

The Two-Level Game of Strategic Euroscepticism

An Honors Thesis for the Department of International Relations
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Dedication

Firstly, I would like to extend my deepest thanks to Professor Eichenberg for his commitment to guiding seniors through the new and difficult world of academic research and thesis writing. He has been an indispensable resource for me and all of my fellow thesis writers, particularly during the turbulent early months of the process, in which he relentlessly pushed us to refine our ideas while reassuring us that it would turn out well in the end. I owe Professor Art a profound debt of gratitude, not only for the amount of time and energy he put into helping me make this thesis a reality, but for his role as the most significant academic mentor I have ever had. It was as a freshman in his course 'Building the European Union' that my interest in EU politics began, and I haven't looked back since. In both the academic classes and research assistantship I have done with him over my four years at Tufts, he has constantly nurtured and challenged my developing understanding of European politics, and both his scholarly work and his personal support have been an inspiration to me.

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Chapter 1: Introduction

In January 2009, the America Recovery and Reinvestment Act, more commonly known as the stimulus bill, was proposed in both houses of Congress. A package of tax cuts, federal

relief to the states, and infrastructure spending, the bill drew instantaneous outrage from the Republican Party and from conservative Democrats. It was decried variously as a pork-laden waste of money, a giveaway to special interests, or a tyrannical overreach of government. The Washington Post ran an exposé on these Congressional stimulus critics, offering as an example Representative Pete Sessions of Texas. While publicly leading the charge against the stimulus as an economically damaging waste of money, Rep. Sessions had personally written to the Transportation Secretary to request \$81 million for a rail project, indicating that it would create much-needed jobs in his district.¹ Sessions was not alone, the article notes. Scores of Republican and Blue Dog democratic legislators had written to request funding, including the majority of the upper echelons of the Republican leadership (some of whom are among the most popular Tea Party figures).²

In the past decade, conservatives (and Republicans in particular) have consistently espoused argued that government spending was incapable of creating jobs. Yet legislators among them consistently gave the same response when their stimulus requests were uncovered: they requested the money to create jobs for their constituents.³

Pork is popular. Legislators in every state and congressional district feel pressure to bring home federal dollars in order to win reelection.⁴ Government spending as a general concept polls poorly with Americans, but American attitudes become substantially more positive when respondents are asked about specific government spending on Medicare, Social Security, and

¹ Washington Post October 18th, 2010.

² Ibid, p.2

³ Ibid

⁴ Hibbing (1984)

infrastructure.⁵ The dynamic of popular discontent with government spending on the conceptual level, coupled with voter demand for specific government spending create the incentives for an intriguing political strategy.⁶ Conservative politicians pursue a two-fold strategy of attacking government spending in general, while taking credit for spending on the local level to maximize electoral advantage.

In the United States, conservative political actors often run for national office on a platform of anti-federalism; claiming that federal authority is illegitimate, and often arguing that federal bodies are unfairly taxing their states and redistributing their income elsewhere. The Tea Party movement, which emerged in large measure as a response to the stimulus bill is a particularly visible and strident example of this brand of political thought. Yet ironically, the actual flow of federal funds to the states reveals a paradox: the federal government does indeed redistribute from some regions to others, but the direction of that flow is the opposite of what conservatives would predict.

Blue states supply the funds that underwrite federal largesse, while red states are the favored beneficiaries. In 2005, Alaska, a long-time hotbed of secessionist and anti-Washington rhetoric, received about \$1,150 in earmark spending per citizen, about 25 times the national average.⁷ The very states whose conservative leaders rail against the tyranny of federal taxes are in fact the primary winners in the federal budget process. As a result, we see the rather striking incongruity of anti-big government Republicans-- especially in the southern states-- who voted against the recent stimulus package as a heinous, even, tyrannical act, returning to their home states to attend and take credit at ribbon cutting ceremonies for construction projects funded by

⁵ Washington Post February 2, 2011

⁶ Ibid

⁷ USA Today May 17th, 2005.

federal stimulus dollars.⁸ Whether anti-federalist states receive these funds because of, or despite their rhetoric is an important tactical question. The larger theoretical question- the relationship between political rhetoric (in this case of opposition to federal power) and pragmatic accommodation or even embrace (in this instance of tax dollars)- has received considerable attention in the literature on American federalism.

This intriguing paradox has been observed and theorized already in contemporary American politics, but the question remains whether it is a general feature of federal systems or a phenomenon unique to the American context. To explore the generalizability of a theory based on the US experience, I examine the case of the European Union. The United States and the European Union represent the two most powerful federal political systems in the world. In both instances, a federal government consolidated some degree of political control over the many states which comprise the system, though the process of integration was fiercely contested.

While comparatively young, and not unambiguously federal, the European Union does represent a pooling of state sovereignty into a common polity. The EU draws its revenue from member states and redistributes this revenue through various infrastructure, social spending, and agricultural subsidies. It therefore represents a rough parallel with the American case and another opportunity to explore the relationship between ideology and pragmatic or strategic accommodation in a federal political structure. Specifically, by examining the Eurosceptic discourse of European political parties and checking it against the budgetary reality of the EU, we can examine whether the incongruities between federal-skeptic rhetoric and actual expenditures prevails in the EU just as they do in the U.S.

⁸ Notable examples include Maj. Leader McConnell (KY), Senator Castle (DE), and Rep. Gingrey (GA)

Political opposition to European integration has existed since the European project's nascent period, but a broad permissive consensus among political elites enabled its emergence and consolidation in the latter half of the 20th century. The political space necessary for the endemic emergence of Eurosceptic parties in almost every member state opened up with the battle over the ratification of the Maastricht treaty, which established the European Union in 1992.⁹ In the wake of the European Monetary Union (EMU), public Euroscepticism grew significantly, as many European voters came to fear that budget austerity rules imposed by the European Central Bank would threaten the social safety net.¹⁰ This political posture has achieved new relevance in the current climate of economic uncertainty and the fractious politics of Eurozone bailouts.

A central question in the academic debate on Euroscepticism regards the interplay between ideology and electoral pragmatism as a motivation for the rhetoric of Eurosceptic parties. Do parties oppose the EU out of a profound ideological distrust of integration and supranational government, or do they perceive anti-EU rhetoric as a useful device for domestic electoral gains?

To the extent that this is the case, the EU may represent an example of two level games already familiar to political scientists. According to Robert Putnam's seminal theory (1988), political parties and leaders posture in the international arena for strategic gains that will bolster their popularity and support in domestic politics. The classic historical examples used by IR theorists are found in the Cold War era, when both American and Soviet politicians played to their base by taking a hard stance in international negotiations. At the same time, however, the ability of the government to keep the promises made to domestic electorates is constrained by

⁹ Sczcerbiak and Taggart (2002)

¹⁰ Eichenberg and Dalton (1997)

time horizons; the necessity of future negotiations and relations with the other party forces both sides to choose from a reasonably accommodating set of negotiating positions.

Our quantitative and qualitative analyses suggest that domestic political parties adopt or emphasize Eurosceptic discourses on both echelons of two-level games as a pragmatic tactic, rather than out of determined ideological opposition. Our quantitative analyses indicate broadly the strategic use of Euroscepticism; in parallel with the American case, they show that the states with the most Eurosceptic parliaments are the biggest benefactors from the EU budget. In addition, we find that Eurosceptic regimes in our case studies show a significant (though varying in size) *increase* in their country's net receipts from the EU. The budgetary reality of significant and increasing revenues flowing specifically to member states that are overtly critical of the European project and of EU spending suggests a common strategy between Eurosceptics and American conservatives: both seem to view criticism of federal spending as an electoral winner, but in practice are both adept and unhesitant in exploiting federal resources.

Our qualitative analyses allow us to zoom in and examine *how* parties embrace or accentuate Euroscepticism strategically. On the domestic level, we find that shifts in parties' European discourses are often too fast and dramatic to be attributed to ideology. Rather the case studies suggest that parties adopt Eurosceptic discourse primarily in order to differentiate themselves from other parties in electoral competition. On the supranational level, we highlight a few key instances in which domestic regimes successfully emphasized Soft Euroscepticism to extract maximum benefits in interstate bargaining. However, while Euroscepticism may sometimes be a winner in both elections and in supranational bargaining, its use has definite limits. The historical record shows that Eurosceptic parties significantly moderate their rhetoric and policy positioning in order to accommodate coalition partners, on the domestic level, and

other member states, on the supranational level. This often dramatic moderation of Eurosceptic discourses indicates that formulation of EU policy and rhetoric is significantly more sensitive to electoral and diplomatic cost-benefit analyses than to ideology. In our case studies, parties used Euroscepticism to maximize their material benefits, rather than to definitively limit the process of integration as their previous rhetoric might integrate. This approach suggests a Euroscepticism born more of pragmatic self-interest than of deeply ingrained ideology.

Chapter 2: Literature Review

Since the passage of the Maastricht treaty, Eurosceptic political parties have become a feature of the political landscape in virtually all member states. But how should we understand their ideological position? The label Eurosceptic is applied in inconsistent ways, hence defining Euroscepticism is the first task. The second major question is what institutional circumstances, (or “political opportunity structures”¹¹) favor the emergence of Eurosceptic parties. Finally, is party-based Euroscepticism determined by strategic or ideological considerations, and what factors motivate them to either emphasize or avoid Eurosceptic narratives in their public rhetoric?

What is Euroscepticism?

The term “Euroscepticism” arose before it was precisely defined. Inherent in the word is an obvious inference of a negative attitude towards Europe, and by extension towards the EU. This definition was obviously too vague to be empirically useful, however, and in 2000 Aleks

Szczerbiack and Paul Taggart¹² offered an influential dichotomous definition of hard and soft Euroscepticism as a means of parsing Eurosceptic parties.

Hard Eurosceptic parties are those opposed to the entire idea of European integration on an ideological level, and often thus favoring withdrawal of their state from the EU. In practice, Hard Eurosceptic parties almost always represent one or the other extreme of the political spectrum.¹³ On the far left, communist and socialist parties often oppose the EU on the grounds that it is a capitalist project that undermines national welfare states and regulatory regimes, leading to a race to the bottom in wages and working conditions. On the far right, nationalist parties oppose the EU out of fear of increases in immigration, the dilution of national identity, and wage competition from foreign workers.

By contrast, Soft Eurosceptic parties are those parties that express qualified opposition to the EU on the basis of policy differences. In other words, Soft Eurosceptic parties are opposed to the EU in its current trajectory without opposing the EU on an existential level. This binary definition has largely prevailed as the operational one within the field, but has come under some recent criticism.

Kopécky and Mudde (2002) challenge Szczerbiak and Taggart's dichotomy on the grounds that its categories are too broad. If soft Eurosceptic parties were defined as such by opposing a particular EU policy or set of policies, then nearly all parties could qualify as Soft Eurosceptic on some occasions. Kopécky and Mudde offer a more precise and complex framework which divided pragmatic and ideological dimensions of both EU support and opposition. They demarcate four groups of political parties: euroenthusiasts (ideologically supportive of the EU and supportive of the EU in practice), europragmatists (ideologically

¹² Szczerbiack and Taggart 2000

¹³ Sitter and Batory 59

opposed to the EU but supportive of most current EU policies), eurosceptics (ideologically supportive of EU integration, but critical of the EU in practice), and eurorejects (ideologically opposed to the EU and also opposed to its current manifestation).

Szczerbiak and Taggart criticize Kopécky and Mudde's fourfold definition on two counts: for one, Euroscepticism in the common parlance refers to both principled and contingent opposition of EU integration, while Kopécky and Mudde reserve the term for a fairly specific subset of Eurocritical positions. In addition, they point out that Kopécky and Mudde's 'europragmatist' category is so specific that there are few examples, while the 'euroenthusiast' category is too inclusive, thus containing within it parties with significantly contrasting views on the future of European integration (such as the Hungarian Fidesz party and the German CDU).¹⁴ In practice, I intend to use Szczerbiak and Taggart's binary breakdown, as Kopécky and Mudde's typology can be so specific as to make the coding and evaluation of parties problematic, particularly as they undergo rhetorical shifts.

Why Do Parties Become Eurosceptic?

Social scientists have posited a variety of different explanations for the rise of Euroscepticism as an ideology. Neil Fligstein (2008)¹⁵ hypothesizes that Euroscepticism arises in some measure from a gap in European identity which exists on a class basis; those who have benefited most from integration have been primarily white collar workers who possess the

¹⁴ Szczerbiak and Taggart 244b

¹⁵ Fligstein

human capital to compete in a more open international labor market. In the meantime, he suggests, working class Europeans have been more hostile to the EU, as a result of a combination of little interaction with foreigners and a perception that free trade in Europe has accelerated outsourcing and blue collar job losses. Hooghe and Marks (2004) parse the data further, suggesting that European identity is a more statistically robust explanation for Euroscepticism than socioeconomic criteria. Their analysis indicates that the way individuals conceive of their national identity—in exclusive national terms, or in inclusive supranational terms—is predictive of popular Euroscepticism. Judt (2005), meanwhile, proposes that xenophobia and anxieties over national identity in a newly multi-racial and multicultural milieu are some of the primary drivers of Euroscepticism.

The analysis of Euroscepticism goes beyond the motivating forces—cultural and economic—to the ideological and strategic postures of political parties in the member states. Here the main question is whether parties themselves oppose the existence or policy directions of the EU, and if so, whether they embrace Euroscepticism for ideological reasons or to appeal to domestic constituencies and gain electoral advantage. Karen Henderson's¹⁶ (2002) paper on Euroscepticism in the newly acceded Eastern European states suggest a Euroscepticism born of ideological exceptionalism and resistance to supranational governance. Sean Hanley (2002) similarly suggests that while most Czech parties united in support of membership, after accession anxieties over national identity lead to the emergence of anti-EU nationalist paradigms in the political discourse. He points out that the Eurosceptic turn taken by the Civic Democratic Party of the Czech Republic was independent of electoral factors. Indeed, the party has been equally

Eurosceptic both while in opposition and in government, which Hanley ascribes mainly to the strong ideological influence of noted Eurosceptic leader Vaclav Havel.

By contrast, Nick Sitter (2002) proposes a conception of party-based Euroscepticism based on strategic concerns; for him, parties seek to occupy 'political space' and attract unaffiliated Eurosceptic demographics. In this vein, Lees (2002) describes the move of centre-left parties in Britain and France away from Euroscepticism as a prioritization of electoral competition over constituent representation. Agnes Batory (2002) examines the presentation of Euroscepticism in the Hungarian Party system and lays out the difficult choices that Eurosceptic political parties make between embracing hard Euroscepticism to retain their electoral bases, and moderating Eurosceptic rhetoric to become more attractive coalition partners for mainstream parties. While moderating gives hard Eurosceptic parties their best chance of governing, it risks losing base voters. Meanwhile, opposition to membership keeps Hard Eurosceptic parties on the political margins. In her reckoning, political parties make strategic decisions about whether or not to express Hard Euroscepticism based on their relative reliance on coalitions with mainstream parties for survival.

Two Level Games Theory

In the field of two-level games theory, Robert Putnam (1988) was one of the first to elucidate a model of international negotiation between democracies in which executives seek to placate both domestic electorates and international partners without massively alienating either. Putnam drew on the Schelling conjecture (1960), an early elaboration on a similar conception of two-games with obvious implications for European integration. Schelling theorized that

executives would deliberately gin up domestic constraints in order to gain leverage in international negotiations (thus the phrase ‘my hands are tied’).¹⁷

While the concept of two-level games originated in the study of American foreign policy (and thus was conceived in the context of American domestic political institutions), Robert Pahre (1997), applies it to the parliamentary systems more common to EU member states. While one might expect coalition governments to further constrain the capacity of European executives to negotiate on the international level (whether they want to be constrained or not), Pahre finds that even many of the most Eurosceptic countries often lack parliamentary oversight (a mechanism of constraint) on the executive’s foreign policy negotiations (particularly on the European level). Rather, he suggests that parliamentary oversight exists as a constraint only where there is significantly Eurosceptic public opinion, frequent minority governments, and at least one opposition party prefers veto power (through oversight committees) to joining the government. In ‘The Political Asymmetries of Eurosceptic Parties and Coalition Governments’, Pahre (N.D) elaborates the ways in which coalition politics marginalize Eurosceptic parties into the opposition, and force them to moderate their positions when in government.

Andrew Moravcsik’s (1998) seminal work seeks to evaluate the dynamics of interstate bargaining in the most important historical milestones of EU integration, from the treaty of Rome to Maastricht. He concludes that state preferences and bargaining outcomes cannot be explained by the federalist (or anti-federalist) ideology of the leaders involved, or by geopolitical considerations, but rather can be attributed largely to the economic interests of the states involved, which were largely determined by the pressures of domestic producer groups. Moravcsik’s book thus provides substantial empirical body of evidence for a view of EU treaties

¹⁷ a contemporary EU example would be a popular referendum on a treaty

as a two-level game in which domestic politics influence supranational bargaining and vice-versa.

Vivian Schmidt (2006) further elaborates on the federal aspects of the EU, and the ways in which two-level democracy have impacted party behavior and opinion on both the elite and mass level. In her view, a discursive failure on the part of national polities to explain to its citizens what the EU is and what it does is responsible in large part for the democratic deficit, and consequently for Euroscepticism. This discursive failure is more severe in unitary polities (such as France and Britain) than in compound polities (such as Italy or Germany) which already have experience in the workings of multi-level democracy.

While I will draw upon a rich, pre-existing literature on the nature of Eurosceptic parties and two-level games, there is clearly room to delve more deeply into the relative balance of strategic and ideological considerations in different families of Eurosceptic parties. This is the niche into which I will seek to place my thesis. While there has been some limited examination of the interplay of strategic and ideological motives for party-based Euroscepticism, there is relatively little literature that examines the rhetoric of Eurosceptic parties matched up against the empirical evidence of how they act on European issues when in government.

U.S Federal-skepticism As a Comparison

Gary Richardson's study of fiscal transfers (2009), which serves as the starting point for my thesis, finds empirical evidence that despite anti-government sentiment, red states are the primary beneficiaries of federal spending, augmenting previously existing anecdotal arguments in newspapers and by politicians. He explains that the balance of fiscal transfers is not constant, but that the current state of affairs emerged in the Republican takeover of the legislative branch

in 1994. In a coincidence of ideology and pragmatism, Republicans in government cut taxes specifically for demographics that traditionally voted Republican (investors, property owners, small business people) and lowered spending directed towards traditionally Democratic constituencies (welfare recipients, inner-city residents, the poor, etc.).

Hibbing (1984) describes the pressures put on legislators to direct federal spending to their districts in order to win reelection, regardless of their ideology. His work has particular significance in helping to understand why politicians who criticize government spending in theory, in practice actively court it for their districts. Zimmerman (1991) describes how despite his famous anti-government ideology and rhetoric, Ronald Reagan ultimately presided over a consolidation of the federal power over the states, indicating that changes in the balance of power between state and national governments are not as simple as pure ideology would suggest.

The fiscal balance of states in a federal system could potentially provide a rich body of evidence for whether parties that are rhetorically federal-skeptic really ‘put their money where their mouths are’. Thus, we will examine data on changes in countries’ balance of dues to the EU and revenues received from it when under Eurosceptic control. In this way I hope to be able to contribute to a growing body of literature on the balance of strategic and ideological considerations for Eurosceptic parties and the dynamics of the two-level games faced by them when they are forced to juggle the real significance of supranational politics with the demands of a Eurosceptic electorate.

Chapter 3: Methodology

Euroscepticism: Definitions

The first challenge for any study of Eurosceptic political parties is a precision of definitions. What defines a party and a country as Eurosceptic and what different kinds of Eurosceptic parties exist must be established, particularly given the depth of disagreement among political scientists as to these delineations. For the purposes of this study, I use the definition offered by Sczcerbiak and Taggart (2000). They propose a binary cleavage of Hard and Soft Euroscepticism which has shaped the research agenda of the field over the past decade. For them, Hard Eurosceptic parties are ones

*Where there is a principled opposition to the EU and European integration and therefore can be seen in parties who think that their countries should withdraw from membership, or whose policies towards the EU are tantamount to being opposed to the whole project of European integration as it is currently conceived.*¹⁸

By contrast, Soft Eurosceptic parties are ones

*Where there is NOT a principled objection to European integration or EU membership but where concerns on one (or a number) of policy areas leads to the expression of qualified opposition to the EU, or where there is a sense that ‘national interest’ is currently at odds with the EU trajectory.*¹⁹

This typology is specific enough to meaningfully capture the blend of strategic and ideological opposition of concern here. At the same time, unlike Kopecky and Mudde’s fourfold definition, there are not so many designated types of parties that it is difficult to determine a party’s orientation from a limited reading of its election manifestos and the rhetoric of its leading

¹⁸ Sczcerbiak and Taggart 2 (2008b)

¹⁹ Ibid

politicians. Following Szczerbiak and Taggart, then, I will use their coding of political parties throughout Europe in which they classify political parties according to a typology of Europhiles, Soft Eurosceptics, and Hard Eurosceptics. They provide a classification of parties for each EU member state and (at the time) candidate states as of 2002.²⁰

Of course, the position of political parties vis-à-vis European integration are subject to shifts over time, as with any issue. I will therefore update the Szczerbiak/Taggart classification of parties by looking at news articles, journalistic commentary, and party manifestos in cases where scholars have suggested significant change in their positions on Europe.

Measures of Euroscepticism on the National Level

The central empirical contribution of the thesis involves a quantitative analysis of each country's level of Euroscepticism and its budgetary transfers to and from the EU. We look to establish a relationship- or more properly a lack of alignment- between each country's level of Euroscepticism and its budgetary transfers to and from the EU in order to get a better sense of how Eurosceptic member states contribute to and benefit from the institution they criticize. As a starting point, we create an index of Euroscepticism at the national level. One approach builds upon data gathered by Richard Katz, who used data drawn from face to face interviews with European parliamentarians and surveys of national parliamentarians to measure Euroscepticism among elected officials by country. In his 2008 article, Katz provides a summary which reports the percentage of MEPs and MNPs (members of national parliament) that are Europhile, Soft Eurosceptic, and Hard Eurosceptic, respectively.

²⁰ Szczerbiak and Taggart 11 (2008a)

There are two major problems with relying on Katz' data. The first is that the data set is relatively old (from 1999). Since it was gathered, there have been many newly acceded member states, whose elected officials were obviously not polled by Katz. It is also reasonable to assume that levels of Euroscepticism in the older member states have changed over time. Nevertheless Katz' data provides a unique and revealing picture of elite opinion on the European Union, which can then be compared to public opinion data from surveys.

In a perfect world, the opinions of elected officials would mirror, almost exactly, those of the voting public. However, it is likely that there will be some incongruities between them, and indeed a large disconnect has been perceived by political scientists and political actors in the past, leading to discussions of a 'democratic deficit'.²¹ To allow for this possibility, we will also measure the presence of Euroscepticism in public opinion survey data by member state. The Eurobarometer is a set of comprehensive opinion surveys undertaken by the EU in each member state every year to measure the pulse of public opinion on the European Union. These surveys have been conducted yearly since the 1970s, and provides an ideal source of public opinion data over time.

One of the first methodological challenges faced in determining the prevalence of Euroscepticism in public opinion is selecting the proper questions to contribute to an index. Certainly, soft Euroscepticism can offer a qualified opposition to certain EU policies, but as has been noted in the past, if opposition to any single policy makes a party (or person) soft Eurosceptic, then almost parties would be considered soft Eurosceptic, even ones which are very positive towards the EU in general.²² Consequently, we selected questions which asked about generalized feelings towards the European project and the trajectory of the EU, rather than

21 Archer 64

22 Kopecky and Mudde 300

questions on specific policies. We also analyzed data from 2006 onwards, so as to measure Euroscepticism in the newly acceded member states, as well as Euroscepticism levels in older member states post-enlargement.

Questions

- Eurobarometer Question 4: “Generally speaking, do you think that your country’s membership of the European Community is...” Answers: ‘a good thing’, ‘a bad thing’, ‘neither good nor bad’, or ‘I don’t know’. For my analyses, I took the percentage of the population within each member state who answered that their country’s membership was ‘a bad thing’.
- Eurobarometer Question 5: “Taking everything into consideration, would you say that your country has on balance benefited or not from being a member of the European Community?” Answers: ‘benefited’, ‘not benefited’, and ‘don’t know’. For my analyses, I took the percentage of the population within each member state who answered that their country had ‘not benefited’ from membership.
- Eurobarometer Question 45: “In general, does the European Union conjure up for you a very positive, fairly positive, neutral, fairly negative, or very negative image?” Answers: ‘very positive’, ‘fairly positive’, ‘neutral’, ‘fairly negative’, or ‘very negative’. For my analyses, I aggregated the percentages for both fairly and very negative, to get an overall sense of anti-EU sentiment.

Building a Eurosceptic Opinion Scale

If there is an underlying dimension of Eurosceptic public opinion, then the answers to each of these three questions should be relatively consistent from year to year, and across the member countries. In order to verify the statistical validity of my scale, I ran a series of SPSS reliability procedures. These provide a measure of validity known as Cronbach's alpha, as well as item-scale correlations. The former measure tells us whether the 14 items (question, by year) show internal consistency- that is, how closely related a set of items are as a group. In terms of the questions, the Cronbach's alpha tells us whether the answers track each other across them-- how closely related the questions are. In terms of the year and the country, the Cronbach's alpha tells us that the pattern of relative Euroscepticism between countries remains relatively stable.

In other words it measures whether the questions asked, in the times they were asked represent a reliable measure of Euroscepticism in those countries. Cronbach's alpha scores range from 0 to 1, and conventionally, a score of .7 or above shows statistical reliability.²³

Figure 3.1

Reliability Statistics	
Cronbach's Alpha	N of Items
.971	14

As we can see in Table 2.1, the Cronbach's alpha score of the index I constructed was .971. This is extremely high, suggesting that the Euroscepticism scale created has high reliability.

²³ FAQ on SPSS: UCLA Academic Technology Services

Figure 3.2

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
q5_2006	241.7037	9783.447	.834	.970
q5_2007	243.5556	9487.949	.919	.968
q5_2008	243.3704	9485.934	.925	.968
q5_2009	242.5556	9657.949	.851	.969
q5_2010	238.6296	9793.319	.869	.968
q4_2006	258.0370	10861.345	.823	.970
q4_2007	257.1481	10603.823	.900	.968
q4_2008	257.4815	10599.490	.916	.968
q4_2009	256.9630	10632.575	.899	.968
q4_2010	254.0370	10679.422	.847	.969
q45_2007	256.1111	10539.718	.844	.969
q45_2008	256.8148	10560.541	.835	.969
q45_2009	255.2963	10607.524	.887	.968
q45_2010	253.5926	10723.635	.781	.970

Item-scale correlations indicate how well each individual question/year correlates with the overall scale. If any of the item scale correlations had been under .3, one might question whether that item belonged in the scale. As we see in figure 2.1, all of the item correlations were very high, around .8 or .9. This suggests they do fit into a common scale.

The national index of Euroscepticism shows the relative degree of Euroscepticism across the member states. With this made clear, we can then examine budgetary relationships between member states with different relative levels of Euroscepticism.

The Budget: Contributions and Receipts from the member states to the EU

Let us begin with a brief overview of the EU budget and its composition. In 2011, the EU's operating budget was about €142 billion²⁴ (by way of comparison, the French budget in the same year was €731 billion).²⁵ EU budget revenues are derived from three main sources: EU customs duties on imported goods, as well as levies on sugar (13%), Value-Added Taxes (VAT) from the member states (11%), and member state contributions based on Gross National Income (75%), with only 1% coming from other sources.²⁶ The vast majority of the EU budget, therefore, is supplied by member state contributions, with adjustments for the relative size of each country's economy. About 87% of the budget goes back to the member states, regional, and local authorities through cohesion funds and the Common Agricultural Policy, while about 7% is spent on the Common Foreign & Security Policy, with the last 6% spent on the administrative costs of the EU itself.

Eurostat publications provide data on contributions to the EU from each member state and spending by EU *in* each member state from 2000-2008. One effective way to represent this fiscal relationship is to calculate a ratio of EU spending to member state contribution. These data were calculated for the period between 2000-2008. An important caveat to the data is that there was a major enlargement in 2004, in which Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia all acceded to the European Union. The Eurostat data shows that newly acceded members--and relatively poor ones at that-- were given

24 Europa.eu : EU Budget 2011 in Figures

25 Projet de Loi de Finances pour 2011

26 Europa.eu: How is the Budget Financed?

exemptions of varying lengths of time from contributing dues to the European Union while still receiving EU payments (in the form of cohesion funds, CAP subsidies, etc.) We calculated fiscal ratios only for the periods of time in which member states both paid dues into and received money from the EU.

In order to provide context, figures 3.3 and 3.4 show the net EU spending ratios of all member states in 2008. Each country is abbreviated to its first two letters, except in the cases of Poland (PL), Portugal (PR), Slovakia (SK), and Slovenia (SV). Finally, a '+' denotes that a country has an EU spending ratio above 1, and is thus a net benefactor from the EU budget, while a '-' denotes that a country has an EU spending ratio below 1, and is thus a net contributor to the EU budget.

Figure 3.3: EU Spending Ratios (Austria-Luxembourg)

COUNTRY	AU	BE	BU	CZ	CY	D	ES	FI	FR	GE	GR	HU	IR	IT	LA	LI	LU
EURATIO	.89	2.1	3.50	2.0	.97	.80	2.89	.86	.	.59	4.06	2.4	1.49	.	3.27	4.2	5.76
NETCONTRIB	-	+	+	+	-	-	+	-	-	-	+	+	+	-	+	+	+
?		7		5					83			0		76		1	

Figure 3.4: EU Spending Ratios Continued (Malta-United Kingdom)

COUNTRY	MA	NE	PL	PR	RO	SP	SK	SV	S	W	UK
EURATIO	1.84	.49	2.5	3.09	2.62	1.38	2.57	1.43	.53		.96
NETCONTRIB?	+	-	+	+	+	+	+	+	+	+	-

A ratio of 1 means that a member state received the same amount of funds from the EU that it paid in dues. All member states below this level (from a low of .43 to 1) were net

contributors to the EU budget, while all states above it (from 1 to a high of around 6) were net beneficiaries of EU fiscal transfers. For example, in 2008 the biggest net contributor to the EU was the Netherlands, with a ratio of .43, while the biggest net beneficiary was Luxembourg, with a ratio of 5.76. In basic terms, this means that for every 1 euro paid in dues, .43 euros of EU money was spent in the Netherlands. By contrast, for every 1 euro paid in dues by the government of Luxembourg, the EU spent 5.76 euros. EU spending comes in a number of programs, not necessarily as a straightforward transfer to the national government. Nevertheless, the funding given is still significant for its individual beneficiaries, projects, and often, for the economy at large.

Ultimately, this is a study which will focus primarily on Eurosceptic parties in government. The comprehensive data provided by the EU has the potential to be a powerful lens for viewing changes in the budgetary relationship between states under Eurosceptic leadership and the EU; this is critical, as many Eurosceptics couch their opposition to the EU in economic and budgetary terms. I will be looking for changes over time: when a ruling party has shifted towards or away from a Eurosceptic position, does this impact government contributions to the EU and the EU spending the country receives?

To better capture these potential shifts, I have chosen four countries (Poland, Italy, Austria, and Great Britain) as case studies whose budgetary relationship to the EU can be closely evaluated. Each of these countries has had Eurosceptic parties in government at some point since 2000, and they represent a cross section of Eastern, Central, and Western Europe. These member states have varying levels of wealth as measured by GDP per capita. In addition, some are long established in the EU, and others are relative newcomers. This heterogeneity should make it

possible to trace trends among Eurosceptic parties across Europe that are not simply born of certain geographic or historically specific circumstances.

In examining Eurosceptic parties in these countries, I highlight certain inflexion points in time. These are moments of transition when Eurosceptic parties have either entered or left government, such that we can observe the changes (or lack thereof) in contributions and receipts to and from the EU after the change in party control in the country in question. The inflexion points are as follows:

- Austria: Austrian Freedom Party is defeated and goes into opposition (2005-present)
- Poland: Law and Justice Party constitutes a minority government, and later heads majority coalition (2005-2007)
- Italy: Lega Nord and Alleanza Nazionale enter government (2001-2006)
- United Kingdom: The Conservative Party heads majority coalition (2009-present). For historical purposes, there will be an additional examination of Britain's fiscal transfers to and from the EC budget during the Thatcher years (1979-1990).

Research Questions and Hypotheses

Analysis of this data should suffice to establish a basic picture of each state's fiscal relation to the EU. Combining a qualitative analysis of existing journalistic and academic literature on the Eurosceptic parties that are examined in the case studies with the original

quantitative analyses described above, we will better understand the extent to which Eurosceptic parties carry out their promises to fundamentally change their countries' relationships to the European Union, at least in the important dimension of fiscal politics. Coupled with the case studies referenced above, we should gain insight as to whether Euroscepticism is a profoundly deep-seeded ideological trait of these parties, or a more short-term electoral strategy

With the results of this research, we can begin to answer several questions: are Eurosceptic parties successful in reducing their country's contributions to the EU when in government? Do member states rely any less on EU funds when governed by Eurosceptic parties? To what extent does participation in government have a moderating effect on Eurosceptic parties? And finally, much in the vein of two level games theory, to what extent are Eurosceptic governments willing to court confrontation with other member states on fiscal issues, and how do they juggle international political dynamics with the demands of a domestic base?

My main hypotheses are:

- Eurosceptic leadership has limited impact on member state receipts from the EU, but is generally constrained from fundamentally changing the state's fiscal relationship to the EU.
- Eurosceptic parties representing large and politically powerful member states have been better able to negotiate significant reductions in contributions.

- Parties will alter their Eurosceptic rhetoric and emphasis for strategic purposes in domestic electoral competition.
- Participation in government has a moderating effect on Eurosceptic parties, as they are forced to court mainstream electorates and coalition partners, and participate constructively in supranational politics and negotiation.
- The seemingly paradoxical relationship found in the United States, in which the most federal-skeptic states on balance receive the most federal funding, will find parallels in the European Union.

Chapter 4: Quantitative Findings

We begin by examining the impact of Eurosceptic governance on EU spending ratios. We hypothesized that parties would use Soft Euroscepticism as a strategy in order to win budgetary concessions at the supranational level, but that larger and more politically powerful countries would be more successful in doing so (and within this, governments whose primary parties were Eurosceptic, as opposed to second or third coalition partners). Below are data concerning each of the countries examined in the case studies. The graphs show EU spending ratios between 2000 and 2008, with labels for years in which Eurosceptic parties/coalitions enter or exit government. The United Kingdom will not be included in this section, as it had no Eurosceptic party in

government during the years captured by the data.²⁷ Nevertheless, as our case study will make clear, the Eurosceptic Thatcher government from 1979-1990 was able to win an extremely significant budgetary rebate for Great Britain, thus a similar graph for the UK would undoubtedly show a significant increase in the country's net EU spending ratio after the Conservative party took power.

Figure 4.1: Italy

Italy began the decade as a modest net beneficiary of EU funds with a ratio of 1.14. We see that as the Forza Italia/Alleanza Nazionale/Lega Nord coalition government comes into power in 2001, the ratio is .84, thus Italy is a net contributor. During the government's tenure, values oscillate slightly from a low of .79 to a high of 1. By the end of the coalition government's reign, Italy's EU spending ratio is .92. Thus, the coalition government oversaw a small positive change in EU spending ratio of +.08. This means that by the end of the coalition's tenure, Italy received .08 euros more out of the EU budget than it paid into it in contributions.

²⁷ EC budgetary data by country in the 80s during Thatcher's tenure as PM are unavailable.

Figure 4.2: Austria

Austria began the decade as one of the largest net contributors to the EU budget with a ratio of .77. It was in 2000 that the Freedom Party scored a major electoral victory and entered government for the first time, in coalition with the Christian Democrats (ÖVP). Over the course of their tenure in government, Austria's EU spending ratio fluctuated between a low of .77 and a high of .94. By the end of their time in government in 2005, Austria's ratio was .91. Thus by the end of the FPÖ's time in government, Austria received .14 euros more in EU spending for every euro they paid into the EU budget, a small but significant increase.

Figure 4.3: Poland

Poland acceded to the European Union in the 2004 wave of enlargements. As a new and relatively poor entrant to the EU, Poland was and is one of the largest significant net beneficiaries of EU spending, in both relative and absolute terms. We see that in its first year as a member state, Poland's EU spending ratio was 2.27. In 2005, the Law and Justice Party (PiS) won the parliamentary elections and formed a coalition government with Samoobrona and the League of Polish Families (LPR), also both Eurosceptic parties.²⁸ At the beginning of the

²⁸ Samoobrona's classification as Eurosceptic has been challenged in some quarters, but the party's brand of Eurosceptic rhetoric, particularly in more recent times would qualify as Soft Eurosceptic. LPR, by contrast is a hard

coalition's term of office, Poland's EU net spending ratio was 1.96, while by the coalition's defeat in the 2007 parliamentary elections the ratio was 3.15. Thus, during the PiS-lead coalition's tenure in office, Poland's EU net spending ratio rose by 1.19, a substantial increase. It is also worth noting that in the year after the coalition left office, the EU spending ratio decreased by .62.

Eurosceptic Public Opinion and Fiscal Transfers

As one of our hypotheses, we predicted that the relationship between EU spending and public opinion would mirror the American model. That is to say, we expected that the countries which were the most Eurosceptic would be those that receive the most in net EU funds (i.e the highest ratio of receipts to contributions). To test whether this is the case, we calculated fiscal ratios for member states between 2000-2008, and measured popular Euroscepticism by state, using Eurobarometer surveys from 2006-2010. The hypothesis implies a statistically significant positive correlation between the two measures.

Figure 4.4

Correlations Between Eurosceptic Public Opinion Index and Annual EU Spending Ratios

	2004	2005	2006	2007	2008
Euroscepticism Index	-.345	-.372	-.345	-.378	-.409
Significance Level (two-tail)	.091	.067	.092	.052	.034
N (of countries)	25	25	25	27	27

Eurosceptic party.

Contrary to the hypothesis, the correlations in figure 4.4 are negative, and although they are not all statistically significant; some are significant, and others are nearly so. This suggests that in terms of public opinion, the more a country is a net contributor to the EU, the higher the level of public Euroscepticism. These statistical findings do not allow us to attribute causation, but these findings would be consistent with the idea that populations in member states that are paying the most into the EU budget have become relatively Eurosceptic. In more specific terms, taxpayers in countries which subsidize poorer EU states display eurofatigue;²⁹ they say in large numbers that their country has not benefited from membership, that they have a negative image of the EU, and that their country's membership is a bad thing. In sum, the pattern of Eurosceptic public opinion is not the same as the anti-federalism in the United States; it is the contributors who are Eurosceptic, while in America, populations in states which benefit the most from federal spending are the most federal-skeptic. As we shall see, there is a dramatic reversal of this pattern as we move from examinations of Eurosceptic public opinion to political party-based Euroscepticism.

Eurosceptic Political Parties and Fiscal Transfers

Richard S. Katz' 1999 study collected survey data from both members of national parliaments and of the European Parliament. Based on that data he classified parliamentarians for each state as being either 'Europhilic', 'soft Eurosceptic', or 'hard Eurosceptic' (based on Taggart and Szczerbiack's conceptualization). This data gives us a valuable and unique look into the opinions of European legislators vis-à-vis the European Union on both the national and supranational level. The data does have several limitations: for one, it was gathered in 1996,

²⁹ MSNBC 25 November 2010

some years before my fiscal ratios began to be available. It predated the substantial enlargement of the European Union in 2004, and so it shows a picture of the relationship between party-based Euroscepticism and EU spending ratios among 11 of the EU states at the time. Katz was also unable to obtain data on national parliamentarians from Austria, Denmark, Finland, and the UK.³⁰

Nevertheless, the data do allow us to ask whether the prevalence of Eurosceptic legislators at both the national and supranational levels is related to the fiscal ratio in the years immediately following. Moreover, earlier analyses presented indicated a considerable stability and consistency of the ratio of EU receipts to contributions for each state relative to the others over time. This measure is thus a reliable indicator of whether Eurosceptic political representation in both domestic and supranational parliaments is related to a member state's status as either a net provider or consumer of EU funds.

Figure 4.5
Correlation Between Katz' Percentage of Members of National Parliament (MNPs) Who Are Soft Eurosceptics and Annual EU Spending Ratios.

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Correlation	.663	.662	.632	.622	.650	.599	.633	.583	.627
Significance	.026	.027	.037	.041	.030	.051	.036	.060	.039
N (of cases)	11	11	11	11	11	11	11	11	11

We see in figure 4.5 that there is a large and consistent positive correlation between the strength of *soft* Eurosceptic representation in national parliamentary bodies and EU spending

³⁰ His coverage of European Parliamentarians did not omit any countries.

ratios. Almost all of these relationships are statistically significant; they were unlikely to have occurred by chance.

We thus observe that the larger the percentage of the national parliament which is soft Eurosceptic, the higher the EU spending ratio is. This means that, consistent with the American model, countries which are net beneficiaries of EU spending have the strongest soft Eurosceptic representation in parliament. Hence, soft Euroscepticism is strongly associated with better fiscal benefits from EU spending. This supports my initial hypothesis. The interpretation of this key finding will be discussed further after the data has been presented on hard Euroscepticism among MNPs and the breakdown of Euroscepticism in the European Parliament (EP).

Figure 4.6
Correlation Between Katz' Percentage of Members of European Parliament (MEPs) Who Are Soft Eurosceptics and Annual EU Spending Ratios.

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Correlation	-.157	-.109	-.199	-.246	.223	-.279	-.288	-.317	-.330
Significance	.576	.698	.476	.377	.424	.314	.298	.249	.230
N (of cases)	15	15	15	15	15	15	15	15	15

Unlike the situation in figure 4.5, which showed a positive correlation for soft Eurosceptic legislators in national parliaments, we do not find any statistically significant relationship between the presence of soft Eurosceptic legislators in the MEP from a given country, and that member state's fiscal ratio. Although the correlations were all negative in direction, they were not statistically different from 0. The most prudent way of reading this is to

say that there is no relationship between soft Euroscepticism in a nation's delegation of MEPs and EU spending ratios.

Next, we turn to representation of hard Euroscepticism in the national and European parliaments.

Figure 4.7
*Correlation Between Katz' Percentage of Members of National Parliament (MNPs) Who Are **Hard** Eurosceptics and Annual EU Spending Ratios.*

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Correlation	-.341	-.255	-.418	-.439	-.407	-.375	-.327	-.374	-.323
Significance	.304	.450	.201	.177	.241	.255	.326	.258	.332
N (of cases)	11	11	11	11	11	11	11	11	11

Interestingly, figure 4.7 shows us that there is no statistically significant relationship between the presence of hard Eurosceptic legislators in national parliaments and the member state's EU spending ratio. This stands in stark contrast to the strongly positive correlation between *soft* Eurosceptic MNPs and EU spending ratios. Possible explanations for this discrepancy and its significance will be discussed later.

Figure 4.8
*Correlation Between Katz' Percentage of Members of European Parliament (MEPs) Who Are **Hard** Eurosceptics and Annual EU Spending Ratios.*

	2000	2001	2002	2003	2004	2005	2006	2007	2008
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Correlation	-.364	-.354	-.370	-.340	-.344	-.341	-.331	-.308	-.301
Significance	.182	.196	.175	.214	.210	.213	.229	.265	.273
N (of cases)	15	15	15	15	15	15	15	15	15

Figure 4.8 tells us that there is no significant relationship between the percentage of hard Eurosceptic MEPs and fiscal ratios. This is in keeping with our findings on the relevance of soft Eurosceptic MEPs vis-à-vis EU spending ratios.

Conclusion

In summary, we found no significant relationship between the presence of Hard Eurosceptics MNPs or the presence of hard or soft Eurosceptic MEPs and EU spending ratio. We would suggest that at the national level, hard Eurosceptics hold less political clout because of their usual placement on the extremes (both left and right) of the political spectrum.³¹ As a result of their political marginalization, hard Eurosceptics likely often have little leverage in budgetary negotiations. In terms of the European Parliament, MEPs do vote on the EU budget, but they do not sit in national blocs, and are not supposed to view their responsibilities primarily through the lens of national interest.³² The more supranational character of the MEPs work, organized as it is within trans-national political groupings, may explain the lack of relationship between Eurosceptic MEPs and EU spending ratio.

While we found no significant relationship between the above variables and EU spending, we did find a statistically significant positive correlation between percentage of Soft Eurosceptic MNPs and EU spending ratio. It was suggested by one reader that confounding

³¹ Katz 163

³² Europa.eu: European Parliament Overview

variables could, in fact, cause this correlation. Specifically, if more agricultural states had the most Soft Eurosceptic MNPs, then our positive correlation could be spurious, serving only to mask the positive relationship between predominantly agricultural budgets and net benefactor status vis-à-vis the EU budget (the CAP seeming a prime suspect). Two other similar variables our correlation could simply be masking would be length of membership in the EU, or GDP. In other words, if richer or more long-established states both had a positive relationship to EU spending ratio *and* Soft Euroscepticism, our correlation could simply be reflecting differences in GDP or length of membership. A rigorous multivariate regression would be necessary to disprove this absolutely, and we currently lack the faculty and technology to run one. However, using bivariate analysis, we were able to impose a control of sorts.

To control for these factors, we ran bivariate correlations between EU spending ratio, strength of Soft Eurosceptic MNPs, and the potential confounds (GDP, length of membership, and % of EU funds which go to agriculture and fishing). We found that all of the potential confounding variables were *negatively* associated with both EU spending ratio *and* weight of Soft Eurosceptic representation in parliament.³³ If, as we found, countries which are more agricultural are negatively related to EU spending ratio (i.e tend to be net contributors) and % of Soft Eurosceptic MNPs (tend to have less Soft Eurosceptic MNPs), then it appears this factor could not be responsible for the positive relationship we found between soft Eurosceptic representation in parliament and EU spending ratio. The other potential confounds tested found

³³ Firstly, between length of membership and soft Eurosceptic parliamentary representation we found an r of $-.49$, while we found an r of $-.22$ between length of membership and EU spending ratio. Secondly, between % of EU spending dedicated to CAP/fisheries and soft Eurosceptic parliamentary representation we found an r of $-.19$, while we found an r of $-.68$ between % of EU spending for CAP/fisheries and overall EU spending ratio. Lastly, between GDP and soft Eurosceptic parliamentary representation we found an r of $-.51$, while we found an r of $-.49$ between GDP and net EU spending ratio.

the same pattern, so we shall tentatively assume that the positive relationship we found between Soft Euroscepticism and EU spending ratio is independent of these potential masking variables.

The data thus confirms our hypothesis; on average, the more Soft Eurosceptics in a member state's national parliament, the more likely they are to be net benefactors of the EU budget. This is in keeping with the American model, in which federal-skeptic red states are in fact beneficiaries of the federal budget process. Just as in the U.S.A, the states represented by parties which strongly criticize and problematize the federal body and processes of integration get the most in direct material benefits from those same federations.

Soft Eurosceptics, in contrast with Hard Eurosceptics, are often found in mainstream catch-all parties with experience of government (usually, though in parties of the center-right³⁴). As members of governing parties, soft Eurosceptic MNPs are often ideally placed to impact budgetary negotiations. One way of reading this data is that political parties can utilize soft Euroscepticism as a strategy to win concessions in interstate bargaining on the supranational level. European integration has historically proceeded largely through consensus. Not only have national vetoes governed most policy areas for the majority of the EU's development, but relative consensus over integrative milestones has been necessary for their durability and legitimacy. A general culture of cooperation between EU member states has thus resulted over time.³⁵ By consequence, however, Member states (particularly the larger and more politically powerful ones) that dig their heels in have the ability to temporarily hold up integration all by themselves. While intransigent states are put under significant diplomatic pressure by their fellow member states, there are numerous examples in which blocking tactics succeeded in

34 Uniquely, Euroscepticism seems to have a significant presence in the center-left parties of Scandinavia. This stands in contrast to the political landscape of Britain and the Continent.

35 Heisler and Kvavik (1973)

winning concessions in interstate bargaining, from the British budget rebate to neutrality-motivated Irish opt-outs from military integration (and contributions).

The cooperative, consensus-based dynamic of European integration thus makes soft Euroscepticism a potentially effective strategy in securing concessions in supranational negotiations. Our quantitative findings suggest that member states with Soft Eurosceptic leadership do indeed secure superior results in budgetary negotiation. Not only is Soft Eurosceptic representation correlated positively with more advantageous budgetary ratios across the member states, but in all four case studies, Soft Eurosceptic governments left office with their countries as greater net beneficiaries of EU spending than at their time of entrance, significantly so in the case of Great Britain and Poland). Our findings include marked and instructive correlations, but we cannot attribute causation from soft Euroscepticism to status as net-benefactor of EU spending. Soft Eurosceptics problematize and criticize the EU, and frequently its budget, nevertheless, their countries are the largest beneficiaries of EU spending. The relationship between Soft Euroscepticism at the level of national government and material benefits at the supranational level suggest that Euroscepticism may be used strategically in interstate bargaining.

However, these initial findings require further investigation. Quantitative analysis of relationships between the member states and the EU budget give us an idea of broad dynamics of strategic Euroscepticism at the supranational level. But we still have not examined *how* governing parties are able to extract these benefits. Furthermore, quantitative analysis does not speak to whether or how political parties use Euroscepticism as a strategy for electoral success in domestic politics. Nor do we have an understanding of how the use of Euroscepticism at the domestic level impacts a government's relationships at the supranational level and vice versa.

Indeed, to explain these nuances, a micro-level qualitative analysis is necessary. Thus, we now turn to individual case studies of Eurosceptic parties in government.

Chapter 5: Case Studies

My thesis seeks to test the balance of strategic and ideological motivations for Eurosceptic political parties through a combination of a broad quantitative analysis and a micro-level qualitative analysis of four case studies. The primary criterion for selecting the countries studied is that they had a Eurosceptic party enter into government, which offers a unique opportunity to test the ideological commitment of these parties to their Eurosceptic principles when confronted with the constraints of governance. Case studies of Austria, Italy, Great Britain, and Poland were selected in order to provide a sample of countries that varied in terms of size, political power within the EU, geographic region, and length of time as a member state, all within the necessary limitation of the criteria of having an elected Eurosceptic party participate in government.

Austria

The success of Jorg Haider's far-right Freedom Party (*Freiheitliche Partei Österreichs*, FPÖ) in Austria gives us perhaps the most extreme example of a Eurosceptic party in government. Similarly to most far-right parties, the Freedom Party's critique of the EU was based less on substantive policy concerns than on nationalist fears over the erosion of national identity. As such, the FPÖ articulated a common intergovernmentalist vision of a Europe of distinct nation-states, characterized and enhanced by its cultural diversity. But myriad statements by the party's leadership during 1994 referendum campaign over Austria's entry into EU made

clear that the Freedom Party's real opposition to the European Union lay in its open antagonism towards immigrants. As such, the party's rhetoric warned of EU accession as opening the door to " '70,000 unemployed,' 'voting rights for foreigners,' [and] 'unlimited criminality' ".³⁶ The extreme right-wing hostility to immigrants implied, to some extent, hard Euroscepticism³⁷ towards the EU as currently conceived and enlargement in particular.

The FPÖ had not always been hard Eurosceptic, or even had the far right populist character from which this Euroscepticism probably stems. From the mid-1950s to the beginning of the 1990s, the Freedom Party was liberal and moderately conservative. Like other liberal parties, the FPÖ celebrated the EU's capacity to break down barriers to commerce and kick-start market reforms. The Freedom Party backed other efforts at integration, even during the initial years of Haider's term as party chairman (going so far as to back Austria's application for EC membership in 1989).³⁸ In 1991, however, the party's turn towards right-wing populism under Haider's leadership led to a marked change in both the emphasis granted towards European issues, and in an increasing hostility to the institution itself.

Franz Fallend's in-depth examination of the role of Euroscepticism in the Austrian political system weighs the explanatory power of 5 different factors or possible causes for party-based Euroscepticism. These are: ideology, position in the party system (i.e mainstream, protest, anti-cartel, etc.), opposition to government³⁹, public opinion, and stage of European integration (assuming that parties shift their position to the EU as the nature of the European project changes

³⁶ Fallend 211.

³⁷ Keeping in mind Szczerbiack and Taggart's definition of hard Eurosceptic parties as those '*who think that their countries should withdraw from membership, or whose policies towards the EU are tantamount to being opposed to the whole project of European integration as it is currently conceived*'

³⁸ Fallend 210

³⁹ Similar to the previous factor, but expressing in addition the likelihood of moderation of Eurosceptic parties when transitioning into the role of governing

from economic, to more social and political etc.) The sudden Eurosceptic turn of the Freedom party 4 years after it had supported Austria's application for EC membership makes the party an ideal case study for evaluation.

Much of Fallend's analysis of the Freedom Party's actions bases itself on the particularly cartel-like nature of Austrian politics. For much of the latter half of the 20th century, Austrian politics was characterized by 'grand bargains' through which the country was governed by coalitions of major parties on the center-left and center-right, in particular including what were traditionally Austria's two largest political parties, the Social Democrats (SPÖ) and the Christian Democrats (ÖVP). Prior to its breakthrough into government in 2000, Austrian political parties had imposed an informal cordon sanitaire on the Freedom Party; the party's often incendiary, illiberal, anti-immigrant rhetoric lead the FPÖ to be treated "as a pariah by Social Democrats, Greens, and Liberals, but also by large segments within the Christian Democrats... and excluded from the coalition game ever since 1986".⁴⁰ The Freedom Party thus found itself shut out of a cartelistic system of coalition politics; while acceptance by the cartel of mainstream parties was, at the time, a necessary precondition for sharing the reins of governmental power.

Essentially barred from power by this cordon sanitaire, the FPÖ under Haider embraced the party's outsider status. Despite Austria's relatively Eurosceptic public opinion, *all* of Austria's mainstream parties maintained a Europhilic consensus, uniformly backing membership to the EU in the early 90s. Sensing the public's apprehension on the future consequences of membership, Haider seized on opposition to the EU as a potential winning populist issue. The party's sudden embrace of Euroscepticism after 1991 was an important way of setting itself apart from the cozy arrangements of the political status quo, and was thus "explained less by

⁴⁰ Fallend 211

ideological repositioning than by a deliberate strategy to look ‘different’ from the governing ‘old parties.’”⁴¹

For the rest of the decade, the FPÖ lurched towards an extreme form of right-wing populism. Fear over the possible results of European integration featured prominently in the party’s discourse, with “the European issue connected openly with to the issue of over-foreignization (*Überfremdung*) and immigrant criminality.”⁴² The ability of their rhetoric to speak to (or as some would argue, exploit) the fears and uncertainties of Austrians regarding future accession, allowed the party to carve out a significant niche of Eurosceptic voters in the face of an entrenched and exclusive cartel of political parties. As an electoral strategy, then, the party’s Eurosceptic turn was a significant boon; by 1996, half of all Austrian voters opposed to EU accession voted for the FPÖ.⁴³

While the FPÖ had carved out an identity for itself as the party of Eurosceptics, the apparently strategic motivations for this new emphasis on opposition to EU membership left divisions and confusion within its ranks. The party’s electorate had become drastically more Eurosceptic than it had been over the previous decades, and the parliamentary rank-and-file reflected this sentiment. Survey responses showed that a majority of them distrusted that EU decisions reflect Austrian national interests.⁴⁴ Even so, the coherence and cohesiveness of its parliamentary representatives’ Eurosceptic ideology was not necessarily self-evident, as “the

41 Ibid

42 Fallend 212

43 Ibid

44 Ibid

[Freedom] party's MPs showed the highest mean deviations of all parties regarding the actual issues arising from European integration."⁴⁵

In the 1999 parliamentary elections, the FPÖ achieved its biggest ever electoral breakthrough, receiving 27% of the vote and 52 seats in the legislature, the 2nd most of any party.⁴⁶ Their outstanding showing prompted an immediate recognition of their newfound popularity, and for the first time in its history, the Freedom Party would participate in national government, as part of a coalition with the centre-right Christian Democrats (ÖVP). Such success is relatively rare for a right-wing populist party; its inclusion in government despite the frequent xenophobic (and even World War II-reconstructionist) statements of its leadership even drew short-lived diplomatic sanctions against Austria from the rest of the EU.

If anything, suffering the rejection of other member states for the results of a fair democratic election was a benefit to the FPÖ; it allowed the party to gain sympathy as a victim and to once again sound the warning that supranational forces threaten national sovereignty and democracy. But the episode would presage the particular difficulties facing far-right parties' attempts to adapt from the familiar role of domestic protest party to the demands and constraints of a mainstream party in government. Nowhere was this clearer than in the two-level game of domestic and international politics, where the FPÖ would be forced by its coalition partners to moderate itself and make concessions to general EU-wide consensus.

By far the most dramatic example of this moderation was chairman Haider's signature in 2000 of a coalition agreement with the ÖVP which "contained an unambiguous commitment to EU enlargement."⁴⁷ The agreement was necessary for the Freedom Party to enter into

45 Ibid

46 electionresources.org

47 Fallend 216

government; nevertheless, it contrasted sharply with the previous rhetoric of the party. The FPÖ had garnered a significant Eurosceptic base by centering its electoral campaigns on alarmist and xenophobic rhetoric against EU enlargement into Eastern Europe in particular, and furthermore, by “amplify us[ing] the European issue to accuse the former coalition parties, the Social and Christian Democrats, of betraying their nation.”⁴⁸ Yet, the exigencies of government caused an immediate and important moderation in policy and in rhetoric.

The evidence of the Freedom Party’s Eurosceptic shift in the 1990s suggests the validity of the ‘position in the party system’ and ‘moderation in government’ explanations. Moving away from the party’s liberal, EU-friendly roots, Haider took advantage of the pro-EU consensus of the mainstream political parties to position the FPÖ as an independent voice which rebuked the cozy cartel arrangements of the political status quo. While the Freedom Party was running as an anti-cartel party, extreme Eurosceptic rhetoric was a convenient strategic weapon against the political establishment. When it came time to enter government, however, Haider compromised one of, if not the, defining elements of the party’s new ideology in supporting eastern enlargement.

This moderation did, however, have its limits. While the coalition “has moderated the party’s Euroscepticism... [it has done so] only as far as the governmental team has been concerned. The party ‘base’ has been increasingly discontented with the government’s EU policies, which have been criticized as being not radical enough.”⁴⁹ The compromises necessitated by the government’s short term in power created significant divisions in the party behind the scenes, and its direction is uncertain following the death of Haider, its enigmatic leader. As Fallend points out “transformation from a right-wing populist party into a government party having to take over responsibility for unpopular decisions (e.g EU enlargement) is very

48 Fallend 219

49 Fallend 218

difficult, if not impossible.”⁵⁰ We thus see that both the strategic and moderation-in-government factors have explanatory power, but are also limited by the conflicting logics of constituency representation (playing to the base) and electoral competition.⁵¹ Protest parties take a gamble in making the necessary adjustments to enter government, even with all of the prestige and resources that new role implies.

Italy

Italy has never been viewed as a particularly Eurosceptic country. Indeed, as one of the founding members of the ECSC, Italy has always been relatively active in pushing for further political and economic integration. The homeland of notable eurofederalists (on both the left and the right) such as Alcide de Gasperi and Altiero Spinelli, Italian public opinion sustained some of the highest approval ratings for the EU and the strongest embrace of a European identity.⁵² For much of the postwar period, Italian Euroscepticism had been expressed almost exclusively by the Italian Communist Party, with an ideological hostility towards the free-market capitalism of the EEC which was typical of far left parties. However, even the Communist Party moderated its Euroscepticism significantly after the early 1970s, to the point where support for the EU became an uncontroversial consensus between parties all across the political spectrum.⁵³

However, in 1993, a new electoral system was put into place which replaced proportional voting with a first-past-the-post system. This led to a sea change in “the political landscape... coupled with a renewal of Italian political elites.”⁵⁴ The new system represented a significant

50 Fallend 219

51 This is particularly true for far right parties (Art 2010)

52 Quaglia 60

53 Quaglia 60

54 Ibid 61

departure from the traditional structure of Italian politics; many parties which had been fixtures on the political scene since the end of the war disappeared altogether, while a series of new parties-- often with new leadership-- took their place. Lucia Quaglia examines the often-complicated relationship with Euroscepticism of three such parties that were involved in coalition governments in 1994 and 2001: Silvio Berlusconi's Forza Italia (FI), the neo-fascist Alleanze Nazionali (AN), and Umberto Bossi's northern separatist Lega Nord (LN).

Forza Italia is a centre-right party created in the early 90s by the millionaire businessman Silvio Berlusconi. The party has been largely centered on his personal leadership, and has relied heavily on his vast media network to attract voters.⁵⁵ As the head of the largest party (the FI), Berlusconi headed a coalition of centre and far right parties as Prime Minister in his brief tenure as in the 1994 government.

Quaglia points to some hostile statements towards the EMU's convergence criteria made by the FI's chief economist during the first Berlusconi government, a potentially soft Eurosceptic position in the broadest sense of the term. Yet, if anything, this criticism targeted an overly severe restriction of new states from entering monetary union; ultimately, the FI position seemed less a hostile approach to the EU, and more an impatience with the speed of integration. Forza Italia seemed to be arguing for more Europe, rather than less, and at a faster, rather than slower, pace.

Berlusconi's own position has been ambiguous and even contradictory. Though he called for Italy to exercise greater influence in international politics through a more active involvement in the EU's Common Foreign and Security Policy, in his second administration, Berlusconi's plaintive mention of defending Italian national interests in Europe and strong insistence that

⁵⁵ Hopkin and Ignazi 57

“[Italians] had more of an affinity with the USA under the Bush administration than with the EU” contradict earlier pro-CFSP statements. This, along with the torpedoing of Italian involvement in the joint construction of the Airbus A400M military transport aircraft (an important symbolic undertaking for European defense integration)⁵⁶ suggest that Berlusconi sometimes flirts with a Thatcherite intergovernmentalist/atlanticist relationship with Europe.⁵⁷

All in all, the lack of a coherent message on European issues seems to owe largely to the dynamics of Forza Italia as a catch-all centre-right party. On the one hand, the potential for openly expressed Euroscepticism is limited for a centrist, governing party in an extremely Europhilic country. On the other hand, centre-right parties often have nationalist leanings (particularly those not derived specifically from more supranationalist Christian Democratic parties), and Berlusconi has not actively suppressed mild Euroscepticism among his ministers. These constraints mean that Euroscepticism is likely not perceived by the party to be a winning electoral issue, and as a result, FI’s rhetoric towards the EU has continued to be both relatively muted and, where expressed, internally contradictory.

The dynamics of the Alleanza Nazionale’s base electorate would suggest a much more robust and strongly expressed Euroscepticism. The progeny of the defunct neo-fascist MSI, AN voters naturally have much more Eurosceptic leanings. Extreme nationalism, after all, coexists uneasily with both supranational institutions and the multiculturalism implied by successive enlargements. However, the exigencies of government participation “sanctioned the need to transform the party mainly because of the negative reaction of foreign press and foreign governments.”⁵⁸

56 Quaglia 65

57 Ibid 72

58 Ibid 66

Here we see a parallel to the situation of the Austrian Freedom Party's entrance into government in 2000. In similar fashion, the alarm of foreign governments over the inclusion of a perceived illiberal far-right party necessitated a significant moderation on the part of the AN on themes of immigration, but also in terms of its Euroscepticism⁵⁹. Gianfranco Fini, the Alleanza Nazionale's emergent leader, thus led a major drive to moderate the AN, in the interests of reassuring both coalition partners and the governments of the other member states⁶⁰. Thus, despite having a far-right rank-and-file, Fini has made relatively little mention of European issues. Under his guidance, meanwhile, the party manifestos of the late 90s showed a dramatic shift towards an embrace of typically left-wing supranationalist goals, including the allocation of increased powers to the European Parliament, strengthening of the CFSP, an increase in the scope of the EU budget, and a renewed emphasis on political (rather than economic) integration.⁶¹

The moderation of the AN's Euroscepticism, an attitude which appears leadership-driven rather than grassroots-inspired, fits within a broader pattern of the party's adaptation to the demands of electoral competition within a centre-right catch-all framework. Fini seems to be responding to strategic pressures to moderate Euroscepticism and xenophobia; as the AN transitions to a governing, rather than opposition party, it must consider the comfort of its coalition partners in maintaining good relations with the European Union. Here the AN's moderation serves an important purpose in gaining international credibility, as "the absence of Eurosceptic discourses provides this party with a 'cloak of respectability', in particular in the

⁵⁹The division between these two themes can be unclear. Given that the far right identifies immigration as a major problem, xenophobia often leads to opposition to enlargement, and thus to Euroscepticism. This was certainly the case with the FPO as well.

⁶⁰ Quaglia 66

⁶¹ Ibid

eyes of foreign counterparts”.⁶² As such, we see here evidence of the moderation in government hypothesis stemming not only from domestic incentives, but also from the dynamics of iterative two-level games.

Political scientists often have trouble classifying the Lega Nord, a Northern separatist party which emerged in the early 1990s. A single issue party, the LN was established by Umberto Bossi to advocate for the secession of northern Italy into a new state of Padania which would be freed from the burden of subsidizing the economically under-developed south. Bossi was the Minister for Federal Reforms during the LN’s inclusion in the center-right government in 1994 and during this time, the party was strikingly pro EU. Not only did the EU principle of subsidiarity⁶³ feed into the party’s desire for local autonomy, but while in government, the party’s parliamentary voting record shows strong support for European federalist initiatives (such as TEU ratification and proposals to create a unified EU diplomatic service).⁶⁴

After returning to opposition in 1995, however, the LN underwent a drastic Eurosceptic shift (in 1998). While the party had been dramatically in favor of Italy’s joining the European Monetary Union, Italy’s actual entrance catalyzed a total reversal of this position. Bossi later admitted that the party had emphasized its strong support for EMU accession in the hopes that “if Italy had not joined EMU in the first wave, the League would... deploy the argument that the south had to be blamed for this failure, which would have strengthened the League’s secessionist campaign.”⁶⁵ While the LN’s Europhilia may well have been strategic, the sudden advent of severe Euroscepticism appears to have been strategically motivated as well. There appears to be

62 Ibid 70

63 The idea that in a multi-level system of governance, power should be devolved to the lowest level which can effectively treat a given issue.

64 Quaglia 67

65 Ibid 69

no other plausible explanation for a sudden and total shift of rhetoric on the part of party elites from unabashed Europhilia to vitriolic attacks on the EU as “a nest of freemasons and Communist bankers.”⁶⁶

The party’s sudden Eurosceptic shift is rather a reaction to its’ fall from government into the opposition. Thus, Quaglia sees the “attempt to (re)construct its electoral base after the steady electoral decline since 1994... as a way to differentiate this party from other mainstream political parties.”⁶⁷ In contrast to the trajectory of the AN, the LN’s decline precipitated a reverse-moderation in which hardened Euroscepticism represents an important electoral strategy to set itself apart from the other right-wing parties which have siphoned off votes from it over the past decade. If our case studies mostly examine the moderating effects of electoral success and governmental involvement, the LN represents an important example of the reverse process: parties that lose a significant portion of their vote share and are excluded from government may radicalize to position themselves strategically to capture specific new electorates (in this case, hard Eurosceptics). Indeed, accentuating themselves through hard Euroscepticism may be the most effective strategy for the LN, since “the party’s best electoral performances... have come when it has presented itself as a protest party outside and against the existing political system.”⁶⁸ Just as with the Austrian FPÖ, we thus see that populist, anti-cartel parties can face significant backlash from their base as a result of their moderation in government; the Lega Nord’s “involvement with government has had a substantial electoral cost, almost certainly related to the difficulties for the *Lega* of implementing its formal programmatic goals with a centre-right coalition committed to the unity of the Italian state.”

⁶⁶ Quoted in Quaglia: Umberto Bossi, Financial Times, 5 June 2001.

⁶⁷ Quaglia 69

⁶⁸ Hopkin and Ignazi 56

Overall, the case of Italy in the period since its major political realignment in 1993 shows considerable evidence for a strategic, rather than ideological use of Euroscepticism. The three parties display a different relationship to Euroscepticism according to their position in the party system. As a centrist, often governing party in a Europhilic country, Forza Italia has shown little clear inclination towards Euroscepticism, despite Berlusconi's attraction towards a more confrontational Thatcherite image. The Alleanza Nazionale, by contrast, has an extreme-right base which is ideologically relatively hostile to Europe. Nevertheless, leader Gianfranco Fini has asserted a moderate Europhilic rhetoric in response to the party's transformation into a party of government. This moderation has a threefold strategic purpose: it reassures coalition partners, avoids alienation in international diplomacy, and helps to transform the party from one focused on constituent representation to a catch-all party dedicated to electoral competition.

The Lega Nord's Euroscepticism shows the largest shift, and the most overtly strategic. While taking part in the 1994 Berlusconi government, the LN was the most Europhilic party in Italy, with senior MPs even claiming that "the best laws put in place in Italy are the laws based on EU legislation."⁶⁹ However, after several years of electoral decline, and the loss of governmental power the party's rhetoric vis-à-vis the EU turned on a dime. Umberto Bossi adopted extreme hard Eurosceptic rhetoric as a way to differentiate his party from its former partners on the Right in an effort to revive its electoral performance. Thus, while the evidence on the FI is mixed, both the Alleanza Nazionale and the Lega Nord show significant strategic shifts in Eurosceptic rhetoric, and the public positions of all three parties can be explained by the specific exigencies of their position in the party system (mainstream governmental vs. opposition populist).

⁶⁹ From Quaglia: Giancarlo Pagliarini, quoted in *Financial Times*, 7 July 1994

Poland

Poland marks a departure from the case studies previously examined as it is one of the CEECs (Central and Eastern European countries) that acceded to the European Union only over the course of the past decade. As former members of the Soviet bloc, the CEECs were arguably undergoing a far greater economic transformation than previous acceding states. Not only were these states seeking a total economic transformation in the direction of the market economy, but also a realignment of foreign policy on a level not undertaken by an accession state since the genesis of the European project itself. Thus, while recent accession states had been “either non-aligned or in the same military block as the original member states,... [for the CEECs] EU membership was a... much more crucial foreign policy goal, as embodied in the ‘return to Europe discourse.’”⁷⁰ The unique geopolitical context of the CEECs accession has even led some to pose the question of whether the Euroscepticism in these states is even comparable to that of previous, established member states.⁷¹ In her broad examination of Euroscepticism in CEECs, however, Karen Henderson ultimately concludes that “the general answer to the question whether Euroscepticism and party systems in the accession states are converging with the rest of the EU appears to be that yes, they are.”⁷²

It is possible to see a similar dynamic interplay between strategy and ideology in the Polish party system that we have in more established, non-CEEC member states. Aleks Szczerbiak’s study of contemporary Polish Euroscepticism begins with a classification of major Polish parties. His taxonomy is based on an examination of the parties 2001 election manifestos,

⁷⁰ Henderson 105

⁷¹ Marks, Hooghe, Edwards, Nelson (2004)

⁷² Henderson 125

which he uses to establish an initial position towards the EU, and then follows the statements and actions of party leaders in the run-up to the accession referendum in 2003.⁷³ Initially, he evaluates both the agrarian Self-Defence party and the Catholic Nationalist League of Polish Families party (LPR) as hard Eurosceptic, while he marks the Law and Justice Party (PiS) and the Polish Peasant Party (PSL) as soft Eurosceptic.⁷⁴

Prior to the commencement of negotiations towards the country's accession to the EU, Euroscepticism found little significant expression in the Polish party system. Rather, in Poland, as in the other former Soviet-bloc countries, mainstream parties⁷⁵ saw “membership... to be vital for promoting national development,” particularly in terms of economic modernization and democratic reform.⁷⁶ However, as accession negotiations began public support —though still high—fell from its previous astronomical heights; euphoric consensus over a ‘return to Europe’ receded in the face of a politicized debate over the potential costs and benefits of EU membership.⁷⁷ In the 2001 parliamentary elections, two hard Eurosceptic parties, Self-Defence and the League of Polish families, won 10.2% and 7.2%, of the vote respectively, while the Law and Justice and Polish Peasant parties – both soft Eurosceptic—won 9.5% and 8.98%.⁷⁸ Thus, the 2001 election resulted in an ample representation in parliament for Eurosceptic voices (177 out of 460 parliamentary seats went to parties classified by Szczerbiak as Eurosceptic). Nevertheless,

73 Szczerbiak 221 (2008a)

74 Ibid

75 By this I mean mainstream in the sense of the left/right cleavage, as opposed to the Europhilic/Eurosceptic cleavage.

76 Henderson 107

77 Szczerbiak 223 (2008a)

78 Ibid

hampered by internal dissent, the parties of the right failed to create a viable coalition, and were relegated to the opposition as a minority coalition of leftist parties took the reins of government

Their role as a relatively small opposition party is familiar among hard Eurosceptic parties, and indeed, the League of Polish Families was and is by far the most overtly Eurosceptic of the major Polish parties. Szczerbiak gives significant credit to the ultra-conservative catholic Radio Marjya, both for bolstering the party's relative electoral success (8% is not insignificant for a populist right-wing party in Europe), and for the strength of its Eurosceptic sentiment. Like all other Polish parties, the LPR stated its belief in Poland's identity as a culturally European nation, but this did not translate to support for the EU. On the contrary, the LPR was the only significant party to explicitly state its opposition to EU membership in the run-up to the 2001 referendum. League of Polish Families MP Antoni Macierewicz elucidated the party's Euroscepticism, insisting that "we don't reject the EU, we've been part of Europe for 1,000 years, but the Europe we're being presented with now has the face of [former communist dictator] Jaruzelski."⁷⁹ Macierewicz' qualification rang hollow; in the wake of the 2001 parliamentary election, the League's hard Euroscepticism was clearly and publicly expressed. The party's further insistence on a rejection of supranational institutions in its 2002 manifesto underlined its principled opposition to the European project (hard Euroscepticism).⁸⁰

The LPR has since failed to register more than 8% of the vote in a national parliamentary election, and on several occasions has fallen beneath the threshold necessary for parliamentary representation. While it was part of the 2005-2007 coalition government headed by the Law and Justice Party, it was the smaller of two junior partners, and both its influence and policy shifts while within the coalition are difficult to ascertain. However, one crucial piece of evidence in

79 'Mudde 164

80 'Szczerbiak 226 (2008a)

favor of moderation lies in the party's vote on the most important European issue which surfaced during its brief tenure in office: the Lisbon treaty. The treaty instituted significant integrative, institutional reforms with major implications for the EU's power to operate in areas of domestic and foreign policy. Strikingly, all of League of Polish Families' MPs voted *for* ratification, a unified showing which surpassed even that of the supposedly less Eurosceptic PiS, which suffered significant defections.⁸¹ It is possible that a contributing factor to the LPR's unanimous 'yes' vote was the impressive effectiveness of Polish negotiators in securing concessions during the process of treaty negotiations. Not only did they succeed in obtaining an extremely favorable vote count for Poland in the new double majority voting system, but they also were able to ensure a Polish opt-out for the extensive and legally binding Charter of Fundamental Rights. Nevertheless, the treaty also extended qualified majority voting to almost all policy areas, bestowed the EU with a legal personality for the first time, and made significant headway towards foreign policy integration. For a hard Eurosceptic party to support such a milestone treaty for EU integration suggests the significant influence of their governmental role on the LRP's EU policy.

Self-Defence (Samoobrona) is an agrarian populist party headed by the well-known Andrzej Lepper; its political profile is hard to pin down as is the case with many small, populist leadership-driven parties. Like the LPR, Samoobrona was also initially classified by Szczerbiak as hard Eurosceptic for its virulent condemnation of EU membership during the referendum campaign. This preliminary evaluation was based on its leader's renown for Eurosceptic statements. Nevertheless, a closer examination revealed a more soft Eurosceptic character, which became more clearly defined over time.⁸² Self-Defence's criticisms of the EU in the run up to the

⁸¹ Kaczynski, Kurpas, and Broin 11

⁸² Szczerbiak 228 (2008a)

2003 membership referendum were harsh, characterizing the terms of Poland's accession as economically exploitative and "semi-colonial", and charging that they would lead to Poland becoming a "permanent net contributor to the EU...it is us with our own, modest assets that we will have to finance the economies of Germany, France, Italy, Great Britain, and other EU members."⁸³ However, Szczerbiak notes that the party later took pains to note that it "was not an anti-European party" and that EU membership "could be advantageous for Poland on the basis of equal rights and partnership."⁸⁴ Thus, Self-Defence appeared to be problematizing the specific terms of the accession deal reached by Poland, rather than expressing principled opposition to the European project itself. As a result, Szczerbiak ultimately concluded that his initial evaluation of the party's Euroscepticism was wrong, and designated the party as soft Eurosceptic.

In terms of its political trajectory, Samoobrona largely mirrored that of the LPR, its one-time coalition partner. The party had a breakout year in 2001, gaining 10.2% of the vote, but remaining in opposition. Self-Defence was also part of the 2005 coalition government headed by the PiS. Just like the LPR, Samoobrona MPs voted in favor of the ratification of the Lisbon treaty, in even higher numbers than PiS. Eventually, murky internal conflicts led to significant strife between the coalition partners, and the commencement of a major corruption investigation against Lepper precipitated a total collapse of the government in 2007, as all Self-Defence and LPR ministers were replaced by PiS members.⁸⁵ In the 2007 elections, Samoobrona's vote share evaporated completely, and the party failed to achieve the 5% threshold necessary for winning parliamentary representation. The growth of the PiS, meanwhile, which won 32% of the vote,

⁸³ Szczerbiak 229 (2008a)

⁸⁴ Ibid

⁸⁵ Financial Times July 9, 2007

suggests a wholesale defection of both the LPR and Self Defence's voters to that party. We thus see in both parties the relatively typical 'flash party' trajectory of a new right wing populist party: a meteoric rise onto the political scene, followed by a failure to successfully consolidate the benefits of office.⁸⁶ Flash parties often lose the votes of their extremist constituents when they rebel against the compromises made by the party leadership while in government. This may well have been the case after the two parties' votes in favor of ratification of the Lisbon treaty.

The Law and Justice Party entered the 2001 Polish parliamentary election campaign with a largely supportive position on EU membership, defining it as a key foreign policy goal.⁸⁷ Nevertheless, the party questioned the speed of accession negotiations, insisting that Poland should hold out for the best possible deal. The party's ranks contained a considerable wing of Eurosceptics, and the party leadership seemed to shift gears in its rhetoric vis-à-vis the European Union. The party's increasing problematization of the terms of accession offered at the 2002 Copenhagen summit resembled soft Euroscepticism.⁸⁸ Indeed, party leader Jaroslaw Kaczynski even went so far as to sabre-rattle in an effort to gain concessions from the EU, threatening "to support a No vote in the forthcoming accession referendum if the membership package being offered by the EU was not substantially improved."⁸⁹ The PiS followed this with a series of 'Eurosceptic initiatives' which included the changing of the constitution to codify the superiority of Polish law over European and international law, and the passage of a parliamentary declaration of state sovereignty. Party officials later claimed that their threats had been influential

86 Art 56

87 Szczerbiak 231 (2008a)

88 Ibid 232

89 Ibid

in forcing better membership terms⁹⁰. However, these initiatives were not wholly cynical in nature; clearly they were approved of by the Eurosceptic wing of the party, in keeping with their ideological preferences.

Nevertheless, Szczerbiak also suggests a strategic motivation behind the party's concerted effort to suddenly give its euro-critical narratives maximal domestic publicity in 2002. He notes that the two hard Eurosceptic parties, Self-Defence and the League of Polish Families had an extremely strong performance in the local elections in October 2002, almost equaling the vote share of the mainstream conservative PiS and Civic Platform coalition. In view of the success of these Eurosceptic parties, the PiS recalibrated its strategy in order to, as Kaczynski put it, "find a formula that will allow you to also turn to these [Eurosceptic] voters. To talk to the League of Polish Families. I don't rule out that our voters went over to them."⁹¹ As well as attempting to head off a threat from its right flank, it also allowed the party to open up a dialogue with the LPR (which it was probably closer to ideologically than its coalition partners at the time), suggesting the viability of a future alliance. Ultimately, Kaczynski moderated his own Eurosceptic rhetoric and threw his weight behind the Yes vote, deciding that such a confrontational message risked marginalizing the party. Nevertheless, the party's clear modulations of the emphasis and publicity of its Eurosceptic rhetoric shows that Euro-critical rhetoric was employed or de-emphasized according to "electoral-strategic and coalition tactical factors."⁹²

The PiS would wait until 2005 to enter government, at the head of a coalition with the LPR and Self-Defence. The major test of its soft Eurosceptic ideology came with the

90 Szczerbiak 233 (2008a)

91 Ibid

92 Szczerbiak 233 (2008a)

negotiations and ratification of the Lisbon treaty. During the course of negotiations, Poland employed a muscular defense of its own interests. Dissatisfied with the number of votes apportioned to Poland under the offered terms, the Kaczynski twins (variously Prime Minister and President at the time) threatened to employ their national veto over the treaty, a rare and inflammatory move which threatened to derail a lengthy and delicately negotiated process.⁹³

Put in perspective, the collapse of the Lisbon treaty would have been an enormous setback for the European integration project, potentially setting back its momentum for a decade. This would appear the ideal opportunity for a Eurosceptic to deal a death-blow to the “concept of a federation that” Lech Kaczynski warned “[was] beginning to predominate in Europe.”⁹⁴ Nevertheless, the leadership of the PiS ultimately showed far more concern with maximizing Poland’s clout within the structure of the European Union than with derailing the process of integration. Indeed, the Kaczynski brothers’ threat of vetoing the Lisbon Treaty can be read as a strategic move much in the mold of their previous actions during the 2002 accession negotiations.

The PiS-led government ultimately acceded to a treaty which put in place numerous supranational reforms, but its bold threats to destabilize its passage were arguably successful in gaining extremely generous concessions for Poland. The party’s ultimate support for ratification speaks to the complexity of the interaction between domestic and international politics (in other words, two-level games). On the domestic level, the PiS argued that its tough stance had gained Poland the best possible deal but it nevertheless came under heavy criticism from the Eurosceptic wing of its base. On the international level, the government succeeded in strengthening Poland’s political power within EU structures, but also ran up against the constraints of governing a

93 ‘Der Spiegel June 12, 2007

94 ‘Szczerbiak 235 (2008a)

country with an extremely dense set of institutional and economic relationships to other member states. An actual exercise of its national veto over the Lisbon treaty would have surely led to massive diplomatic reprisals and the political isolation of the nation.

The Polish case provides ample evidence for a familiar pattern of strategic Euroscepticism. The League of Polish Families and Self-Defence used extremely strong Eurosceptic rhetoric in the lead-up to the 2001 parliamentary elections in a manner that differentiated them from more mainstream political parties. Nevertheless, both parties voted in favor of ratifying the Lisbon treaty while in government between 2005 and 2007, a reversal which again suggests that Eurosceptic parties (in particular, as junior coalition partners) moderate their Euroscepticism to meet the exigencies of government participation and broad electoral competition, even in the face of their electorate's ideology. Much as in Austria and Italy, this moderation was a gamble, and provoked a backlash from their base which preceded their fall from power.

The PiS also used Euroscepticism for strategic ends, alternately amping up its Euro-critical rhetoric when it proved electorally popular and in order to forge tactical alliances with other right-wing parties, or toning it down to avoid marginalization from the political center. As the leading party of the coalition, the Law and Justice Party leadership also had to navigate the complexities of a difficult two-level game, balancing the Eurosceptic ideology of its base with the realities of an integrated supranational political landscape. The Kaczynski brothers used Eurosceptic rhetoric in a successful bid to secure concessions from other member states at crucial junctures in negotiations with the European Union: Poland's accession talks in 2001-2003 and the negotiations over the Lisbon treaty. While their soft Eurosceptic rhetoric was successful in maximizing Poland's political power within post-Lisbon Europe, their ultimate support for the

ratification of a largely supranationalist treaty shows that their ideological commitment to Euroscepticism was not ironclad. Instead, the leaders of the PiS opted to use Eurosceptic rhetoric up to win material benefits while acceding to a treaty which should probably have been toxic to it on an ideological level. We thus see ample evidence in the Polish case of Euroscepticism being used by parties for strategic and tactical purposes and for the moderating effects of government participation on Euroscepticism.

United Kingdom

Background

There has only been one Eurosceptic party in office over the last decade (the time period in which we evaluated the other countries), and this party has only very recently come into office. The Conservative-Lib Dem coalition offers an extremely interesting example of the dynamics of coalition politics on European policy, as one partner is Eurosceptic (the Conservative Party) and the other (the Liberal Democratic Party) is strongly Europhile, and we will offer some limited commentary on the recent developments of British EU policy under the coalition government. Nevertheless, the extreme youth of the current administration limits our historical perspective, and thus the strength of the conclusions we can draw from its experiences. Accordingly, we must begin our examination of British Euroscepticism further back in time.

Unlike many of the other states discussed, Britain has a long history of Euroscepticism which has presented itself with relative consistency throughout the course of the European project. Britain has undergone decades of internal and external struggle over its role vis-à-vis Europe, and even after its accession, has often been a stubborn and difficult partner. This pattern was most famously exemplified by the intransigent Eurosceptic government of Margaret

Thatcher from 1979-1984, which oversaw both the hotly contested debate over the British budgetary contribution and the negotiations over the Single European Act (SEA). The presence of a powerful Eurosceptic country at the negotiating table for major EU treaties gives us a window into how Eurosceptic parties navigate the constraints of governing countries tied into supranational institutions and an integrated economy. Crucially, the United Kingdom's historical experience as an often reluctant participant in the process of European integration gives us an important example of how Eurosceptic parties use their rhetorical opposition to secure concessions from fellow member states. By virtue of its relative prominence within the EU, the UK thus gives us a detailed example of Eurosceptic parties' actions within the framework of two-level games.

In Britain, Euroscepticism has been consistently present in both major parties, with Prime Ministers forced to deal with the ongoing process of European integration at the supranational level while placating their Eurosceptic party bases at home.⁹⁵ Both parties have historically had significant hard Eurosceptic wings, with many Tories calling for withdrawal from the EC to protect national sovereignty, and the more Left-wing elements of the Labour Party decrying it as “a Trojan horse for European capitalism to mobilize against a Labour government.”⁹⁶ While hard Euroscepticism has not dominated (else we would likely not see Britain in the EU today), Szczerbiack and Taggart's operational definition of Soft Euroscepticism as problematizing European integration or its current trajectory seems to describe a relatively broad consensus in British politics; for much of the postwar period, both parties have distrusted European integration and at times opposed its progress, but ultimately have recognized the importance of Britain's participation in it in order to avoid economic and diplomatic isolation.

95 Baker *et al* 115

96 Ibid 95

In previous case studies, we have seen a dynamic in which parties of the opposition have used Euroscepticism or critiques of the current government's European policy in order to differentiate themselves and gain electoral advantage. The bipartisan soft Eurosceptic consensus in Britain which existed for decades in postwar Britain stands in contrast to the other cases we have examined. The strong ideological presence of Euroscepticism in both parties and in public opinion has meant that parties were, for the most part, *not* able to use Eurosceptic rhetoric as a strategic tool in domestic political competition. However, the British party system began undergoing a transition around the late 80s from the soft-Eurosceptic consensus towards a political landscape in which the major parties' European policies are increasingly divergent. In explaining this evolution, we will offer a possible explanation for why British (governing) parties seem to have had a different relationship towards Euroscepticism from their continental counterparts.

Euroscepticism has always had a strong presence in British public opinion, indeed “British levels of affective support for European integration have been persistently lower than the average amongst member states... this manifests itself in high, if fluctuating support for the Hard Eurosceptic option of withdrawal from the EU.”⁹⁷ This may be the most extreme manifestation of public Euroscepticism, but it is far from the only one. In fact, “evidence of public support for ‘Soft’ Euroscepticism is even clearer, particularly in regard to the single currency which... has been consistently opposed by the British public by a margin of two to one since 1991.”⁹⁸

The Bipartisan Eurosceptic Consensus

97 Baker *et al* 103

98 Baker *et al* 105

The narrative of British exceptionalism-- stemming from sources as varied as Britain's geographical separation from the continent, its role as the birthplace of industrialism, and its unique experience in World War II,⁹⁹ -- remains relevant in the country's contemporary politics.¹⁰⁰ British politicians have frequently emphasized the value of Britain's distinctively Atlanticist model of free-market capitalism as bolstering the United Kingdom's economic competitiveness, and "portray[ing] European integration as the imposition of an alien economic model fundamentally inimical to Britain's competitiveness in international markets." This helps to explain why Britain has for the most part taken a different view of the integrative process from that of its Continental neighbors, since "the British political elite and public have come to regard national sovereignty in zero sum terms as 'something indivisible, either you have it or you don't.'"¹⁰¹

It is no surprise, then, that in the two decades following World War II, the United Kingdom often acted as a skeptical or even hostile observer of the process of European construction. Britain had significant trade links with its former and current (though shrinking) Empire and with the United States, and conceived of itself as both culturally and economically Atlanticist, rather than European.¹⁰² Thus, not only did it refuse to participate in the ECSC and formative talks over the treaty of Rome, but it even made an ineffectual attempt to create a rival organization in the form of the European Free Trade Area to undermine the European Economic Community (EEC). Nevertheless, as the process of economic integration of the member states

⁹⁹ Unlike the countries of continental Europe, Britain was never occupied. This has an impact on Britain's view of the geopolitical lessons drawn from the World Wars. Thus in the wake of World War II, Churchill actively encouraged European integration on the Continent as a means for achieving peace and security, but saw no need for Britain to participate in it.

¹⁰⁰ Ibid 110

¹⁰¹ Ibid

¹⁰² Baker *et al* 109

accelerated and the mutual benefits became clearer, Britain began to dread the prospect of being shut out of increasingly promising and vibrant continental markets.¹⁰³ These fears eventually resulted in successive British applications for membership by both Conservative and Labour Prime Ministers, the last of which was finally accepted in 1972.

Thatcher and the British Budgetary Rebate

Despite having joined the EEC, the UK was often far from cooperative in the process of integration, bringing it into frequent conflict with France and Germany, the traditionally influential powers of the EEC. The most prominent of these conflicts came under the Conservative Prime Minister Margaret Thatcher, probably the most famous Eurosceptic ideologue of all. Her antagonism towards European integration (as it was conceived on the Continent), was openly ideological; indeed, she quipped that asking her to speak about her views on Europe “must seem rather like inviting Genghis Khan to speak on the virtues of peaceful coexistence!”¹⁰⁴ Thatcher’s ‘Bruges Speech’ to the College of Europe famously distinguished her as the most well-known Eurosceptic political leader in history. In it, Thatcher laid out her strong opposition to any federalized form of European Community, insisting that European integration should exist as a cooperative mechanism between fully sovereign states, and should concern itself with economic, rather than political integration¹⁰⁵.

Thatcher’s distinctly neo-liberal, nationalist vision of European integration put her on a collision course with the traditional Franco-German motor of the EC, whose political leadership (particularly in the case of Germany) was ideologically federalist and committed to political

103 :Moravcsik 220

104 :Speech to the College of Europe, Sept. 20th 1988

105 :Ibid

integration. In particular, Thatcher provoked a flashpoint in intra-community relations with her objections to the EC budget, in the episode of the British Budgetary Question (BBQ). She claimed that, fuelled largely by a wasteful and inefficient Common Agricultural Policy which primarily benefited continental (particularly French) farmers, the net contribution of Britain to the EC was far more than of the other member states.

At a European Council meeting in 1979, the Commission report recognized the budgetary imbalance, and proposed giving Britain a £350 million rebate and increasing EC investment there. Thatcher turned the proposal down flat, demanding a non-negotiable straight £1 billion rebate.¹⁰⁶ Having been turned down by the other member states, Thatcher dug her heels in, “block[ing] much other Community business as her method of what she called ‘getting our money back.’”¹⁰⁷ Under her lead, British negotiators linked issues of institutional reform to CAP reform, insisting that the dealing with the latter would be a prerequisite to any further EC integration. Her intransigence made for good domestic politics: it united the Conservative party. Both hard Eurosceptic and more moderate blocs could unite around an assertion of British national interest in EC negotiation. Although Thatcher may have benefited domestically from this move, there is no indication that her blockade of EC business was an electoral strategy. Her emphasis on national interest and opposition to the *dirigiste* Common Agricultural Policy were entirely consistent with her ideology.

Thatcher’s shutdown of the European Community provoked genuine threats from France and Germany of excluding Britain from future negotiations and creating a two-speed Europe, in which integration would proceed among the other member states and the UK would be

106 George 46

107 Pinder and Underwood

isolated.¹⁰⁸ In view of these credible threats, Thatcher was forced to accede to “a compromise... on a permanent annual rebate totaling two-thirds of its annual net contribution.”¹⁰⁹ While her brinkmanship nearly resulted in significant diplomatic damage, and may have soured her relations somewhat with other European leaders in the long term, there is little doubt that her intransigent opposition to the CAP--itself a mark of soft Euroscepticism—led to a significant reduction of Britain’s budgetary contributions. Having initially been offered a £350 million rebate, the one which Britain eventually won in negotiations has been worth billions of pounds a year.¹¹⁰

In this episode then, we see a soft Eurosceptic Prime Minister problematizing, and then resisting with all means at her disposal the progress of integration in order to extract the best possible deal for her country from other member states. At the same time, when confronted the possibility of isolation, Thatcher compromised in favor of maximizing national economic interests *within* the EC, rather than exiting it; in other words, she hewed to the soft Eurosceptic course of action. Thatcher’s Eurosceptic ideology clearly motivated her, and indeed may have won her concessions, but it was nevertheless subject to the constraints of supranational negotiation. Government involvement thus exerted important moderating pressures on her Euroscepticism in both dimensions of the two-level game. On the domestic level, her responsibilities as the chief executive forced her to be sensitive to domestic interest groups that favored rapid completion of the single market. On the supranational level as the British government’s chief negotiator, Thatcher was forced to assent to terms of the budget rebate which,

108 :Moravcsik 352

109 :Ibid

110 :BBC Q&A: The UK Budget Rebate

while generous, were less than she had initially demanded; not doing so would have led to serious diplomatic isolation within the EC.

Thus, we can see that while Eurosceptic ideology motivated much of Thatcher's intransigence, governmental involvement ultimately had a moderating effect; indeed she later admitted that "had she not been prime minister, she would have taken a more strongly anti-European view, but she was constrained by the views of the parliamentary party and of business."¹¹¹ Thatcher's success on this front may well be an illustrative example of how and why countries with soft Eurosceptic political leadership get the best deal out of the EC budget, as our quantitative findings showed. European integration works by consensus, both culturally and institutionally. Non-cooperation and blocking maneuvers can thus be extremely successful in EC negotiations, particularly when exercised by large and powerful countries like Poland or Britain. Nevertheless, true hard Euroscepticism is counterproductive in such negotiations; indeed had Thatcher rejected the budgetary compromise, the result would have been the isolation of Britain within the EC.

Divergence: The Breakdown of the Eurosceptic Consensus

While Euroscepticism certainly enjoyed a strong presence in the Conservative party prior to this period, it was no means completely dominant; indeed, it was under a Conservative prime minister that the UK first joined the EC. Despite her broad popularity within the party, Thatcher generally represented the more extreme Eurosceptic end of the party's spectrum. However, as Baker lays out, "from the late 1980s onwards, Euroscepticism within the [Conservative] party gathered strength, such that within a decade Euroscepticism would become the defining

111 Moravcsik 325

characteristic of the Conservative Party's identity and enshrined in its policies."¹¹² Over the course of the 90s, a rash of Tory Eurosceptic parliamentary groups emerged, consistently challenging John Major, the new party leader over his moderate positions on the Maastricht treaty and EU budget increases.¹¹³ By the beginning of the new millennium, the party manifesto clearly showed the increasing dominance of (arguably hard) Euroscepticism in its proposal of "a new treaty provision permitting countries to decline to participate in any European legislation beyond the single market... and amendments to British law introduc[ing] 'reserved powers' protected from the encroachments of EU law."¹¹⁴

This marked shift in European policy was not limited to the Conservatives. Indeed, the advent of New Labour in the early 1990s also brought about a fundamental shift in Labour's Euroscepticism. Labour had traditionally been hostile to the EU mainly out of opposition to its neoliberal reforms, but finally began to embrace it. In 1997, Tony Blair ran what was (for Britain) a shockingly Europhile campaign for Prime Minister, even advocating Britain's adoption of the social chapter of the Maastricht Treaty. During his term, the UK would join the social charter, sign the treaties of Amsterdam and Lisbon, and even fleetingly consider adoption of the Euro.¹¹⁵

Of even greater long term significance, Blair made clear that the United Kingdom's influence in the world depended on the strengthening of a common European foreign policy, and of its decision-making processes. In stark contrast to the Atlanticist bent of previous British governments, Tony Blair insisted in the St. Malo Declaration that to play its full part in the

112 'Baker *et al* 98

113 'Baker *et al*

114 'Ibid 99

115 'Bulmer (2008)

international arena, the European Union “must have the capacity for autonomous action, backed up by credible military forces, the means to decide to use them and a readiness to do so, in order to respond to international crises.”¹¹⁶ While Blair’s foreign policy agenda was ultimately overshadowed by his perceived duplicity over Britain’s entrance into the Iraq War, his argument was a revolutionary one. While Britain had always stood apart from Europe, seeking strategic leverage from its influence with the US, Blair implied that ultimately Britain would have to project its power as a leader of Europe, rather than as an independent Atlanticist power.

One of the key interests of our study is to determine to what extent party-based Euroscepticism is motivated by strategy or by ideology; as seen in previous case studies, sudden shifts in political rhetoric and policy preferences have often served as the main illustration of strategic use of Euroscepticism in pursuit of domestic electoral gain. The British case does not conform neatly to this model. The Conservative party split badly as a result of disputes over European policy, and its increasing emphasis on Euroscepticism “brought no electoral bonus, [since] any advantage which the Conservatives might have hoped to gain from their Euroscepticism in 1997 was undone by the perception of intra-party division which accompanied it.”¹¹⁷

Likewise, given the broad and pervasive Euroscepticism of public opinion, it is unlikely that Labour’s Europhilic turn was electorally motivated. Much of their shift can be attributed to the defection of much of the hard Eurosceptic left wing in the 1990s and the supranational ethos of Blair himself. Indeed, while Labour’s policy positions moved in a much more Europhilic direction, the party made little concerted effort to increase the salience of European issues during election campaigning, and “the post-1989 enthusiasm of party documents... have been tempered

116 ‘St. Malo Declaration, 4 December 1998

117 ‘Baker *et al* 109

by cautiousness and pragmatic calculations of national advantage.”¹¹⁸ So if the divergence in European policy on the part of both major parties cannot be explained by electoral-strategic motives, what caused it?

The answer may lie in the timing of events: the divergent rhetorical shifts occurred in the same period. Both major parties shifted their European policy during the early 1990s, during which the defining event in European integration was the Maastricht treaty. The Maastricht treaty fundamentally changed the character of European integration, shifting its emphasis away from purely economic integration by creating a common EU citizenship, Common Foreign and Security Policy, and harmonizing an array of policy areas in the fields of policing, immigration, and asylum (among others). Franz Fallend posits that party-based Euroscepticism depends on the stage of EU integration, and that “parties may re-evaluate their position on European integration, depending on whether they view the EC/EU as a threat to or as an opportunity for their interests.”¹¹⁹ This explanation rings true in the British case: Maastricht, Nice, and Lisbon all represent moves towards a political, and to some extent, social Europe. Coinciding with this, Tory fears about a Europe as a backdoor attempt to impose continental style socialism/federalism have increased while Labour’s fears about the EU stealthily wrecking social protections have given way in favor of hopes that Europe can be used to bolster those protections. As the European project shifted away from economic integration and away from political and social integration, hard Euroscepticism in the Conservative party grew enormously. While the party’s rank-and-file had accepted participation in integration during the period defined by the SEA and completion of the Single Market, it rebelled furiously against the supranational Maastricht treaty. Likewise, the Labour party was far more receptive to integration in pursuit of foreign policy

118 Baker *et al* 96

119 Fallend 204

cooperation and social protections¹²⁰ than it would have been towards a neoliberal EU concerned primarily with the destruction of trade barriers. The EU's shift towards social and political, rather than economic integration in the 90s dramatically changed the ideological logic of supporting integration, thus necessitating a transition in both parties' disposition towards it. The real strength of the 'stage of EU integration' explanation in this case is thus *timing*; not only can it explain the shifts of both parties in lieu of strategic motives, but it accounts for why they occurred when they did.

The Future of British European Policy in a Fractured Party System

While New Labour's break from the Atlanticist Eurosceptic consensus of the past was significant, the durability of this shift was in question in the run up to the 2010 election. During most of the campaign, Labour trailed badly against the Conservatives, and at times was forecasted to receive even fewer votes than the third party Liberal Democrats. With the UK in the process of an anemic recovery from a devastating recession, the election naturally focused above all on the economy. But the election's consequences for British European policy had the potential to be dramatic and profound. Labour was facing a rabidly Eurosceptic Conservative party whose victory would likely mean a total reversal of its EU policies.

A significant portion of Tories were pushing for British withdrawal from the EU itself. As a concession to this ultra-eurosceptic wing of his party, David Cameron, the Conservative candidate, offered an ironclad promise to call a referendum on the Lisbon treaty, whose possible failure would have dire consequences for Britain's relations with the Continental powers (and perhaps for the process of European integration overall).¹²¹ In another surprisingly radical move,

¹²⁰ Trade unions, who retain a significant influence in the Labour party, won significant protections at the European level with the adoption of the European Social Charter

¹²¹ BBC, Tuesday 2 June 2009

the Conservative party removed itself from the alliance of centre-right parties in the European Parliament in favor of a more extreme Eurosceptic group, the European Conservatives and Reformists. Several of its partners in the group had a history of walking the line between conservative and radical right wing rhetoric, with their members at times making anti-semitic, homophobic, and anti-immigrant statements.¹²² The likely victory of the Tories thus appeared to be setting up Britain for a decisive distancing from Europe.

The unexpected outcome of the 2010 election inserted an element of the bizarre into the debate over British European policy. The Conservative Party won a plurality of seats, but few enough that it was forced to form a coalition government with the Liberal Democrats to achieve a majority. In some areas of policy, the convergence of ideas between the two parties made a coalition government seem sensible. On foreign policy, however, the gap between them could not be wider.

The two parties occupy opposite ends of the foreign political spectrum. Nick Clegg, the LibDem candidate and now Deputy Prime Minister of the coalition government, vehemently opposed the Iraq War, which he recently described as illegal,¹²³ and expressed certainty that British troops would leave Afghanistan by 2015. Cameron threw his support behind the Iraq war, and cautiously discussed the return of British troops from Afghanistan subject to conditions on the ground. On European issues, the divide is equally stark. Clegg has supported not only the European Constitution and the Lisbon treaty, but has also strongly advocated for British adoption of the Euro. By contrast, the Conservative party rank-and-file is increasingly Hard Eurosceptic, with “nearly two-thirds of Conservative MPs agree[ing] that ‘sovereignty cannot be pooled.’”¹²⁴

122 ¹Guardian, Saturday 3 October 2009

123 ¹The Telegraph, July 21 2010

124 ¹Baker *et al* 112

The result of this massive disagreement is essentially incoherence; the coalition government has to say and do almost nothing vis-à-vis European integration in order to keep the peace.¹²⁵ The exigencies of the coalition agreement have already had a moderating effect thus far on Conservative EU policy; indeed, Cameron has already abandoned his promise to call a referendum on the Lisbon treaty.¹²⁶ Nevertheless, it seems quite plausible that it is these fundamental ideological disagreements over Europe, or even over British foreign policy more broadly which will eventually bring down the fragile coalition. The intergovernmentalist, Eurosceptic consensus of the past was fundamentally repudiated by New Labour. Currently, the Conservative party is checked by its coalition partner from taking ‘the nuclear option’ on Europe of referendum or withdrawal. But in the face of such serious differences of philosophy, it seems unlikely that the coalition can survive in the long term. If and when it falls apart, the British people will not face a choice of two parties with equivalent positions on foreign policy and particularly on the EU. Rather they will face two dramatically different alternatives which may well shape the future of British foreign policy.

Conclusion

In many countries, Euroscepticism has not found full expression in electoral competition. In Germany, for instance, the legacy of militarism and the two World Wars has led to the suppression of Euroscepticism from parties of government, if not necessarily from the political discourse entirely. In other nations, such as Austria, the electoral system disposes itself towards coalitions of moderate, catch-all parties, which tend to eschew Euroscepticism. Britain, by

¹²⁵ Manchester Guardian, May 10 2010

¹²⁶ Guardian, November 4 2009

contrast, has a long history of exceptionalism which has predisposed the country towards Euroscepticism on both a popular and elite level. This has led, unlike the other case studies, to a system of open contestation of Europe. Far from disqualifying Eurosceptic parties from mainstream governance, “the two major parties were the principal electoral outlet for Euroscepticism in the British party system.”¹²⁷ This flips the incentive structures of Euroscepticism, and accounts for the increased power of ideological, rather than strategic motivations for Euroscepticism.

As the nature of European integration has shifted to a less neo-liberal economic orientation, the ideological dispositions of the British parties for supporting or opposing the EU have changed. In light of Hooghe’s insight that “European politics are domestic politics by other means,”¹²⁸ it makes sense that the shift of EU integration in the 90s towards political integration would necessitate a recalibration of parties’ European policies, particularly in a system of open contestation. The British party system appears to be in flux, however. For the first time in a generation, the United Kingdom is governed by a coalition, one whose internal divisions has yielded a new variety of party platforms vis-à-vis Europe that British voters can choose from. As a result, we can expect the strategic dynamics of Euroscepticism in British electoral politics to converge somewhat with regards to the continent, as European issues may come to increasingly differentiate the parties and impose constraints on coalition politics.

Chapter 6: Conclusions

Many of the world’s larger or more populous nations have two-level polities, with a national or federal government standing above a number of individual states that retain

127 Baker *et al* 110

128 Hooghe 985

considerable powers and partial sovereignty. Some dual-level polities are of long standing, the US and Brazil being prime examples, while others such as India are of relatively recent vintage, and yet other federal systems are still in a process of emerging. The European Union is the most noteworthy instance of the last type; in an ongoing and contentious process it has built new federal institutions and brought more and more new policy areas traditionally handled at the national level under the auspices of EU institutions and the *acquis communautaire*.

Political scientists and other scholars of International Relations seek to understand the character and dynamics of multi-level polities, and one of the particularly important features of federal systems is the tension between local or lower level polities – let us call them states – and the national or federal level. At one extreme, there is the possibility of secession or dissolution: the breakup of the Soviet Union, Yugoslavia, and Czechoslovakia are recent cases. At the other extreme are systems where the federal entity steadily increases its power and prerogatives relative to the component states; arguably both the US and EU have done so in recent decades.

Between the extremes of dissolution and complete centralization there is a large middle ground for a contentious politics that mobilizes public opinion at the state or local level against the federal level. Individual politicians and sometimes entire parties argue that the upper-level polity fails to represent the true interests of the people, or is inefficient and wasteful, or (in some versions) claims that the federal legislature undermines the sovereignty and national interest of the lower level state(s). Opposition to the federal level sometimes takes the form of a social movement with an accompanying ideology: anti-federalism in the United States and its latest instantiation with the Tea Party is one case in point. Euroscepticism across the EU is another.

The parallel between anti-federalism in the US and Euroscepticism in the EU provided the original impetus for this thesis. At issue was whether these two movements were indeed

versions of a common underlying dynamic. A second impetus for this thesis was an empirical observation. As Gary Richardson (2009) and other commentators noted, in the US one observes an irony: those states where anti-federalism has greatest popular support and political representation are also the states that receive most in terms of spending from the Federal government, relative to their fiscal contributions to Washington. Anti-federalism seemed to be a case of ‘biting the hand that feeds you.’ So what could explain this ironic or counter-intuitive relationship between politics and federal spending?

Theoretical ideas developed by Robert Putnam(1998), Schelling(1960) and others that have become known collectively as the theory of two-level games provide a potential answer. In short form, these scholars argued that in interstate bargaining, executives would be constrained in their decision-making by both domestic and international political forces, but would also be able to play one off against the other. Gary Richardson’s observation implies that this two-level game takes place not only during international negotiations, but in the internal politics of federal systems, with the United States as a prime example. Politicians who publically oppose the power or size of federal government might thus obtain a double advantage. At the local or state level, their anti-federal stance might prove popular with voters and win support of a larger share of the state electorate. At the federal level, their opposition to central government and their reluctance to support legislative initiatives or added spending to advance a federal agenda might give them added ‘leverage’ in the give-and-take or horse-trading that occurs in any legislature. Because their votes could not be taken for granted by pro-federalists, anti-federalists might be able to secure additional resources for their home constituencies as the price to be paid for their support of certain Federal legislation. Indeed their leverage might be greatest on occasions when the

Congress was most deeply split, when the balance between political forces was most precarious, or when a party or faction most needed some extra votes.

Although the theoretical ideas of two-level games and the ironic outcome that the most anti-federalist US states gain the most fiscal benefits from central government, are deeply grounded in US history and politics, we questioned whether they could also cast light on the situation in the European Union, and on Euroscepticism in particular. To answer this question, we turned to various empirical materials on EU budgets, EU public opinion polls, and party representation in national and EU-wide legislative bodies.

A preliminary task was to draw on existing literature to define Euroscepticism, and to distinguish two levels: soft and hard Euroscepticism, the definitions of which we will not repeat here. We also pointed out that most previous scholars of Euroscepticism had **not** considered the two-level game perspective. (Pahre and Moravcsik are exceptions, though neither consider EU budgetary outcomes, as we do here.) Instead, previous scholars' explanations for the rise of Euroscepticism emphasized social class divisions (Fligstein), national identity (Hooghe and Marks), xenophobia (Judt), a discursive failure to explain the EU to citizens (Schmidt), or simply the inter-party competition for votes (Sitter, Lees, and others).

One empirical contribution involved linking public opinion data for each EU nation, drawn from several years of Eurobarometer data, to each nation's EU budgetary situation (contributions and receipts from the EU) for the period 2000-2008. The sample of EU nations varied from 25 to 27 over this period. Contrary to expectations, there were some statistically significant relationships between Euroscepticism in public opinion and budgetary ratios, but they were in the opposite direction from the American case. In Europe, the more a country is a net contributor to the EU budget, the higher the level of Euroscepticism in public opinion. This could

be considered an outcome of ‘eurofatigue’ or the resentment that the member states that pay most into the EU are experiencing.

The pattern of Eurosceptic *public opinion* is not the same as the anti-federalism in the United States; in Europe it is the contributors who are Eurosceptic, while in America, populations in states which benefit the most from federal spending are the most federal-skeptic. However, a second empirical analysis led to a dramatic reversal of this pattern as we moved from Eurosceptic public opinion to political party-based Euroscepticism.

My analyses showed that the countries with the most Soft Eurosceptic parliamentary representation at the national level were indeed the greatest net beneficiaries of EU spending (Figure 4.2). This statistically significant pattern was consistent with our original hypotheses and with the predictions from a two-level game perspective.

We then charted the development of the fiscal relationship between the EU and the member states in several national case studies, examining the impacts of Eurosceptic parties entering and leaving government. I found that in every case, Eurosceptic parties and coalitions left office with their countries enjoying an increase in net EU spending over the course of their tenure.¹²⁹ The countries which saw the biggest gains (Britain and Poland) were both large and politically influential within the EU, while smaller countries with Eurosceptic parties in government were not able to achieve the same success in improving the fiscal benefits of membership. Those member states which had Soft Eurosceptic leadership, either as the sole governing party, or the predominant partner in a coalition, were more successful in gaining concessions than those with (Hard or Soft) Eurosceptic parties as junior coalition partners.

¹²⁹ This cannot be explained by general increases in the size of the EU budget. While the EU budget has increased over time, the vast majority of the budget derives from member state contributions. This means that while the overall size of the budget may increase, the size of member state contributions are increased to keep pace with augmented EU spending.

On aggregate, these quantitative analyses suggest that the budgetary dynamics of the EU do largely mirror that of the United States; in both cases the states with the most federal-skeptic *political representation* are the biggest net beneficiaries of the federal budget. Both the overall budgetary dynamic (of skeptics as budgetary winners) and the increase in net EU spending for case study countries during periods of Soft Eurosceptic governance suggest a strategic explanation for Euroscepticism.

In the two case studies in which Eurosceptic parties were the only or primary parties of government, Great Britain and Poland, we found a possible causal mechanism for the benefactor-status of Soft Eurosceptic-led countries. In Great Britain, Margaret Thatcher threatened to block all EC business until Britain received a budgetary rebate. Her success in negotiating the lucrative rebate has recouped billions of pounds for Britain over the years since its inception. Likewise, the threats of Prime Minister Kaczynski (of the Polish Law and Justice Party) to veto the Lisbon treaty resulted in Poland receiving a significantly higher share of votes in the European Council. While Soft Eurosceptic parties problematize and criticize the EU, the significant and substantial relationship between soft Euroscepticism and success in EU budgetary negotiations suggests that they are adept at using their opposition not to hinder the process of integration, but rather to leverage the best financial and political benefits from it.

Unlike our quantitative analyses, the case studies allowed us to examine the use of Euroscepticism in domestic politics, and more holistically, the interaction of domestic and supranational politics in two-level games. In the cases of Austria, Italy, and Poland, we found significant evidence of electoral strategic, rather than ideological motivations for embracing Eurosceptic rhetoric. In each case, opposition parties adopted or emphasized Eurosceptic rhetoric in order to differentiate themselves from mainstream/status quo parties in electoral competition.

After election failures led to a significant erosion of its vote-share, the Lega Nord transformed from a stance of Europhilia to one of virulent Hard Euroscepticism in an attempt to remake its base. In Austria, the liberal Freedom Party found itself on the margins of the ‘grand bargains’ which determined governmental composition. The FPÖ thus shifted its rhetoric and policies to one of a radical right-wing populist party, castigating mainstream parties for allowing immigration and European integration to undermine Austria’s cultural and economic sovereignty. Similarly, the Law and Justice Party emphasized its opposition to the terms of Poland’s accession to the EU to contrast itself with its more Europhilic political opponents.

Once elected into government, however, these parties moderated their Euroscepticism significantly, either to accommodate coalition partners, or to placate the other member states. This moderation often presented itself in fairly dramatic terms. In Italy, after its electoral success brought it participation in government and mainstream status, the Alleanza Nazionale muted any Euroscepticism despite having an electoral base ideologically rooted in extreme nationalism. The Freedom Party in Austria ran a campaign of fear-mongering against the dire consequences of immigration, and then in government proceeded to support enlargement of the European Union to Eastern Europe. The Law and Justice Party also warned ominously of a loss of national sovereignty in the face of integration, but in government ratified the largely federalist Lisbon treaty. After the election of the Conservative Party in Britain, Cameron dropped his previously ironclad election promise for a referendum on the same treaty.

In matching the use of Euroscepticism in domestic politics and supranational politics, a model begins to emerge of the strategic use of Euroscepticism in two-level games. At the domestic level, political parties first adopt or emphasize Eurosceptic rhetoric to differentiate themselves from their mainstream electoral competitors. When elected into government, they

face pressures to moderate Euroscepticism by coalition partners at the domestic level and the other member states at the supranational level. The degree to which they are able to resist these pressures is dependent on their electoral strength and the political clout of their country within the EU. Governing Eurosceptic parties in influential member states are forced to moderate their Euroscepticism to some extent in order to prevent diplomatic isolation, but are nonetheless able to use Soft Eurosceptic opposition to integrative milestones in order to gain concessions in interstate bargaining at the supranational level.

This analysis thus fits into the broader scholarly debate on ideology vs. strategy as a motivation for Euroscepticism. We do not suggest that there are no ideologically committed Eurosceptics, or that ideology plays no significant role in the formulation of party policy. Rather, in systems of open contestation (such as the United Kingdom) in which Euroscepticism is not used to differentiate political parties in electoral campaigns, ideology has greater influence over party positions on Europe. By contrast, in systems of limited contestation, Euroscepticism is significantly tied into dynamics of electoral competition, and strategic considerations tend to take precedence over ideology.

But why does it matter if Euroscepticism is born out of strategy rather than ideology? For one, it has implications for voter psychology. Given the fairly comprehensive cognitive limitations of voters recognized by experts in political psychology, politicians often focus far more on emotional appeal than policy consistency.¹³⁰ On the one hand, our case studies suggest the limitations of such malleability or ignorance on the part of voters; in several cases, Eurosceptic electorates punished their parties for dropping Euroscepticism when in office. More broadly, however, the ways in which parties often met success by drastically transforming their

¹³⁰ Newsweek, February 2nd 2008

Eurosceptic rhetoric in response to electoral conditions serves to support the idea of cognitive limitation and heuristic voting. Indeed, an electoral strategy of Euroscepticism often revolves around fueling fear and anxiety, powerful emotions in politics.¹³¹

The more extreme incarnations of Euroscepticism begin to echo the corrosive rhetoric of the far right, particularly in the intersection of narratives of EU politics, immigration, and national identity. The dichotomy between far right and hard Eurosceptic rhetoric becomes blurry indeed, as we saw with the xenophobic anti-enlargement statements of the Lega Nord and the Freedom Party. In most countries, Euroscepticism remains an obstacle to governmental participation. But as Euroscepticism has proven an effective electoral strategy in many cases, mainstream parties (particularly of the center-right) have begun to co-opt the rhetoric of national grievance against the EU. If mainstream governmental parties increasingly adopt Euroscepticism for electoral gain, there is reason to doubt that the coming decades will be productive ones for integration. More seriously, where such co-optation leads to the adoption of far right rhetoric on issues of immigration and national identity, as it has in the UMP, Conservative Party, and PiS in recent years, a more serious threat is posed to the liberal fabric of European society. Thus center-right parties considering co-opting extreme Eurosceptic rhetoric as an electoral strategy must consider the potential long-term consequences of such action on the openness and diversity of their countries.

The strategic nature of Euroscepticism also has implications for the negotiating tactics of non-Eurosceptic states in interstate bargaining. Credible veto threats over integrative milestones necessitate compromise, but a pattern has emerged of bellicose Eurosceptic rhetoric employed by national leaders as a strategy to secure marginal benefits. In the rare episodes in which a single

¹³¹ Newsweek, February 2nd 2008

nation state's intransigence has threatened to seriously hold up the process of integration, such as the debates over the British budgetary rebate or the Lisbon treaty, diplomatic threats of isolation from the other member states have proved extremely effective. If such Euroscepticism really stems from a supranational bargaining strategy or a domestic-electoral tactic, rather than an ingrained ideology, it is possible that Europhilic member states are giving up more than they have to in not calling the Eurosceptic bluff more frequently. EU budgetary negotiations are only becoming more and more fractious in the current climate of austerity and bailouts. The bargaining acumen of Europhilic member states will have to be keen in order to retain any sort of integrative momentum during an era in which "the politics of integration are no longer the politics of absolute welfare; they are the politics of redistribution."¹³²

Our study is relatively novel in using new sources of data to apply two-level games theory to understanding Euroscepticism. Nevertheless, further research is necessary to confirm and strengthen its conclusions. While we found a significant relationship between Soft Euroscepticism and budgetary benefits, we were not able to attribute causation with the methods used. Multivariate analysis could better control for confounding variables of voting power within EU institutions, economic differences between states, and age of membership, and potentially confirm the causal links which we suggest. Expanding the number of states examined in both quantitative and qualitative analyses would also help to prevent selection bias. In a broader context, comparative research on other federal bodies such as Germany, Belgium, Canada, or India, could give us a fuller understanding of the political and budgetary dynamics of federal-skepticism. Nonetheless, this thesis does demonstrate the utility of a two-level games approach

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in evaluating Euroscepticism in the context of budgetary politics, an argument I hope to extend in future research and scholarship.

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