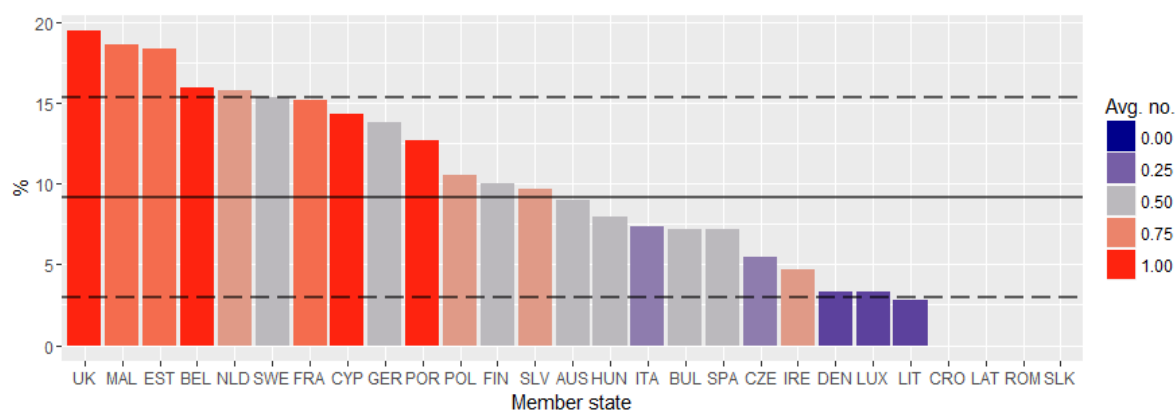
Figure 5.9. reflects the same plot, but for the annual averages instead. Most weakening of recommendations in the Council occurred in 2011−and by a large margin. The substantive application of 33.9% of recommendations was reduced in that year, whereas this value was only 9.0% in 2012 and 1.3% in 2015. In 2016, no CSRs were weakened at all. It appears that in terms of scope reduction, the Council was most eager in the first year of the

implementation of CSRs, either because of the novelty of the policy measure or to send a strong signal to the Commission about the Council's preferred policy position that was subsequently picked up by the former in following years.

Figure 5.9.: Scope of weakened CSRs in Council, yearly average of EU-27
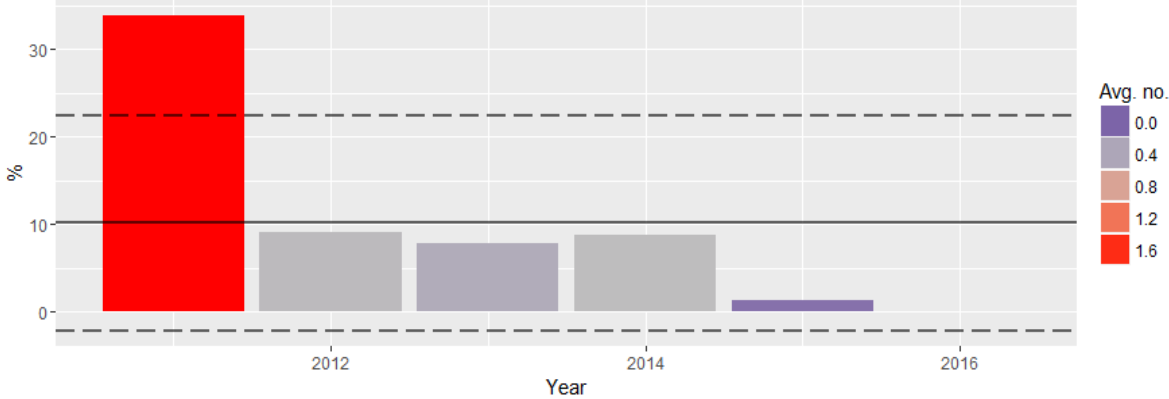
The strengthening of CSRs in the Council occurred on a more regular basis. Figure 5.9. visualizes the average proportions of strengthened CSRs by country. Italy, France and Portugal, received most increases of the extent of their recommendations: 32.5%, 23.3% and 21.7% respectively. Estonia, Malta and Sweden never received stronger recommendations from the Council.

Figure 5.10.: Scope of strengthened CSRs in Council, six year country average
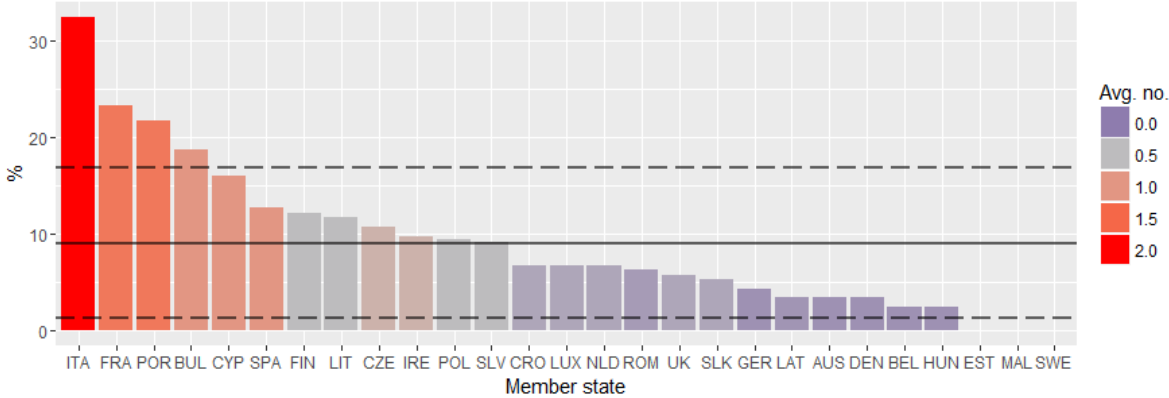
Figure 5.11. finally shows the average proportions of strengthened recommendations by year for the entirety of the EU-27. These averages indicate that there is less deviance from their grand mean between 2011 and 2016, and that the strengthening of recommendations has been a more constant phenomenon in the Council. Again, most strengthening happened in 2011 (11.8%) and the least in 2015 (5.0%).

Figure 5.11.: Scope of strengthened CSRs in Council, yearly average of EU-27
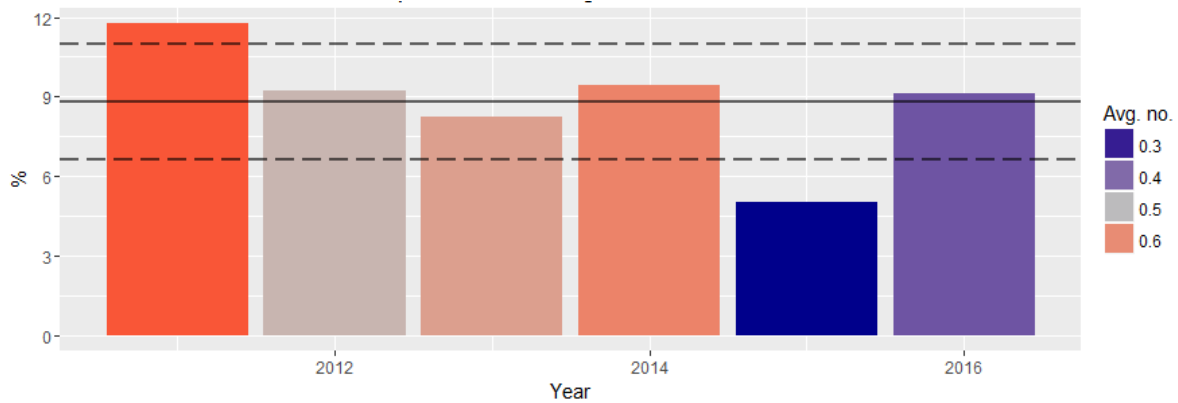
5.4.3. Amendment in the Council: Preliminary Analysis

As we have seen above, the number of CSRs that are substantively amended is relatively small. Moreover, when amendment does occur, changes do not significantly alter the scope of the CSRs proposed by the Commission. This is reflected in the quantitative measures of CSR amendment, as these variables do not contain enough variance to allow hypotheses testing through multilevel, multivariate or even simple bivariate regression analyses. Below, I rely on simple Pearson's correlation tests to investigate H_3 to H_{5b}.

The statistical association between the weakening of CSRs in the Council and a member state's voting power is positive, but its estimate is not reliable ($\rho = 0.111$ and CI = [-0.054, 0.270]). As such, there is no preliminary empirical support for H_3. The relationship between the strengthening of recommendations by the Council and the rate of unemployment in a member state is also positive, and this estimate is significant at a 95% confidence level ($\rho = 0.177$ and CI = [0.015, 0.329]). Thus, based on the unemployment variable, there is some preliminary support for H_{4a}. Similarly, a negative association between net creditorship and the strengthening of CSRs in the Council is significant at the 95% confidence level ($\rho = -0.184$ and CI = [-0.336, -0.023]) and thus corroborates H_{4b} empirically.

The interaction effects expected by H_{5a} and H_{5b} cannot statistically be modeled using this data, but a graphical exploration of the data does indicate the presence of an interesting relationship between the strengthening of CSRs specifically for *net debtor* countries and the level of politicization among the combined publics of all *net creditor* countries. This relationship is plotted in Figure 5.12. If we assume−based on Figures 5.9. and 5.11.−that the large extent of CSR amendment in 2011 was partly due to the novelty of the policy measure, the strengthening of CSRs for debtor countries in the Council does seem to closely follow public Euroscepticism in creditor countries between 2012 and 2015. As such, there appears to

73

be preliminary empirical evidence for the presence of a politicization effect in the Council: more Euroscepticism in creditor countries leads to stronger recommendations for economically struggling debtor countries. Nevertheless, a statistical relationship between the two cannot be established with any form of certainty (ρ = -0.012 and CI = [-0.203, 0.180] with N = 117).

Figure 5.12.: Scope of strengthened CSRs and public politicization, creditors vs. debtors
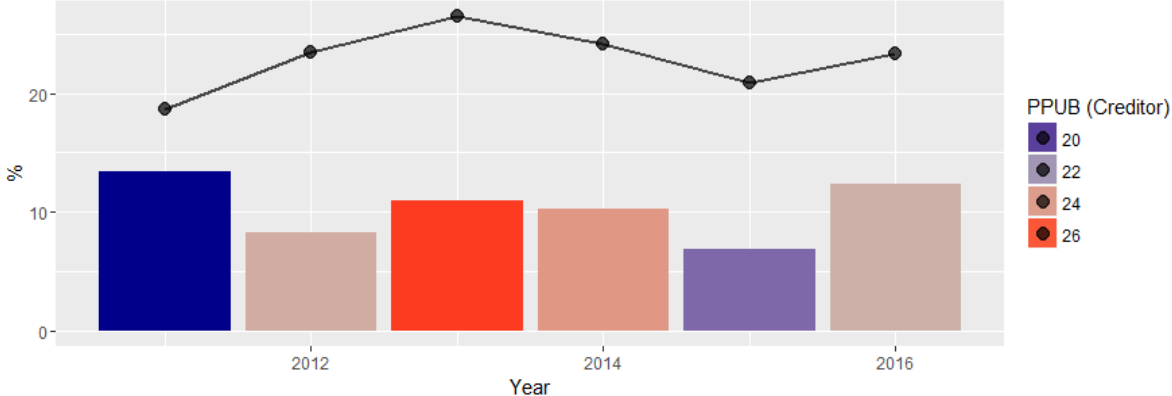
6. Conclusion: The Commission's Quest for Public Approval?

When Niccolò Machiavelli wrote his most seminal work ('The Prince'), he did so in an effort to appease the Medicci family after he had fallen out of their good graces. Machiavelli's answer to his predicament was simple: if they do not think my advice is valuable, I must send them even more valuable advice. Although his advice was again not received well and did not reward him the status he had previously held, he did write one of the most influential books on political philosophy that would transform the world in the centuries to come.

6.1. The Hypotheses Revisited

In this thesis, I set out to find an answer to the question of how the increasing levels of politicization affect the implementation of Country-Specific Recommendations by the European Commission and the European Council. These CSRs are a new policy-tool situated in a European Semester that saw an increasing transfer of competences to the supranational level since the crisis. Especially the public-opinion-sensitive Commission saw a reinforcement of its role in economic governance, which resulted in my expectation−guided by theories of regulatory reputation−that politicization would have the largest impact on the Commission: the higher the levels of politicization in a member state, the more reluctant the Commission would be in imposing CSRs on that member state (H_{1a} & H_{1b}). I expected this effect to be especially relevant in the case of politically powerful member states, which hold much sway over the future of the Commission as an agent (H_{2a}, H_{2b} & H_{2c}). Based on theories of voting power, I expected the Council to be the battleground for national interests guided by more structural and economic factors. Politically stronger member states would seek weaker CSRs (H_3), whereas economically underperforming member states would receive stronger CSRs (H_{4a} & H_{4b}). As such, the scope for politicization would be smaller but not entirely absent: different underlying logics of politicization in debtor and creditor countries could guide the forming of coalitions along a North-South divide, whereby creditors would demand harsher CSRs for debtor countries (H_{5a} & H_{5b}).

In summary, I find no empirical support for H_{1a}: there is no empirical evidence supporting the claim that the Commission is susceptible to the levels of politicization in a member states parliament. Similarly, H_{1b} was rejected as there is no evidence that the Commission proposes less extensive recommendations to countries with more Eurosceptic publics. Instead, highly reliable statistical estimates suggest the opposite: the Commission appears to be highly susceptible to politicization amongst a member states public, but seems to responds to this by proposing *more* scopeful recommendations to these member states. H_{2a} was also rejected. The

Commission does not mitigate its recommendations against politically powerful states out of fear of future delegating decisions, but appears to do the opposite; highly reliable statistical estimates suggest the Commission may proposes considerably more scopeful CSRs to those member states who have more clout in the Council. Furthermore, unreliable estimates for the marginal effect of voting power on politicization (or vice versa) indicated no support for H_{2b} and H_{2c}; the Commission is not more concerned with politicization in those member states that are more politically powerful. This lack of a relationship indicates that the Commission is not interested in appeasing powerful member states to smoothen the adoption of its future proposals, but could also be explained by the fact that any substantial changes to the Commissions supranational role usually require unanimity in the Council−making individual politically powerful member states pose less of an institutional risk to the Commission on the most important political decisions to come.

Due to the low number of cases that are substantively amended by the Council, no conclusive verdicts can be reached on H_3-H_{5b}. However, the qualitative content and preliminary statistical analyses allow some tentative conclusions to be drawn. First, whereas amendments to CSRs are very common in the Council, the vast majority of these amendments has no impact on the actual scope of application of these recommendations or only changes this scope marginally. Thus, the Commission has most discretion and influence on shaping the final CSRs−and the Commission's susceptibility to politicization amongst European publics persists through the amendment process: higher levels of public politicization correspond to more scopeful recommendations, even after amendment by the Council. Moreover, most amendment occurred in 2011 and most of the recommendations for that year were indeed weakened. These findings corroborate earlier empirical reviews of the amendment process (Hallerberg et al., 2011). There is some tentative support for hypotheses H_{4a} and H_{4b}, although these hypotheses have only been tested using bivariate correlations. Visualizations of the relationship between politicization in creditor countries and the strengthening of CSRs for debtor countries (H_{5a} & H_{5b}) provide some tentative indications of the presence of a relationship. However, a univocal answer to the question of what politicization does to CSR amendment in the Council cannot here be given but simply requires more cases.

6.2. Implications for Theory

The findings presented above call for a number of reflections on the theories applied here. In terms of delegation theory, it is evident that merely looking at the control exerted by the

principal is not a valid indicator for policy drift by an agent. After the crisis, delegation to the Commission occurred to insulate the process of CSR formulation from political influences. Yet in the case of the CSRs, the agent appears to be strongly responsive to public opinion. This raises questions with regard to the role of the Council in the process: does the absence of major amendments to the CSRs formulated by the Commission indicate that the Commission is not drifting policy−and its responsiveness is therefore condoned by the Council−or is the Council itself not holding the Commission to account and thereby causing "principal drift" instead (Schillemans & Busuioc, 2014)?

With regard to the institutional risk management of the Commission, two further observations can be made. First, the principal focus of the theory is highly relevant for the study of politicization: agencies under pressure do appear responsive to political risks emanating from their politicized context and proactively address these institutional risks. But the way these agencies subsequently decide to manage these risks may vary substantially. Given the increasing politicization of the EU over the past decades and the popular critique that 'Brussels has too much influence on domestic policies', I expected the Commission to be reluctant to propose extensive recommendations to politicized countries. With results indicating the opposite, this can imply two things: either the Commission is a poor regulator of its institutional risks (which is plausible, given the pressure placed on Commission president Juncker after the Brexit vote: Euractiv, 2016c), or agencies facing institutional risks will not necessarily seek to mitigate them, but may choose to challenge them head on. In this case, the Commission appears eager to convince domestic publics of its relevance in creating better social and economic conditions for EU citizens.

Finally, despite the lack of conclusive findings on amendment in the Council, it does appear that structural factors still decide coalition formation in the Council. In economic governance, there seems to be one specific fracture line dividing the Council over CSR amendment: creditor countries seek more austerity on debtor countries, whereas debtor countries seek less severe austerity measures from creditor countries. It is highly probable that this divide is caused by the levels of politicization in both the creditor and debtor countries, but more empirical evidence will be needed to support such claims.

6.3. Limitations and Discussion

In this thesis I have identified the possible presence of a politicization effect in the implementation of CSRs by the EU. However, this politicization effect should not be overestimated. The management of economic, fiscal and social risks posed to European societies remains the strongest explanatory factor for the scope of CSRs proposed by the Commission, and most of these economic factors are easily tied in with theoretical expectations. A higher unemployment rate signals larger socio-economic problems in a member state, and the CSRs are by design policy tools with a strong focus on the social dimension (Vanhercke & Zeitlin, 2014; Vanhercke, Zeitlin & Zwinkels, 2015). Moreover, net creditor economies receive less sizable CSRs as they are in healthier financial condition, which means they are less cause for concern amongst Commission officials. EMU membership creates additional obligations for member states as well as additional risks to the Eurozone should the economy of the respective member state experience a downturn. Finally, the negative association between economic importance and the scope of proposed CSRs is unexpected, but may be explained by the possibility that there is more coordination between the EU and its large economies on a day-to-day basis, decreasing the need for extensive CSRs for these member states.

Furthermore, two unexpected findings require further elaboration. Firstly, there is no *legislative* politicization effect, at least not when it is defined as the Commission's responsiveness to Euroscepticism in member state parliaments. This could be explained by the small roles played by national parliaments in the CSR amendment process; the Commission deals predominantly with member state governments, not with their parliaments. Alternatively, the lack of bindingness for some CSRs may also cause Commission officials to not care about increased anti-EU sentiments in national parliaments, as it is easy for national parliaments to block the implementation of CSRs and pleasing these parliaments is seen as being too difficult. Secondly, the relationship between a member state's political power and the scope of CSRs proposed by the Commission is opposite of what I expected. There are two plausible explanations for this. There may be a cognitive bias amongst Commission officials who simply pay more attention to (socio-)economic problems occurring in larger and more populated member states. Alternatively, it is possible that Commission officials expect politically stronger member states to water down their recommendations more significantly during the amendment process, triggering a bargaining game whereby the intentionally

Commission proposes more extensive recommendations to these member states to counterbalance the changes made lateron in the amendment process.

There are also a number of notable limitations to this study that partially restrict the validity and generalizability of the conclusions presented here. First, the relatively small sample size both hampers the generalizability of these findings to other policy areas and restricts more advanced analyses−such as varying slope models. It may therefore very well be that the politicization effect only exists for a specific subgroup of member states, or years. However, the estimates of the current analyses are highly reliable, especially concerning the CSRs as the models were tested on the entire population of CSRs formulated by the Commission currently in existence.

Secondly, despite the fact that the current account balance is an important measure used by the Commission to evaluate a country's economic performance under the MIP, it may very well be that other measures capture the economic (goods and services) dimension better. The two dichotomous variables included in the analyses here may not have been sufficiently valid measures, which also implies estimates for other predictors may be overestimated. Moreover, while the predictors relating to politicization capture two important dimensions, one is omitted: the level of politicization (or Euroscepticism) in a member state's government. It is possible that the lack of a relationship between the level of politicization in a member state's parliament and the behaviour of the Commission is not out of a lack of sensitivity of the latter to the former, but because the Commission is only concerned with who actually governs a member state (and similarly, who has a seat in the Council). This possibility was not included in the analyses presented here.

Third, the cross-classified models indicate that there is much more unexplained variation left between years than between countries (see Appendix II). There indeed appears to be a Juncker-effect, whereby the changing of the guard in the Commission resulted in a substantial change in the way the CSRs were implemented. But there may also be a substantial amount of variation in outcomes due to other temporal effects, such as focusing events.

Finally, the possibility that the relationship between politicization and the formulation of CSRs is affected by an endogeneity bias−whereby there is a causal loop between the two empirical phenomenon−cannot be ruled out entirely. This is despite the implemented time lag

of the outcome variable and the preliminary evidence that indicates the scope of CSRs dropped largely a year *after* the mean level of politicization started decreasing. Although I do not expect the level of politicization to be solely dependent on the extent of CSRs imposed on a country, it is always theoretically plausible that the combined weight of policies stemming from Brussels affects the level of politicization amongst a member state's public. In that case, CSRs will contribute to the overall public perception of the EU. But I think the evidence provided here is certainly enough to allow for the conclusion that, while there may be a partial reversal of causation, the Commission is concerned with the level of politicization in a member state's government while drafting CSRs.

6.4. Recommendations for Theory and Practice

This study has provided the first evidence of the existence of a politicization-effect on policy implementation in the European Union, and has shown that these recommendations are not only the product of extensive and objective technical analysis. As the Commission should be further removed from processes of politicization than national governments, for example, it is highly likely such politicization effects also occur for regulators in other policy areas. Future research can establish whether this is the case. In terms of EU policy implementation the CSRs provide a special case of soft law that is not fully enforceable by sanctions. I therefore recommend future researchers to see if this effect also holds for measures of hard law, such as the implementation of the EDP and MIP by the Commission and Council.

Moreover, the establishment of a relationship between politicization and policy implementation only gives rise to more questions. For example, studying the mechanisms that make the effect work will be highly rewarding, as it provides insight into *how* policy implementation is affected by politicization. In this light, small-N research can be very valuable, especially if combined with large-N statistical analyses. Future research should not shun away from less well-known methods, either. Political scientists have a tendency to approach organizations like the Commission as single-entity-actors. Insights from such studies can be and have been highly rewarding, but we should not overlook the fact that the Commission consists of individual people doing their jobs. These are often highly skilled and cosmopolitan Europeans who work day and night for what they believe is the most important project for the future of Europe (Busby & Belkacem, 2013). More interpretative or ethnographic approaches can generate valuable insights in how these 'technocrats' experience working for a body that is facing increasing political pressure and challenges to its legitimacy

(for one of the few examples of ethnographic research in an EU context, see Busby & Belkacem, 2013).

The EU currently finds itself at the most important crossroads in its existence. For the first time in EU history, European integration is reversing: with Brexit, we saw the first member state opting to leave the EU−and it was the public that made the call. EU officials must tread carefully if they want the Union to survive; and threatening Eurosceptic citizens voting in referenda or simply dismissing them as uneducated nationalists reviving second world war sympathies is not the way to go (Euractiv, 2016d). EU officials need to review their institutional risk management strategies, as it appears that imposing more extensive recommendations on more Eurosceptic publics is not the way to resolve the widespread discontent with the EU as currently seen in European societies. Different ways of engaging with citizens are available and have been proven to work, both in terms of legitimizing policy output in a politicized context and for fostering mutual understanding between publics and policy makers (e.g., see Meijer, Van der Veer, Faber & Penning de Vries, 2016). Experimentation with such new decision-making schemes is perhaps best done in times of political crises.

If the EU is to save itself, it needs to prove its value to the increasing number of citizens who do not appear to see the benefit of a European supranational government. This results of this study suggest that the European institutions and their officials care about the opinions of EU citizens: they are responsive to these anti-EU sentiments amongst domestic publics. But simply doing more of the same is not a good medicine if the symptoms of the problem you are treating are not disappearing−or are in fact becoming more severe−as a famous 16th century Italian political advisor can tell you.

7.1. Bibliography

Adam, S. and Maier, M. (2011). National parties as politicizers of EU integration? Party campaign communication in the run-up to the 2009 European Parliament election. *European Union Politics, 12(3)*, 431–53.

Amtenbrink, F. (2014). General Report: Constitutional and Institutional Aspects of Economic Governance in the EU. In: Neergaard, U., Jacqueson, C. & Danielsen, J. H. (Eds.). *The Economic and Monetary Union: Constitutional and Institutional Aspects of the Economic Governance within the EU.* Copenhagen, DJOF Publishing. [73-178].

Amtenbrink, F., De Haan, J. & Sleijpen, O. C. H. M. (1997). Stability and Growth Pact: Placebo or Panacea? *European Business Law Review, 8,* 202-211.

Amtenbrink, F. & De Haan, J. (2003). Economic Governance in the European Union: Fiscal Policy Discipline Versus Flexibility. *Common Market Law Review, 40,* 1057-1106.

Armstrong, K. A. (2012). EU Social Policy and the Governance Architecture of Europe 2020. *Transfer, 18(3),* 285-300.

Armstrong, K. A. (2013). The New Governance of EU Fiscal Discipline. *Jean Monet Working Paper Series, 29/13.*

Azzopardi-Muscat, N., Clemens, T., Stoner, D. & Brand, H. (2015). EU Country Specific Recommendations for Health Systems in the European Semester Process: Trends, Discourse and Predictors. *Health Policy, 119,* 375-383.

Bäcklund, A. (2009). Impact Assessment in the European Commission-A System With Multiple Objectives. *Environmental Science & Policy, 12 (1),* 1077-1087.

Bakker, R., De Vries, C., Edwards, E., Hooghe, L., Jolly, S., Marks, G., Jonathan, P., Rovny, J., Steenbergen, M. & Vachudova, M. (2012). Measuring Party Positions in Europe: The Chapel Hill Expert Survey Trend File, 1999-2010. *Party Politics, 0(0),* 1-15.

Berg, B. L. & Lune, H. (2012). *Qualitative Research Methods for the Social Sciences*, 8th edition. New Jersey, Pearson.

Berry, W. D., Golder, M. & Milton, D. (2012). Improving Tests of Theories Positing Interaction. *The Journal of Politics, 0(0),* 1-19.

Bieling, H. (2012). EU Facing the Crisis: Social and Employment Policies in Times of Tight Budgets. *Transfer, 18(3),* 255-271.

Black, J. & Baldwin, R. (2010). Really Responsive Risk-Based Regulation. *Law & Policy, 32(2),* 181-213.

Bocquillon, P. & Dobbels, M. (2014). An elephant on the 13th floor of the Berlaymont? European Council and Commission relations in legislative agenda setting. *Journal of European Public Policy, 21(1)*, 20-38.

Bolstad, J. (2014). Dynamics of European Integration: Public Opinion in the Core and the Periphery. *European Union Politics, 0(0),* 1-22.

Boomgaarden, H. G., Schuck, A. R. T., Elenbaas, M. & De Vreese, C. H. (2011). Mapping EU Attitudes: Conceptual and Empirical Dimensions of Euroscepticism and EU Support. *European Union Politics, 12 (2),* 241-266.

Brambor, T., Clark, W. R. & Golder, M. (2006). Understanding Interaction Models: Improving Empirical Analyses. *Political Analysis, 14(1),* 63-82.

Busby, A. & Belkacem, K. (2013). Coping with the information overload: An exploration of assistants' backstage role in the everyday practice of European Parliament politics. *European Integration online Papers (EIoP)*, *Special Issue 1, Vol. 17,* 1-28.

Carpenter, D. P. (2004). Protection Without Capture: Product Approval by a Politically Responsive, Learning Regulator. *American Political Science Review, 98(4),* 613-631.

Carpenter, D. P. (2010). *Reputation and Power: Organizational Image and Pharmaceutical Regulation at the FDA*. New Jersey, Princeton University Press.

Carpenter, D. P. & Krause, G. A. (2012). Reputation and Public Administration. *Public Administration Review, 72(1),* 26-32.

Crum, B. (2005). Tailoring Representative Democracy to the European Union: Does the European Constitution Reduce the Democratic Deficit? *European Law Journal, 11(4),* 452-467.

Crum, B. (2013). Saving the Euro at the Cost of Democracy? *Journal of Common Market Studies, 51(4),* 614-630.

Daniels, R. S. & Clark-Daniels, C. L. (2002). Vulnerability Reduction and Political Responsiveness: Explaining Executive Decisions in U.S. Disaster Policy During the Ford and Carter Administrations. *International Journal of Mass Emergencies and Disasters, 20(2)*, 225-253.

Darvas, Z. & Leandro, A. (2015). The Limitations of Policy Coordination in the Euro Area Under the European Semester. *Bruegel Policy Contribution, 2015(19).* [http://bruegel.org/wp-content/uploads/2015/11/pc_2015_194.pdf]. 04 May 2015.

De Vries, C. E. & Edwards, E. E. (2009). Taking Europe to Its Extremes: Extremist Parties and Public Euroscepticism. *Party Politics, 15(1),* 5-28.

De Wilde, P. (2011). No Polity for Old Politics? A Framework for Analyzing the Politicization of European Integration. *Journal of European Integration, 33(5),* 559-575.

De Wilde, P. & Zürn, M. (2012). Can the Politicization of European Integration Be Reversed? *Journal of Common Market Studies, 50(1),* 137-153.

De Wilde, P., Leupold, A. & Schmidtke, H. (2016). Introduction: The Differentiated Politicization of European Governance. *West European Politics, 39(1),* 3-22.

Dehousse, R. (2015). The New Supranationalism. *Paper presented at ECPR General Conference in Montreal,* August 26-29, 2015.

Delors, J. (1989). *Report on Economic and Monetary Union in the European Community*. [http://aei.pitt.edu/1007/1/monetary_delors.pdf]. 13 February 2016.

Deroose, S. & Griesse, J. (2014). Implementing Economic Reforms: Are EU Member States Responding to European Semester Recommendations? *ECFIN Economic Brief, Issue 37.*

Deroose, S., Hodson, D. & Kuhlmann, J. (2007). The Legitimation of EMU: Lessons from the Early Years of the Euro. *Review of International Political Economy, 14 (5),* 800-819.

Dunleavy, P. (1985). Bureaucrats, Budgets and the Growth of the State: Reconstructing an Instrumental Model. *British Journal of Political Science, 15(3),* 299-328.

Ehrmann, E., Soudan, M. & Stracca, L. (2013). Explaining European Union Citizens' Trust in the European Central Bank in Normal and Crisis Times. *Scandinavian Journal of Economics, 115 (3),* 781-803.

Enders, C. K. & Tofighi, D. (2007). Centering Predictor Variables in Cross-Sectional Multilevel Models: A New Look at an Old Issue. *Psychological Methods, 12(2),* 121-138.

Epstein, D. & O'Halloran, S. (1999). *Delegating Powers: A Transaction Cost Politics Approach to Policy Making under Separation of Powers.* Cambridge, Cambridge University Press.

EUObserver. (2016). *EU to Scrutinize Environmental Action.* [https://euobserver.com/environment/133585]. 28
    May 2016.

Euractiv. (2010). *Stability Pact Court Case: Commission wins small but important victory.*
    [http://www.euractiv.com/future-eu/stability-pact-court-case-commis-news-212093]. 29 September
    2015.

Euractiv. (2016a). *Juncker Warns Dutch Voters Over Major Consequence of Ukraine Referendum.*
    [http://www.euractiv.com/section/europe-s-east/news/juncker-warns-dutch-voters-over-major-
    consequence-of-ukraine-referendum/]. 09 May 2016.

Euractiv. (2016b). *Juncker Says Brexit Would Have Unforeseeable Consequences.*
    [http://www.euractiv.com/section/uk-europe/news/juncker-says-brexit-would-have-unforeseeable-
    consequences/]. 09 May 2016.

Euractiv. (2016c). *EU's Juncker Under Pressure to Resign After Brexit Vote.*
    [https://www.euractiv.com/section/future-eu/news/eus-juncker-under-pressure-to-resign-after-brexit-
    vote/]. 18 July 2016.

Euractiv. (2016d). *Juncker: Europe's Nationalist Demons Are 'Only Sleeping'.*
    [http://www.euractiv.com/section/elections/news/juncker-europe-s-nationalist-demons-are-only-
    sleeping/]. 18 July 2016.

European Commission. (2013). *Standard Eurobarometer 80: Autumn 2013.*
    [http://ec.europa.eu/public_opinion/archives/eb/eb80/eb80_first_en.pdf]. 05 May 2016.

European Commission. (2014). *Labour Mobility Within the EU.* [http://europa.eu/rapid/press-release_MEMO-
    14-541_en.htm]. 1 June 2016.

European Commission. (2015a). *Public Opinion in the European Union: First Results (Standard EB 83).*
    [http://ec.europa.eu/public_opinion/archives/eb/eb83/eb83_first_en.pdf]. 05 May 2016.

European Commission. (2015b). *Q&A: Country-Specific Recommendations 2015.* [http://europa.eu/rapid/press-
    release_MEMO-15-4968_en.htm]. 02 May 2016.

European Commission. (2016). *Making It Happen: The European Semester.*
    [http://ec.europa.eu/europe2020/making-it-happen/index_en.htm]. 04 May 2015.

European Parliament. (2014). *Changed Rules for Qualified Majority Voting in the Council of the EU.* [http://www.europarl.europa.eu/RegData/etudes/ATAG/2014/545697/EPRS_ATA(2014)545697_REV1 _EN.pdf]. 28 May 2016.

Eurostat. (2016a). *Real GDP Growth Rate.* [http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tec00115&langua ge=en]. 03 May 2016.

Eurostat. (2016b). *Unemployment Statistics.* [http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics]. 03 May 2016.

Eurostat. (2016c). *People at Risk of Poverty or Social Exclusion.* [http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=t2020_50&langu age=en]. 03 May 2016.

Eurostat. (2016d). *International Investment Statistics Explained.* [http://ec.europa.eu/eurostat/statistics-explained/index.php/International_investment_position_statistics]. 29 May 2016.

Eurostat. (2016e). *Glossary: Unemployment.* [http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Unemployment]. 31 May 2016.

Fagerholm, A. (2015). Why Do Political Parties Change Their Policy Positions?: A Review. *Political Studies Review, 0(0),* 1-11.

Field, A. (2013). *Discovering Statistics Using IBM SPSS Statistics: And Sex Drugs and Rock 'N' Roll.* London, Sage.

Fielding, A. & Goldstein, A. (2006). Cross-classified and Multiple Membership Structures in Multilevel Models: An Introduction and Review. *Research Report by the Department for Education and Skills of the University of Birmingham, No. 791.*

Føllesdal, A. & Hix, S. (2006). Why There Is a Democratic Deficit in the EU: A Response to Majone and Moravcsik. *Journal of Common Market Studies, 44(3),* 533-562.

Franchino, F. (2002). Efficiency or Credibility? Testing the Two Logics of Delegation to the European Commission. *Journal of European Public Policy, 9(5),* 677-694.

Franchino, F. (2005). A Formal Model of Delegation in the European Union. *Journal of Theoretical Politics, 17(2),* 217-247.

Franklin, M. N., & Wlezien, C. (1997). The responsive public: Issue salience, policy change, and preferences for European unification. *Journal of Theoretical Politics, 9(3),* 347-363.

Garry, J., Marsh, M. & Sinnott, R. (2005). 'Second-Order' Versus 'Issue-Voting' Effects in EU Referendums: Evidence From the Irish Nice Treaty Referendums. *European Union Politics, 6(2),* 201-221.

Gandrud, C. & Hallerberg, M. (2014). Does Banking Union Worsen the EU's Democratic Deficit? The Need for Greater Supervisory Data Transparency. *Journal of Common Market Studies, 53(4),* 769-785.

Gelman, A. & Hill, J. (2007). *Data Analysis Using Regression and Multilevel/Hierarchical Models.* Cambridge, Cambridge University Press.

Gilad, S. (2012). Attention and Reputation: Linking Regulators' Internal and External Worlds. In: Lodge, M. & Wegrich, K. (Eds.). *Executive Politics in Times of Crisis.* Basingstoke, Palgrave Macmillan.

Gornitzka, A. & Sverdrup, U. (2008). Who consults? The configuration of expert groups in the European union. *West European Politics, 31 (4)*, 725-750.

Greenwood, J. (2007). Organized civil society and democratic legitimacy in the European Union. *British journal of political science*, *37*(2), 333-357.

Golub, J. (2012). Cheap Dates and the Delusion of Gratification: Are Votes Sold or Traded in the EU Council of Ministers? *Journal of European Public Policy, 19(2),* 141-160.

Häge, F.M. (2013). Coalition building and consensus in the Council of the European Union. *British Journal of Political Science, 43 (3)*, 481–504.

Hallerberg, M., Marzinotto, B. & Wolff, G. B. (2011). How Effective and Legitimate is the European Semester? Increasing the Role of the European Parliament. *Bruegel Working Paper, No. 2011/09.*

Hassenteufel, P. & Palier, B. (2015). Still the Sound of Silence? Towards a New Phase in the Europeanisation of Welfare State Policies in France. *Comparative European Politics, 13,* 112-130.

Haverland, M. (2013). *Business as Usual? EU policy-making amid the legitimacy crisis*. Amsterdam: Raddraaier (Inaugural Lecture).

Haverland, M., De Ruiter, M. & Van de Walle, S. (2015). Producing Salience or Keeping Silence? An Exploration of Topics and Non-Topics of Special Eurobarometers. *London School of Economics Europe in Question Discussion Paper Series, No. 88/2015*.

Heckman, J. J. (1979). Sample Selection Bias as a Specification Error. *Econometrica, 47(1),* 153-161.

Hix, S. & Høyland, B. (2011). *The Political System of the European Union: Third Edition*. Basingstoke, Palgrave Macmillan.

Hobolt, S. B. & Klemmensen, R. (2008). Government Responsiveness and Political Competition in Comparative Perspective. *Comparative Political Studies, 31(3),* 309-337.

Hobolt, S. B. & Wratil, C. (2015). Public Opinion and the Crisis: The Dynamics of Support for the Euro. *Journal of European Public Policy, 22 (2),* 238-256.

Hoeglinger, D. (2016). The Politicisation of European Integration in Domestic Election Campaigns. *West European Politics, 39(1),* 44-63.

Hood, C. (2002). The Risk Game and the Blame Game. *Government and Opposition, 37(1),* 15-37.

Hooghe, L. (2003). Europe Divided?: Elites Vs. Public Opinion on European Integration. *European Union Politics, 4(3),* 281-304.

Hooghe, L. & Marks, G. (2007). Sources of Euroscepticism. *Acta Politica, 42,* 119-127.

Hooghe, L., & Marks, G. (2008). A Postfunctionalist Theory of European Integration: From Permissive Consensus to Constraining Dissensus. *British Journal of Political Science, 39,* 1- 23.

Hooghe, L. & Marks, G. (2016). Europe's Crises and Political Contestation. *Paper presented at the Conference, "Theory Meets Crisis," Robert Schuman Centre, EUI, June 30-July 1, 2016.*

Hoyland, B. & Hansen, V. W. (2013). Issue-Specific Policy Positions and Voting in the Council. *European Union Politics, 0(0),* 1-23.

Hutter, S. and Grande, E. (2014) 'Politicizing Europe in the national electoral arena: a comparative analysis of five West European countries, 1970–2010', *Journal of Common Market Studies* 52(5): 1002–18.

IMF. (2015). *Balance of Payments and International Investment Position Statistics.* [https://www.imf.org/external/np/sta/bop/bop.htm]. 29 May 2016.

IMF. (2016). *Current Account Deficits: Is There a Problem?* [http://www.imf.org/external/pubs/ft/fandd/basics/current.htm]. 30 May 2016.

Jennings, W. (2009). The Public Thermostat, Political Responsiveness and Error-Correction. *British Journal of Political Science, 29(4),* 847-870.

Kass, R. E. (2011). Statistical Inference: The Big Picture. *Statistical Science, 26(1),* 1-9.

Kohler-Koch, B. (2010). Civil Society and EU Democracy: 'Astroturf' Representation? *Journal of European Public Policy*, *17*(1), 100-116.

Kriesi, H. (2007). The Role of European Integration in National Election Campaigns. *European Union Politics, 8 (1),* 83-108.

Lane, P. R. (2012). The European Sovereign Debt Crisis. *Journal of Economic Perspectives*, *26(3)*, 49-68.

Lavertu, S. (2015). For Fear of Popular Politics? Public Attention and the Delegation of Authority to the United States Executive Branch. *Regulation & Governance, 9,* 160- 177.

Leupold, A. (2016). A Structural Approach to Politicisation in the Euro Crisis. *West European Politics, 39(1),* 84-103.

Liberati, A., Altman, D. G., Tetzlaff, J., Mulrow, C., Gotzsche, P. C., Ioannidis, J. P. A., Clarke, M., Devereaux, P. J., Kleijnen, J. & Moher, D. (2009). The PRISMA Statement for Reporting Systematic Reviews and Meta-Analyses of Studies That Evaluate Health Care Interventions: Explanation and Elaboration. *Annals of Internal Medicine, 151*(4), W65-W94.

Lubbers, M. (2008). Regarding the Dutch 'Nee' to the European Constitution: A Test of the Identity, Utilitarian and Political Approaches to Voting 'No'. *European Union Politics, 9 (1),* 59-86.

Majone, G. (2000). The Credibility Crisis of Community Regulation. *Journal of Common Market Studies, 38(2),* 273-302.

Majone, G. (2001). Two Logics of Delegation: Agency and Fiduciary Relations in EU Governance. *European Union Politics, 2 (1),* 103-122.

Majone, G. (2010). Transaction-Cost Efficiency and the Democratic Deficit. *Journal of European Public Policy, 17(2),* 150-175.

Majone, G. (2009). Dilemmas of European Integration: The Ambiguities and Pitfalls of Integration by Stealth. *OUP Catalogue.*

Manow, P., Schäfer, A. & Zorn, H. (2008). Europe's Party Political Centre of Gravity, 1957-2003. *Journal of European Public Policy, 15(1),* 20-39.

Mattila, M. (2004). Contested Decisions: Empirical Analysis of Voting in the European Union Council of Ministers. *European Journal of Political Research, 43,* 29-50.

Mattila, M. & Lane, J. (2001). Why Unanimity in the Council: A Roll Call Analysis of Council Voting. *European Union Politics, 2(1),* 31-52.

McCubbins, M. D. & Schwartz, T. (1984). Congressional Oversight Overlooked: Police Patrols versus Fire Alarms. *American Journal of Political Science, 28(1),* 165-179.

Meijer, A., Van der Veer, R. A., Faber, A. & Penning de Vries, J. (2016). Political Innovation as Ideal and Strategy: The Case of Aleatoric Democracy in the City of Utrecht. *Public Management Review, advanced online access,* 1-17.

Meijers, M. (2015). Contagious Euroscepticism: The Impact of Eurosceptic Support on Mainstream Party Positions on European Integration. *Party Politics, 0(0),* 1-11.

Meijers, M. & Rauh, C. (2016). Has Eurosceptic Mobilization Become More Contagious? Comparing the 2009 and 2014 EP Election Campaigns in The Netherlands and France. *Politics & Governance, 4(1),* 83-103.

Meyer, C. O. (2004). The Hard Side of Soft Policy Co-ordination in EMU: The Impact of Peer Pressure on Publicized Opinion in the Cases of Germany and Ireland. *Journal of European Public Policy, 11 (5),* 814-831.

Meyer, C. O. (2009). Does European Union politics become mediatized? The case of the European Commission. *Journal of European Public Policy*, *16*(7), 1047-1064.

Moe, T. (1985). The New Economics of Organization. *American Journal of Political Science, 28(1),* 739-777.

Moore, M. (1995). *Creating Public Value: Strategic Management in Government.* Massachusetts, Harvard University Press.

Moravcsik, A. (2002). Reassessing Legitimacy in the European Union. *Journal of Common Market Studies, 40 (4),* 603-624.

Moravcsik, A. & Katzenstein, P. J. (1998). *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht.* Cambridge, Cambridge University Press.

Novak, S. (2010). Decision Rules, Social Norms and the Expression of Disagreement: The Case of Qualified-Majority Voting in the Council of the European Union. *Social Science Information, 49(1),* 83-97.

Pollack, M. (2002). Learning From the Americanists (Again): Theory and Method in the Study of Delegation. *West European Politics, 25(1),* 200-219.

Quittkat, C. (2011). The European Commission's online consultations: A success story? *Journal of Common Market Studies*, *49*(3), 653-674.

Radaelli, C. M. (1999). The public policy of the European Union: whither politics of expertise? *Journal of European Public Policy*, *6*(5), 757-774.

Radaelli, C. M. & O'Connor, K. (2009). How Bureaucratic Elites Imagine Europe: Towards Convergence of Governance Beliefs? *Journal of European Public Policy, 16(7),* 971-989.

Rauh, C. (2014). Communicating Supranational Governance? The Salience of EU Affairs in the German Bundestag, 1991-2013. *European Union Politics, 16(1),* 116-138.

Rauh, C. (2016). *A Responsive Technocracy?: EU Politicisation and the Consumer Policies of the European Commission.* Colchester, ECPR Press.

Ray, L. (2007). Mainstream Euroscepticism: Trend or Oxymoron? *Acta Politica, 42(1)*, 153-172.

Risse, T. (2014). No Demos? Identities and Public Spheres in the Euro Crisis. *Journal of Common Market Studies, 52(6),* 1207-1215.

Rosamond, B. (2000). *Theories of European Integration*. New York, St. Martin's Press.

Rothstein, H. (2006). The Institutional Origins of Risk: A New Agenda For Risk Research. *Health, Risk & Society, 8(3),* 215-221.

Rothstein, H., Huber, M. & Gaskell, G. (2006). A Theory of Risk Colonization. *Economy and Society, 35(1),* 91-112.

Rothstein, H., Irving, P., Walden, T. & Yearsley, R. (2006). The Risk of Risk-Based Regulation: Insights from the Environmental Policy Domain. *Environment International, 32 (8),* 1056-1065.

Savage, J. D. (forthcoming). *Enforcing the European Semester: The Politics of Asymmetric Information in the Excessive Deficit and Macroeconomic Imbalance Procedures*.

Savage, J. D. & Verdun, A. (2016). Strengthening the European Commission's Budgetary and Economic Surveillance Capacity Since Greece and the Euro Area Crisis: a Study of Five Directorates-General. *Journal of European Public Policy, 23(1),* 101-118.

Scharpf, F. W. (2015). After the Crash: A Perspective on Multilevel European Democracy. *European Law Journal, 21(3),* 384-405.

Schillemans, T. & Busuioc, M. (2014). Predicting Public Sector Accountability: From Agent Drift to Forum Drift. *Journal of Public Administration Research and Theory Advance Access,* 1-25.

Schimmelfennig, F. (2014). European Integration in the Euro Crisis: The Limits of Postfunctionalism. *Journal of European Integration, 36(3),* 321-337.

Schmidt, D. E. (2002). Politicization and Responsiveness in the Regional Offices of the NLRB. *American Review of Public Administration, 32(2),* 188-215.

Schmidt, V. A. (2013). Democracy and legitimacy in the European Union revisited: Input, output and 'throughput'. *Political Studies*, *61*(1), 2-22.

Schmidt, V. A. (2015). The Eurozone's Crisis of Democratic Legitimacy: Can the EU Rebuild Public Trust and Support for European Economic Integration? *European Economy Discussion Paper Series, September 2015.*

Schon-Quinlivan, E. & Scipioni, M. (Forthcoming). Policy Entrepreneurship, Windows OF Opportunity and Supranational Delegation: A Comparative Analysis of the 2005 and 2011 Reform of the Stability and Growth Pact.

Schulten, T. & Müller, T. (2012). A New European Interventionism? The Impact of the New European Economic Governance on Wages and Collective Bargaining. *Social Developments in the European Union 2012. (*Annual Report by the European Trade Union Institute).

Serricchio, F., Tsakatika, M. & Quaglia, L. (2013). Euroscepticism and the Global Financial Crisis. *Journal of Common Market Studies, 51 (1),* 51-64.

Shapley, L. S. & Shubik, M. (1954). A Method for Evaluating the Distribution of Power in a Committee System. *American Political Science Review, 48(3),* 787-792.

Smeets, S. (2016). Consensus and Isolation in the EU Council of Ministers. *Journal of European Integration, 38(1),* 23-39.

Startin, N. & Krouwel, A. (2013). Euroscepticism Re-Galvanized: The Consequences of the 2005 French and Dutch Rejections of the EU Constitution. *Journal of Common Market Studies, 51(1),* 65-84.

Taggart, P. & Szczerbiak, A. (2000). Opposing Europe, Party Systems and Opposition to the Union, the Euro and Europeanization. *SEI Working Papers, 36,* 1-19.

Tallberg, J. & Johansson, K. M. (2008). Party politics in the European Council. *Journal of European Public Policy, 15(8)*, 1222-1242.

Thomson, R. & Torenvlied, R. (2011). Information, Commitment and Consensus: A Comparison of Three Perspectives on Delegation in the European Union. *British Journal of Political Science, 41(1)*, 139-159.

Toshkov, D. (2011). Public Opinion and Policy Output in the European Union: A Lost   Translationship. *European Union Politics, 12 (2),* 169-191.

Treib, O. (2014). The Voter Says No, but Nobody Listens: Causes and Consequences of the Eurosceptic Vote in the 2014 European Elections. *Journal of European Public Policy, 21(10),* 1541-1554.

Tsebelis, G. (2013). Bridging qualified majority and unanimity decision making in the EU. *Journal of European Public Policy, 20(8),* 1083–103.

Vanhercke, B. & Zeitlin, J. (2014). Socializing the European Semester? Economic Governance and Social Policy Coordination in Europe 2020. *Swedish Institute for European Policy Studies, 2014(7).*

Vanhercke, B., Zeitlin, J. & Zwinkels, A. (2015). Further Socializing the European Semester: Moving Forward for the 'Social TripleA'? *Report prepared for the Luxembourg Presidency of the Council of the European Union, Brussels, European Social Observatory, 1 December 2015,* 36 pp.

Wildavsky, A. (1978). A Budget For All Seasons?: Why The Traditional Budget Lasts. *Public Administration Review, 38 (6),* 501-509.

Wlezien, C. & Soroka, S. N. (2012). Political Institutions and the Opinion-Policy Link. *West European Politics, 35(6),* 1407-1432.

Wonka, A. & Rittberger, B. (2011). Perspectives on EU Governance: An Empirical Assessment of the Political Attitudes of EU Agency Professionals. *Journal of European Public Policy, 18(6),* 888-908.

Worsham, J. & Gatrell, J. (2005). Multiple Principals, Multiple Signals: A Signaling Approach to Principal-Agent Relations. *The Policy Studies Journal, 33(3),* 363-376.

7.2. Appendix I: Code Tree for CSR amendment in Council

Table 7.1. shows the code tree used to analyze amendment in the Council and gives the number of text fragments covered by the respective code.

Table 7.1.: Code Tree for Council Amendment

Indicator	Code	Occurrences (N)
1. Decrease Scope of Application	1.1. Remove text	35
	1.2. Add text	15
	1.3. Weaken language	42
2. Increase Scope of Application	2.1. Remove text	1
	2.2. Add text	76
	2.3. Strengthen language	8
3. Minor Amendment	3.1. Informative	88
	3.2. Linguistic	323
4. Other	4.1. Full substitution	1
	4.2. Full removal	1
	4.3. Full addition	1

7.3. Appendix II: Additional Results - Structural Factors and Random Effects

Below, I first present the data structure for the (economic) variables that were included in the multilevel model but were−to safeguard the thesis' brevity−not explicitly explained in Chapter 5. After that, I present the random country- and year effects estimated by Model 2.

7.3.1. Structural and Economic Factors, 2011-2016

Table 7.2. presents the relevant descriptive statistics concerning the structural and economic factors. As the mean values indicate, between 2011 and 2016 the average member state has a 3.69% chance of being pivotal in turning a losing coalition into a winning one. The highest measured value of voting power is that of post-Lisbon Germany (13.6%), whereas the countries with the smallest political clout in the Council are Cyprus, Luxembourg and Malta under post-Lisbon voting rules. Similarly, the mean level of unemployment across the EU-27 was 9.87%, with extremities as low as 4.6% (Luxembourg in 2011, Austria in 2012 and Germany in 2016) and as high as 26.1% in Spain in 2014. Similarly, the average country contributed 3.43% to the EU's overall annual GDP, with Germany being the largest of the EU's economies (20.89%) and Malta contributing the least in absolute terms (0.05%).

Table 7.2.: Descriptive Statistics: Structural & Economic Factors

	Min.	Max.	Mean.	S.D.
Political power [VOTE]*	0.700	13.600	3.690	3.320
Unemployment rate [UNEMP]	4.600	26.100	9.874	4.274
Current account balance: positive [CURACP]	0	1	0.434	-
Current account balance: negative [CURACN]	0	1	0.340	-
Net creditor [CRED]	0	1	0.264	-
EMU membership [EMU]	0	1	0.635	-
EDP: Corrective phase [COR]	0	1	0.604	-
Economic importance [GDP]	0.050	20.890	3.425	5.096

Notes: These statistics are derived from the entire dataset, including those cases that contained missing values and were subsequently dropped from the multilevel analyses through listwise deletion. N = 159; J = 27; K = 6.
*Variable contains 3 missing values (Croatia, 2014-2016) that are not reflected in these descriptives.

The means for the dichotomous variables indicate the percentage of cases in the dataset for which the value of that particular variable was 1. Consequently, between 2011 and 2016 and across the EU-27, 43.4% of member states recorded a positive current account balance, as opposed to 34% of countries recording negative balances. In 26.4% of cases member states recorded positive NIIP values and are thus labeled as net creditor countries. 63.5% of the

cases concern EU member states that are also members of EMU, and a staggering 60.4% were subject to the corrective phase of the EDP.

Figure 7.1. shows the differences in mean voting power between countries. As we can see, there is a 'big four' in terms of voting power: Germany, the United Kingdom, France and Italy are the most politically powerful member states represented in the Council, with Spain and Poland trailing closely behind. Of all six countries more than one standard deviation above the mean value of voting power, five are net debtor countries. Purely based on these voting power values, a Council coalition pushing for CSR amendment based solely on creditor interests appears near impossible to achieve. Temporal changes in voting power are far less interesting: the only relevant change occurred with the introduction of the Lisbon voting rules in 2014, which only resulted in marginal changes for individual country values. Note that Croatia has no value for voting power in this figure as data on its voting power under the Shapley-Shubik index is not available.

Figure 7.1.: Voting power, six year country average
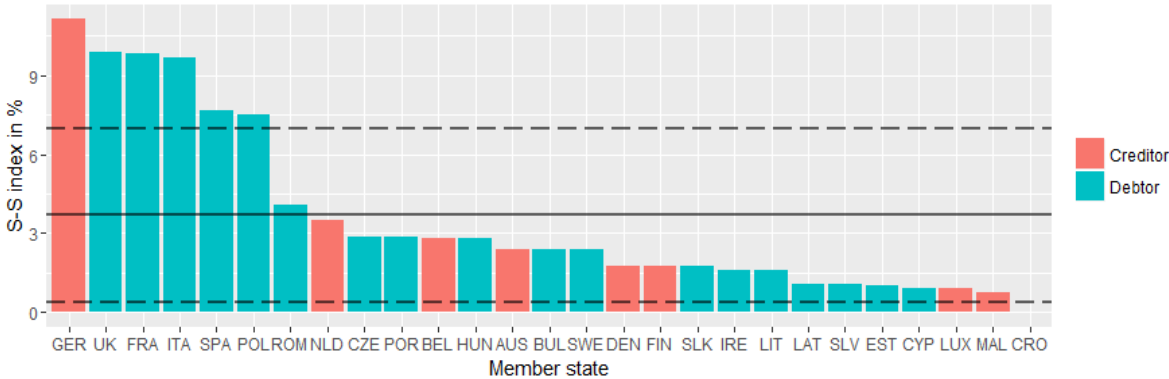
Figure 7.2. plots the mean unemployment rate values for the EU-27 for the period between 2011-2016. As mentioned before, Spain is by far the worst country in which to find a job, followed closely by the newly acceded Croatia. Except for Romania, all countries that were subject to MAPs for part of the reference period are in the top eight in terms of unemployment rates. There is also a clear distinction between creditor and debtor countries: the top-15 consists entirely out of the latter, whereas the former make up all of the bottom five. Variance between the unemployment rates for the entire EU-27 across 2011-2016 is smaller: the overall unemployment rate rose from 9.7% in 2012 to 10.6% in 2014, before dropping back to 9.1% in 2016.

Figure 7.2.: Unemployment rate, six year country average
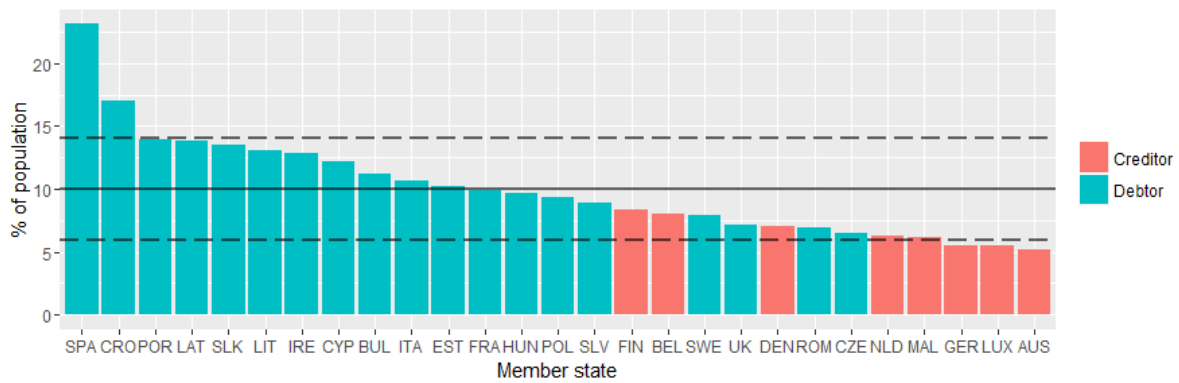
The green and red dashed lines in figure 7.3. visualize the cutoff-values for the dichotomous variables created for the current account balance (X > 1% and X < -1%, respectively). The Netherlands is by far the strongest exporting economy in relative terms. Moreover, the entire top-five have weathered the crisis well: Slovenia is the first country in this plot to record current account balance values of below 1% GDP between 2011 and 2016. Again, the creditor-debtor divide seems to predict current account balance values fairly well; the entire tail of absorbing economies consists out of debtor states, whereas most creditor countries record positive current account values. Yearly current account balance means for the EU-27 clearly show the impact of the crises and their recovery efforts, as their values gradually rose from -0.64% of GDP in 2011 to 2.36% of GDP in 2016.

Figure 7.3.: Current account balance, six year country average
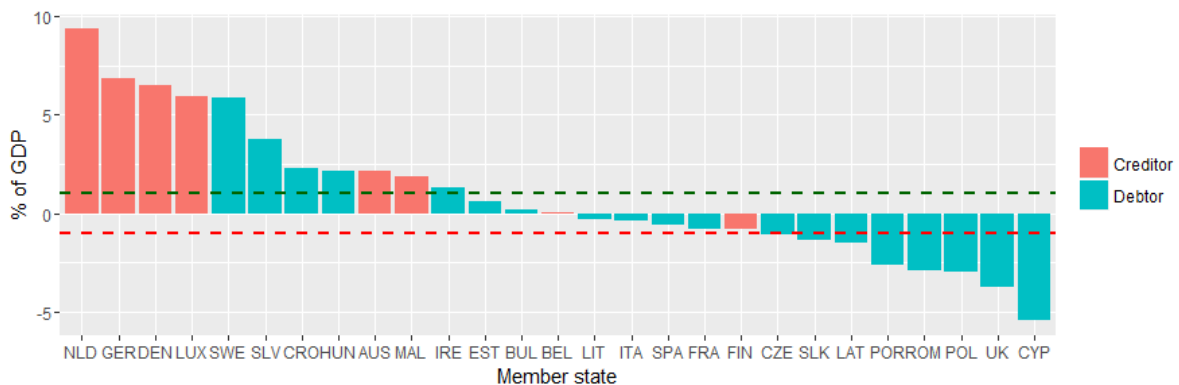
Figure 7.4. plots the average percentage of EU GDP contributed by each member state as bars, and overlays the voting power of these member states as plotted points. As we can see, these two structural factors are partially related: countries with higher GDP values generally also wield more voting power in the Council. Notable exceptions here are Poland, Romania and Bulgaria, which gain in voting power due to their sizable populations−but can't yet seem to translate population size into higher GDP values. Both variables correlate highly to one another, with ρ = 0.875 and CI = [0.833, 0.908].

Figure 7.4.: Economic importance to EU, six year country average
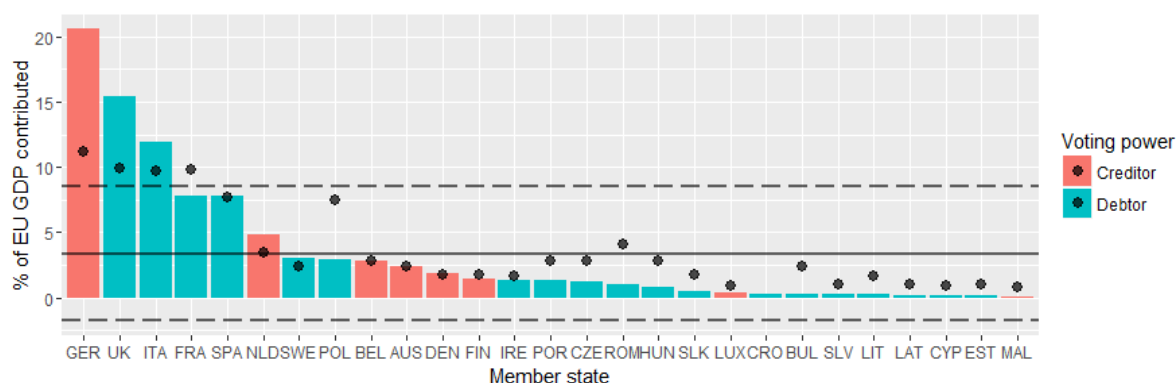
The final economic factor plot, Figure 7.5., indicates the annual average percentage of countries who were members of a certain category. The values for EMU membership vary little, as they are only affected by the subsequent accessions of Latvia and Lithuania in respectively 2014 and 2015. The amount of countries subject to the corrective phase of the EDP also seemed to decrease sharply as crisis-recovery efforts carried on: whereas in 2011 88.5% of member states were subject to corrective procedures, this figure dropped sharply to 25.9% by 2016. Croatia, Cyprus, France, Hungary, Ireland, Slovenia, Spain and the United Kingdom are subject to corrective procedures for the entire period of 2011-2016, whereas only Estonia, Luxembourg and Sweden managed to avoid the corrective arm altogether. A positions country along the creditor-debtor divide is fairly constant. Only Austria, Finland and Luxembourg shifted between the two categories, spending three, two and one years as debtors, respectively.

Figure 7.5.: Country membership of category, yearly average of EU-27

Country membership of category (yearly average)
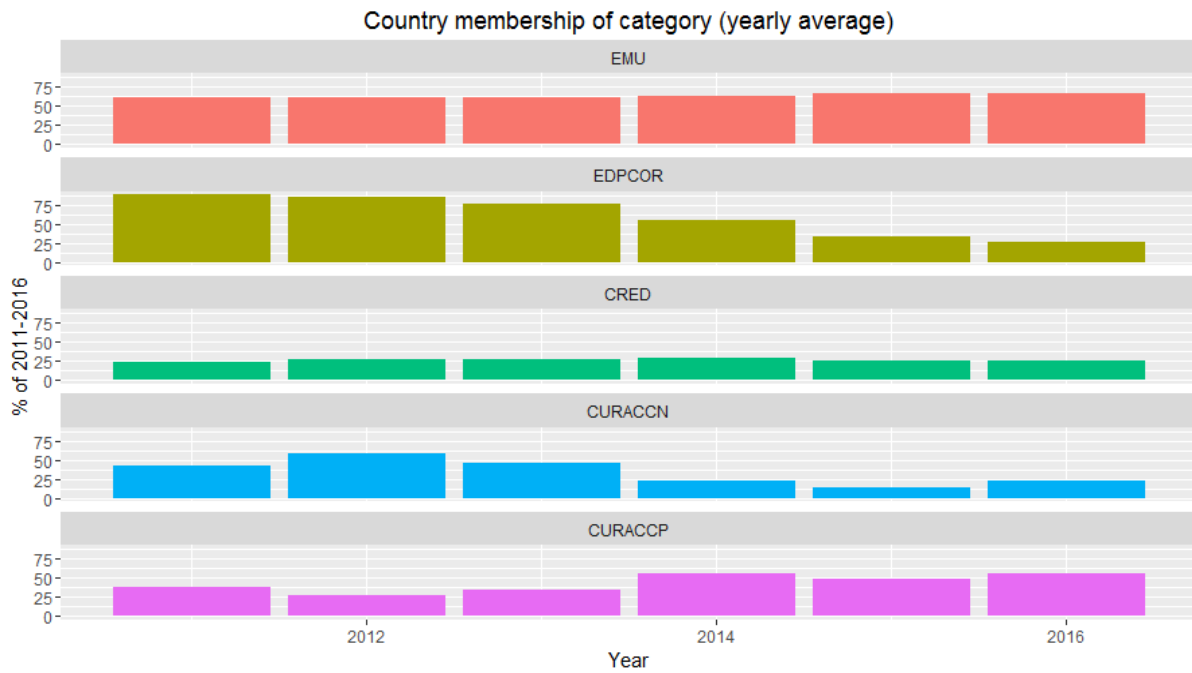
7.3.2. Multilevel Model: Random Intercepts

Moving to the level two model estimates of Model 2, we get the random intercept estimates for the group intercepts. These are individual estimates for each individual country and year. Importantly, these intercept estimates again reflect geometric means when all predictor variables are at their grand means. They are calculated based on the country- or year-specific deviance from the *grand mean*: this deviance is most easily regarded as a 'trashcan' for two types of variance: (1) variance stemming from omitted variables and (2) variance stemming from measurement error. In a cross-classified model, this estimated intercept for a specific country therefore *only* indicates the unexplained variance stemming from that specific country; variance stemming from other country- or year-specific effects is accommodated in their other respective country- and year-specific intercepts.

Figure 7.6. shows the exponentiated values[14] of the log-transformed country-specific intercepts for the number of words used by the Commission to propose recommendations, with the grand mean plotted as a the grey line. Note that the plot looks similar to Figure 5.1., but that some member states are ranked differently. Bulgaria has the highest estimated random intercept (403.2) as well as the highest deviance from the grand mean (+132.2). Sweden has the lowest random intercept of 167.9, which lies 103.1 below the grand mean.

Figure 7.6.: Commission Formulation: Country-Specific Random Intercepts

---

[14] All random intercept estimates given in Figure 7.6. and 7.7. are highly reliable; the largest standard error for any random intercept is 0.122 for Cyprus.
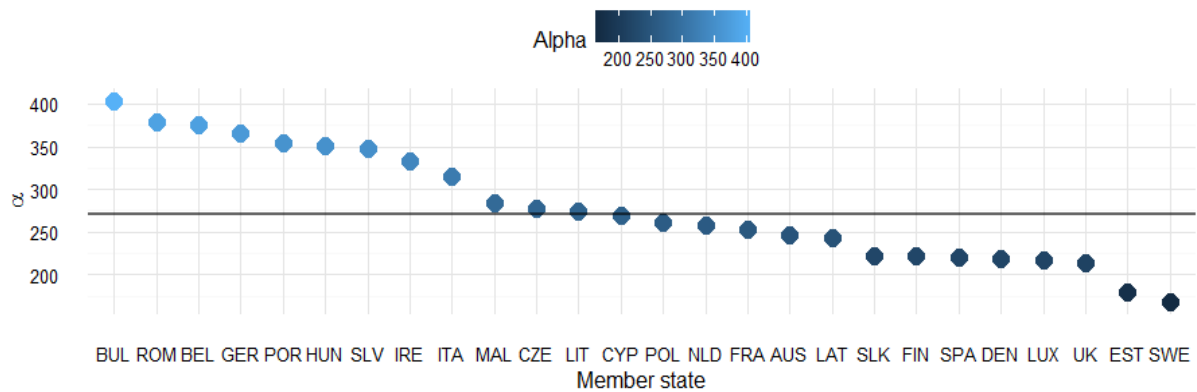
Figure 7.7. shows the same plot, but for the year-specific intercepts instead. This figure more closely resembles figure 5.2., which is not surprising: all predictors included in Model 2 are more intuitively related to (and vary more across) countries than years, despite being at the country-year level. The random intercept for 2011 lies closest to the grand mean, which has an geometric mean intercept of 265.2 (-5.9), while all predictors are at their respective grand means. The mean number of words proposed by the Commission is highest in 2014 (450.9), which deviates from the grand mean by +179.9 words. The next year, this value sharply drops to a value of 155.0, or -116.1 below the grand mean.

Figure 7.7.: Commission Formulation: Year-Specific Random Intercepts
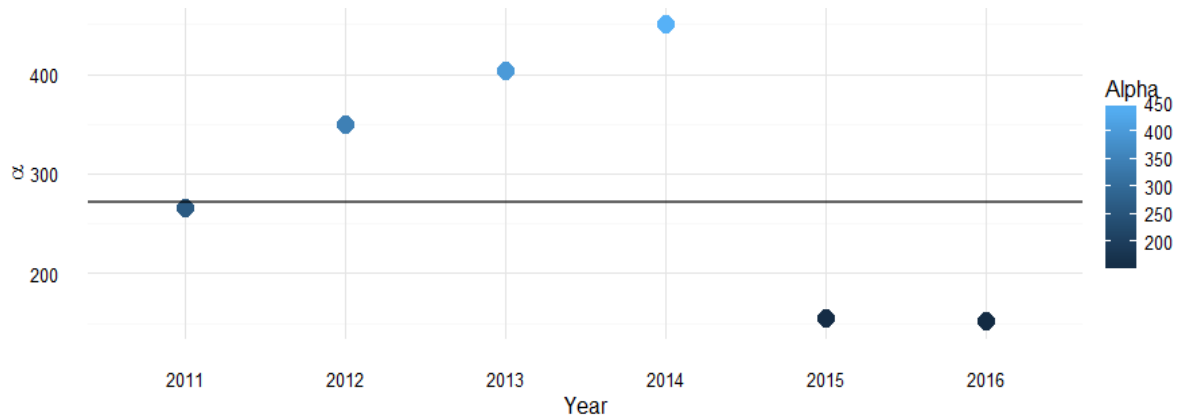
The random intercepts for years plotted in Figure 5.13. lead onto one final conclusion in terms of Commission formulation of these CSRs: on average, the scope of the proposed CSRs have steadily increased between 2011 and 2014, but dropped significantly after 2015. The European Commission (2015b) itself announced it would streamline the 2015 recommendations, which it indeed seems to have done. Consequently, it seems one major determinant of the scope of CSRs proposed is endogenous to the Commission itself: the incoming Juncker Commission that took office in autumn 2014 decided to fundamentally change the way CSRs are implemented.

7.4. Appendix III: R Code

```r
getwd()


## update.packages()

## Loading packages:

## install.packages("foreign")

## install.packages("nlme")

## install.packages("lme4")

## install.packages("rio")

## install.packages("plyr")

## install.packages("dplyr")

## install.packages("ggplot2")

## install.packages("arm")

## install.packages("lmtest")

## install.packages("colorspace")


library("foreign")

library("nlme")

library("lme4")

library("rio")

library("plyr")

library("dplyr")

library("ggplot2")

library("arm")

library("lmtest")


## Importing Data:

CSR <- read.csv("Dataset CSRs CSV.csv", header = TRUE, sep = ";", dec = ",")


## Drop empty column & rows:

CSR$X.1 <- NULL

CSR <- CSR[-c(160, 161), ]


## Information on dataset:

str(CSR)

summary(CSR)

dim(CSR)

head(CSR)


## No. of groups and no. of observations per group:

table(CSR$MS)

length(unique(CSR$MS))

table(CSR$YEAR)

length(unique(CSR$YEAR))


## Outcome variable COMWRD:

summary(CSR$COMWRD)

qqnorm(CSR$COMWRD)

qqline(CSR$COMWRD)

hist(CSR$COMWRD)


## Reducing positive skew in COMWRD through log transformation:

CSR$logCOMWRD <- log(CSR$COMWRD)


qqnorm(CSR$COMWRD)

qqline(CSR$COMWRD)

qqnorm(CSR$logCOMWRD)

qqline(CSR$logCOMWRD)


## Recoding predictor variables where necessary:

## Recoding PPUB-1 so that it reflects value for "very negative" and "fairly negative" in one variable:

CSR$PPUBneg <- CSR$PPUB.1..FN + CSR$PPUB.1..VN

CSR$PPUBneg <- CSR$PPUBneg*100          ## Recoding to percentages of population

summary(CSR$PPUBneg)
```

```r
CSR$PPUBvneg <- CSR$PPUB.1..VN*100      ## Same but only for share of population with "very negative" views

summary(CSR$PPUBvneg)


CSR$VOTEp <- CSR$VOTE*100        ## Recoding voting power to indicate percentages

summary(CSR$VOTE)


## Creating bins for CURACC

is.factor(CSR$CURACC)

is.numeric(CSR$CURACC)

CSR$CURACCcut <- cut(CSR$CURACC, breaks = c(-Inf, -1.1, 1, Inf), labels = c("negative", "zero", "positive"))


is.factor(CSR$CURACCcut)

is.numeric(CSR$CURACCcut)

table(CSR$CURACCcut)


CSR$CURACCN <- as.numeric(CSR$CURACCcut == "negative")

CSR$CURACCZ <- as.numeric(CSR$CURACCcut == "zero")

CSR$CURACCP <- as.numeric(CSR$CURACCcut == "positive")


table(CSR$CURACCcut)

table(CSR$CURACCN)

table(CSR$CURACCZ)

table(CSR$CURACCP)


## Creating required functions:

twoSD <- function (x) {

 (x - mean(x, na.rm = TRUE))/(2 * sd(x, na.rm = TRUE))}   ## Standardizing by 2sd & mean centering


getSE <- function (x) {                    ## shows SE

 sqrt(diag(vcov(x)))}
```

```r
meanc <- function (x) {                     ## Normal mean centering

 (x - mean(x, na.rm = TRUE))}
```

In the following transformations, I standardize all non-binary variables by 2 SD.

This makes all continuous predictor estimates in scales of 0-1, so that they are

directly comparable to non-transformed dichotomous vaError: expecting a single value

```r
## Option 1: grand mean centering all level 1 predictor variables

grand_mean_variables <- CSR %>%

 group_by(MS) %>%

 summarise(PPAR.2_gcent   = mean(PPAR...2, na.rm = TRUE),
         PPAR.3_gcent   = mean(PPAR...3, na.rm = TRUE),
         PPAR.4_gcent   = mean(PPAR...4, na.rm = TRUE),
         PPUBneg_gcent  = mean(PPUBneg, na.rm = TRUE),
         PPUBvneg_gcent = mean(PPUBvneg, na.rm = TRUE),
         VOTE_gcent     = mean(VOTEp, na.rm = TRUE),
         EMU_gcent      = mean(EMU, na.rm = TRUE),
         EDPCOR_gcent   = mean(EDPCOR, na.rm = TRUE),
         GDPEU_gcent    = mean(GDPEU, na.rm = TRUE),
         CRED_gcent     = mean(CRED, na.rm = TRUE),
         CURACCN_gcent  = mean(CURACCN, na.rm = TRUE),
         CURACCZ_gcent  = mean(CURACCZ, na.rm = TRUE),
         CURACCP_gcent  = mean(CURACCP, na.rm = TRUE),
         UNEMP_gcent    = mean(UNEMP, na.rm = TRUE))


grand_mean_variables$PPAR.2_gcent   <- mean(grand_mean_variables$PPAR.2_gcent, na.rm = TRUE)

grand_mean_variables$PPAR.3_gcent   <- mean(grand_mean_variables$PPAR.3_gcent, na.rm = TRUE)

grand_mean_variables$PPAR.4_gcent   <- mean(grand_mean_variables$PPAR.4_gcent, na.rm = TRUE)

grand_mean_variables$PPUBneg_gcent  <- mean(grand_mean_variables$PPUBneg_gcent, na.rm = TRUE)
```

```r
grand_mean_variables$PPUBvneg_gcent <-
mean(grand_mean_variables$PPUBvneg_gcent, na.rm = TRUE)

grand_mean_variables$VOTE_gcent      <-
mean(grand_mean_variables$VOTE_gcent, na.rm = TRUE)

grand_mean_variables$EMU_gcent       <-
mean(grand_mean_variables$EMU_gcent, na.rm = TRUE)

grand_mean_variables$EDPCOR_gcent    <-
mean(grand_mean_variables$EDPCOR_gcent, na.rm = TRUE)

grand_mean_variables$GDPEU_gcent     <-
mean(grand_mean_variables$GDPEU_gcent, na.rm = TRUE)

grand_mean_variables$CRED_gcent      <-
mean(grand_mean_variables$CRED_gcent, na.rm = TRUE)

grand_mean_variables$CURACCN_gcent   <-
mean(grand_mean_variables$CURACCN_gcent, na.rm =
TRUE)

grand_mean_variables$CURACCZ_gcent   <-
mean(grand_mean_variables$CURACCZ_gcent, na.rm =
TRUE)

grand_mean_variables$CURACCP_gcent   <-
mean(grand_mean_variables$CURACCP_gcent, na.rm =
TRUE)

grand_mean_variables$UNEMP_gcent     <-
mean(grand_mean_variables$UNEMP_gcent, na.rm = TRUE)


## Means differ slightly because they're now weighed so that
every country has equal weight

mean(CSR$PPAR...3)

mean(grand_mean_variables$PPAR.3_gcent)

mean(CSR$PPUBneg)

mean(grand_mean_variables$PPUBneg_gcent)


CSR$PPAR.2_gcent  <- (CSR$PPAR...2 - 4.25679) /(2 *
sd(CSR$PPAR...2, na.rm = TRUE))

CSR$PPAR.3_gcent  <- (CSR$PPAR...3 - 8.659259) /(2 *
sd(CSR$PPAR...3, na.rm = TRUE))

CSR$PPAR.4_gcent  <- (CSR$PPAR...4 - 15.51049) /(2 *
sd(CSR$PPAR...4, na.rm = TRUE))

CSR$PPUBneg_gcent <- (CSR$PPUBneg  - 21.98658) /(2 *
sd(CSR$PPUBneg, na.rm = TRUE))

CSR$PPUBvneg_gcent <- (CSR$PPUBvneg - 4.876991) /(2 *
sd(CSR$PPUBvneg, na.rm = TRUE))

CSR$VOTE_gcent    <- (CSR$VOTEp   - 3.690385) /(2 *
sd(CSR$VOTEp, na.rm = TRUE))

CSR$EMU_gcent     <- CSR$EMU     - 0.6234568
```

```r
CSR$EDPCOR_gcent  <- CSR$EDPCOR  - 0.6111111

CSR$GDPEU_gcent   <- (CSR$GDPEU   - 3.367222) /(2 *
sd(CSR$GDPEU, na.rm = TRUE))

CSR$CRED_gcent    <- CSR$CRED    - 0.2592593

CSR$CURACCN_gcent <- CSR$CURACCN - 0.3333333

CSR$CURACCZ_gcent <- CSR$CURACCZ - 0.2345679

CSR$CURACCP_gcent <- CSR$CURACCP - 0.4320988

CSR$UNEMP_gcent   <- (CSR$UNEMP   - 10.00494) /(2 *
sd(CSR$UNEMP, na.rm = TRUE))


cor(CSR$PPUBneg, CSR$PPUBneg_gcent)

summary(CSR$PPAR...2)

## Group mean centring the level 1 predictor variables:

## (no standardization as all continuous predictors already in
percentages, but dichotomous remain dichotomous!)

names(CSR)


twoSD(CSR$PPAR...2)


CSR <- CSR %>%

 group_by(MS) %>%

 mutate(PPAR.2_cent  = twoSD(PPAR...2),

     PPAR.3_cent  = twoSD(PPAR...3),

     PPAR.4_cent  = twoSD(PPAR...4),

     PPUBneg_cent = twoSD(PPUBneg),

     PPUBvneg_cent = twoSD(PPUBvneg),

     VOTE_cent    = twoSD(VOTEp),

     EMU_cent     = meanc(EMU),

     EDPCOR_cent  = meanc(EDPCOR),

     GDPEU_cent   = twoSD(GDPEU),

     CRED_cent    = meanc(CRED),

     CURACCN_cent = meanc(CURACCN),

     CURACCZ_cent = meanc(CURACCZ),

     CURACCP_cent = meanc(CURACCP),

     UNEMP_cent   = twoSD(UNEMP))
```

```r
CSR$PPAR.2_cent[is.na(CSR$PPAR.2_cent)] <- 0

CSR$PPAR.3_cent[is.na(CSR$PPAR.3_cent)] <- 0

CSR$PPAR.4_cent[is.na(CSR$PPAR.4_cent)] <- 0


CSR <- CSR %>%

  group_by(YEAR) %>%

  mutate(PPAR.2_ycent   = twoSD(PPAR...2),

      PPAR.3_ycent   = twoSD(PPAR...3),

      PPAR.4_ycent   = twoSD(PPAR...4),

      PPUBneg_ycent  = twoSD(PPUBneg),

      PPUBvneg_ycent = twoSD(PPUBvneg),

      VOTE_ycent    = twoSD(VOTEp),

      EMU_ycent     = meanc(EMU),

      EDPCOR_ycent   = meanc(EDPCOR),

      GDPEU_ycent    = twoSD(GDPEU),

      CRED_ycent    = meanc(CRED),

      CURACCN_ycent  = meanc(CURACCN),

      CURACCZ_ycent  = meanc(CURACCZ),

      CURACCP_ycent  = meanc(CURACCP),

      UNEMP_ycent    = twoSD(UNEMP))


cor(CSR$PPUBneg, CSR$PPUBneg_gcent)

cor(CSR$PPUBneg, CSR$PPUBneg_cent)

cor(CSR$PPUBneg_gcent, CSR$PPUBneg_cent)

cor(CSR$PPUBneg_ycent, CSR$PPUBneg)

cor(CSR$PPUBneg_ycent, CSR$PPUBneg_cent)

cor(CSR$PPUBneg_ycent, CSR$PPUBneg_gcent)


## Checking initial correlations of interest:

cor(CSR$logCOMWRD, CSR$PPUBneg_cent, use
="complete")

cor(CSR$logCOMWRD, CSR$PPUBvneg_cent, use
="complete")

cor(CSR$logCOMWRD, CSR$PPAR.2_cent, use ="complete")

cor(CSR$logCOMWRD, CSR$PPAR.3_cent, use ="complete")

cor(CSR$logCOMWRD, CSR$PPAR.4_cent, use ="complete")


cor(CSR$logCOMWRD, CSR$PPUBneg_gcent, use
="complete")

cor(CSR$logCOMWRD, CSR$PPUBvneg_gcent, use
="complete")

cor(CSR$logCOMWRD, CSR$PPAR.2_gcent, use
="complete")

cor(CSR$logCOMWRD, CSR$PPAR.3_gcent, use
="complete")

cor(CSR$logCOMWRD, CSR$PPAR.4_gcent, use
="complete")


cor(CSR$logCOMWRD, CSR$PPUBneg_ycent, use
="complete")

cor(CSR$logCOMWRD, CSR$PPUBvneg_ycent, use
="complete")

cor(CSR$logCOMWRD, CSR$PPAR.2_ycent, use
="complete")

cor(CSR$logCOMWRD, CSR$PPAR.3_ycent, use
="complete")

cor(CSR$logCOMWRD, CSR$PPAR.4_ycent, use
="complete")


## Early informative plots

ggplot(CSR,

    aes(x = CSR$PPUBneg, y = CSR$CNCLAR)) +

  stat_smooth(method = "lm") +

  theme_minimal()


ggplot(CSR,

    aes(x = CSR$PPAR...3, y = CSR$COMWRD)) +

  stat_smooth(method = "lm") +

  theme_minimal()

names(CSR)


#####################################################
#####################################

#####################################################
#####################################
```

```r
#####################################################
#######################################

######################### REQUIRED DESCRIPTIVE
STATISTICS #############################

#####################################################
#######################################

#####################################################
#######################################

#####################################################
#######################################

names(CSR)

countrymeans <- CSR %>%

 dplyr::group_by(MS) %>%

 dplyr::summarise(COMWRD      = mean(COMWRD, na.rm
= TRUE),

          COMNR       = mean(COMNR, na.rm = TRUE),

          CNCLAM       = mean(CNCLAM, na.rm = TRUE),

          CNCLAN       = mean(CNCLAN, na.rm = TRUE),

          CNCLAR       = mean(CNCLAR, na.rm = TRUE),

          CNCLSTRN      = mean(CNCLSTRN, na.rm =
TRUE),

          CNCLSTRR      = mean(CNCLSTRR, na.rm =
TRUE),

          PPAR.4       = mean(PPAR...4, na.rm = TRUE),

          PPUBneg      = mean(PPUBneg, na.rm = TRUE),

          VOTE        = mean(VOTEp, na.rm = TRUE),

          EMU        = mean(EMU, na.rm = TRUE),

          EDPCOR       = mean(EDPCOR, na.rm = TRUE),

          GDPEU       = mean(GDPEU, na.rm = TRUE),

          CRED        = mean(CRED, na.rm = TRUE),

          CURACCN      = mean(CURACCN, na.rm =
TRUE),

          CURACCZ      = mean(CURACCZ, na.rm =
TRUE),

          CURACCP      = mean(CURACCP, na.rm =
TRUE),

          CURACC      = mean(CURACC, na.rm = TRUE),

          UNEMP       = mean(UNEMP, na.rm = TRUE),

          logCOMWRD     = mean(logCOMWRD, na.rm =
TRUE))

yearmeans <- CSR %>%

 dplyr::group_by(YEAR) %>%

 dplyr::summarise(COMWRD      = mean(COMWRD, na.rm
= TRUE),

          COMNR       = mean(COMNR, na.rm = TRUE),

          CNCLAM       = mean(CNCLAM, na.rm = TRUE),

          CNCLAN       = mean(CNCLAN, na.rm = TRUE),

          CNCLAR       = mean(CNCLAR, na.rm = TRUE),

          CNCLSTRN      = mean(CNCLSTRN, na.rm =
TRUE),

          CNCLSTRR      = mean(CNCLSTRR, na.rm =
TRUE),

          PPAR.4       = mean(PPAR...4, na.rm = TRUE),

          PPUBneg      = mean(PPUBneg, na.rm = TRUE),

          VOTE        = mean(VOTEp, na.rm = TRUE),

          EMU        = mean(EMU, na.rm = TRUE),

          EDPCOR       = mean(EDPCOR, na.rm = TRUE),

          GDPEU       = mean(GDPEU, na.rm = TRUE),

          CRED        = mean(CRED, na.rm = TRUE),

          CURACCN      = mean(CURACCN, na.rm =
TRUE),

          CURACCZ      = mean(CURACCZ, na.rm =
TRUE),

          CURACCP      = mean(CURACCP, na.rm =
TRUE),

          CURACC      = mean(CURACC, na.rm = TRUE),

          UNEMP       = mean(UNEMP, na.rm = TRUE),

          logCOMWRD     = mean(logCOMWRD, na.rm =
TRUE))


countrymeans$NIIP <- ifelse(countrymeans$CRED > 0.499,

          c("Creditor"), c("Debtor"))


## By countries

ggplot(countrymeans,aes(x=reorder(MS, -UNEMP),y=UNEMP,
fill = as.factor(NIIP)))+

 geom_bar(stat="identity",position="dodge") +
```

```r
ggtitle("Unemployment rate (6 year average)") +
xlab("Member state") + ylab("% of population") +

theme(legend.title=element_blank()) +

geom_hline(yintercept = mean(countrymeans$UNEMP) -
sd(countrymeans$UNEMP), colour="black", linetype =
"longdash", size = 1, alpha = 0.6) +

geom_hline(yintercept = mean(countrymeans$UNEMP) +
sd(countrymeans$UNEMP), colour="black", linetype =
"longdash", size = 1, alpha = 0.6) +

geom_hline(yintercept = mean(countrymeans$UNEMP),
colour="black", size = 1, alpha = 0.6)


ggplot(countrymeans,aes(x=reorder(MS, -
CURACC),y=CURACC, fill = as.factor(NIIP)))+

geom_bar(stat="identity",position="dodge") +

ggtitle("Current account balance (6 year average)") +
xlab("Member state") + ylab("% of GDP") +

geom_hline(mapping = NULL, data = NULL, color =
"darkgreen", size = 1, linetype = 2, yintercept = 1, na.rm =
FALSE, show.legend = TRUE) +

geom_hline(mapping = NULL, data = NULL, color = "red",
size = 1, linetype = 2, yintercept = -1, na.rm = FALSE,
show.legend = TRUE) +

theme(legend.title=element_blank())


## install.packages("stringi")

## install.packages("reshape2")

library("stringi")

library("reshape2")

names(countrymeans)

dummymeans <- countrymeans[,c(1,12,13,15,16,18)]

dummymeans.long <- melt(dummymeans,id.vars="MS")


ggplot(dummymeans.long,aes(MS,value*100,fill=as.factor(varia
ble)))+

geom_bar(position="dodge",stat="identity")+

facet_wrap(~variable,nrow=5) +

ggtitle("Country membership of category, 6 year average") +
xlab("Member state") + ylab("% of 2011-2016") +

theme(legend.position="none")


ggplot(countrymeans,aes(x=reorder(MS, -GDPEU),y=GDPEU,
fill = as.factor(NIIP)))+

geom_bar(stat="identity",position="dodge") +

ggtitle("Economic importance to EU (6 year average)") +
xlab("Member state") + ylab("% of EU GDP contributed") +

guides(fill=guide_legend(title="Voting power")) +

geom_hline(yintercept = mean(countrymeans$GDPEU) -
sd(countrymeans$GDPEU), colour="black", linetype =
"longdash", size = 1, alpha = 0.6) +

geom_hline(yintercept = mean(countrymeans$GDPEU) +
sd(countrymeans$GDPEU), colour="black", linetype =
"longdash", size = 1, alpha = 0.6) +

geom_hline(yintercept = mean(countrymeans$GDPEU),
colour="black", size = 1, alpha = 0.6) +

geom_point(data = countrymeans, aes(x=MS, y=VOTE), size =
4, shape = 20, alpha = 0.7)


ggplot(countrymeans,aes(x=reorder(MS, -VOTE),y=VOTE, fill
= as.factor(NIIP))) +

geom_bar(stat="identity",position="dodge") +

ggtitle("Voting power in Council (6 year average)") +
xlab("Member state") + ylab("S-S index in %") +

theme(legend.title=element_blank()) +

geom_hline(yintercept = mean(countrymeans$VOTE, na.rm =
T) - sd(countrymeans$VOTE, na.rm = T), colour="black",
linetype = "longdash", size = 1, alpha = 0.6) +

geom_hline(yintercept = mean(countrymeans$VOTE, na.rm =
T) + sd(countrymeans$VOTE, na.rm = T), colour="black",
linetype = "longdash", size = 1, alpha = 0.6) +

geom_hline(yintercept = mean(countrymeans$VOTE, na.rm =
T), colour="black", size = 1, alpha = 0.6)


ggplot(countrymeans,aes(x=reorder(MS, -PPAR.4),y=PPAR.4,
fill = PPAR.4))+

geom_bar(stat="identity",position="dodge") +

ggtitle("Politicization - parliament: Eurosceptic parties (6 year
average)") + xlab("Member state") + ylab("% of seats") +

scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$PPAR.4)) +

theme(legend.title=element_blank()) +

geom_hline(yintercept = mean(countrymeans$PPAR.4, na.rm =
T) - sd(countrymeans$PPAR.4, na.rm = T), colour="black",
linetype = "longdash", size = 1, alpha = 0.6) +
```

```
  geom_hline(yintercept = mean(countrymeans$PPAR.4, na.rm =
T) + sd(countrymeans$PPAR.4, na.rm = T), colour="black",
linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(countrymeans$PPAR.4, na.rm =
T), colour="black", size = 1, alpha = 0.6)
```

```
names(countrymeans)
```

```
ggplot(countrymeans,aes(x=reorder(MS, -
PPUBneg),y=PPUBneg, fill = PPUBneg))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Politicization - public: Eurosceptic citizens (6 year
average)") + xlab("Member state") + ylab("% of population") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$PPUBneg)) +

  guides(fill=guide_legend(title="PPAR")) +

  geom_hline(yintercept = mean(countrymeans$PPUBneg, na.rm
= T) - sd(countrymeans$PPUBneg, na.rm = T), colour="black",
linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(countrymeans$PPUBneg, na.rm
= T) + sd(countrymeans$PPUBneg, na.rm = T), colour="black",
linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(countrymeans$PPUBneg, na.rm
= T), colour="black", size = 1, alpha = 0.6) +

  geom_point(data = countrymeans, aes(x=MS, y=PPAR.4), size
= 4, shape = 20, alpha = 0.7)
```

```
ggplot(countrymeans,aes(x=reorder(MS, -
PPUBneg),y=PPUBneg, fill = PPUBneg))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Politicization - public: Eurosceptic citizens (6 year
average)") + xlab("Member state") + ylab("% of population") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$PPUBneg)) +

  guides(fill=guide_legend(title="PPUB")) +

  geom_hline(yintercept = mean(countrymeans$PPUBneg, na.rm
= T) - sd(countrymeans$PPUBneg, na.rm = T), colour="black",
linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(countrymeans$PPUBneg, na.rm
= T) + sd(countrymeans$PPUBneg, na.rm = T), colour="black",
linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(countrymeans$PPUBneg, na.rm
= T), colour="black", size = 1, alpha = 0.6)
```

```
ggplot(countrymeans,aes(x=reorder(MS, -
COMWRD),y=COMWRD, fill = COMNR))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs proposed by Commission (6 year
average)") + xlab("Member state") + ylab("Number of words") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$COMNR)) +

  guides(fill=guide_legend(title="Avg. no. CSRs")) +

  geom_hline(yintercept = mean(countrymeans$COMWRD,
na.rm = T) - sd(countrymeans$COMWRD, na.rm = T),
colour="black", linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(countrymeans$COMWRD,
na.rm = T) + sd(countrymeans$COMWRD, na.rm = T),
colour="black", linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(countrymeans$COMWRD,
na.rm = T), colour="black", size = 1, alpha = 0.6)
```

```
ggplot(countrymeans,aes(x=reorder(MS, -
logCOMWRD),y=logCOMWRD, fill = COMNR))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs proposed by Commission (6 year
average)") + xlab("Member state") + ylab("Number of words") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$COMNR)) +

  guides(fill=guide_legend(title="Avg. no. CSRs")) +

  geom_hline(yintercept = mean(countrymeans$logCOMWRD,
na.rm = T) - sd(countrymeans$logCOMWRD, na.rm = T),
colour="black", linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(countrymeans$logCOMWRD,
na.rm = T) + sd(countrymeans$logCOMWRD, na.rm = T),
colour="black", linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(countrymeans$logCOMWRD,
na.rm = T), colour="black", size = 1, alpha = 0.6)
```

```
ggplot(countrymeans,aes(x=reorder(MS, -
CNCLAR),y=CNCLAR*100, fill = CNCLAN))+

  geom_bar(stat="identity",position="dodge") +
```

```r
ggtitle("Scope of CSRs weakened in Council (6 year average)")
+ xlab("Member state") + ylab("%") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$CNCLAN)) +

  guides(fill=guide_legend(title="Avg. no.")) +

  geom_hline(yintercept = mean(countrymeans$CNCLAR*100,
na.rm = T) - sd(countrymeans$CNCLAR*100, na.rm = T),
colour="black", linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(countrymeans$CNCLAR*100,
na.rm = T) + sd(countrymeans$CNCLAR*100, na.rm = T),
colour="black", linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(countrymeans$CNCLAR*100,
na.rm = T), colour="black", size = 1, alpha = 0.6)


ggplot(countrymeans,aes(x=reorder(MS, -
CNCLSTRR),y=CNCLSTRR*100, fill = CNCLSTRN))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs strengthened in Council (6 year
average)") + xlab("Member state") + ylab("%") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$CNCLSTRN)) +

  guides(fill=guide_legend(title="Avg. no.")) +

  geom_hline(yintercept =
mean(countrymeans$CNCLSTRR*100, na.rm = T) -
sd(countrymeans$CNCLSTRR*100, na.rm = T),
colour="black", linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept =
mean(countrymeans$CNCLSTRR*100, na.rm = T) +
sd(countrymeans$CNCLSTRR*100, na.rm = T),
colour="black", linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept =
mean(countrymeans$CNCLSTRR*100, na.rm = T),
colour="black", size = 1, alpha = 0.6)


plot.a <- lm(CNCLAR*100 ~ PPAR...4, data = CSR)

coef(plot.a)

getSE(plot.a)

mean(CSR$PPAR...4)


ggplot(countrymeans,aes(x=reorder(MS, -
CNCLAR),y=CNCLAR*100, fill = PPAR.4))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs weakened in Council (6 year average)")
+ xlab("Member state") + ylab("%") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$PPAR.4)) +

  guides(fill=guide_legend(title="Politicization: Parliament")) +

  geom_point(data = countrymeans, aes(x=MS, y=PPAR.4), size
= 4, shape = 20, alpha = 0.7) +

  geom_abline(intercept = 10.347064870+(27*0.05233346),
slope = 0.05233346, size = 1, alpha = 0.7)


plot.b <- lm(CNCLSTRR*100 ~ PPAR...4, data = CSR)

coef(plot.b)

getSE(plot.b)


ggplot(countrymeans,aes(x=reorder(MS, -
CNCLSTRR),y=CNCLSTRR*100, fill = PPAR.4))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs strengthened in Council (6 year
average)") + xlab("Member state") + ylab("%") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$PPAR.4)) +

  guides(fill=guide_legend(title="Politicization: Parliament")) +

  geom_point(data = countrymeans, aes(x=MS, y=PPAR.4), size
= 4, shape = 20, alpha = 0.7) +

  geom_abline(intercept = 8.61143460+(27*0.00705332), slope
= -0.00705332, size = 1, alpha = 0.7)


plot.c <- lm(CNCLAR*100 ~ PPUBneg, data = CSR)

coef(plot.c)

getSE(plot.c)


ggplot(countrymeans,aes(x=reorder(MS, -
CNCLAR),y=CNCLAR*100, fill = PPUBneg))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs weakened in Council (6 year average)")
+ xlab("Member state") + ylab("%") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$PPUBneg)) +

  guides(fill=guide_legend(title="Politicization: Public")) +

  geom_point(data = countrymeans, aes(x=MS, y=PPUBneg),
size = 4, shape = 20, alpha = 0.7) +
```

```
geom_abline(intercept = 6.1808166+(27*0.1532636), slope = -
0.1532636, size = 1, alpha = 0.7)


coef(lm(CNCLSTRR*100 ~ PPUBneg, data = CSR))



ggplot(countrymeans,aes(x=reorder(MS, -
CNCLSTRR),y=CNCLSTRR*100, fill = PPUBneg))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs strengthened in Council (6 year
average)") + xlab("Member state") + ylab("%") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$PPUBneg)) +

  guides(fill=guide_legend(title="Politicization: Public")) +

  geom_point(data = countrymeans, aes(x=MS, y=PPUBneg),
size = 4, shape = 20, alpha = 0.7) +

  geom_abline(intercept = 5.7934203+(27*0.1361973), slope = -
0.1361973, size = 1, alpha = 0.7)



plot.e <- lm(CNCLAR*100 ~ VOTEp, data = CSR)

coef(plot.e)

getSE(plot.e)



ggplot(countrymeans,aes(x=reorder(MS, -
CNCLAR),y=CNCLAR*100, fill = VOTE, na.rm = T))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs weakened in Council (6 year average)")
+ xlab("Member state") + ylab("%") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$VOTE, na.rm = T)) +

  guides(fill=guide_legend(title="VOTE")) +

  geom_point(data = countrymeans, aes(x=MS, y=VOTE), size =
4, shape = 20, alpha = 0.7) +

  geom_abline(intercept = 7.6504952 + (27*0.5335439), slope =
-0.6527569, size = 1, alpha = 0.7)



plot.f <- lm(CNCLSTRR*100 ~ UNEMP, data = CSR)

coef(plot.f)

getSE(plot.f)
```

```
ggplot(countrymeans,aes(x=reorder(MS, -
CNCLSTRR),y=CNCLSTRR*100, fill = UNEMP, na.rm = T))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs strengthened in Council (6 year
average)") + xlab("Member state") + ylab("%") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$UNEMP, na.rm = T)) +

  guides(fill=guide_legend(title="UNEMP")) +

  geom_point(data = countrymeans, aes(x=MS, y=UNEMP), size
= 4, shape = 20, alpha = 0.7) +

  geom_abline(intercept = 3.1672143 + (27*0.5804299), slope =
-0.5804299, size = 1, alpha = 0.7)



plot.g <- lm(CNCLSTRR*100 ~ CURACCN, data = CSR)

coef(plot.g)

getSE(plot.g)

3.437335/27



ggplot(countrymeans,aes(x=reorder(MS, -
CNCLSTRR),y=CNCLSTRR*100, fill = CURACCN))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs strengthened in Council (6 year
average)") + xlab("Member state") + ylab("%")+

  guides(fill=guide_legend(title="Cur. acc.: negative")) +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$CURACCN, na.rm = T))
+

  geom_point(data = countrymeans, aes(x=MS,
y=CURACCN*100), size = 4, shape = 20, alpha = 0.7) +

  geom_abline(intercept = 7.699029 + (27*0.1273087), slope = -
0.1273087, size = 1, alpha = 0.7)



plot.h <- lm(CNCLSTRR*100 ~ EDPCOR, data = CSR)

coef(plot.h)

getSE(plot.h)

2.773810/27



ggplot(countrymeans,aes(x=reorder(MS, -
CNCLSTRR),y=CNCLSTRR*100, fill = EDPCOR))+

  geom_bar(stat="identity",position="dodge") +
```

```
  ggtitle("Scope of CSRs strengthened in Council (6 year
average)") + xlab("Member state") + ylab("%")+

  guides(fill=guide_legend(title="EDP (Corrective)")) +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$EDPCOR, na.rm = T)) +

  geom_point(data = countrymeans, aes(x=MS,
y=EDPCOR*100), size = 4, shape = 20, alpha = 0.7) +

  geom_abline(intercept = 7.142857 + (27*0.1027337), slope = -
0.1027337, size = 1, alpha = 0.7)


plot.i <- lm(CNCLSTRR*100 ~ CRED, data = CSR)

coef(plot.i)

getSE(plot.i)

-5.585714/27


ggplot(countrymeans,aes(x=reorder(MS, -
CNCLSTRR),y=CNCLSTRR*100, fill = CRED))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs strengthened in Council (6 year
average)") + xlab("Member state") + ylab("%")+

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$CRED, na.rm = T)) +

  geom_point(data = countrymeans, aes(x=MS, y=CRED*100),
size = 4, shape = 20, alpha = 0.7) +

  geom_abline(intercept = 10.323810 + (27*-0.2068783), slope =
0.2068783, size = 1, alpha = 0.7) +

  guides(fill=guide_legend(title="Creditor"))


####################################################
####################################

####################################################
####################################

####################################################
####################################

#########################        BY YEAR
############################

####################################################
####################################

####################################################
####################################

####################################################
####################################
```

```
ggplot(yearmeans,aes(x=YEAR ,y=UNEMP))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Unemployment rate (unweighed yearly average)") +
xlab("Year") + ylab("% of population") +

  theme(legend.title=element_blank()) +

  geom_hline(yintercept = mean(yearmeans$UNEMP) -
sd(yearmeans$UNEMP), colour="black", linetype = "longdash",
size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$UNEMP) +
sd(yearmeans$UNEMP), colour="black", linetype = "longdash",
size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$UNEMP),
colour="black", size = 1, alpha = 0.6)


ggplot(yearmeans,aes(x=YEAR ,y=CURACC))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Current account balance (yearly average)") +
xlab("Year") + ylab("% of GDP") +

  theme(legend.title=element_blank()) +

  geom_hline(yintercept = mean(yearmeans$CURACC) -
sd(yearmeans$CURACC), colour="black", linetype =
"longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$CURACC) +
sd(yearmeans$CURACC), colour="black", linetype =
"longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$CURACC),
colour="black", size = 1, alpha = 0.6)


## install.packages("stringi")

## install.packages("reshape2")

library("stringi")

library("reshape2")

names(yearmeans)

yeardummymeans <- yearmeans[,c(1,12,13,15,16,18)]

yeardummymeans.long <-
melt(yeardummymeans,id.vars="YEAR")


ggplot(yeardummymeans.long,aes(YEAR,value*100,fill=as.fact
or(variable)))+

  geom_bar(position="dodge",stat="identity")+
```

```
  facet_wrap(~variable,nrow=5) +

  ggtitle("Country membership of category (yearly average)") +
xlab("Year") + ylab("% of 2011-2016") +

  theme(legend.position="none")




ggplot(yearmeans,aes(x=YEAR,y=VOTE)) +

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Voting power in Council (yearly average)") +
xlab("Year") + ylab("S-S index in %") +

  theme(legend.title=element_blank()) +

  geom_hline(yintercept = mean(yearmeans$VOTE, na.rm = T) -
sd(yearmeans$VOTE, na.rm = T), colour="black", linetype =
"longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$VOTE, na.rm = T)
+ sd(yearmeans$VOTE, na.rm = T), colour="black", linetype =
"longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$VOTE, na.rm = T),
colour="black", size = 1, alpha = 0.6)




ggplot(yearmeans,aes(x=YEAR,y=PPAR.4,  fill = PPAR.4))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Politicization - parliament: Eurosceptic parties
(unweighed yearly average)") + xlab("Year") + ylab("% of
seats") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(yearmeans$PPAR.4)) +

  theme(legend.title=element_blank()) +

  geom_hline(yintercept = mean(yearmeans$PPAR.4, na.rm = T)
- sd(yearmeans$PPAR.4, na.rm = T), colour="black", linetype =
"longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$PPAR.4, na.rm = T)
+ sd(yearmeans$PPAR.4, na.rm = T), colour="black", linetype =
"longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$PPAR.4, na.rm =
T), colour="black", size = 1, alpha = 0.6)




ggplot(yearmeans, aes(x=YEAR,y=PPUBneg, fill =
PPUBneg))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Politicization - public: Eurosceptic citizens") +
xlab("Year") + ylab("% of population") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(yearmeans$PPUBneg)) +
```

```
  guides(fill=guide_legend(title="PPAR")) +

  geom_hline(yintercept = mean(yearmeans$PPUBneg, na.rm =
T) - sd(yearmeans$PPUBneg, na.rm = T), colour="black",
linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$PPUBneg, na.rm =
T) + sd(yearmeans$PPUBneg, na.rm = T), colour="black",
linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$PPUBneg, na.rm =
T), colour="black", size = 1, alpha = 0.6) +

  geom_line(data = yearmeans, aes(x=YEAR, y=PPAR.4), size =
1, alpha = 0.7) +

  geom_point(data = yearmeans, aes(x=YEAR, y=PPAR.4), size
= 5, shape = 20,  alpha = 0.7)




ggplot(yearmeans, aes(x=YEAR,y=PPUBneg, fill =
PPUBneg))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Politicization - public: Eurosceptic citizens") +
xlab("Year") + ylab("% of population") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(yearmeans$PPUBneg)) +

  guides(fill=guide_legend(title="PPUB")) +

  geom_hline(yintercept = mean(yearmeans$PPUBneg, na.rm =
T) - sd(yearmeans$PPUBneg, na.rm = T), colour="black",
linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$PPUBneg, na.rm =
T) + sd(yearmeans$PPUBneg, na.rm = T), colour="black",
linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$PPUBneg, na.rm =
T), colour="black", size = 1, alpha = 0.6)




################################### Outcome variables
###################################




names(yearmeans)




ggplot(yearmeans,aes(x=YEAR,y=COMWRD, fill =
COMNR))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs proposed by Commission") +
xlab("Year") + ylab("Number of words") +
```

```
scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(yearmeans$COMNR)) +

  guides(fill=guide_legend(title="Avg. no. CSRs")) +

  geom_hline(yintercept = mean(yearmeans$COMWRD, na.rm =
T) - sd(yearmeans$COMWRD, na.rm = T), colour="black",
linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$COMWRD, na.rm =
T) + sd(yearmeans$COMWRD, na.rm = T), colour="black",
linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$COMWRD, na.rm =
T), colour="black", size = 1, alpha = 0.6)


ggplot(yearmeans,aes(x=YEAR,y=logCOMWRD, fill =
COMNR))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs proposed by Commission") +
xlab("Year") + ylab("Number of words") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(yearmeans$COMNR)) +

  guides(fill=guide_legend(title="Avg. no. CSRs")) +

  geom_hline(yintercept = mean(yearmeans$logCOMWRD,
na.rm = T) - sd(yearmeans$logCOMWRD, na.rm = T),
colour="black", linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$logCOMWRD,
na.rm = T) + sd(yearmeans$logCOMWRD, na.rm = T),
colour="black", linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$logCOMWRD,
na.rm = T), colour="black", size = 1, alpha = 0.6)


ggplot(yearmeans,aes(x=YEAR,y=CNCLAR*100, fill =
CNCLAN))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs weakened in Council") + xlab("Year")
+ ylab("%") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(yearmeans$CNCLAN, na.rm = T)) +

  guides(fill=guide_legend(title="Avg. no.")) +

  geom_hline(yintercept = mean(yearmeans$CNCLAR*100,
na.rm = T) - sd(yearmeans$CNCLAR*100, na.rm = T),
colour="black", linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$CNCLAR*100,
na.rm = T) + sd(yearmeans$CNCLAR*100, na.rm = T),
colour="black", linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$CNCLAR*100,
na.rm = T), colour="black", size = 1, alpha = 0.6)


ggplot(yearmeans,aes(x=YEAR,y=CNCLSTRR*100, fill =
CNCLSTRN))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs strengthened in Council") +
xlab("Year") + ylab("%") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(yearmeans$CNCLSTRN, na.rm = T)) +

  guides(fill=guide_legend(title="Avg. no.")) +

  geom_hline(yintercept = mean(yearmeans$CNCLSTRR*100,
na.rm = T) - sd(yearmeans$CNCLSTRR*100, na.rm = T),
colour="black", linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$CNCLSTRR*100,
na.rm = T) + sd(yearmeans$CNCLSTRR*100, na.rm = T),
colour="black", linetype = "longdash", size = 1, alpha = 0.6) +

  geom_hline(yintercept = mean(yearmeans$CNCLSTRR*100,
na.rm = T), colour="black", size = 1, alpha = 0.6)


ggplot(yearmeans,aes(x=YEAR,y=CNCLAR*100, fill =
PPAR.4))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs weakened in Council") + xlab("Year")
+ ylab("%") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(countrymeans$PPAR.4, na.rm = T)) +

  guides(fill=guide_legend(title="Politicization: Parliament")) +

  geom_point(data = yearmeans, aes(x=YEAR, y=PPAR.4), size
= 4, shape = 20, alpha = 0.7) +

  geom_line(data = yearmeans, aes(x=YEAR, y=PPAR.4), alpha
= 0.7)


ggplot(yearmeans,aes(x=YEAR,y=CNCLSTRR*100, fill =
PPAR.4))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs strengthened in Council") +
xlab("Year") + ylab("%") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(yearmeans$PPAR.4, na.rm = T)) +

  guides(fill=guide_legend(title="Politicization: Parliament")) +

  geom_point(data = yearmeans, aes(x=YEAR, y=PPAR.4), size
= 4, shape = 20, alpha = 0.7) +

  geom_line(data = yearmeans, aes(x=YEAR, y=PPAR.4), alpha
= 0.7)
```

```r
ggplot(yearmeans,aes(x=YEAR,y=CNCLAR*100, fill =
PPUBneg))+

 geom_bar(stat="identity",position="dodge") +

 ggtitle("Scope of CSRs weakened in Council") + xlab("Year")
+ ylab("%") +

 scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(yearmeans$PPUBneg)) +

 guides(fill=guide_legend(title="Politicization: Public")) +

 geom_point(data = yearmeans, aes(x=YEAR, y=PPUBneg),
size = 4, shape = 20, alpha = 0.7) +

 geom_line(data = yearmeans, aes(x=YEAR, y=PPUBneg),
alpha = 0.7)


ggplot(yearmeans,aes(x=YEAR,y=CNCLSTRR*100, fill =
PPUBneg))+

 geom_bar(stat="identity",position="dodge") +

 ggtitle("Scope of CSRs strengthened in Council") +
xlab("Year") + ylab("%") +

 scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(yearmeans$PPUBneg)) +

 guides(fill=guide_legend(title="Politicization: Public")) +

 geom_point(data = yearmeans, aes(x=YEAR, y=PPUBneg),
size = 4, shape = 20, alpha = 0.7) +

 geom_line(data = yearmeans, aes(x=YEAR, y=PPUBneg),
alpha = 0.7)


plot.f <- lm(CNCLSTRR*100 ~ UNEMP, data = CSR)

coef(plot.f)

getSE(plot.f)


ggplot(yearmeans,aes(x=YEAR,y=CNCLSTRR*100, fill =
UNEMP, na.rm = T))+

 geom_bar(stat="identity",position="dodge") +

 ggtitle("Scope of CSRs weakened in Council") + xlab("Year")
+ ylab("%") +

 scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(yearmeans$UNEMP, na.rm = T)) +

 guides(fill=guide_legend(title="Unemployment rate")) +

 geom_point(data = yearmeans, aes(x=YEAR, y=UNEMP), size
= 4, shape = 20, alpha = 0.7) +
```

```r
 geom_line(data = yearmeans, aes(x=YEAR, y=UNEMP), alpha
= 0.7)


plot.g <- lm(CNCLSTRR*100 ~ CURACCN, data = CSR)

coef(plot.g)

getSE(plot.g)


ggplot(yearmeans,aes(x=YEAR,y=CNCLSTRR*100, fill =
CURACCN))+

 geom_bar(stat="identity",position="dodge") +

 ggtitle("Scope of CSRs strengthened in Council") +
xlab("Year") + ylab("%")+

 scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(yearmeans$CURACCN, na.rm = T)) +

 geom_point(data = yearmeans, aes(x=YEAR,
y=CURACCN*100), size = 4, shape = 20, alpha = 0.7) +

 geom_line(data = yearmeans, aes(x=YEAR,
y=CURACCN*100), alpha = 0.7)


ggplot(yearmeans,aes(x=YEAR,y=CNCLSTRR*100, fill =
EDPCOR))+

 geom_bar(stat="identity",position="dodge") +

 ggtitle("Scope of CSRs strengthened in Council") +
xlab("Year") + ylab("%")+

 scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(yearmeans$EDPCOR, na.rm = T)) +

 geom_point(data = yearmeans, aes(x=YEAR,
y=EDPCOR*100), size = 4, shape = 20, alpha = 0.7) +

 geom_line(data = yearmeans, aes(x=YEAR, y=EDPCOR*100),
alpha = 0.7)


ggplot(yearmeans,aes(x=YEAR,y=CNCLSTRR*100, fill =
CRED))+

 geom_bar(stat="identity",position="dodge") +

 ggtitle("Scope of CSRs strengthened in Council") +
xlab("Year") + ylab("%")+

 scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(yearmeans$CRED, na.rm = T)) +

 geom_point(data = yearmeans, aes(x=YEAR, y=CRED*100),
size = 4, shape = 20, alpha = 0.7) +

 geom_line(data = yearmeans, aes(x=YEAR, y=CRED*100),
alpha = 0.7)
```

```
##################################################
####################################

##################################################
####################################

##################################################
####################################

#########################        MULTILEVEL
MODELING    ############################

##################################################
####################################

##################################################
####################################

##################################################
####################################
```

Creating a new data frame using only variables used for MLM's

```
names(CSR)

CSR <- CSR[
,c("MS","YEAR","COMNR","COMWRD","logCOMWRD","PPAR.2_cent","PPAR.3_cent","PPAR.4_cent",

"PPUBneg_cent","PPUBvneg_cent","VOTE_cent","EMU_cent","EDPCOR_cent","GDPEU_cent",

"CRED_cent","CURACCN_cent","CURACCZ_cent","CURACCP_cent","UNEMP_cent",
"PPAR.2_gcent","PPAR.3_gcent","PPAR.4_gcent",

"PPUBneg_gcent","PPUBvneg_gcent","VOTE_gcent","EMU_gcent","EDPCOR_gcent","GDPEU_gcent",

"CRED_gcent","CURACCN_gcent","CURACCZ_gcent","CURACCP_gcent","UNEMP_gcent",
"PPAR.2_ycent","PPAR.3_ycent","PPAR.4_ycent",

"PPUBneg_ycent","PPUBvneg_ycent","VOTE_ycent","EMU_ycent","EDPCOR_ycent","GDPEU_ycent",

"CRED_ycent","CURACCN_ycent","CURACCZ_ycent","CURACCP_ycent","UNEMP_ycent", "CNCLAR", "CNCLSTRR")]
```

Drop all the missing values, listwise deletion

```
CSR <- na.omit(CSR)
```

```
head(CSR)

dim(CSR)

length(table(unique(CSR$MS)))
```

Specifying empty model

```
names(CSR)

model.0 <- lmer(logCOMWRD ~ 1 +

        (1 | MS) + (1 | YEAR),

        REML = FALSE,

        data = CSR)

summary(model.0)
```

Calculating ICC

```
MSvar      <- 0.13808

YEARvar     <- 0.23170

level1var   <- 0.06656

level2var   <- MSvar + YEARvar

totalvar    <- MSvar + YEARvar + level1var

ICClvl2     <- level2var/totalvar

ICClvl2

ICCMStotal   <- MSvar/totalvar

ICCMStotal

ICCYEARtotal <- YEARvar/totalvar

ICCYEARtotal

ICCMSlvl2    <- MSvar/level2var
```

Model 1, including all control predictors

```
names(CSR)

model.1a <- lmer(logCOMWRD ~ 1 + VOTE_cent +
EDPCOR_cent + GDPEU_cent +

        CRED_cent + CURACCN_cent + CURACCP_cent
+ UNEMP_cent + EMU_cent +

        (1 | MS) + (1 | YEAR),

        REML = FALSE,

        data = CSR)
```

114

```
summary(model.1a)


## Model 2, including politicization predictors

names(CSR)

model.2a <- lmer(logCOMWRD ~ 1 + PPAR.4_cent +
PPUBneg_cent + VOTE_cent +

        EDPCOR_cent + GDPEU_cent + CRED_cent +
CURACCN_cent + CURACCP_cent + UNEMP_cent +
EMU_cent +

        (1 | MS) + (1 | YEAR),

        REML = FALSE,

        data = CSR)

summary(model.2a)


fixef(model.2a)

exp(fixef(model.2a))


## Model 3, allowing politicization slopes to vary by country
and year does not improve model fit, best case

## is allowing slope of PPUB to vary by YEAR.But this is
theoretically interesting: no varying effects for different

## countries, because it is one actor who is formulating CSRs?

names(CSR)

model.3a <- lmer(logCOMWRD ~ 1 + PPAR.4_cent +
PPUBneg_cent + VOTE_cent +

        EDPCOR_cent + GDPEU_cent + CRED_cent +
CURACCN_cent + CURACCP_cent + UNEMP_cent +
EMU_cent +

        (1| MS) + (1 | YEAR),

        REML = FALSE,

        data = CSR)

summary(model.3a)


fixef(model.3a)

exp(fixef(model.3a))

ranef(model.3a)

## New model 3, Including interaction effects

names(CSR)
```

```
model.3a <- lmer(logCOMWRD ~ 1 + PPAR.4_cent +
PPUBneg_cent + VOTE_cent +

        EDPCOR_cent + GDPEU_cent + CRED_cent +
CURACCN_cent + CURACCP_cent + UNEMP_cent +
EMU_cent +

        PPAR.4_cent:VOTE_cent +
PPUBneg_cent:VOTE_cent +

        (1| MS) + (1 | YEAR),

        REML = FALSE,

        data = CSR)

summary(model.3a)


fixef(model.3a)

coef(model.3a)

ranef(model.3a)

se.ranef(model.3a)

exp(fixef(model.3a))

confint(model.3a)


## Assessing model fit

anova(model.0, model.1a, model.2a, model.3a)


## With grand mean centered variables:

model.1b <- lmer(logCOMWRD ~ 1 + VOTE_gcent +
EDPCOR_gcent + GDPEU_gcent +

        CRED_gcent + CURACCN_gcent +
CURACCP_gcent + UNEMP_gcent + EMU_gcent +

        (1 | MS) + (1 | YEAR),

        REML = FALSE,

        data = CSR)

summary(model.1b)

exp(fixef(model.1b))


model.2b <- lmer(logCOMWRD ~ 1 + PPAR.4_gcent +
PPUBneg_gcent + VOTE_gcent +

        EDPCOR_gcent + GDPEU_gcent + CRED_gcent +
CURACCN_gcent + CURACCP_gcent + UNEMP_gcent +
EMU_gcent +
```

```
            (1 | MS) + (1 | YEAR),

        REML = FALSE,

        data = CSR)

summary(model.2b)

exp(fixef(model.2b))



model.3b <- lmer(logCOMWRD ~ 1 + PPAR.4_gcent +
PPUBneg_gcent + VOTE_gcent +

        EDPCOR_gcent + GDPEU_gcent + CRED_gcent +
CURACCN_gcent + CURACCP_gcent + UNEMP_gcent +
EMU_gcent +

        PPAR.4_gcent:VOTE_gcent +
PPUBneg_gcent:VOTE_gcent +

        (1| MS) + (1 | YEAR),

        REML = FALSE,

        data = CSR)

summary(model.3b)

exp(fixef(model.3b))



fixef(model.3b)

coef(model.3b)

ranef(model.3b)

se.ranef(model.3b)

exp(fixef(model.3b))

confint(model.3b)



anova(model.0, model.1b, model.2b, model.3b)

anova(model.0, model.1a, model.1b, model.2a, model.2b,
model.3a, model.3b)



## Now with group mean centered variables by year:

model.1c <- lmer(logCOMWRD ~ 1 + VOTE_ycent +
EDPCOR_ycent + GDPEU_ycent +

        CRED_ycent + CURACCN_ycent +
CURACCP_ycent + UNEMP_ycent + EMU_ycent +

        (1 | MS) + (1 | YEAR),

        REML = FALSE,
```

```
        data = CSR)

summary(model.1c)



model.2c <- lmer(logCOMWRD ~ 1 + PPAR.4_ycent +
PPUBneg_ycent + VOTE_ycent +

        EDPCOR_ycent + GDPEU_ycent + CRED_ycent +
CURACCN_ycent + CURACCP_ycent + UNEMP_ycent +
EMU_ycent +

        (1 | MS) + (1 | YEAR),

        REML = FALSE,

        data = CSR)

summary(model.2c)



model.3c <- lmer(logCOMWRD ~ 1 + PPAR.4_ycent +
PPUBneg_ycent + VOTE_ycent +

        EDPCOR_ycent + GDPEU_ycent + CRED_ycent +
CURACCN_ycent + CURACCP_ycent + UNEMP_ycent +
EMU_ycent +

        PPAR.4_ycent:VOTE_ycent +
PPUBneg_ycent:VOTE_ycent +

        (1| MS) + (1 | YEAR),

        REML = FALSE,

        data = CSR)

summary(model.3c)



anova(model.0, model.1c, model.2c, model.3c)

anova(model.0, model.1a, model.1c, model.1b, model.2a,
model.2c, model.2b, model.3a, model.3c, model.3b)



## Freeing up the slopes for any model makes it significantly
worse.



## Final model: model 2b

summary(model.2b)

fixef(model.2b)

coef(model.2b)

ranef(model.2b)

se.ranef(model.2b)
```

```r
exp(fixef(model.2b))

confint(model.2b)


#####################################################
######################################

#####################################################
######################################

#####################################################
######################################

########################## ASSESSING
MULTICOLLINEARITY
#################################

#####################################################
######################################

#####################################################
######################################

#####################################################
######################################


vif.mer <- function (fit) {

  ## adapted from rms::vif


  v <- vcov(fit)

  nam <- names(fixef(fit))


  ## exclude intercepts
  ns <- sum(1 * (nam == "Intercept" | nam == "(Intercept)"))

  if (ns > 0) {

    v <- v[-(1:ns), -(1:ns), drop = FALSE]

    nam <- nam[-(1:ns)]

  }


  d <- diag(v)^0.5

  v <- diag(solve(v/(d %o% d)))

  names(v) <- nam

  v

}


kappa.mer <- function (fit,

               scale = TRUE, center = FALSE,

               add.intercept = TRUE,

               exact = FALSE) {

  X <- fit@pp$X

  nam <- names(fixef(fit))


  ## exclude intercepts

  nrp <- sum(1 * (nam == "(Intercept)"))

  if (nrp > 0) {

    X <- X[, -(1:nrp), drop = FALSE]

    nam <- nam[-(1:nrp)]

  }


  if (add.intercept) {

    X <- cbind(rep(1), scale(X, scale = scale, center = center))

    kappa(X, exact = exact)

  } else {

    kappa(scale(X, scale = scale, center = scale), exact = exact)

  }

}


colldiag.mer <- function (fit,

               scale = TRUE, center = FALSE,

               add.intercept = TRUE) {

  ## adapted from perturb::colldiag, method in Belsley, Kuh, and

  ## Welsch (1980).  look for a high condition index (> 30) with

  ## more than one high variance propotion.  see ?colldiag for
more

  ## tips.

  result <- NULL

  if (center)

    add.intercept <- FALSE

  if (is.matrix(fit) || is.data.frame(fit)) {

    X <- as.matrix(fit)
```

```r
  nms <- colnames(fit)

}

else if (class(fit) == "mer") {

 nms <- names(fixef(fit))

 X <- fit@X

 if (any(grepl("(Intercept)", nms))) {

  add.intercept <- FALSE

 }

}

X <- X[!is.na(apply(X, 1, all)), ]


if (add.intercept) {

 X <- cbind(1, X)

 colnames(X)[1] <- "(Intercept)"

}

X <- scale(X, scale = scale, center = center)


svdX <- svd(X)

svdX$d

condindx <- max(svdX$d)/svdX$d

dim(condindx) <- c(length(condindx), 1)


Phi = svdX$v %*% diag(1/svdX$d)

Phi <- t(Phi^2)

pi <- prop.table(Phi, 2)

colnames(condindx) <- "cond.index"

if (!is.null(nms)) {

 rownames(condindx) <- nms

 colnames(pi) <- nms

 rownames(pi) <- nms

} else {

 rownames(condindx) <- 1:length(condindx)

 colnames(pi) <- 1:ncol(pi)

 rownames(pi) <- 1:nrow(pi)
```

```r
 }

 result <- data.frame(cbind(condindx, pi))

 zapsmall(result)

}



maxcorr.mer <- function (fit,

                 exclude.intercept = TRUE) {

 so <- summary(fit)

 corF <- so@vcov@factors$correlation

 nam <- names(fixef(fit))



 ## exclude intercepts

 ns <- sum(1 * (nam == "Intercept" | nam == "(Intercept)"))

 if (ns > 0 & exclude.intercept) {

  corF <- corF[-(1:ns), -(1:ns), drop = FALSE]

  nam <- nam[-(1:ns)]

 }

 corF[!lower.tri(corF)] <- 0

 maxCor <- max(corF)

 minCor <- min(corF)

 if (abs(maxCor) > abs(minCor)) {

  zapsmall(maxCor)

 } else {

  zapsmall(minCor)

 }

}



## Assessing Multicollinearity

kappa.mer(model.2b)


vif.mer(model.2b)

max(vif.mer(model.2b))
```

```r
## Homogeneity of variance and normality


plot(model.2b)


residuals(model.2b)

qqnorm(resid(model.2b), main="Q-Q plot for conditional
residuals")

qqnorm(ranef(model.2b)$MS$`(Intercept)`,

    main="Q-Q plot for the random intercept")

qqnorm(ranef(model.2b)$YEAR$`(Intercept)`,

    main="Q-Q plot for the random intercept")



####################################################
######################################

####################################################
######################################

####################################################
######################################

########################### VISUALIZING THE FOUND
RELATIONSHIPS ###########################

####################################################
######################################

####################################################
######################################

####################################################
######################################


summary(model.2b)


h_MS <- as.data.frame(coef(model.2b)$MS[1])

h_MS$alpha_se <- se.ranef(model.2b)$MS

h_MS$Country <- rownames(h_MS)

h_MS$Group <- "Country"

names(h_MS)[1:2] <- c("Alpha", "Alpha_SE")


h_YEAR <- as.data.frame(coef(model.2b)$YEAR[1])

h_YEAR$alpha_se <- se.ranef(model.2b)$YEAR

h_YEAR$Year <- rownames(h_YEAR)

h_YEAR$model <- "Year"

names(h_YEAR)[1:2] <- c("Alpha", "Alpha_SE")


ggplot(h_MS,

    aes(x    = reorder(Country, -Alpha),

      y    = Alpha,

      ymin = Alpha - 2 * Alpha_SE,

      ymax = Alpha + 2 * Alpha_SE,

      colour = Alpha)) +

  geom_pointrange(position = position_dodge(width=0.5)) +

  xlab("Member state") + ylab(expression(alpha)) +

  theme(axis.text.x = element_text(angle = 90)) +

  theme_minimal() +

  theme(legend.position = "top")


ggplot(h_YEAR,

    aes(x    = Year,

      y    = Alpha,

      ymin = Alpha - 2 * Alpha_SE,

      ymax = Alpha + 2 * Alpha_SE,

      colour = Alpha)) +

  geom_pointrange(position = position_dodge(width=0.5)) +

  xlab("Year") + ylab(expression(alpha)) +

  theme(axis.text.x = element_text(angle = 90)) +

  theme_minimal()


h_MS$exp <- exp(h_MS$Alpha)

h_YEAR$exp <- exp(h_YEAR$Alpha)


## Plotting interpretable random effects by using exp()

h_MSexp <- as.data.frame(exp(coef(model.2b)$MS[1]))

h_MSexp$alpha_se <- exp(se.ranef(model.2b)$MS)

h_MSexp$Country <- rownames(h_MS)

h_MSexp$Group <- "Country"
```

```
names(h_MSexp)[1:2] <- c("Alpha", "Alpha_SE")


h_YEARexp <- as.data.frame(exp(coef(model.2b)$YEAR[1]))

h_YEARexp$alpha_se <- exp(se.ranef(model.2b)$YEAR)

h_YEARexp$Year <- rownames(h_YEAR)

h_YEARexp$model <- "Year"

names(h_YEARexp)[1:2] <- c("Alpha", "Alpha_SE")



ggplot(h_MSexp,

    aes(x    = reorder(Country, -Alpha),

      y    = Alpha,

      ymin  = Alpha - 2 * Alpha_SE,

      ymax  = Alpha + 2 * Alpha_SE,

      colour = Alpha)) +

  geom_pointrange(position = position_dodge(width=1), size =
1) +

  xlab("Member state") + ylab(expression(alpha)) +

  theme(axis.text.x = element_text(angle = 90)) +

  theme_minimal() +

  theme(legend.position = "top") +

  geom_hline(yintercept = 271.0424392, colour="black", size =
1, alpha = 0.6)


ggplot(h_YEARexp,

    aes(x    = Year,

      y    = Alpha,

      ymin  = Alpha - 2 * Alpha_SE,

      ymax  = Alpha + 2 * Alpha_SE,

      colour = Alpha)) +

  geom_pointrange(position = position_dodge(width=0.5), size =
1) +

  xlab("Year") + ylab(expression(alpha)) +

  theme(axis.text.x = element_text(angle = 90)) +

  theme_minimal() +

  geom_hline(yintercept = 271.0424392, colour="black", size =
1, alpha = 0.6)
```

```
####################################################
####################################################
#

################################# VISUALIZING
INTERACTION EFFECTS
####################################

####################################################
####################################################
#


## Marginal effects plot

cov_mat <- as.matrix(vcov(model.3b))

mod_frame <- model.frame(model.3b)

head(mod_frame)

beta_1 = fixef(model.3b)[["PPUBneg_gcent"]]

beta_3 = fixef(model.3b)[["PPUBneg_gcent:VOTE_gcent"]]

x_2 <- seq(min(CSR$VOTE_gcent),

      max(CSR$VOTE_gcent),

      0.1)


# Compute marginal effects

delta_1 <- beta_1 + beta_3*x_2

# Compute variances

var_1 <- cov_mat["PPUBneg_gcent", "PPUBneg_gcent"] +

  (x_2^2)*cov_mat["PPUBneg_gcent:VOTE_gcent",

        "PPUBneg_gcent:VOTE_gcent"] +

  2*x_2*cov_mat["PPUBneg_gcent",
"PPUBneg_gcent:VOTE_gcent"]

# Standard errors

se_1 = sqrt(var_1)

# Upper and lower confidence bounds

z_score <- qnorm(1 - ((1 - 0.95)/2))

upper_bound <- delta_1 + z_score*se_1

lower_bound <- delta_1 - z_score*se_1


## put together a dataset
```

```r
mp <- data.frame(VOTE      = x_2,

        PPUB_effect = delta_1,

        up       = upper_bound,

        low       = lower_bound)

## create plot

## install.packages("gridExtra")

library("gridExtra")

library("grid")

m_plot <-

 ggplot(mp,

     aes(x = VOTE,

       y = PPUB_effect)) +

 geom_hline(yintercept = 0, alpha = 0.3) +

 geom_line() +

 geom_line(data = mp,

     aes(x = VOTE,

       y = up),

     linetype = 3) +

 geom_line(data = mp,

     aes(x = VOTE,

       y = low),

     linetype = 3) +

 theme_minimal() +

 xlab("Voting Power") +

 ylab("Marginal effect of PPUB") +

 theme(plot.margin=unit(c(-0.5,1,1,1), "cm"))


VOTE_hist <- ggplot(CSR, aes(x = VOTE_gcent)) +

 geom_histogram(fill = "grey80", colour = "black") +

 theme_minimal() +

 xlab("") +

 ylab("") +

 theme(axis.text.x  = element_blank(),

     axis.ticks.x = element_blank()) +
```

```r
 theme(axis.text.y  = element_blank(),

     axis.ticks.y = element_blank()) +

 theme(plot.margin  = unit(c(1, 1, -0.5, 1), "cm"))


grid.arrange(VOTE_hist, m_plot,

      ncol = 1, nrow = 2,

      widths = 2, heights = c(0.5, 2))

summary(CSR$VOTE_gcent)

summary(CSR$PPUBneg_gcent)

summary(model.3b)

ranef(model.3b)



######################################################
######################################################
#

################################### Multilevel models
for Council #####################################

######################################################
######################################################
#

names(CSR)

model.councilstrr0 <- lmer(CNCLSTRR ~ 1 +

        (1 | MS) + (1 | YEAR),

        REML = FALSE,

        data = CSR)

summary(model.councilstrr0)

exp(fixef(model.councilstrr0))


model.councilstrr1 <- lmer(CNCLSTRR ~ 1 + VOTE_gcent +

        EDPCOR_gcent + GDPEU_gcent +
CRED_gcent + CURACCN_gcent + CURACCP_gcent +
UNEMP_gcent + EMU_gcent +

        (1 | MS) + (1 | YEAR),

        REML = FALSE,

        data = CSR)

summary(model.councilstrr1)
```

```r
exp(fixef(model.councilstrr1))




model.councilstrr2 <- lmer(CNCLSTRR ~ 1 + PPAR.4_gcent +
PPUBneg_gcent + VOTE_gcent +

                EDPCOR_gcent + GDPEU_gcent +
CRED_gcent + CURACCN_gcent + CURACCP_gcent +
UNEMP_gcent + EMU_gcent +

                (1 | MS) + (1 | YEAR),

                REML = FALSE,

                data = CSR)

summary(model.councilstrr2)

exp(fixef(model.councilstrr2))




anova(model.councilstrr0, model.councilstrr1,
model.councilstrr2)




## Weakening




model.councilar0 <- lmer(CNCLAR ~ 1 +

                (1 | MS) + (1 | YEAR),

                REML = FALSE,

                data = CSR)

summary(model.councilar0)

exp(fixef(model.councilar0))




model.councilar1 <- lmer(CNCLAR ~ 1 + VOTE_gcent +

                EDPCOR_gcent + GDPEU_gcent +
CRED_gcent + CURACCN_gcent + CURACCP_gcent +
UNEMP_gcent + EMU_gcent +

                (1 | MS) + (1 | YEAR),

                REML = FALSE,

                data = CSR)

summary(model.councilar1)

exp(fixef(model.councilar1))




model.councilar2 <- lmer(CNCLAR ~ 1 + PPAR.4_gcent +
PPUBneg_gcent + VOTE_gcent +
```

```r
                EDPCOR_gcent + GDPEU_gcent +
CRED_gcent + CURACCN_gcent + CURACCP_gcent +
UNEMP_gcent + EMU_gcent +

                (1 | MS) + (1 | YEAR),

                REML = FALSE,

                data = CSR)

summary(model.councilar2)

exp(fixef(model.councilar2))




anova(model.councilar0, model.councilar1, model.councilar2)




####################################################
####################################################
#

################################## Additional plots for
Council #######################################

####################################################
####################################################
#




rm(list = ls())




## Importing Data:

CSR <- read.csv("Dataset CSRs CSV.csv", header = TRUE, sep
= ";", dec = ",")




## Drop empty column & rows:

CSR$X.1 <- NULL

CSR <- CSR[-c(160, 161), ]




## Outcome variable CNCLAR:

summary(CSR$CNCLAR)

qqnorm(CSR$CNCLAR)

qqline(CSR$CNCLAR)

hist(CSR$CNCLAR)




## Recoding predictor variables where necessary:
```

122

```
## Recoding PPUB-1 so that it reflects value for "very negative"
and "fairly negative" in one variable:

CSR$PPUBneg <- CSR$PPUB.1..FN + CSR$PPUB.1..VN

CSR$PPUBneg <- CSR$PPUBneg*100          ## Recoding to
percentages of population

summary(CSR$PPUBneg)



CSR$PPUBvneg <- CSR$PPUB.1..VN*100       ## Same but
only for share of population with "very negative" views

summary(CSR$PPUBvneg)



CSR$VOTEp <- CSR$VOTE*100          ## Recoding
voting power to indicate percentages

summary(CSR$VOTE)



## Creating bins for CURACC

is.factor(CSR$CURACC)

is.numeric(CSR$CURACC)

CSR$CURACCcut <- cut(CSR$CURACC, breaks = c(-Inf, -1.1,
1, Inf), labels = c("negative", "zero", "positive"))



is.factor(CSR$CURACCcut)

is.numeric(CSR$CURACCcut)

table(CSR$CURACCcut)



CSR$CURACCN <- as.numeric(CSR$CURACCcut ==
"negative")

CSR$CURACCZ <- as.numeric(CSR$CURACCcut == "zero")

CSR$CURACCP <- as.numeric(CSR$CURACCcut ==
"positive")



table(CSR$CURACCcut)

table(CSR$CURACCN)

table(CSR$CURACCZ)

table(CSR$CURACCP)



## Grand mean centering all level 1 predictor variables
```

```
grand_mean_variables <- CSR %>%

 group_by(MS) %>%

 summarise(PPAR.2_gcent   = mean(PPAR...2, na.rm = TRUE),

      PPAR.3_gcent   = mean(PPAR...3, na.rm = TRUE),

      PPAR.4_gcent   = mean(PPAR...4, na.rm = TRUE),

      PPUBneg_gcent  = mean(PPUBneg, na.rm = TRUE),

      PPUBvneg_gcent = mean(PPUBvneg, na.rm = TRUE),

      VOTE_gcent    = mean(VOTEp, na.rm = TRUE),

      EMU_gcent    = mean(EMU, na.rm = TRUE),

      EDPCOR_gcent   = mean(EDPCOR, na.rm = TRUE),

      GDPEU_gcent   = mean(GDPEU, na.rm = TRUE),

      CRED_gcent    = mean(CRED, na.rm = TRUE),

      CURACCN_gcent  = mean(CURACCN, na.rm =
TRUE),

      CURACCZ_gcent  = mean(CURACCZ, na.rm = TRUE),

      CURACCP_gcent  = mean(CURACCP, na.rm = TRUE),

      UNEMP_gcent   = mean(UNEMP, na.rm = TRUE))



grand_mean_variables$PPAR.2_gcent   <-
mean(grand_mean_variables$PPAR.2_gcent, na.rm = TRUE)

grand_mean_variables$PPAR.3_gcent   <-
mean(grand_mean_variables$PPAR.3_gcent, na.rm = TRUE)

grand_mean_variables$PPAR.4_gcent   <-
mean(grand_mean_variables$PPAR.4_gcent, na.rm = TRUE)

grand_mean_variables$PPUBneg_gcent  <-
mean(grand_mean_variables$PPUBneg_gcent, na.rm = TRUE)

grand_mean_variables$PPUBvneg_gcent <-
mean(grand_mean_variables$PPUBvneg_gcent, na.rm = TRUE)

grand_mean_variables$VOTE_gcent    <-
mean(grand_mean_variables$VOTE_gcent, na.rm = TRUE)

grand_mean_variables$EMU_gcent    <-
mean(grand_mean_variables$EMU_gcent, na.rm = TRUE)

grand_mean_variables$EDPCOR_gcent   <-
mean(grand_mean_variables$EDPCOR_gcent, na.rm = TRUE)

grand_mean_variables$GDPEU_gcent    <-
mean(grand_mean_variables$GDPEU_gcent, na.rm = TRUE)

grand_mean_variables$CRED_gcent    <-
mean(grand_mean_variables$CRED_gcent, na.rm = TRUE)
```

```r
grand_mean_variables$CURACCN_gcent  <-
mean(grand_mean_variables$CURACCN_gcent, na.rm =
TRUE)

grand_mean_variables$CURACCZ_gcent  <-
mean(grand_mean_variables$CURACCZ_gcent, na.rm =
TRUE)

grand_mean_variables$CURACCP_gcent  <-
mean(grand_mean_variables$CURACCP_gcent, na.rm =
TRUE)

grand_mean_variables$UNEMP_gcent     <-
mean(grand_mean_variables$UNEMP_gcent, na.rm = TRUE)
```

Means differ slightly because they're now weighed so that every country has equal weight

```r
mean(CSR$PPAR...3)

mean(grand_mean_variables$PPAR.3_gcent)

mean(CSR$PPUBneg)

mean(grand_mean_variables$PPUBneg_gcent)


CSR$PPAR.2_gcent  <- (CSR$PPAR...2 - 4.25679) /(2 *
sd(CSR$PPAR...2, na.rm = TRUE))

CSR$PPAR.3_gcent  <- (CSR$PPAR...3 - 8.659259) /(2 *
sd(CSR$PPAR...3, na.rm = TRUE))

CSR$PPAR.4_gcent  <- (CSR$PPAR...4 - 15.51049) /(2 *
sd(CSR$PPAR...4, na.rm = TRUE))

CSR$PPUBneg_gcent <- (CSR$PPUBneg  - 21.98658) /(2 *
sd(CSR$PPUBneg, na.rm = TRUE))

CSR$PPUBvneg_gcent <- (CSR$PPUBvneg - 4.876991) /(2 *
sd(CSR$PPUBvneg, na.rm = TRUE))

CSR$VOTE_gcent    <- (CSR$VOTEp   - 3.690385) /(2 *
sd(CSR$VOTEp, na.rm = TRUE))

CSR$EMU_gcent       <- CSR$EMU     - 0.6234568

CSR$EDPCOR_gcent  <- CSR$EDPCOR   - 0.6111111

CSR$GDPEU_gcent   <- (CSR$GDPEU    - 3.367222) /(2 *
sd(CSR$GDPEU, na.rm = TRUE))

CSR$CRED_gcent     <- CSR$CRED     - 0.2592593

CSR$CURACCN_gcent <- CSR$CURACCN  - 0.3333333

CSR$CURACCZ_gcent <- CSR$CURACCZ  - 0.2345679

CSR$CURACCP_gcent <- CSR$CURACCP  - 0.4320988

CSR$UNEMP_gcent   <- (CSR$UNEMP    - 10.00494) /(2 *
sd(CSR$UNEMP, na.rm = TRUE))
```

```r
cor(CSR$PPUBneg, CSR$PPUBneg_gcent)

summary(CSR$PPAR...2)
```

Creating politicization in creditor country variables

```r
names(CSR)


a <- CSR %>%

  dplyr::group_by(YEAR, CRED) %>%

  dplyr::summarise(PPUBneg_cred = mean(PPUBneg, na.rm =
TRUE))


a <- a[-c(1, 3, 5, 7, 9, 11), ]


a$variable <- rownames(a)

a$CRED <- NULL

CSR <- merge(CSR, a, all.x = T)

CSR$variable = NULL
```

Plots for amendment with average creditor means for PPUBneg

Creating data frame with only debtor countries

```r
CSR_cred <- CSR[!(CSR$CRED=="1"),]
```

Plots by MS -> Bars are only debtors, points are creditor means for PPUB

```r
meansc <- aggregate(CSR_cred,by=list(CSR_cred$MS),mean,
na.rm = T)


ggplot(meansc,aes(x=reorder(Group.1, -
CNCLAR),y=CNCLAR*100))+

  geom_bar(stat="identity",position="dodge") +

  geom_point(data=meansc, aes(x=reorder(Group.1, -CNCLAR),
y=PPUBneg_cred, shape = "a"), group = 1,

       colour = "red", size = 4)
```

```
ggplot(meansc,aes(x=reorder(Group.1, -
CNCLSTRR),y=CNCLSTRR))+

  geom_bar(stat="identity",position="dodge") +

  geom_point(data=meansc, aes(x=reorder(Group.1, -
CNCLSTRR), y=PPUBneg_cred, shape = "a"), group = 1,

      colour = "red", size = 4)
```

PLOTS INDICATE POLITICIZATION (PUBLIC) ONLY
FOR CREDITOR COUNTRIES

Plots by YEAR

```
meanscy1 <-
aggregate(CSR_cred,by=list(CSR_cred$YEAR),mean, na.rm =
T)
```

```
ggplot(meanscy1, aes(x=Group.1,y=CNCLAR*100, fill =
PPUBneg_cred))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs weakened in Council (debtors only)") +
xlab("Year") + ylab("%") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(meanscy1$PPUBneg_cred, na.rm = T))
+

  guides(fill=guide_legend(title="PPUB (Creditor only)")) +

  geom_point(data=meanscy1, aes(x=Group.1,
y=PPUBneg_cred), size = 5, shape = 20, alpha = 0.7) +

  geom_line(data = meanscy1, aes(x=YEAR, y=PPUBneg_cred),
alpha = 0.7, size = 1)
```

```
ggplot(meanscy1, aes(x=Group.1,y=CNCLSTRR*100, fill =
PPUBneg_cred))+

  geom_bar(stat="identity",position="dodge") +

  ggtitle("Scope of CSRs strengthened in Council (debtors
only)") + xlab("Year") + ylab("%") +

  scale_fill_gradient2(low = "darkblue", mid = "grey", high =
"red", midpoint = mean(meanscy1$PPUBneg_cred, na.rm = T))
+

  guides(fill=guide_legend(title="PPUB (Creditor)")) +

  geom_point(data=meanscy1, aes(x=Group.1,
y=PPUBneg_cred), size = 5, shape = 20, alpha = 0.7) +

  geom_line(data = meanscy1, aes(x=YEAR, y=PPUBneg_cred),
alpha = 0.7, size = 1)
```