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RETHINKING THE RELATIONSHIP WITH THE EU: GREECE, ITALY, SPAIN AND THE CHOICE FOR EUROPE SINCE MAASTRICHT

Cecilia Emma Sottilotta

The financial crisis which began in the US in the summer of 2007 set in motion a chain of events that would eventually usher in the era of the ‘Great Recession’. By the end of 2010, what had started as a quintessentially financial crisis had turned into a full-fledged ‘sovereign debt crisis’ threatening the very survival of the European Monetary Union (EMU). While the EU member states agreed on the necessity to reform the financial and economic architecture of the EMU, competing narratives emerged to account for the causes of the crisis and informed a heated debate on how the costs of further fiscal and monetary integration should be shared. In the framework of the Horizon 2020 project “The Choice for Europe since Maastricht: Member States' Preferences for Economic and Fiscal Integration”, this paper presents the first results of an empirical investigation on the preferences of Italy, Spain, Greece with regard to the concrete feasibility of different models and scenarios of economic and fiscal integration. The research builds on the comparative political economy literature as well as liberal intergovernmentalism and claims that domestic political, economic and fiscal characteristics explain member states governments’ preferences for different fiscal and economic integration proposals.

1. Introduction: narratives on the crisis and how it came about

As is well known, in the summer of 2007 a crisis in a marginal sector of the US housing mortgage market set in motion a chain of events that would eventually usher in the era of the 'Great Recession'. In September 2008, too-big-to-fail US financial behemoth Lehman Brothers collapsed, with the ensuing credit crunch marking the start of a financial crisis which soon reached Europe. By the end of 2010, what had started as a quintessentially financial crisis had turned into a full-fledged 'sovereign debt crisis'. Widely accepted as it is, this notion is however a contested one. As suggested by Blyth (2013) and Matthijs and Blyth (2014), exception made for the specific case of Greece[1], the crisis in the Euro zone should rather be called – and indeed considered – a banking sector crisis rather than a crisis directly engendered by excessive public spending and accumulation of unsustainable debt by a profligate 'periphery' as opposed to a rule-abiding and frugal 'core' in the Eurozone.

Macroeconomic explanations of what happened abound, the most obvious being the one that the eurozone is definitely not an optimum currency area (OCA) as it lacks the minimum requirements for an OCA to exist, namely a level of factor mobility and/or fiscal transfers sufficient to mitigate the effects of possible asymmetric shocks affecting the economies of member states. Moreover, the escalation of the crisis can be at least partially ascribed to the shortcomings of the institutional framework underpinning the process of financial integration within the EU (Jones 2014), in particular the absence of a banking union; when the crisis hit the eurozone, there were virtually no mechanisms in place that could guarantee financial stability, such as centralized emergency liquidity assistance or a common system governing the regulation, supervision, and resolution of financial intermediaries (Corsetti 2015). In addition, a national sovereign-bank doom loop was inevitable considering that each 'subsidiary sovereign' nation's banks held large amounts of national debt of their own country (O'Rourke & Taylor 2013,181-82) and in turn government expenditure grew exponentially when governments faced with a banking crisis put in place expensive bailouts.

Today, a 'consensus narrative' (Baldwin et al 2015) on the origins of the eurozone crisis has emerged, focusing precisely on its 'sudden stop' nature; according to this

[1] See subsection 2.1 below.

account, rather than by the profligacy of 'periphery' member states, the crisis was determined by unaddressed macroeconomic imbalances deepened and fed by the introduction of the single currency; after all, as one prominent observer put it, Greece's very membership in the eurozone kept interest rates on Greek bonds low in spite of increasing borrowing – until the prospect of default began to be seriously considered by the markets (Feldstein 2010). Thus, a key determinant of the crisis was the conspicuous flow of capital from core countries (such as Germany, France, the Netherlands) to periphery countries (i.e. Ireland, Portugal, Greece, Spain), capital that ended up being invested in non-traded, non productive sectors such as the construction industry (Baldwin et al 2015, 1). When the financial crisis started in the US hit Europe, the sudden stop in cross-border lending raised concerns about the solvency of banks and governments in countries that up until then had heavily relied on foreign lending.

While this account provides a picture of great complexity, in the midst of the crisis, when new regulation such as the 'Six Pack', the 'Two Pack'[2] and the Treaty on Stability, Coordination and Governance (TSCG) were negotiated by EU member states, the success of a different narrative blaming 'budget sinners' concurred to shape the positions of core member states such as Germany and the Netherlands. Such 'morality tale' reading, which depicted the crisis as the result of the inability or unwillingness of EU periphery states to abide by the rules set in the Stability and Growth Pact (Tsoukala 2013), became very popular among vast sectors of the public opinion in core countries.

Obviously, as narratives change, so do the preferred solutions to the crisis. Proponents of the 'morality tale' account were inclined to suggest tighter rules and sanctions for budget sinners and ultimately pushed for austerity as a cure to the Eurozone malaise, a view that was met with favor by large shares of the electorates in core countries; an

[2] The so called Six Pack includes: 1) Regulation 1175/2011 amending Regulation 1466/97: On the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies; 2) Regulation 1177/2011 amending Regulation 1467/97: On speeding up and clarifying the implementation of the excessive deficit procedure; 3) Regulation 1173/2011: On the effective enforcement of budgetary surveillance in the euro area; 4) Directive 2011/85/EU: On requirements for budgetary frameworks of the Member States; 5) Regulation 1176/2011: *On the prevention and correction of macroeconomic imbalances;* 6) Regulation 1174/2011: *On enforcement action to correct excessive macroeconomic imbalances in the euro area.* The Two Pack includes 1) Regulation 473/2013: On common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area; 2)Regulation 472/2013: On the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability.

alternative view holds that in order to mitigate the effects of the current crisis and to avoid future occurrences, EU member states should either agree on a (politically less feasible) fiscal union or a (politically more feasible) banking union and a broader financial union based on equity ownership rather than on cross-border debt flows (Kalemli-Ozcan 2016). More broadly, the way in which the EU responded to the financial-turned-sovereign-debt crisis was informed by a heated debate hinging on the clash between two diverging views, that is austerity versus keynesianism. Against this backdrop, the responsiveness- responsibility dilemma[3] faced by EU governments became more and more pronounced. While the political cost of the crisis in terms of punishment of incumbent governments became increasingly evident, especially in southern Europe (Bosco and Verney 2012), populist forces found in the EU a suitable scapegoat. As a result, it became increasingly difficult for national leaders to justify belt-tightening in the name of further EU integration.

In fact, whatever the narrative adopted, the real issue is not what kind of instruments can technically be deployed to boost growth in the Eurozone and prevent future crises; the most urgent problems in the Eurozone and in the EU at large are political in nature, and concern the political feasibility of available options. In this sense, the Horizon 2020 EMU/SCEUS project "The Choice for Europe" adopts a liberal intergovernmentalist approach (Moravcsik 1993) to study EU member states preferences for further economic and financial integration . Studying such preferences is useful for a number of reasons; first of all, it is a preliminary, indispensable step to unpack the process of preference formation, highlighting the role of national and international stakeholders involved in the process; second, it provides analytical lenses to achieve a more fine-grained vision of domestic and EU-level debates on 'technical' issues which became extremely politicized especially in southern European countries; third, because shedding light on the processes which took place in the past might be useful to build future projections and scenarios. After shortly recalling the situation of the three countries between the choice for Europe at Maastricht and the onset of the crisis, the next section elaborates on the positions in the fiscal discipline policy packages mentioned above, that is Six pack, Two pack and the TSCG.

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[3] The traditional responsibility-responsiveness dilemma introduced by Mair refers to the increasing difficulties faced by governments and party structures when trying to respond to voters while at the same time conform to external constraints (Mair 2009).

2. Greece, Spain, Italy

2.1 The onset of the crisis[4]

In the period between the conclusion of the Maastricht treaty (1992) and the onset of the crisis, the three countries shared an equally pro-European stance, being Italy a founding member of the Communities, while EEC membership was seen in both Greece and Spain as a primary objective also in terms of democratic consolidation (Karamouzi 2014; Powell 2001). Equally, rather than a starting point, membership in the monetary union was seen as a natural objective to aspire to, and the introduction of the single currency in the countries considered was not subject to extensive public debates as was the case in Germany, France or the UK (Hopkin 2014). The ability to meet the (nominal) Maastricht criteria and join the monetary union, an objective which was reached by Greece with a slight delay vis-à-vis Italy, Spain and Portugal, was in fact perceived as a victory and indeed conceived of as a 'finish line' by the southern European countries (Verney 2009). This way of framing things was supported by the apparently good economic performance of peripheral countries in the immediate aftermath of the completion of the monetary union. As Fernandez-Villaverde et al (2013) put it, rather than creating incentives for reform, the introduction of the common currency and the resulting *de facto* capping of perceived sovereign risk for debtor countries sustained a credit boom which has indeed delayed reform in southern Europe. Therefore, the introduction of the single currency – and the subsequent loss of competitive devaluations as a viable policy tool – was not accompanied by the structural reforms which were needed in order to boost competitiveness.

In Greece, troubles ostensibly started in October 2009, when the new socialist finance minister Papacostantinou disclosed that the country's deficit in that year would soar to 12.5% of GDP, a much higher figure compared to the one estimated by the former conservative government (Barber 2009). As already hinted at, in extreme synthesis the problem was that since joining the monetary union, the Greek government had been in the position to borrow at very low interest rates. This circumstance of course cannot per se be considered as a direct cause for the crisis; however, coupled with a tradition of poor accounting practices, it created the conditions for the 'perfect debt storm' to happen in the second half of 2009, once the financial crisis started in the US

[4] This section is partly based on Morlino and Sottilotta (2017) pp .7-11.

spread to European markets. In this sense, it has been argued that the case of Greece is actually the only crisis genuinely linked to budgetary policy (Stein 2011). In 2004, Greece had already received a warning by the European Commission for under-reporting budget deficit data (Saragosa 2004); however, it should not be forgotten that by then the credibility of the Maastricht criteria had already been undermined by Germany and France exerting political pressures to suspend the sanctions they faced as per the excessive deficit procedure when their budget deficit exceeded the 3% ceiling in 2003 (Ngai 2012, 18). The government led by George Papandreou sought and obtained a first bailout worth 110 billion euros in May 2010; a new short-lived cabinet led by Lucas Papademos took over in November 2011 and finalized the negotiation of a second bailout package in February 2012; political instability led to new elections in May and June 2012, resulting in a government led by Antonis Samara which in turn was replaced by radical left Syriza party leader Alexis Tsipras after the January 2015 elections.

As far as Spain is concerned, the enabling conditions for the crisis are not to be directly found in the lack of fiscal discipline. Unlike Greece and Italy, in the years before 2008 Spain did not engage in excessive borrowing, its debt to GDP ratio was well under the Maastricht 60% threshold, and its GDP growth rate in the five years before the crisis hit was comprised between 3 and 4%, thanks to which the public debt was indeed on a negative trend (World Bank 2015). The distinctive feature of the Spanish case is the construction bubble fed by easy credit, with investment in housing peaking at over 12% of the GDP in 2008 and being reduced to 7% by 2011 (Ortega and Peñalosa 2012), a shock which spread to the rest of the economy through virtually all existing channels: tightening financial conditions slowed down demand for housing, which pushed down house prices and had a negative impact on employment, not to mention the serious strain faced by the banking sector (especially regional *cajas*) which had to absorb an increasing rate of insolvency of construction firms and found itself left with now almost worthless collateral – real estate property whose value had quickly fallen since the start of the crisis. This situation paved the way for the June 2012 decision by the Spanish government led by Mariano Rajoy to accept (up to) 100 billion euros as a ‘loan’ by the ESM to recapitalize the country’s ailing banks.

The predicament of Italy vis-à-vis the onset of the crisis is yet different from the Greek and the Spanish ones. For most of its recent history, Italy has been characterized by high public debt; nonetheless, the country has also always had a good reputation in terms of debt management. Moreover – somewhat ironically – the relative isolation and 'backwardness' of the Italian banking sector coupled with effective supervision carried out by the Bank of Italy meant that when the crisis hit, Italy was better equipped than other southern European countries to cope with financial turmoil (Quaglia 2009). Italy's Achilles heel was (and to a large extent still is) to be found in the poor quality of regulation, a business climate that discourages foreign and domestic investment, low labor productivity, corruption, factors which, as the IMF recently put it (Miglierini 2016), account for 'two lost decades' in terms of economic growth in the country. Just as it happened in Greece, the crisis had a relevant political fallout in terms of governmental instability. As fear of contagion – epitomized by skyrocketing 10-years btp yields – soared at the end of 2011[5], the cabinet led by Silvio Berlusconi was replaced by a technocratic cabinet led by former EU commissioner Mario Monti. After the 2013 general elections, the Monti cabinet was in turn replaced by a short-lived 'grand coalition' government led by Enrico Letta, which resigned in February 2014 to be followed by a center-left cabinet led by Matteo Renzi.

Although at the onset of the crisis the economic and financial positions of Greece, Spain and Italy were problematic for different reasons, the cure prescribed for the 'Mediterranean malaise' was the same: increased austerity and stricter rules to enhance the enforcement of fiscal discipline. Of course, the most problematic aspect of this type of response is that austerity is not a politically neutral solution, as it has regressive distributive effects. It is no surprise then that in all the countries considered, the EU-sponsored introduction of austerity packages and more rigid fiscal rule was met with social protests and contributed to the political (and electoral) success of anti-establishment, eurosceptical movements. Unsurprisingly, increased governmental instability and polarization were side effects of this situation in the political landscape of the three countries considered. It is against the backdrop sketched out above that the reforms in EU economic and monetary governance were discussed. During the negotiations of the new fiscal rules (namely Six Pack, Two

[5] In November 2011, the Italian 10-years government bond yields almost reached 7%, with a spread of over 5% vis-à-vis the German Bund.

Pack, TSCG), a number of contested issues emerged and the different positions taken by the countries considered offer food for thought in many respects. Assuming that there was a convergence across the preferences of Italy, Spain and Greece, were the reasons for such convergence to be found in the country's economic interests? Is liberal intergovernmentalism (LI) a satisfactory approach to explain the outcome of the negotiations, or is it possible to identify other factors such as the adherence to different political economic paradigms (e.g. ordoliberalism vs. keynesianism) which played a role in shaping the outcome of the euro crisis negotiations? While providing adequate answers to these questions will only be possible at a later stage of the research, identifying and discussing the positions of the MS under examination is a preliminary, indispensable exercise.

2.2 Policy packages and contested issues

Within the framework outlined above, it can be said that a central objective of the project is to reach a deeper understanding of the different discourses and visions which informed the positions held by the EU MS during the negotiations of the reforms in economic and fiscal governance proposed, debated and introduced between 2010 and 2015.

The assumption is that different discourses on the crisis are reflected in the positions taken by MS during the negotiation of new policy packages. The first step in the project was to identify the most controversial issues emerged during the negotiations and map the positions taken by the MS through a document analysis and a series of validation interviews carried out with experts from MS and EU institutions. The initial document analysis focused primarily on articles published by specialized EU news website euractiv.com, but other sources such as Agence Europe and the Financial Times were also used. The analysis identified and defined 41 contested issues, that is specific issues on which MS held different, sometimes opposite positions, distributed among 9 different policy packages, namely the Six pack, Two pack, and the TSCG, which are measures adopted to enhance fiscal discipline; specific schemes to support to Greece ('bailout packages'); the establishment and functioning of the European Financial Stability Facility (ESFS) and the European Stability Mechanism (ESM), i.e. provisional and permanent mechanisms for financial stability respectively; proposals regarding the realization of a Banking Union;

‘roadmap’ documents, that is the four presidents report (2012) and the five presidents report (2015); and the proposal to create Eurobonds as a mechanism of systemic risk reduction via debt mutualization.

A spatial approach to the identification of MS positions was adopted (Thomson et al, 2012), which means that positions were represented as if they were placed along a spatial policy continuum; for instance, in the case of the new decision making rules to be applied as per the Six pack, the position of the countries pushing for stricter discipline, i.e. automatic sanctions, was coded as ‘100’; the position of countries preferring to maintain some political leeway in the imposition of sanctions for ‘budget sinners’ was coded as ‘0’. In other instances, intermediate positions were identified, such as in the case of the adoption of the TSCG, looking at which three positions were identified, that is a non-adoption preference (coded as ‘0’), an intermediate position, adoption with opt-outs (coded as ‘50’) and a full adoption without opt-outs (coded as ‘100’).

Although the completion of the dataset is still in progress, a preliminary statistical analysis of the preferences based on Bayesian Item Response Theory showed that eurosceptical countries such as the UK and the Czech Republic tended to assume positions linked to a lower level of fiscal discipline and redistribution; ‘core’ countries such as Germany, the Netherlands, Sweden and Finland favored fiscal discipline to a greater extent than redistributional measures; southern countries and Belgium tended to do the opposite (greater redistribution and more limited discipline); while central and eastern European members tended to take up a more pragmatic approach (Wasserfallen and Lehner 2016).

The questions the rest of the paper aims to explore are: given this scenario, what were the reasons behind the preferences of the three countries in question? Assuming that there was wide room for convergence in the positions of Greece, Spain and Italy at least as far as fiscal discipline measures are concerned, is such convergence in preferences due to ‘structural’ domestic characteristics and national interests as prescribed by the liberal intergovernmental theory or is it possible to achieve a more nuanced understanding of its reasons? What are the potentialities and the limitations of a liberal intergovernmental approach applied to this specific subject?

2.3 Positions vis-à-vis select issues

According to liberal intergovernmentalism (LI), European integration can be explained as the result of a tripartite process: the formation of actors' preferences which are mainly shaped by national economic interests; relative power, which determines the chances of success of certain policy options over others; and the institutionalization of credible commitments (Moravcsik 1998). Thus, the first step in testing the functioning of the theory is the identification of the negotiating positions of the actors involved. Schimmelfennig (2015) suggests that the way in which the euro area crisis negotiations unfolded seems to confirm – or at least does not contradict – the main tenets of LI as a theory of integration. The main narrative on the explanation of the crisis portrays the EU countries as ultimately committed to the supreme objective of saving the eurozone, while at the same time strongly disagreeing on how to achieve this goal, with the core pushing to place a heavier burden on the national level and the periphery – including France – preferring a 'softer' approach to the solution of the crisis based on burden sharing and debt mutualization. While the ultimate objective of the research is to test the validity of this understanding of the way in which the reform process unfolded, the (much more limited) purpose of this section is to discuss the preferences of the countries considered with respect to a number of contested issues emerged during the negotiations of the Two Pack, Six Pack and the fiscal compact. The positions of Greece, Spain and Italy are contrasted with those of two other key actors, France and Germany.

As shown in Table 1 below, as far as the Six Pack is concerned, at least four issues emerged before or during the negotiation. A first issue was the controversial proposal, tabled by Germany, to suspend voting rights in the EU Council for SGP non-compliant MS. As noticed by several experts interviewed during the first phase of the project, introducing such harsh political sanctions would have required an amendment of the Treaties, an element which contributed to the early dismissal of this regulation proposal; however, around this issue a first division emerged between Italy and Spain, which opposed the suspension of voting rights, and other countries, like Germany, and – more reluctantly – France. The second Six Pack-related issue was the proposal to suspend the transfers of structural funds towards member states which breach the limit on fiscal deficit. Also in this case, the final outcome of the negotiations did not include the measures considered. The third issue emerged during the negotiation of the Six Pack regards the triggering decision-making mechanism for SGP sanctions. Two broad positions can be identified in this sense, with some countries preferring the status quo, that is sanctions imposed by initiative of the Commission and the Council's consent by qualified majority, and others pushing for greater automatism, in the form of a reverse qualified majority mechanism whereby sanctions are automatically adopted unless the Council blocks them with a qualified majority vote. The fourth Six Pack issue relates to the calculations of the debt threshold, with some countries advocating the exclusion of 'good' debt accumulated for instance due to the implementation of structural reforms such as pension reforms. As far as the Two Pack is concerned, controversy emerged on the European Parliament's proposal to create a fund for the mutualization of member states' debt, with some states supporting the idea of the introduction of such fund within the Two Pack and others opposing it. The final outcome was the establishment of an expert group to study possible proposals.[6] As for the TSCG, the first two contested issues regard the very adoption of the Treaty, and its nature vis-à-vis the EU Treaties, that is, whether the TSCG was to be embedded in the Treaties, or it was to be concluded in the form of an intergovernmental treaty. A third major issue emerged with regard to the TSCG was the legal nature of the golden rule, that is whether the principle of fiscal discipline was to be embedded in the member states' constitution or rather affirmed merely by means of state law. Two further issues arose regarding the role to be assigned to the European Court of Justice (ECJ) and the European Commission (EC) within the TSCG framework. Some countries pushed for a more (e.g. compliance with the whole part III of the treaty – the so-called 'fiscal compact') or less (control powers limited to the question of non-compliance with the 'golden rule' transposition) extensive overlooking role of the ECJ, while, similarly, some were more or less in favour of an incisive monitoring role for the EC. A sixth TSCG issue regards the participation of non-euro countries to the informal Euro summit meetings, the controversial aspect being whether or not non-Euro countries (some of which are bound to join the single currency in the future) were to participate in such meetings. The final solution adopted is that also non-euro contracting parties shall participate when the discussion hinges on "competitiveness for the Contracting Parties, the modification of the global

[6] The final report was published in March 2014 (see http://europa.eu/rapid/press-release_IP-14-342_en.htm) but the idea of a redemption fund was left in stand-by because it was deemed to be too risky at the present moment.

architecture of the euro area and the fundamental rules that will apply to it in the future, as well as, when appropriate and at least once a year, in discussions on specific issues of implementation of this Treaty on Stability, Coordination and Governance in the Economic and Monetary Union" (TSCG, art. 12.3). A seventh relevant issue raised during the negotiations of the TSCG was whether its main focus was to be on stability rather than growth, with some countries, notably spearheaded by Germany, pushing for a focus on the first, and others preferring a solution more oriented on growth, with some other countries opting for an intermediate position. The eighth question identified relates to the scope of economic policy coordination, i.e. whether or not it was to encompass a substantial transfer of national sovereignty e.g. in the form of a common consolidated corporate tax base (CCCTB), general tax harmonization or the introduction of a financial transaction tax (FTT). The ninth and final issue hinged on the possible future incorporation of the TSCG into the EU treaties, with an eye to avoiding the permanent establishment of another instance of 'two-speed' Europe. The final version of the TSCG provided for such incorporation to happen by the fifth year from the entry into force of the treaty.

Table 1. Contested issues and country positions

Policy Package	*Contested issue*	*Negotiating position*
Six Pack	Suspension of Council voting rights for SGP non-compliant member state 0 = no 100= yes	ITA 0 ESP 0 GRE missing GER 100 FRA 100
Six Pack	Withholding EU Funds to deficit countries 0 = no 100= yes	ITA 0 ESP 0 GRE 0 GER 100 FRA 0
Six Pack	The adoption of SGP sanctions: reversed qualified majority 0= status quo (qualified majority) 100 = semi-automatism	ITA 0 ESP 0 GRE missing GER 100 FRA 0

Six Pack	Six-pack rules on "good" and "bad" debts 0= debt connected to structural reforms should not be considered 100= no exceptions	ITA 0 ESP 0 GRE 0 GER 100 FRA 0
Two Pack	Redemption fund 0= against 100= in favour	ITA 100 ESP 100 GRE missing GER 0 FRA 100
Treaty on Stability, Coordination and Governance (TSCG)	Adoption of the treaty 0 = No 50= Adopt with opt-outs 100 = Yes	ITA 100 ESP 100 GRE 100 GER 100 FRA 100
Treaty on Stability, Coordination and Governance (TSCG)	Foundation of the document- treaty change 0 = Intergovernmental agreement 50 = Simple change in the protocols 100 = Treaty change	ITA 100 ESP missing GRE missing GER 100 FRA 0
Treaty on Stability, Coordination and Governance (TSCG)	Nature of the 'golden rule' 0 = Ordinary legislation 50 = Binding provisions-not necessarily constitutional 100 = Constitutional level.	ITA 100 ESP 100 GRE 0 GER 100 FRA 50
Treaty on Stability, Coordination and Governance (TSCG)	Role of the ECJ 0 = Power limited to the question of non-compliance with the 'golden rule' transposition 100 = Extensive powers with regards to Title III of the TSCG.	ITA 0 ESP 0 GRE 0 GER 0 FRA 0
Treaty on Stability, Coordination and Governance (TSCG)	Role of the EC 0 = Monitoring competences without possibility to take member states to court 100 = Commission can bring infringement cases in front of the ECJ	ITA 100 ESP 0 GRE missing GER 100 FRA 0
Treaty on Stability, Coordination and Governance (TSCG)	Participation of non-euro MS to the Euro Summit 0 = No 50 = 'Limited access to participation in Euro Summits 100 = Access to all Euro Summits	ITA missing ESP missing GRE missing GER 100 FRA 0

Treaty on Stability, Coordination and Governance (TSCG)	Purpose of the TSCG 0 = focus on stability 50 = balance between stability, growth and jobs 100 = focus on growth	ITA 50 ESP missing GRE missing GER 0 FRA 100
Treaty on Stability, Coordination and Governance (TSCG)	Economic policy coordination 0 = contrary to fiscal coordination 100 = In favor of greater fiscal coordination.	ITA 100 ESP 100 GRE 100 GER 100 FRA 100
Treaty on Stability, Coordination and Governance (TSCG)	Incorporation in EU Treaties 0 = Keep it an intergovernmental agreement 100 = Incorporate the TSCG into the treaties within the next five years.	ITA missing ESP 100 GRE missing GER 100 FRA 100

With this framework in mind, it is possible to make some preliminary comments. First, the positions of Italy and Spain seem to be aligned, especially as far as the Six and Two Pack are concerned. Second, the slight shift in Italy's positions towards Germany's ones during the negotiation of the TSCG may reflect the need for a country whose fiscal position (and bargaining power) deteriorated over time to appear as fiscally 'virtuous' as possible. Third, although the results presented here are preliminary, the high number of missing values for Greece seem to confirm that during the negotiations of the reforms considered, the country played the role of a passive than an active subject, and that the positions are in fact missing because the country – caught in the eye of the hurricane – did not have the chance to actually develop and express a position. Moreover, although the subject falls outside of the scope of the study, the positions of France and Germany were misaligned on a number of substantial issues, such as the hypothetical withholding of structural funds from deficit countries, the reverse qualified majority rule for the adoption of sanction and the stability vs. growth purpose of the TSCG.

3. Concluding remarks

As anticipated, the approach adopted in this paper is largely exploratory. The crisis hit Greece, Spain and Italy with different intensity and effects, yet a substantial convergence in these countries' positions during the 2010-2015 negotiations on the reform of the fiscal and financial governance of the eurozone can be observed. A more nuanced understanding of the reasons for this convergence can be achieved through the analytical lenses of LI. In the context of a broader research project, a number of questions will be tackled, focusing on the countries' preferences (were they stable? Did they change over time? If this is the case, why and how did it occur?); on the nature of the domestic interests influencing the countries' positions (e.g. exploring the changes in government, the role of ideas on economic policy, the input provided by interest groups); and finally and more generally providing an in-depth test of the application of LI to the 2010-2015 eurozone reform negotiations. One major critique typically raised vis-à-vis LI is that a preference-mapping exercise such as the one adopted in the first step of the research described here only provides a snapshot of the MS positions at a given moment in time, and fails to account for changes and evolution in domestic preferences. However, the second step in the research, which hinges on the administration of member state questionnaires (MSQ) should at least partially fill this gap by also investigating the relationship between those preferences and ideas and beliefs about the economic and monetary union expressed by key national decision-makers.

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