**Examples from the Treaty**

We present some examples for the reader to understand the method, because we expect our method to be applied to other legal texts such as the legislative texts of the EU or the Treaties whenever successive drafts are available.

**1. Compensation**: In the initial draft, Article 9 stipulates the purposes of economic coordination as “fostering growth through enhanced convergence and competitiveness and improving the functioning of the Economic and Monetary Union.” However, there has been heightened concern about excessive austerity-oriented approach, given that the Fiscal Compact was mainly driven by two right wing leaders. To address this concern, the same article in the second draft introduces additional goals (dimensions), including job creation: “In this context, particular attention shall be paid to all developments which, if allowed to persist, might threaten stability, competitiveness and future growth and job creation.”

The number of actors involved also influences the underlying dimensionality of the policy space. A good example of this compensation is regarding the previously unaddressed right of non-eurozone countries to participate in the Euro Summit. Polish Prime Minister Donald Tusk said that he would not sign the intergovernmental treaty unless it gives non-eurozone countries full access to summits that cover eurozone policy. The first concession was made in the 4th draft where the heads of the non-eurozone countries will be invited “when appropriate and at least once a year” “to discuss specific issues concerning the implementation of this Treaty.” (Article 12(6)). However, Poland’s firm stance led to another further compensation in the final draft (Article 12 (3)) (Kreilinger 2012: 2). As a consequence, non-eurozone countries can “participate in discussions of Euro Summit meetings concerning competitiveness for the Contracting Parties, the modification of the global architecture of the euro area and the fundamental rules that will apply to it in the future, and, 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.”

**2. Elimination**: elimination can take place in two important ways: 1. reduction of scope, and 2. increase of ambiguity (reduction of precision). The method of elimination is used when actors with different preferences can settle their disagreement by reducing the dimension in which their disagreements exist. Article 7 provides a good example. Whereas the decisionmaking process by reverse qualified majority stayed intact across six drafts, Italy insisted that the provision should limit its scope to the breach of the deficit criterion, and should not include “debt criterion.” The country was reportedly “satisfied”, when debt was deleted from the 3rd draft (Kreilinger 2012: 3), that is, the dimensionality of underlying policy space was reduced.

On the other hand, an increase of ambiguity can also lead to the elimination of disagreement by reducing dimensionality. In contrast to writing long provisions with extremely detailed language, writing vague provisions that leave many details unspecified allows member states to interpret and to implement the provisions of the Treaty. In this respect, the third treaty draft includes a significant change with respect to Article 3(2) that the Contracting Parties must put into national law the balanced budget rule through “provisions of a constitutional or equivalent nature”. Several countries – not only eurozone countries such as Ireland and Finland, but also non-euro states wanting to sign up, such as Denmark and Romania – would have to hold referendums to change their constitutions. From the third draft, the Treaty only asks for “provisions of binding force and permanent character, preferably constitutional”.

Note that the compromise results can be underreported in the sense that preserving the number of dimensions when one can change them is obviously a very special case. But, as we said the other two cases of our classification (compensation and elimination) may also include compromise that is not reported because it is not the major strategic device to reach agreement. For example, Article 3 (1) in the fourth draft made some changes in the paragraph b, when compared to its previous draft, as shown in the following,

b. The rule under point a) ~~above~~ shall be deemed to be respected if the annual structural balance of the general government is at its country-specific medium-term objective as defined in the revised Stability and Growth Pact ~~(Regulation (EU) No. 1175/2011)~~ with ~~a~~ ***the annual structural*** deficit not exceeding 0.5 % of the gross domestic product at market prices. The Contracting Parties shall ensure ***rapid*** convergence towards their respective medium-term objective. ~~Convergence~~ ***The time frame for such convergence will be proposed by the Commission taking into consideration country-specific sustainability risks.*** ***Progress towards and respect of the medium-term objective*** shall be evaluated on the basis of an overall assessment with the structural balance as a reference, including an analysis of expenditure net of discretionary revenue measures, in line with the provisions of the revised Stability and Growth Pact. *(A strike-through and bolded italics are added by authors to indicate respectively the deletion, and the addition of the words in the fourth draft.)*

We focus on the addition of a new sentence on the time frame for the convergence rather than other minor wording changes, and categorize this case as compensation instead of compromise.

**3. Compromise**: The most important characteristic of the compromise procedure is that the final outcome is located in the space already determined by the preexisting dimensions within which each actor has a different preference. That is, under the compromise method, the draft of the Treaty adopted after the negotiation process is expected to have the same dimensionality as the previous draft before the negotiation process. For example, actors may adjust the limit of the structural budget deficit from which a deviation is only allowed in exceptional circumstances, without adding or subtracting the other conditions. This adjustment can also be less explicit. For instance, the core provision of the Fiscal Compact, Article 3 which introduces the “golden rule” of a balanced budget, remained unchanged dimensionally across six drafts.

To be specific, when we examine Article 3(1) by comparing between the 2nd and 3rd draft, as long as there has not been any addition or subtraction of an underlying concept, it may be clear that this change is neither compensation nor elimination, despite slight changes wording (e.g. a change from “nominal GDP” to “the gross domestic product at market prices”), the order of paragraphs, and the previous regulation it refers to. However, we may not know exactly why they made such changes and how those changes satisfied countries with different positions. We code this case as an example of compromise.