Domestic politics and the widening–deepening trade-off in the European Union

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ABSTRACT This contribution analyzes the relationship between European Union (EU) enlargement, preference heterogeneity of EU members and co-operation in the EU. I argue that the widening of the EU does not invariably present an obstacle to co-operation. Preference heterogeneity in the Council is not only affected by the accession of new member states, but it also fluctuates over time owing to changes in the domestic political arena. In European countries, governmental coalitions have changed frequently, with important consequences for the ability of EU members to negotiate deeper integration. To test the theoretical hypotheses, I analyze to what extent the changing bargaining dynamics in the Council owing to domestic political circumstances, as compared to the accession of new member states itself, have affected the co-operation between EU member states over time.

KEY WORDS Deepening; domestic politics; European Union; partisanship; widening.

1. INTRODUCTION
It is almost common wisdom that European Union (EU) widening has negative effects on its deepening. Scholars oftentimes refer to the rise in preference heterogeneity after enlargement as a main cause of this relationship. Yet, despite various EU enlargements, and plans to increase EU membership even further, the deepening of the EU has not come to a halt. To the contrary, in March 2012 most EU members signed the European Fiscal Compact, which is the first step towards a fiscal union in the EU.

Why does enlargement not always exert negative effects on the ability of EU member states to pursue deeper co-operation? In this contribution, I argue that domestic politics can mitigate the effect between enlargement and a rise of preference heterogeneity. Whereas income heterogeneity has increased with the EU’s membership size, the degree of partisan heterogeneity depends on domestic political circumstances, and may change when new governmental coalitions emerge from domestic elections. Depending on whether the underlying conflict dimension is income or ideology, enlargement does not necessarily
lead to a consistent increase in preference heterogeneity. Consequently, it may not always exert a negative effect on co-operative efforts between EU members.

Empirically, I analyze the influence of different types of preference heterogeneity on co-operation between EU members over different enlargement rounds. Scholars have measured different dimensions of EU deepening, such as the number of harmonized policies, legislative output, or the willingness of member states to contribute to co-operation. In this contribution, I use EU members’ financial contributions to the EU budget to quantify the depth of co-operation amongst EU members. As I will discuss in greater depths below, the EU budget has been the main instrument for EU member states to achieve deeper integration through financial redistribution and side payments. Greater contributions to the EU budget indicate an EU member’s willingness to contribute financially to deeper co-operation. The analysis demonstrates, first, that enlargement does not necessarily lead to an increase in preference heterogeneity, and that fluctuations in preference heterogeneity oftentimes depend on domestic political changes in EU member states. Second, I show that (1) whereas partisan heterogeneity indeed negatively affects an EU member’s willingness to contribute to EU co-operation, enlargement does not have a consistent effect on EU members’ co-operation in this dimension, and that (2) the effect of enlargement is mainly a consequence of an increase in income heterogeneity.

2. DOMESTIC POLITICS AND THE WIDENING–DEEPENING TRADE-OFF

The veto player theory is probably the most widely applied theory in the widening–deepening debate (Garrett and Tsebelis 1996, 2001; Tsebelis 2002). Enlargement increases the number of veto players in EU decision-making, thereby reducing the number of possible policies that can defeat the status quo. This reduces the ability of EU members to pursue more integrationist policies. While pro-integrationist EU members could ameliorate this situation by, for example, providing side payments for anti-integrationist EU members, these side payments become increasingly costly as the number and heterogeneity of veto players increases (König and Junge 2009; Moravcsik 1991; Selck 2005). Since EU members have to accept policies that are further away from their ideal point, or are able to achieve their ideal policies only through increasingly costly measures, incentives to contribute to European collective goods should decrease as well.

Whereas the veto player theory produces straightforward empirical implications, empirical analyses provide less straightforward results. Some studies find that EU enlargement inhibits the ability to pursue further deepening (Hertz and Leuffen 2011; König 2007; Miles and Redmond 1996; Miles et al. 1995; Tsebelis and Yataganas 2002). Other studies find no effect or even a positive effect of EU enlargement on deepening (Falkner 1996; Falkner and Nentwich 2000; Golub 2007; Hertz and Leuffen 2008; Selck 2006; Steunenberg 2002). To
explain these contradictory findings, scholars have focused on methodological issues (Golub 2007, 2008; Hertz and Leuffen 2011; König 2007, 2008; Zorn 2007). In addition, Hertz and Leuffen (2008) and Leuffen and Hertz (2010) argue that EU members anticipate the consequences of enlargement for future prospects of further integration, by reforming the institutions of the EU or passing more legislation before enlargement takes place. The negative effect of enlargement on legislative output could then be a consequence of legislative tides, rather than an increase in preference heterogeneity.

These findings suggest the need for a more nuanced understanding of the relationship between enlargement, preference heterogeneity and EU co-operation. All studies assume that enlargement has generally increased the heterogeneity of preferences among EU members. Empirically, heterogeneity of preferences has been measured mostly as the heterogeneity in gross domestic product (GDP) within the Council because income is an important conflict dimension (Selck 2004; Veen 2011; Zimmer et al. 2005). The idea is that EU members create factions along income lines, particularly on redistributive issues, with poor members representing particular policy interests and rich members representing different policy interests. Figure 1(a), which plots the standard deviation of GDP per capita of EU members across time, shows (1) that income heterogeneity has generally increased from the 1970s to 2006,

![Figure 1 Dimensions of heterogeneity in the European Union](image-url)
and (2) that each enlargement has contributed to at least a short-term increase in income heterogeneity (enlargement years are marked by the dotted lines).

There are at least two other important dimensions of political conflict which depend on (relatively frequent) fluctuations in domestic politics. The first alternative measure of preference heterogeneity is based on the heterogeneity of EU members’ attitudes towards EU integration. Members may create factions and reveal voting patterns that reflect their attitudes towards EU integration (Bräuninger et al. 2001; Hug and König 2002). Figures 1(c) and 1(d) plot the standard deviation of public support and élite support respectively. Public support is measured as the percentage of individuals who think that the EU ‘is a good thing’ minus the percentage of people who think that the EU ‘is a bad thing’ (data are from the Eurobarometer database).1 Élite support is measured using the EU governments’ positions on EU integration (Warntjen et al. 2008). Figure 1 depicts no general trend in the heterogeneity of EU members’ position on pro-integrationist policies, and it also does not depict any discernible impact of membership size on heterogeneity in EU members’ anti- or pro-Europe positions. Mattila (2004), Selck (2004) and Thomson et al. (2004) argue that this conflict dimension matters mostly across EU institutions; i.e., the European Commission tends to propose policies that are much more pro-integrationist than the average policy positions of the EU members. This dimension of heterogeneity may therefore not be as important for conflict in the Council after enlargement.

A second alternative measure of preference heterogeneity, which may be a more important dimension for conflict in the intergovernmental bargaining process, is the heterogeneity of partisan ideology. EU members create factions and reveal voting patterns that reflect their partisan preferences on a left–right dimension (Hagemann and Hoyland 2008; Hix 1994, 2003; Hix and Lord 1997; Mattila 2004; Schneider and Urpelainen 2014). Figure 1(b) plots heterogeneity of partisan ideology in the Council. The partisan measure is a score for coalition governments on the left–right dimension, based on data from the Comparative Manifesto Project (CMP) (Warntjen et al. 2008). Negative values indicate partisan ideology to the left of the center and positive values indicate partisan ideology to the right of the center. The government partisan score is weighted by each party’s number of ministers in the cabinet. To measure heterogeneity, I use the standard deviation of all partisan scores within the Council for each year.

Most importantly, partisan heterogeneity is not affected by EU widening. This is because partisan heterogeneity is affected by frequent fluctuations in government coalitions. Even if enlargement increased heterogeneity in the short term – i.e., because the accession country has more extreme left-wing positions or a less integrationist public than other members in the Council – it would not have a long-term effect if heterogeneity changes owing to a change in the governmental coalition.

In sum, EU enlargements have had a positive effect on income heterogeneity in the Council, but no effect on other dimensions of preference heterogeneity,
notably heterogeneity of partisan ideology in the Council. Thus, the widening–deepening trade-off is based on the notion that the dimension of conflict underlying the negotiation process is based on income differences. If EU members’ preferences are not purely measured in terms of income, but also in terms of partisan heterogeneity, then EU enlargement may not have a consistently negative effect on co-operation. This provides an opportunity to test whether the willingness of EU members to contribute to co-operative action in the EU depends on the increasing size of EU membership or, more generally, on the extent of preference heterogeneity, which may fluctuate dramatically across time depending on how it is measured.

3. RESEARCH DESIGN

In this section, I analyze the effect of EU enlargements and preference heterogeneity in the EU on the willingness of EU members to contribute to deeper co-operation. My data consist of observations for 25 EU member states between 1977 and 2006. The unit of analysis is the member-year. Since the number of members increased from six initial members to 25 members in 2004, I analyze an unbalanced panel data set, which starts with all nine states that were members of the EU in 1977 and is subsequently expanded through enlargement.

3.1. Dependent variable

I measure the willingness of EU members to contribute to co-operative efforts in the EU in terms of financial contributions to the common EU budget. Financial contributions to the EU budget measure co-operation twofold. First, the EU budget is used to fund most of the EU’s policies. The ability of the EU to extract financial contributions from its member states is crucial to provide the financial resources necessary to fund the common policies, and thereby to ascertain deeper co-operation. Second, deeper co-operation in the EU has almost always been achieved through side-payments from the more integrationist members to the less integrationist members (Carrubba 1997; Moravcsik 1998; Schneider 2009, 2011). The common budget is the main redistributive instrument in the EU that helps achieving deeper co-operation between EU members. For example, the integration of agricultural subsidies into the budget was the result of a political compromise between Germany and France. Germany was willing to pay for French farmers in order to receive France’s support for the single European market. About 80 per cent of the EU budget is used to fund these redistributive strategies, including structural transfers and agricultural subsidies. The ability of the EU to extract financial contributions from its member states is therefore crucial in order to provide the side-payments necessary to ascertain deeper co-operation.2

Total Budget Contributions (log) measures the log of each member’s annual financial contributions to the EU budget in millions of constant (2006)
euros. Although I use total contributions in the main model, I also present
models with per capita contributions to check for the robustness of my
results. The data are from the European Court of Auditors.3

Financial contributions are not the only indicator for co-operation in the EU.
Contributions to international co-operation could also be non-financial: does an
EU member vote in favor of a common policy, provide equipment, adjust dom-
estic policies and regulations? What is the extent to which an EU member is
willing to give up sovereignty? For example, scholars empirically analyze the
effects of negotiations on the policies that were agreed upon during European
intergovernmental conferences, or they use legislative output as a measure of
co-operation.

I rely on financial contributions to the EU budget as a measure of co-operation
for several reasons. First, financial contributions are an objective measure that is
available across EU members and time, thereby enabling me to compare the
trade-off between widening and deepening for several enlargement rounds
(similar to legislative output). Second, Leuffen and Hertz (2010) show that the
negative effect of enlargement on legislative output could be a consequence
of legislative tides, making it difficult to provide a definite test of the trade-off
between widening and deepening in the EU. Such tides are not likely to exist
in EU budget bargaining owing to the multi-annual nature of the budget fra-
framework. Third, using financial contributions provides an ‘easy’ case for the
effect of enlargement on co-operation. According to the literature summarized
above, the North–South/East–West conflict underlying the income heterogen-
ity hypothesis is particularly prevalent in negotiations that address redistribu-
tive issues. Third, EU budget contributions are a very nice application for the
trade-off theory. Richer EU members use the budget to ‘buy’ the support of
poorer states for co-operative efforts. According to the trade-off theory, such
strategies should become more costly as the number of EU members increase.
We should therefore be very likely to observe a negative effect of membership
size on co-operation. Fourth, analyzing financial contributions to EU
co-operation is a hard test for the partisan hypothesis because EU budget con-
tributions are not purely voluntary. Formally, they comprise levies on gross
national income and value added taxes, as well as customs and agricultural
duties (Council Decision 2000/597/EC, Euratom). Each EU member’s
annual contributions are pre-negotiated in multi-annual negotiations.
However, research shows that individual EU members do have some leeway
to influence their financial contributions in two ways. First, during the finan-
cial framework negotiations, EU member states can change the budget ceiling,
and therefore their individual contributions to the budget. These decisions are
made by consensus, so all member states hold influence over theircontri-
butions. Second, the annual negotiations leave loopholes for political bargain-
ing (Aksoy 2010; Carrubba 1997; Mattila 2006; Rodden 2002; Schneider
2011). Whereas I use annual budget contributions in the main model, I
demonstrate that the results are robust to estimating the model for the financial
framework periods.
3.2. Explanatory variables

To code partisanship heterogeneity in the Council, I use the data provided by Warntjen et al. (2008). It measures the partisan positions for each member in the Council based on the CMP raw data. The measure accounts for coalition governments and is weighted by the number of ministers in the cabinet. The more ministers a party has in government, the more important its partisan value for the calculation of the member partisan score. I first weigh the raw positions by the country’s proportion of votes in the Council to account for differences in political impact on co-operative outcomes. Partisan Heterogeneity is measured as the standard deviation of the average CMP score for Council members each year.

The CMP data are not without problems (Lowe et al. 2011). Most importantly, the data sometimes give the same values to ideologically different parties in different countries; i.e., it may not be able to detect that a left-wing party in Germany is not the same as a left-wing party in Sweden. This is not exceedingly problematic for the purpose of this analysis. First, the measure of partisan heterogeneity would assign too high values on the homogeneity scale. In other words, I would expect a bias in favor of co-operation. I should therefore be less likely to observe the negative relationship between partisan heterogeneity and co-operation. Second, even though preferences of Swedish and German left-wing parties may be more heterogeneous than assumed by the CMP score, these small differences do not seem to matter as much relative to the differences between parties that are generally on the left and parties that are generally on the right. For example, European parties in the European Parliament have been formed around the traditional left–right scale, including the respective domestic parties on either side. In addition, the qualitative evidence on partisan-induced co-operation between the EU heads of states indicate that governments that belong to parties of similar ideology are more likely to pursue similar policy positions. To further test for the robustness of the results, I use a different partisan measure provided by Potrafke (2009).4

The second main independent variable is the membership size of the EU (Membership Size). I control for several potentially confounding factors. First, contributions to the EU budget are not completely voluntary, but depend on gross national income. I use the per capita gross domestic product (GDP) of each EU member (EU=100) to account for this (Per Capita GDP [EU= 100]). Data are from Eurostat.5 Second, I use the country’s unemployment rate to test whether EU members that experience economic difficulties are less willing to contribute (Unemployment Rate). Data are from Eurostat.6 In addition, I control for the partisan ideology of each EU government using the same data used to calculate Partisan Heterogeneity (Partisan Ideology). I also control for public support for European integration (Public Support), measured as the percentage of individuals who think that the EU ‘is a good thing’ minus the percentage of people who think that the EU ‘is a bad thing’.
3.3. Model specification
The data are time-series cross-sectional. To deal with potential problems of panel heteroscedasticity and serial correlation, I estimate unbalanced Prais–Winsten panel regression models with country fixed effects and panel-corrected standard errors. I include country fixed effects into the regression models because the Hausman test suggests that the random effects model and a simple pooled OLS model would render the coefficients inconsistent and biased. Besides eliminating bias, an additional advantage of this approach is that the inclusion of time-invariant country effects allows me to interpret the coefficients as the effect of a change in the independent variables. Using fixed effects also implies a first-differencing of the independent variables. This is important because my main independent variable is trended. Second, the Durbin–Watson statistic of an untransformed model points to a serial correlation of the error terms. I use a panel-specific AR1 process to deal with this problem, but check for the robustness of the results by estimating the main model with a lagged dependent variable (LDV). All models have panel-corrected standard errors (PCSEs) to correct for panel heteroscedasticity as well as for contemporaneously correlated errors across panels.

4. EMPIRICAL RESULTS
Table 1 presents the main results from the EU Budget Contributions models. Model 1 is the main model with total budget contributions as dependent variable, Model 2 uses a per capita measure of the dependent variable, Model 3 uses an LDV instead of a Prais–Winsten transformation, Model 4 estimates the main model with the alternative partisan measure, and Model 5 estimates the main model with an alternative measure for income. Finally, Model 6 aggregates the data to analyze budgetary politics across the financial framework periods, where governments have greater leeway to change their contributions. The model fits the data very well, with the Wald test producing highly significant results. The main model explains 99.5 per cent of the variation in the data.

Turning to the substantive effects, I find support for my theoretical argument across all model specifications. An increase in partisan heterogeneity leads to a significant decline in the EU members’ contributions to the EU budget. Specifically, a one standard deviation increase in partisan heterogeneity reduces EU members’ contributions to the EU budget by about 39 per cent in the main model. The substantially strong effect is robust to measuring contributions as total contributions, per capita contributions or financial framework contributions, and to using an LDV (including the LDV reduces the substantive effect to 25 per cent). As expected, EU members’ contributions decline more dramatically during the financial framework negotiations. The results indicate
Table 1  Partisan heterogeneity and EU budget contributions

<table>
<thead>
<tr>
<th></th>
<th>(1) Main</th>
<th>(2) Per capita</th>
<th>(3) LDV</th>
<th>(4) Partisan</th>
<th>(5) GDP</th>
<th>(6) Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partisan heterogeneity</td>
<td>−0.392**</td>
<td>−75.779**</td>
<td>−0.245**</td>
<td>−0.125**</td>
<td>−0.617**</td>
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<tr>
<td></td>
<td>(0.068)</td>
<td>(14.908)</td>
<td>(0.053)</td>
<td>(0.051)</td>
<td>(0.115)</td>
<td></td>
</tr>
<tr>
<td>Membership size</td>
<td>−0.010</td>
<td>−3.971**</td>
<td>−0.011*</td>
<td>0.013</td>
<td>−0.002</td>
<td>−0.021</td>
</tr>
<tr>
<td></td>
<td>(0.008)</td>
<td>(1.714)</td>
<td>(0.006)</td>
<td>(0.009)</td>
<td>(0.005)</td>
<td>(0.017)</td>
</tr>
<tr>
<td>Per capita GDP (EU=100)</td>
<td>0.004**</td>
<td>1.272**</td>
<td>0.003**</td>
<td>0.002*</td>
<td>0.007**</td>
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<tr>
<td></td>
<td>(0.001)</td>
<td>(0.280)</td>
<td>(0.001)</td>
<td>(0.001)</td>
<td>(0.001)</td>
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<tr>
<td>Unemployment rate</td>
<td>0.013*</td>
<td>1.107</td>
<td>0.003</td>
<td>−0.014</td>
<td>0.026**</td>
<td>0.011</td>
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<tr>
<td></td>
<td>(0.008)</td>
<td>(1.269)</td>
<td>(0.004)</td>
<td>(0.009)</td>
<td>(0.005)</td>
<td>(0.009)</td>
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<tr>
<td>Partisan ideology</td>
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<td>2.090</td>
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<td>−0.001</td>
<td>0.009</td>
<td>0.492**</td>
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<td>(0.008)</td>
<td>(0.006)</td>
<td>(0.061)</td>
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<td>−0.408*</td>
<td>−0.001</td>
<td>−0.000</td>
<td>−0.000</td>
<td>−0.004**</td>
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<td>(0.001)</td>
<td>(0.211)</td>
<td>(0.001)</td>
<td>(0.001)</td>
<td>(0.001)</td>
<td>(0.002)</td>
</tr>
<tr>
<td>Élite support</td>
<td>0.006</td>
<td>0.639</td>
<td>0.001</td>
<td>0.012**</td>
<td>0.002</td>
<td>0.008</td>
</tr>
<tr>
<td></td>
<td>(0.005)</td>
<td>(1.233)</td>
<td>(0.004)</td>
<td>(0.004)</td>
<td>(0.004)</td>
<td>(0.012)</td>
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<tr>
<td>LDV</td>
<td>0.478**</td>
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<tr>
<td></td>
<td>(0.054)</td>
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<tr>
<td>Partisan heterogeneity (Potrafke)</td>
<td>−2.385**</td>
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<tr>
<td>Per capita GDP (log)</td>
<td>5.025**</td>
<td>144.272**</td>
<td>2.988**</td>
<td>4.853**</td>
<td>−4.749**</td>
<td>5.990**</td>
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<tr>
<td></td>
<td>(0.227)</td>
<td>(46.014)</td>
<td>(0.315)</td>
<td>(0.325)</td>
<td>(0.906)</td>
<td>(0.468)</td>
</tr>
<tr>
<td>Constant</td>
<td>5.025**</td>
<td>144.272**</td>
<td>2.988**</td>
<td>4.853**</td>
<td>−4.749**</td>
<td>5.990**</td>
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<td></td>
<td>(0.227)</td>
<td>(46.014)</td>
<td>(0.315)</td>
<td>(0.325)</td>
<td>(0.906)</td>
<td>(0.468)</td>
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<td>N</td>
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<td>363</td>
<td>348</td>
<td>363</td>
<td>363</td>
<td>82</td>
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<td>$R^2$</td>
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<td>0.829</td>
<td>0.992</td>
<td>0.991</td>
<td>0.998</td>
<td>0.993</td>
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<tr>
<td>$X^2$</td>
<td>639284</td>
<td>9.690e+07</td>
<td>220030</td>
<td>2.487e+06</td>
<td>7.130e+07</td>
<td>63190</td>
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</table>

Notes: Standard errors in parentheses. ** p<0.05, * p<0.10.
that partisan heterogeneity leads to an undersupply of financial resources for common policies. It is important to note here that, as demonstrated above, partisan heterogeneity is not a function of the number of EU members, but rather fluctuates depending on domestic political changes in individual EU member states. This supports the notion in the literature that preference heterogeneity matters for co-operation, but it does not provide support for the notion that enlargement always has a negative effect on co-operation.

To test the effect of EU enlargement on co-operation, I included a variable for membership size in all models. Whereas partisan heterogeneity significantly affects budget contributions, the effect of membership size on budget contributions is not robust over different model specifications. It is only negative and significant in the LDV model and the model that uses per capita contributions to the budget. In other words, at least when operationalizing EU members’

Table 2  Preference heterogeneity and EU budget contributions

<table>
<thead>
<tr>
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<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
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<td>Income heterogeneity</td>
<td>0.016**</td>
<td>0.006</td>
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<td></td>
<td>(0.004)</td>
<td>(0.004)</td>
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<tr>
<td>Public support heterogeneity</td>
<td>−0.013**</td>
<td>−0.009</td>
<td></td>
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<tr>
<td></td>
<td>(0.006)</td>
<td>(0.006)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elite support heterogeneity</td>
<td>0.036</td>
<td>0.002</td>
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<tr>
<td></td>
<td>(0.033)</td>
<td>(0.031)</td>
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<tr>
<td>Partisan heterogeneity</td>
<td>−0.260**</td>
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<tr>
<td></td>
<td>(0.075)</td>
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<td></td>
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<tr>
<td>Membership size</td>
<td></td>
<td>0.012*</td>
<td>0.019**</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>(0.007)</td>
<td>(0.008)</td>
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<tr>
<td>Per capita GDP (EU=100)</td>
<td>0.001</td>
<td>0.003**</td>
<td>0.003**</td>
<td>0.001</td>
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<td>(0.001)</td>
<td>(0.001)</td>
<td>(0.001)</td>
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<tr>
<td>Unemployment rate</td>
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<td>−0.010</td>
<td>−0.003</td>
<td>0.007</td>
</tr>
<tr>
<td></td>
<td>(0.008)</td>
<td>(0.009)</td>
<td>(0.009)</td>
<td>(0.008)</td>
</tr>
<tr>
<td>Partisan ideology</td>
<td>0.002</td>
<td>−0.003</td>
<td>0.002</td>
<td>0.006</td>
</tr>
<tr>
<td></td>
<td>(0.008)</td>
<td>(0.008)</td>
<td>(0.008)</td>
<td>(0.007)</td>
</tr>
<tr>
<td>Public support</td>
<td>0.000</td>
<td>−0.001</td>
<td>−0.000</td>
<td>−0.001</td>
</tr>
<tr>
<td></td>
<td>(0.001)</td>
<td>(0.001)</td>
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<td>(0.001)</td>
</tr>
<tr>
<td>Elite support</td>
<td>0.012**</td>
<td>0.002</td>
<td>0.005</td>
<td>0.005</td>
</tr>
<tr>
<td></td>
<td>(0.005)</td>
<td>(0.004)</td>
<td>(0.004)</td>
<td>(0.004)</td>
</tr>
<tr>
<td>Constant</td>
<td>3.818**</td>
<td>4.860**</td>
<td>4.259**</td>
<td>4.670**</td>
</tr>
<tr>
<td></td>
<td>(0.258)</td>
<td>(0.273)</td>
<td>(0.249)</td>
<td>(0.389)</td>
</tr>
<tr>
<td>N</td>
<td>363</td>
<td>363</td>
<td>363</td>
<td>363</td>
</tr>
<tr>
<td>R²</td>
<td>0.993</td>
<td>0.994</td>
<td>0.993</td>
<td>0.995</td>
</tr>
<tr>
<td>X²</td>
<td>41382</td>
<td>3.250e+14</td>
<td>807114</td>
<td>2.188e+06</td>
</tr>
</tbody>
</table>

Notes: Standard errors in parentheses. ** p<0.05, * p<0.10.
co-operation in terms of their financial contributions, enlargement does not seem to create a robust challenge to continued and deeper co-operation.

So far, I have only analyzed the effect of partisan heterogeneity on EU members’ financial contributions. Since other dimensions of preference heterogeneity – notably income heterogeneity, public support heterogeneity and élite support heterogeneity – depicted rather different patterns, I now analyze their effect. Table 2 presents the results. Model 1 uses income heterogeneity, Model 2 uses heterogeneity of public EU support, Model 3 uses heterogeneity of élite support, and Model 4 includes all four heterogeneity measures in the same model.

The findings indicate that, first, income heterogeneity exerts a positive and significant effect on EU budget contributions. The positive effect does not disappear if I control for the EU’s membership size or if I use different measures of income (although for different measures of income the effect turns insignificant; results available upon request). It could also be that the EU budget increased overall as a consequence of further enlargement. Since income heterogeneity also has generally increased as a function of time, this could explain the positive coefficient. To test for this, I include a variable that measures the log of the sum of EU members’ budget contributions. Including this variable turns the variable negative and significant, as one would expect. Second, heterogeneity in public support across EU countries inhibits co-operation. Third, heterogeneity in élite support is not significantly related to EU members’ budget contributions. Finally, if I include all measures of heterogeneity in the same model I find that only partisan heterogeneity robustly explains changes in EU members’ budget contributions.

5. CONCLUSION

This contribution analyzes the trade-off between widening and deepening in the EU from a domestic politics perspective. I argue that preference heterogeneity matters for the ability of EU members to agree on deeper co-operation, but that enlargement does not always create a positive effect on preference heterogeneity, or one that endures over time. Whereas income heterogeneity has increased with the increasing number of EU members, partisan heterogeneity has not been affected by EU enlargements, but rather by domestic political changes such as elections. The empirical analysis demonstrates that membership size itself does not robustly affect co-operation between EU members, but that preference heterogeneity is an important factor in explaining co-operation.

These findings have implications for the widening–deepening literature in the European realm. They indicate that enlargement may exert positive effects on some dimensions of preference heterogeneity (in particular, on income heterogeneity), but not on others (partisan, public support and élite support heterogeneity). Consequently, when analyzing the widening–deepening trade-off, it is important to distinguish between different types of preference heterogeneity and their effects. Second, at least for co-operation measured in terms of financial contributions, the
findings indicate that the main determinant of co-operation lies in the heterogeneity of partisan ideology in the Council, rather than the number of members itself. This indicates that the widening–deepening trade-off may be conditional on the dimension of co-operation.

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NOTES

* The underlying research materials for this article can be accessed at http://polisci2.ucsd.edu/cjschneider/index.htm.
2 One could argue that EU budgetary politics resemble usual domestic budgetary politics. Consequently, we would expect that right-wing (left-wing) Councils reduce (increase) contributions. I analyzed whether such a conditional relationship exists by including an interaction between the partisan mean of the Council and the partisan heterogeneity in the Council. I find no such conditional relationship, which provides support for the view that EU budgetary politics are an instrument to achieve deeper co-operation between member states. Results are available upon request.
4 The results do not change if I use expert survey data instead.
6 Ibid.
7 See note 1.

REFERENCES

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