SUSPENDING VETOES:
HOW THE EURO COUNTRIES ACHIEVED UNANIMITY
IN THE FISCAL COMPACT

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In the beginning of 2012 the seventeen countries of the eurozone and eight of the ten remaining countries of the EU reached an agreement on the Treaty on Stability, Coordination, and Governance in the Economic and Monetary Union (TSCG, known as the Fiscal Compact). The paper traces six successive drafts of the agreement to discover how these countries reached agreement. We argue that there are three different procedures that can lead different actors with veto power over an agreement to suspend their veto: they increase, decrease, or preserve the dimensionality of the underlying space. We call the three methods compensation, elimination, and compromise respectively, and discover that in the Fiscal Compact the agreement was achieved mainly though elimination.
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In the beginning of 2012, the seventeen countries of the eurozone and eight of the ten remaining countries of the EU reached an agreement on the Treaty on Stability, Coordination, and Governance in the Economic and Monetary Union (TSCG, known as the Fiscal Compact). The whole operation took a few months to be completed. Given that it was an intergovernmental conference, it required a unanimous agreement of the 17 euro member states. The swiftness of this agreement was impressive, but given the track record of the EU, where intergovernmental agreements have been failures (like Amsterdam) or finalization has taken almost a decade (Lisbon), this is an unprecedented achievement. Obviously, the economic crisis and its threat to the common currency may have accelerated the process. Even if this were the only reason, the question remains: how did the EU governments achieve this agreement? Is such an achievement replicable? Can we expect a similar outcome in other international negotiations (whether they occur in the framework of the EU or not)?

International agreements share the feature that different countries participate in the discussions and at the end, they have to choose between signing the agreement or not. In many
issue areas, member countries prefer the widest participation possible, but none of the potential participants (as long as it is a multilateral treaty) holds sole veto power. In the process of shaping the treaty, if a country has reservations, the remaining countries may prolong negotiations with higher or lower probability depending upon whether the reluctant country is one like the US or Monaco. In contrast, in bilateral negotiations and some treaties that extend or modify an existing agreement (like within the EU), each of the participants can veto the whole enterprise. Thus, persuading each individual participant to suspend this veto power is of paramount importance for the signature of the treaty.

The results of the Fiscal Compact Treaty demonstrate the above paragraph. While each of the 17 eurozone countries was almost\(^1\) necessary for successful negotiations (was an actual veto player), there was no reason for prolongation of discussions or further concessions to achieve the agreement of the UK or the Czech Republic (the two EU countries who did not sign the agreement).

This paper provides a framework for the study international agreements, whether the participating actors are veto players (i.e. need to agree in order to have the treaty, like the EU or the eurozone) or not (the treaty can exist without all parties participating, like the Kyoto agreements, or the Nuclear Non-proliferation Treaty). After the theoretical discussion, we focus our empirical analysis on the Fiscal Compact because we are able to examine six sequential drafts of the Treaty (from the initial proposal to the final text) and study the modifications in each stage. In each one of these stages, the focal question is: how did the participants manage to make the one or more countries in disagreement suspend its veto in order to proceed?

\(^1\) As we will see below, provisions were made so that the Fiscal Compact could go into effect even if some countries would not approve it. We will focus on that issue when we discuss Article 14(2) of the Treaty.
The paper is organized in six sections: In section one, we provide a literature review of several strands of the literature on legal texts and international agreement (including legal precision, or the length of texts, package deals, convergence on the least common denominators, and formal models of international agreement). The second section uses a Euclidean framework to understand the arguments presented and relate them to each other. It concludes that all the existing literatures can be understood as one of three categories: literature that increases policy dimensions (compensation), that eliminates dimensions from the underlying space (elimination) and that keeps the dimensionality of underlying space unchanged (compromise).

Section three provides a short introduction of the problems addressed by the Fiscal Compact, and applies our framework to the process of veto suspension and objection elimination. Building on this, the fourth and fifth sections provide a brief description of methodology used to construct the data set, and a statistical analysis of the information provided by the six drafts. We code amendments into three different categories: non-enforceable (the ones in the preamble of the pact), non-significant, and significant. We then compare the initial and the final text to see which of the three methods was used more and under what conditions (in terms of significance of amendments). Finally, we compare the evolution of the treaty: how many modifications did amendments experience before the final draft was adopted? Was the convergence to final agreement fast or slow? Was there oscillation between increasing and decreasing dimensions? We conclude by pointing out the theoretical innovations of our approach the importance of the empirical findings, and call for a replication of our analysis to other international and domestic legal texts.
I. LITERATURES ON AGREEMENTS

There have been many studies on how the EU countries achieve consensus in the various stages of the policy-making process. One of the main findings in this literature is that there exists a “preference for unanimity” in the Council’s decisionmaking (Mattila and Lane 2001: 40; see also Mattila 2004, 2008; Hayes-Renshaw et al. 2006; Aspinwall 2007; Hagemann and De Clerck-Sachsse 2007; Hagemann 2008). Specifically, existing studies find that unanimous decisions occur more frequently than existing rules require and formal models assume. To explain this puzzle, a series of qualitative studies have paid special attention to the *sui generis* nature of the Council characterized by “culture of compromise”, or “culture of consensus”.\(^2\) According to these studies, informal norms, consensus, thick trust and reciprocity in the Council play a significant role in facilitating negotiations and reaching an agreement between different countries.\(^3\)

While these findings may be acute observations and accurate accounts, it is unclear what is replicable, and particularly how one would achieve such results in a different context. In this study, we seek to achieve replicable knowledge. Thus, we connect the diverse existing studies in order to provide a new framework for analysis.

We divide the literature into two broad streams: the literature on the attributes of the legal documents, and that on how the agreement is achieved. For the former, we discuss 1) the


\(^3\) For example, Lewis (1998) argues that the Committee of Permanent Representatives (COREPER) maintains the performance of the Council through the production of a distinct culture of compromise and community-method. On the basis of interviews with COREPER participants, Lewis (2000: 261) found five main features of the decisionmaking style: diffuse reciprocity, thick trust, mutual responsiveness, a consensus-reflex and a culture of compromise. Heisenberg (2005) claims that the information gathering and interactions between the member states in the Council have the effect of creating a ‘common frame of reference’ which produces common understanding of the issues, and facilitates the negotiations.
literature on precision of legal documents, and 2) the empirical studies on the length or the size of the legal texts. For the latter, we explore the literatures on 1) package deals among negotiators, 2) the lowest common denominator, and 3) formal models (based on cooperative or non-cooperative game theory) predicting outcomes of negotiations. These different literatures employ different approaches and lead to very different outcomes. The main goal of our paper is to propose a new framework to integrate these studies that have been either theoretically or empirically disconnected from each other.

1. Attributes of the legal documents

1.1 The literature on precision of legal documents

Ehrlich and Posner’s (1974) pathbreaking article inspired scholars to examine the precision of legal texts. They use the distinction between rules and principles as the two extremes of a continuum of precision to determine when it is optimal to maximize the precision of a legal text from the perspective of law enforcement. The goal of Ehrlich and Posner’s investigation is the role of precision as a variable for social optimality of law, not as a condition for law production: if a car hits another from behind, without designation of blame to the first in traffic law, a judge would need to consider the speed of each vehicle, contextual conditions like density of traffic, visibility, presence of pedestrians, etc. for every accident. Koremenos (2011) moved to the conditions of specificity of international Treaties, and argued that the number and heterogeneity of signatories affect the precision of the legal document. By introducing legal precision as one of her dependent variables and controlling for the number of signatories and their heterogeneity, she can reduce the significance or even eliminate the subject matter of a treaty as an independent

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variable. For example, it is true that human rights treaties are much less precise than arm control or financial treaties, but this is because of the number and heterogeneity of participants, not the inherent nature of the subjects.

With respect to the EU, Dimitrova and Steunenberg (2000) present the argument that replacing specific standards by minimum ones as well as other specific imprecisions in text as discretions in implementation enable EU countries to keep at least a general framework. Similarly, Tsebelis (2013) has used “restrictions” regarding the legal texts of the EU, and has found that quite frequently (up to 50%) of the time, the final text eliminates restrictions that were present in the initial draft of legislation. The restrictions could cover the conditions under which the legislation is applicable, the goals of the legislation, the means by which it is achieved, or the time frame of applicability.

Finally, with respect to the very Treaty we are studying, there have been a series of policy papers, reports and news articles that track and examine the changes made in the text of the drafts. For example, Valentin Kreilinger (2012: 3) compares the different drafts, and finds legal precision sometimes decreased (like in Title III of the “Fiscal Compact”) while other times increased (like in the preamble). We will pay attention to the theoretical implications of these reports that have never been fully developed and theorized.

1.2. Empirical studies on the length of legal texts

There have also been consistent efforts to empirically analyze the length of the legal documents based on systematic quantitative methods (Huber and Shiplan 2002, Cooter and Ginsburg 2003; Voigt 2009).
Huber and Shipan (2002) study how the legislator or decision-maker who decides these rules, uses the language of the statutes to establish the appropriate level of bureaucratic discretion. Their empirical strategy to test their theory deserves attention: they measure the level of discretion as the number of words in regulatory laws.\(^5\) In a similar vein, Cooter and Ginsburg (2003) examine the cross-national variation in the specificity of national laws implementing directives passed by the European Union. The authors empirically show the specificity of legislation, measured by the number of words, varies systematically across countries.\(^6\)

However, despite development in understanding the attributes of legal texts, no studies directly evaluate how the design of the legal text can resolve disagreement and achieve consensus. In this article, we seek to fill this gap in the literature by emphasizing the dimensionality of the underlying policy space. This enables us to tease out how agreements are made possible.

2. How the agreement is achieved

2.1 Package deals

Numerous studies on international agreement have argued that actors who consider an agreement harmful to their interests may introduce items that compensate them for their losses. For example, instead of making a deal that protects the environment at the expense of business (raising standards to a very high level) one may compensate businesses with flexible adjustment,  

\(^5\) They argue, and empirically show that the length of a law serves as a useful, appropriate proxy for the extent to which it constrains agency policymaking. That is, “longer statutes provide more detailed instructions, and hence provide greater constraints on the actions of bureaucrats and other political actors.” (Huber and Shipan 2002: 77).

\(^6\) They explain this variation by institutional factors including the agency problem of judicial interpretation.
or tax reduction. The final outcome will be a bill addressing both the environment and presenting tax relief for the affected companies. Many books and articles in the literature examine “package deals” or “side-payments” that were necessary for the signature of a particular agreement. In the context of the EU, Weber and Wiesmeth (1991: 255) claim that “the technique of issue linkage as a negotiating tool has been used continually in the deliberations of the European Community”. A similar argument was also made by Martin (1993: 127).

While the idea of increasing the dimensions and trading across them is simple, the evidence is sparse because these tradeoffs may be undertaken under the table, without the knowledge of observers. Koenig and Junge (2009) use an innovative approach to determine that when two bills in the EU are on similar subjects, country vetoes are used less frequently than one would expect on the basis of the (presumed) preferences of the different countries. While the observed behavior is consistent with the compensation argument, no direct evidence of trading across dimensions is (or could be) presented. Thus, while we know that this type of behavior is likely, no existing framework can address its effects or explain agreement outcomes.

### 2.2 Lowest common denominator

Much of the discussion has centered on the concept of the lowest common denominator (LCD) in the EU studies (Elgström and Jönsson 2000; Falkner 2011; Garret 1995; Garret and Tsebelis 1996; Meunier 2000; Moravcsik 1991, 1993; Peters 1997; Scharpf 1988). When each member state possesses the power of veto, the final outcome of the international negotiation may converge to the LCD under the condition that the negotiation is in one dimension.

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The LCD concept has been used to study the European integration process (Moravcsik 1991; Marks et al. 1996; Peters 1997; Garret 1995, Garret and Tsebelis 1996) as well as various stages of policymaking process (Elgström and Jönsson 2000; Foster 1998; Meunier 2000). Many of the existing studies presume a single dimensional space in analyzing decision-making over European integration and various international negotiations. A notable exception in this literature is Moravcsik (1993) who notes “The SEA negotiations can be interpreted as a process of limiting the scope and intensity of reform – a process necessary to gain the acceptance not only of Britain but also of other member states” (ibid.: 42, emphasis by the authors). In a similar line of argument, analyzing the Treaty of Amsterdam, Hug and Koenig (2002) argue that it was concluded after a maximalist project involving some 79 issues was modified by dropping almost half of them in order to reach the final agreement. Hug and Koenig apply a “two-level games” analysis and find that the countries with many constraints in the domestic arena (like bicameral parliaments, qualified majorities, etc.) were able to eliminate the issues they considered objectionable.

2.3 Formal models

There are several schools that consider the preferences of the actors in a multidimensional space, calculating the outcome as a function of these preferences, the status quo, and prevailing institutions. These approaches frequently use non-cooperative game theory where specific institutional structures are essential in the calculations (Tsebelis 1994, Tsebelis and Garrett 2001; Steunenberg 1994; Crombez 1996; 1997). To determine the outcome function, one must consider who controls the agenda (e.g., the EP, the Commission, or the Council), the decisionmaking rule (simple majority, qualified majority, and consensus), and the intermediate steps (and what
information is transmitted). Approaches may instead use aspects of cooperative game theory such as a dimension-by-dimension median (DDM) (Bueno de Mesquita 1994; Crombez and Hix 2011; Proksch 2012), the Nash bargaining solution (Achen 2006a; Bailer and Schneider 2006; Schneider, Finke, and Bailer 2010), or another cooperative game theoretic concept⁸, and may include a comparison of this concept with the status quo (Achen 2006b; Thomson 2011). While these approaches are very different in terms of methodology (they use cooperative or non-cooperative game theory and deal with dimensions all together, or one at a time), they share the characteristic that they leave intact the underlying dimensionality of the space, which is the criterion we use for classification.

II. SUBSUMING THE LITERATURES IN ONE MODEL

Each of the literatures discussed presents a plausible argument, but does not address the others, despite the fact that they all deal with the text of agreements, or with how these agreements have been made possible. We present a more encompassing framework, which subsumes these arguments and enables the reader to compare the arguments at the theoretical level and assess their empirical accuracy.

Sebenius (1983), the first to academically study the number of dimensions in a treaty, focused on the macro level and presented a series of possibility results. For example, he argues:

“In a more positive vein, issue addition can yield joint gains that enhance or create a zone of possible agreement. Separation of issues may preclude any chance of

⁸ These concepts are selected for their pleasing formal properties such as symmetry.
individual settlement while combining issues may make advantageous agreement possible” (Sebenius 1983:314).

He continues that the analysis “helps to explain why sequential resolution of items in negotiation can preclude some beneficial settlements” (Sebenius 1983: 315). This statement implies that package deals (in opposition to elimination) are a way to make agreements possible. While the practice of adding and subtracting issues or players had been a standard practice in negotiations, his article introduced it to the scholarly literature.

Riker (1982) was the first to emphasize the number of dimensions of the policy space as a major issue in politics. He argued that the essence of politics can be summarized as follows: minorities bring a new issue into a political debate to make the previous equilibrium collapse and to split the majority supporting it, and they then join a part of the now-divided majority to form a new majority in the new policy space. He presented the argument in terms of majority rule and moving from one dimension (where the median voter always exists and cannot be defeated (i.e. the “core” of the political system) to two (where the median voter (and core) ceases to exist). However, the argument can be extended to qualified majorities and to any number of dimensions (see Greenberg (1979: Theorem 2)\textsuperscript{9} According to Riker, the existence of an equilibrium outcome and the creation of a disequilibrium for political exploitation is the essence of what we understand as politics. Thus, increasing or decreasing the number of dimensions may be extremely important in achieving or undermining an agreement.

Altering the dimensionality of the underlying policy space grounds our comparison of the different arguments about negotiations and achievement of agreements. We argue that the (very

\textsuperscript{9} Greenberg has proven that to ensure that a q-majority core exist, one must satisfy the condition $q > \frac{n}{n + 1}$, where $n$ is the number of dimensions of the policy space.
diverse) literatures on agreements, compromises, policy outcomes, and decisionmaking process can be classified in exactly three categories:

1. **Compensation**: increases the dimensionality to achieve agreement. We call this literature ‘compensation’ because commonly one actor in (some of) the existing dimensions gets compensated by the introduction of a new dimension(s). This satisfies the would-be losers, and entices them to accept the deal. This includes the arguments presented in the “package deal” literature. Arguments in this literature contradict Riker, who expects the introduction of new dimensions to undermine deals (we see a similar argument in Sebenius). The “package deal” literature assumes that different actors have affinities with different dimensions, and they trade favors across the dimensions. Both assumptions are plausible, and the expectations they generate are contradictory. We use empirical evidence to sort out these arguments.

2. **Elimination**: decreases the number of dimensions to achieve agreement. This approach resonates with Riker’s argument (actually, the converse of his argument), because reaching the core of the policy space entails discarding issues (dimensions) of disagreement. We classify the literatures on legal precision and length of text as well as the least common denominator into this category.

**INSERT FIGURE 1**

Figure 1 gives a summary presentation of the different possibilities with respect to modification of dimensions. It illustrates that there are two distinct ways of reducing the dimensionality: increasing ambiguity, or reducing scope. In both cases something is removed from the initial document. In other words, the players participating in Treaty negotiations may
make an issue more ambiguous so that different behaviors can be considered as consistent with the text of the Treaty, OR, eliminate the particular part of the text altogether in which case different behaviors are obviously permissible. Precision is a subset of dimensionality and decreasing precision, in addition to eliminating the issues of disagreement, is one of the possible ways to achieve agreement among parties that have significant differences. In this respect, the literature on ambiguity (or imprecision) and the literature on the LCD can be subsumed under the elimination of dimensions in our approach. A special mention has to be made about the LCD literature. Verbally (as well as in most of the literature) the reference is to a single underlying dimension. In such a case, one cannot reduce the number of dimensions any further. A more accurate way of expressing the idea in one dimensional models would be by the terms “Lowest Common Value”. Yet, as we saw, there are two pieces in the literature\(^{10}\) that explicitly deal with “reduction” of issues or dimensions.

3. **Compromise**: does not alter the number of underlying policy dimensions. This is probably the most extensive part of the literature, since all the formal models (cooperative and non-cooperative) that we discussed above are **by definition** classified here because the starting point of all these models is the assignment of preferences to the different actors, and then the calculation of the final outcome either on the basis of some reasonable and shared criterion (cooperative game theoretic models) or through the use of different rules (non-cooperative game theoretic models).

### III. BACKGROUND OF THE FISCAL COMPACT

1. **A short history**

\(^{10}\) Moravscik (1993) and Hug and Koenig (2002)
The 2010 sovereign debt crisis exposed structural weakness in the EU’s fiscal framework. Whereas monetary policy for the euro area member states was determined by the European Central Bank (ECB), taxation and government expenditure still remained mostly under the control of national governments. There have been proposals to adopt a form of fiscal union for ensuring prudent fiscal policies across member states and for further economic integration of the EU given the budgetary decisions’ significant impact beyond national borders.

One of the most important measures to maintain the stability of the EMU was the Stability and Growth Pact (SGP), outlined by a resolution and two council regulations in 1997. The goal of the SGP was to ensure that the Maastricht convergence criteria, such as budget discipline and avoidance of excessive deficits, would be sustained by the member states.  

The previous SGP did not prevent the build-up of large fiscal imbalances in several euro area countries. Sanctions were not applied at the EU level for non-compliance with the rules. Moreover, there did not exist any minimum requirements for national fiscal frameworks, the design of which remained at the discretion of the member states (ECB 2013). Under the so-called “Six Pack” in 2011, budgetary surveillance was strengthened and the sanctions taken under the excessive deficit procedures come into force earlier and more consistently. An early warning system and a correction mechanism was also designed to monitor and control excessive macroeconomic imbalances.

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11 According to the first regulation, known as the “preventive arm”, member states must submit a SGP compliance report that will show their expected fiscal condition for the current and subsequent three years. After the reform of the SGP in 2005, this program has also included the Medium-Term budgetary Objectives (MTO). The MTO is the medium-term sustainable average-limit for each member country’s structural deficit, and through the SGP, places additional requirements upon states. For example, member states must submit an outline of the measures it intends to implement to attain its MTO. The regulation known as “dissuasive arm” outlines the procedure called Excessive Deficit Procedure (EDP) which is initiated when the deficit of a member state breaches both the deficit limit and the debt limit stipulated by the Treaty.
The fear of a spreading sovereign debt crisis led the heads of the EU to take further steps to restore fiscal confidence and stability. At the core was the strong partnership between Germany and France. French President Nicolas Sarkozy and German Chancellor Angela Merkel’s meeting at Deauville on October 18, 2010 produced a compromise that called for tougher monitoring of countries’ budgets and economic policies, and an amendment to the treaties of the EU to address the eurozone’s debt crisis. Once again, in December 2011, a few days before a meeting of the European Council, the two leaders announced that they would “force-march” the euro zone towards stricter rules to ensure that a debt crisis could never happen again (Economist, 2011). France has agreed with German demands for even greater "automaticity" in the process leading to sanctions; and Germany, in return, has agreed to weaken the articles on restructuring the debt held by private creditors. In sum, two conservative leaders agreed that closer European oversight of national budgets are the key to address the existing crisis, and there was a close coordination between the two countries before every major European Union summit meeting. On October 26, 2011, a meeting of eurozone leaders declared that they agree on a wide range of “measures reflecting our strong determination to do whatever is required to overcome the present difficulties”.

On December 9, 2011 at the European Council meeting, all 17 members of the eurozone and the other EU countries that desire to join the euro laid down the outline of a new fiscal compact and a stronger coordination of economic policies. On March 2 2012, all the EU member states except for the United Kingdom and the Czech Republic signed the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG). The Treaty entered into force on January 1 2013 after ratification of the twelfth eurozone member state, Finland (December 2012). As of May 28 2013, the Fiscal Compact had been ratified by fourteen
of seventeen eurozone states, and by six of the eight other signatories. However, the provisions regarding governance (Title V) are already applicable to all the Contracting Parties.

The Treaty reinforces existing fiscal rules including the SGP and the Six Pack and introduces new ones along with more effective sanctions. The content of the Treaty consists of sixteen articles (divided into six titles), preceded by a lengthy preamble. Whereas this preamble sets out the background of the Treaty (why the countries, known as the “Contracting Parties,” agreed on the Treaty, and what its main contents are), the following numbered articles contain agreement which addresses three main issues: 1. fiscal stability, i.e. the rules on the level of government deficit and government debt, 2. economic coordination in the EU; 3. how the eurozone is governed.

Under the pressure of the crisis, the Fiscal Compact Treaty passed through six successive drafts in less than two months (from December 9, 2011 to January 31, 2011) before the final version was adopted. This treaty has another unusual, but important, feature: that the six successive drafts are publicly available, and thus provide a unique opportunity to study the dynamic process of establishing an agreement among the countries that have different positions. The main objective of this paper is to understand how the three different procedures (compensation, elimination, and compromise) corresponding in an increase, decrease or preservation of the dimensionality of the underlying policy space are used to reach an agreement over the negotiation process.

2. Key provisions

We divide the articles of the Treaty into “non-enforceable” (the preamble) and “enforceable” (the articles of the main part of the Treaty). We then use the Council’s press
releases on the Treaty to determine whether portions of the enforceable section are “non-significant” or “significant”, to examine whether there is any difference in the ways of achieving agreement on the basis of the importance of disagreements. These press releases summarize key elements of the Treaty. In particular, the press release published on December 21, 2012, following Finland’s ratification, provides the most comprehensive summary of the key provisions of the Treaty. These central provisions are mainly concerning the “Title III Fiscal Compact”, which address the issue of fiscal rules and discipline, while several other provisions on the overall purpose of the Treaty (Article 1 (1)) and the procedures including the ratification process (Article 12 (2), Article 14 (2), and Article 16) are also included in the press release.12

Specifically, Article 1 (1) is categorized as an important provision, as it outlines the purpose and the scope of the Treaty, and thus, significantly determines the underlying policy space of the Treaty as a whole. In particular, this article went through notable changes over the negotiation process. While the initial draft stated “to strengthen their budgetary discipline and to reinforce their economic policy coordination and governance” as a purpose of the Treaty, the 2nd draft added more specific goals to the previous provision by stating “to foster fiscal discipline and deeper integration in the internal market and stronger growth, enhanced competitiveness and social cohesion”. However, this change raised concerns in the UK as this issue may be discussed among the Contracting Parties excluding the UK. In the later drafts, the expression of “to foster […] deeper integration in the internal market” was replaced with “to strengthen the economic pillar of the Economic and Monetary Union by adopting a set of rules”, which is considered an important concession to the UK.

12 Note that only the provisions which went through any modification are included in our dataset. For example, Article 14 (4) and Article 14 (5) are briefly mentioned in this press release, but they are not included in our dataset as they did not go through any modification over the negotiation process. For the details, please refer to the author’s website: http://sitemaker.umich.edu/tsebelis/fiscal_compact_data.
From Title III, five provisions are categorized as significant ones which went through modifications over the negotiation process. The Treaty provides, in Article 3 (1), that “the budgetary position of the general government shall be balanced or in surplus” under the balanced budget rule, a criterion that is met if the annual structural government deficit does not exceed 0.5% of GDP at market prices. They must also satisfy the country-specific medium-term budgetary objective, as defined in the revised SGP, otherwise an automatic correction mechanism will be triggered in the event of deviation from the balanced budget rule. This core provision of the Treaty, or the so-called “golden rule” went through important modifications. In the second draft, the expression of “but in any case no more than 1.0% of nominal GDP” was added to the stipulation that more than the 0.5% of structural deficit is permitted where the debt level is significantly below the 60% reference value. In the fourth draft, the European Commission is empowered to propose the time frame for convergence towards the country-specific medium-term objectives considering each country’s sustainability risks.

One of the important innovations of the Fiscal Compact Treaty lies in the proposal to incorporate these fiscal rules into the national legal system. According to Article 3 (2) in the first draft, the rules mentioned above “shall be introduced in national binding provisions of a constitutional or equivalent nature”. However, as several countries, including Denmark, Finland and Ireland have indicated that they would have to hold referendums on constitutional amendments, the third draft watered down the previous requirement, and it now reads “The rules mentioned under paragraph 1 shall take effect in the national law of the Contracting Parties at the latest one year after the entry into force of this Treaty through provisions of binding force and permanent character, preferably constitutional, or otherwise guaranteed to be fully respected and adhered to throughout the national budgetary processes.”
According to Article 8 (1), the European Court of Justice can verify this national transposition of the balanced budget rule. Under the first draft, “Any Contracting Party which considers that another Contracting Party has failed to comply with Article 3(2) may bring the matter before the Court of Justice of the European Union.” The second draft conferred an important role upon the European Commission by changing this provision as the following: “The European Commission may, on behalf of Contracting Parties, bring an action for an alleged infringement of Title III before the Court of Justice of the European Union.” Moreover, Article 8 (2) confers on the ECJ the power to impose fines on countries that have failed to implement balanced budget rule into national law. Under the fourth draft, it reads “If the Court finds that the Contracting Party concerned has not complied with its judgment, it may impose on it a lump sum or a penalty payment appropriate in the circumstances and that shall not exceed 0.1% of its gross domestic product.”13 However, this provision never existed until the third draft of the Treaty.

The Fiscal Compact also reinforces budgetary rules by incorporating a commitment made by euro area contracting parties to adopt the recommendations and decisions submitted by the European Commission under the excessive deficit procedure unless opposed by a qualified majority (known as “reverse qualified majority”), as shown in Article 7. While this rule was never changed, the third draft limited its scope to national deficit with an exclusion of national debt, as a concession to Italy’s demand (Kreilinger 2012: 3).14

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13 Through a modification in the fifth draft, this final draft reads as the following: “The amounts imposed on a Contracting Party whose currency is the euro shall be payable to the European Stability Mechanism. In other cases, payments shall be made to the general budget of the European Union.”

14 The “reverse qualified majority” is a procedure that gives particular weight to the agenda setter of a process: The submitted proposal stands unless a qualified majority decides to change it. Within the EU, such procedures were introduced for the first time by the Rome Treaty (Tsebelis and Kreppel 1998) and replicated in the legislative “cooperation procedure.” Similar procedures can be traced as back as the 1826 Bolivian Constitution introduced by Simon Bolivar (Aleman and Tsebelis 2005).
In addition to Title III on the fiscal rules, the Council press release points out several important provisions on the governance of euro area, and on the legal procedures. First, although there have not been significant modifications except for the minor wording changes over the negotiations, the Council press release remarks on the requirement for Euro Summit meetings to take place at least twice a year (Article 12.2). Second, the press release also indicates the necessary steps to incorporate the provisions of the new treaty into the legal framework of the EU are to be taken within five years of its entry into force (Article 16). This provision was newly added in the second draft of the Treaty, and a slight wording change was made in the third draft. Lastly, it is notable that all the euro countries are not required to ratify for the Treaty to enter into force. In the first draft, only nine eurozone countries are required to ratify for the Treaty to come to have legal force and effect (Article 14 (2)). This number of countries changed into fifteen in the second draft, and finally twelve in the third draft. This is a decision of paramount importance setting the stage for future treaties, and indicating significant learning from experience: the institutional negotiations that led to the Lisbon Treaty almost got aborted because of the unanimity requirement for approval (e.g. the two negative referendums in France and the Netherlands, and the nearly ten years of negotiations, see Finke et al (2012)). Now is the first time that while unanimity of the government representatives is required, ratification requires only a certain number of countries. This provision is likely to create an institutional precedent that will increase the role of representatives (governments, prime ministers) and reduce the influence of principals (parliaments, or peoples) in Treaty agreements.

We also included one additional change across drafts in the category of the important provisions: the title of the document. The title of the document changed from “International Agreement on Reinforced Economic Union” (1st draft), to “International Treaty on Reinforced
Economic Union” (2nd draft), and finally to “Treaty on Stability, Co-ordination and Governance in the Economic and Monetary union” (3rd draft). The broad concept of a “reinforced economic union” which reflected early stages of negotiations has been specified as shown in the long title of the final version.

IV. METHODOLOGY

The use of language is crucial in any legal document – not only do lawmakers cautiously choose particular words when drafting legislation, but courts also pay special attention to those words when stating their grounds for decisions. In drafting the Treaty, each actor may have a different preference over word choice. It is very important to pay close attention to the selection of different words in different drafts of the Treaty. To begin with, if a word is modified in the text, including substantive words like nouns or adjectives or verbs and connecting words (like “and” or “or”), it may result in a change of the corresponding number of dimensions.\textsuperscript{15}

If words are added, the question is whether they are explaining substance that was already there or not. If the new word explains what was already there and makes it more explicit, then we have a reduction of dimensions. If, for example, we reduce the word “economic and financial” to the word “financial” we are reducing the number of dimensions, while if we add the word “social” we are increasing the corresponding number. If we drop a word, then we are potentially making the text less precise, and therefore we are (potentially) reducing the number of dimensions. Finally, we may replace words, and then the assessment becomes more complicated.

\textsuperscript{15}This number cannot be larger than the number of players involved in the decision minus one. As a first consequence of this statement, if the decision was to be made by $n$ players and is now to be made by $n + m$ players, the corresponding number of dimensions changes by $m$ (whether $m$ is positive or negative). In the Treaty under consideration the number of required signators or ratifiers changes several times.
because the new word may imply a different compromise among the existing ones, or add or subtract dimensions (if it is more or less encompassing than the previous one). When we look at the text of two successive drafts and we try to assess whether there was an increase or decrease of dimensions in the new draft, we have to focus at the meaning of the words added, subtracted, or changed.

This focus on the difference of dimensions departs from the traditional use which is based on factor analytic techniques where the researcher bundles together issues in order to communicate with the reader in a summary way, as well as assess (approximately) the positions of the different actors along these dimensions. For example, when Hug and Koenig (2002: 461) identify 79 dimensions in the draft of the treaty of Amsterdam, they speak about items such as “recognition of cultural/linguistic diversity and protection of minorities” (item no. 15). This dimension can be subdivided in cultural, linguistic, and minority protection, and each one of these items could have a large number of categories like freedom of religion, right of political organization, right to name this organizations, they way they want, etc. For reasons of simplicity the researchers summarize all these possibilities in one item. If one wanted to identify the specific number of dimensions involved it would be impossible. By contrast, it is possible to compare two texts and see whether the number of dimensions increases or decreases, which is our strategy in this article. In the previous example, if all the other provisions of item no. 15 remained the same, but the word “cultural” had been eliminated, we would assess it as a reduction of dimensions.

This analysis requires very close attention to the meaning of words and consequently presents significant differences from computerized approaches that count number of words, and leads to no correlation between our findings and theirs. To understand the difference between our approach and previous empirical analyses, we conduct a series of correlation analyses. In particular we examine the correlations between our results and the measure of length of legal
text, which is frequently used in the empirical analysis of the legal documents. These correlation results demonstrate that our concept of compensation, elimination and compromise, and their measures reflect the aspects of the agreement that are not measured merely by the changes in the number of the words, on which many previous empirical studies focus.

On the other hand, the elimination of a word, increases the uncertainly (and reduces the dimensionality) of the corresponding text. This is why, Tsebelis’ (2013)’s measure of “imprecision” is correlated with our measure of “elimination”.

But this is only part of the assessments we had to do. In many sentences of legal text there are lots of conjunctions, and if we replace an “and” by an “or”, we have an expansion of dimensions, because we are moving from an intersection to a union of content of the words involved. The opposite would mean a reduction of dimensions. This is the simplest example. If we look at the actual language, the text may involve commas, or verbal conjunctions, but the way it is expressed does not necessarily correspond to the rules of formal logic. For example, if we speak about “war and peace” we will not expect to find both these concepts in every sentence. Some sentences will be focusing on war, others on peace, and most of them in situations connected with each one of these concepts. Consequently, the formal text may involve the word “and” but its logical meaning is “or”. This ambiguity generates lots of different

16 See Huber and Shipan 2002; Cooter and Ginsburg 2003; Voigt 2009

17 First, there is a negative association between the increase in the number of words and the increase in ambiguity (r = - 0.23), and a positive association between the increase in the number of words and the reduction of scope (r = 0.26). As a result, the increase in the length of a provision has much less or no association with elimination (r = 0.12) which includes both the reduction of the scope and the increase in the ambiguity, compensation (r = - 0.04), or compromise (r = 0.03).

18 For example, Huber and Shipan use the number of words when comparing legislation on a similar topic. Because of the inherent complexity and potential for multidimensionality within Treaties, we do not observe or expect length to correlate to the types of modifications we seek to explain.

19 The empirical correlation between Tsebelis’ measure of imprecision and that of elimination is 0.24.
interpretations (like Gestalt shifts that make things look sometimes like a rabbit and others like a fox). We independently coded the content and resolved these conflicts through discussion and agreement not through vote or imposition of one opinion over another.

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 whenever successive drafts are available. The legislative texts of the EU would be prime candidates for this approach, but so would Treaties, if their transcripts become 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

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20 For the data and related materials including the six draft, please refer to the author’s website: [http://sitemaker.umich.edu/tsebelis/fiscal_compact_data](http://sitemaker.umich.edu/tsebelis/fiscal_compact_data)
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 2\textsuperscript{nd} and 3\textsuperscript{rd} 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.

V. DATA ANALYSIS
We analyze the six drafts in two ways: First, we study the differences between the first draft and the final document to assess the method used to achieve agreements (compensation, elimination, or compromise). Secondly, we look at the sequence of changes from each draft to the next, to assess the actual changes and their sequence, and to analyze whether the changes are fast or slow, and whether they are unidirectional or oscillating between different methods.

**Overall Amendments:** We begin by introducing the descriptive statistics about the three methods used overall to address the discrepancies between the initial draft and the final document.

**INSERT TABLE 1**

In Table 1 we compare the first draft and the final one to see how countries with different preferences reach an agreement on the final draft of the Fiscal Compact. We find that 35 provisions were changed at least once across the six drafts. One of the most important findings is that drafters used the elimination strategy more than 3/5ths of the time. Sixty-three percent of the modifications were subjected to elimination of dimensions, whereas compromise and compensation respectively account for 3% and 26% of the changes between the initial draft and the final version of the Treaty. The rest (about 3%) was “No Change”. This corresponds to one provision whose initial version is the same as the final one despite some modifications in between (Article 12 (1)).
Categorizing the articles by significance, we find that both compensation and compromise are rarely used in changing the non-enforceable part of the Treaty (preamble). Almost all of the modification in the preamble is through elimination and more precisely reduction of the scope (80% of changes). The most important articles are modified through elimination (60%), followed by compensation strategy (40%). None of the cases maintain the number of dimensions.

**Amendments across Five Rounds of Negotiations:** In Table 2, we pool all the six drafts to understand all the changes made across the different negotiation process to achieve an agreement.

**INSERT TABLE 2**

To compare the results of Table 1 and Table 2, we conducted various tests of association including the Pearson’s chi-squared and Fisher’s Exact Test to check whether the proportion of each category (compensation, elimination, and compromise) differs across two groups: overall changes from the initial draft to the final draft vs. individual changes between six successive drafts. We couldn’t reject the null hypothesis that the proportion of aggregate change is the same as the proportion of the individual/subsequent change across five negotiations (all the p-values are larger than 0.1). This test result was consistent regarding the important provisions, preamble, and all the provisions which went through modifications.

A simple way to understand this finding is that there was no significant difference in numbers whether we analyze the changes in one step (from the initial draft to the final document) or in six steps (one draft at a time). The overall results of use of each method remain the same;
the only difference is that the number of observations increases when using the second method, since each amendment is changed several times.

**INSERT FIGURE 2**

Figure 2 produces a succinct way of looking at all the modifications. It is a stacked area chart which shows that some agreements are reached in early rounds and others later. We find that most of the changes were made at the 1st and the 2nd round of the negotiations, and the proportion of the total number of changes gradually decreased as the negotiations proceeded. Many observations of “No Change” at the latter stages depress the overall proportion of each method. Nevertheless, most of the findings are consistent with previous results shown in Table 1.

In Table 2, we include only the provisions that experienced modifications in Table 1. Specifically, the elimination strategy proved to be the most-frequently-used method across six drafts (74% of all the changes), followed by compensation (21%), and compromise (6%).

Second, compensation and compromise were rarely used in the changes regarding the preamble (about 13% and 7%, respectively), whereas elimination, in particular the strategy of reducing the scope, was used the most frequently. Third, regarding modification of the most important articles, elimination strategy (70%) and compensation strategy (26%) account for the most of the changes.

**Number of Modifications, Duration, and Directionality:** Our dataset allows us to analyze successive drafts in terms of three important aspects. First, we counted the number of modifications each article underwent. Our expectation was that important amendments would be
more intensely negotiated, and more frequently changed. Second, we studied the duration of these modifications, whether the agreement is reached in the early rounds of the negotiation, or achieved only in the last ones. We did not have any expectation about duration because while important amendments will take a long time, it is possible that not-important ones will be disputed only in the final stages of the process. Note that the number of modifications may have no direct relationship to how long it takes for the countries to reach the agreement over the final draft. Finally, we were interested in the directionality of changes, whether all the amendments were following the same pattern of increasing, decreasing or keeping the same number of dimensions, or these methods were mixed with each other in order to achieve agreement. Again, we were expecting different methods to be used for the important provisions.

1. Number of amendments: Our estimation results show that important provisions are more likely to go through more modifications over the negotiation process before the final version is adopted. For example, in contrast to preamble whose average number of modification is 1.5, an important provision such as Article 3 (2) (which specifies the transposition of the balanced budget rule and the correction mechanism into the national law) has been revised four times across five rounds of negotiations.

21 For example, both Article 12 (3) and Article 14 (2) went through two modifications over the negotiations. However, the final version of Article 12 (3), which addresses the participation of non-eurozone countries in the Euro Summit meeting, was negotiated until the last moment (on January 30, 2012) whereas Article 14 (2), which is regarding the countries required to ratify for the Treaty to come into force, took its final form by the second round of amendment, i.e., at the third draft.

22 To analyze our count data, we used the negative binomial analysis with robust standard errors. The dependent variable is the number of modifications over the negotiation process, and the independent variable is regarding to the significance of the provision based on the three category: not-enforceable (i.e. preamble) 0, enforceable but less significant 1, enforceable and more significant 2. The coefficient for the independent variable is 0.21, and its p-value is 0.002. We also examine the difference in the number of modifications between the preamble (not enforceable) and non-preamble provisions (enforceable). The result is consistent with the first result. The coefficient for the independent variable is 0.33 and its p-value is 0.013.
2. **Duration:** We found that significance does not affect the number of rounds required to achieve agreement.\(^{23}\) That is, even if important provisions (or provisions that are enforceable) are likely to go through more modifications, it is difficult to say that it takes more time for the countries to reach the agreement about those provisions. Provisions such as Article 11 and Article 12 (3) have been modified at the final round of negotiation, although they are classified as “less important”. In contrast, important provisions such as Article 5 (1), Article 14 (2), and Article 16 have been finalized relatively early period of the early period of the negotiation.

3. **Directionality:** According to our estimation\(^{24}\), more significant provisions are less likely to go through unidirectional changes in terms of their dimensionality over the negotiation process. Based on the calculation of the predicted probability regarding one-directional change, there exists a significant difference among more important provisions, less important ones, and non-enforceable cases: important provisions undergo unidirectional changes 23% of the time, less important ones 55%, and non-enforceable changes 83% of the time. For example, countries sometimes use compensation, and the other times use elimination to reach an agreement over more important provisions. Conversely, less significant provisions or provisions that are not enforceable are more likely to go through only one method, which is mainly elimination. Only

\(^{23}\) To analyze this duration data, we estimated the Cox proportional hazard model with robust standard errors. As there are six drafts, a provision can be subject to up to maximum five round of amendments. The dependent variable of this regression estimation indicates when the given provision’s final version is adopted (for example, the 1st round of negotiation = 1, and the last negotiation = 5). The independent variable is regarding to the significance of the provision based on the three category: not-enforceable (i.e. preamble) 0, enforceable but less significant 1, enforceable and more significant 2. The coefficient for the independent variable is 0.04, and its p-value is 0.79. This result was consistent when we use an alternative independent variable, *Preamble*. The coefficient for the independent variable is -0.02 and its p-value is 0.94.

\(^{24}\) We used logit analysis. Each observation is classified either unidirectional (i.e. only one method among compensation, elimination and compromise is used) or not, in terms of its dimensional change. As the dependent variable is whether its dimensional change is unidirectional or not (1 if unidirectional, otherwise 0).
one method (elimination strategy) was used in most of the unenforceable provisions (except for one case in our data) over the negotiation whereas important provisions often experienced both an increase and a decrease of dimensions across different drafts. For example, an important provision such as Article 1 (1) experienced elimination by reducing the scope in the second draft, and elimination by increasing ambiguity in the third draft, but compensation in the fourth draft.

CONCLUSIONS

We demonstrated that the dimensionality of the underlying space provides an insight into modifications of Treaties and comparison of negotiations. We suggested a framework to understand modifications in terms of dimensionality of underlying space so that comparisons of negotiations across Treaties will become possible.

We proposed a new framework to integrate the previously disconnected studies based on the understanding of the dimensionality of the underlying space of the international agreement. Specifically, we demonstrate that elimination, compensation and compromise can be used to achieve an agreement among various actors with different preferences. On the basis of this framework we analyzed the Fiscal Compact in each step of the negotiation process (the 6 existing drafts) as well as at the aggregate level (from first draft to the final document).

The most important finding is the dominance of the elimination strategy, particularly given what the literature would lead us to believe. Indeed, most of the existing studies on legislation assume that the number of dimensions is preserved, and the anecdotic evidence speaks about “package deals” (increasing dimensions). Although there are a few studies that imply this notable finding, they either simply stated the possibility through a case study (Moravcsik 1993), or
eliminated the other possible methods by assumption despite the overwhelming arguments of the package deal and the formal model literatures (Hug and König 2002). We created a dataset that permits the examination of all three possibilities (increase, decrease, and preservation of dimensions). We found out that over half of the agreements are achieved through elimination. In this respect we agree with Hug and König (2002), but not only we do not assume that reduction of dimensions is the only strategy, but we find some 20 or 25 percent of the cases where the opposite was true. In the detailed analysis of the amendments, we find cases where both methods were used in order to achieve agreement on significant amendments. Our findings remain the same whether we analyze all articles together, or just the significant ones alone.

In terms of the sequence of amendments (from one draft to the next), most of the changes were made in the 1st and the 2nd rounds of negotiations, and the proportion of the total number of the changes decreased as the negotiations proceeded. It is notable that important provisions are more likely to go through more modifications over the negotiation process, in comparison to both less important provisions in the enforceable part of the Treaty and provisions in the non-enforceable portion of the Treaty (preamble). However, despite experiencing more modifications, there is no significant difference in the timing of finalizing amendments to important provisions or less important provisions. Additionally, important provisions are less likely to experience unidirectional changes of dimensions over the negotiation process. That is, countries tend to address their disagreement over the important provisions by switching among elimination, compromise, and compensation.

Will the major empirical finding of this paper, that elimination of dimensions is the most frequent method to overcome disagreements be replicated if we apply the same methodology to other legal texts (laws, agreements, and treaties)? Can we say that elimination of dimensions will
be more successful than compromise (which is what all the formal literature assumes) or compensation (logrolling and package deals as many informal accounts argue)?

While this finding is in complete agreement with Hug and Koenig’s (2002) analysis, there are several reasons to doubt whether these results will survive cross-agreement scrutiny. For example, there are contextual factors in the Fiscal Compact (the magnitude of which we cannot evaluate without comparisons) which may influence results, and there may exist measurement error within our instrument.

The Fiscal Compact was signed under tremendous pressure during the collapse of the euro. As we discussed above, it was prepared by two right-wing politicians, one who represented the major creditor nation of the EU. Thus, the compact presented a “deficit reduction” approach to the economic problems of the EU. Time limits and political disagreements made it easier to achieve agreement by eliminating provisions as opposed to adding new ones. We do not know what the extent of these biases is: only comparison with other agreements will enable us to make an accurate assessment.

Our procedure may include two inherent biases. First, we consider addition of dimensions inside the same article within the set of existing drafts. For example, it is possible that other compromises took place before the first draft. Or, some articles may have been included as compensation for the inclusion of less desirable articles. We have no way of knowing this. If one applies the methodology suggested here to legislative politics, it is possible to miss compensations emerging not only between articles of the same bill, but also across bills. What we report in such an analysis may be the tip of the iceberg.

Secondly, the compromise results are underreported in the sense that preserving the number of dimensions when one can change them is obviously a special case. But the other two cases of
our classification (compensation and elimination) may also include compromise which is not reported because it is not the major strategic device to reach agreement, as we showed through an example of Article 3 (1) above. This may explain the frequent use of elimination strategies in our data while Hug and König (2002), when analyzing a completely different agreement, come to very similar results. Similarly, Tsebelis (2013) finds that an increase in imprecision (in our terminology, one form of elimination) was used more than 50% of the time in generation of EU legislation.

In this paper we introduced a general framework that refers to the number of underlying dimensions of agreements, and can be used to study the production of both domestic and international legal texts. In the face of the theoretical literature (cooperative and non-cooperative game theoretic) which assumes preservation of the number of dimensions, and the empirical arguments about package deals to achieve agreements, we demonstrated that the most frequently used method to lead actors to suspend their veto (in the case of the Fiscal Compact) is the elimination of issues and policy dimensions.
REFERENCES


### TABLE 1 Overall Amendments (change from draft 1 to draft 6): Descriptive Statistics

<table>
<thead>
<tr>
<th>Amendment</th>
<th>Not Enforceable</th>
<th>Enforceable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not Important</td>
<td>Important</td>
<td></td>
</tr>
<tr>
<td>Reduction of Scope</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Elimination</td>
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<td>10</td>
<td>21</td>
</tr>
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<td>of Scope</td>
<td>38.10%</td>
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<tr>
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<td>2</td>
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<td>of Ambiguity</td>
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<tr>
<td>Total</td>
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</table>

Key summary statistics that are discussed in the paper are underlined.
TABLE 2 Amendments Across Five Rounds of Negotiations: Descriptive Statistics

<table>
<thead>
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<th>Amendment</th>
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<th>Enforceable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
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<td></td>
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<td>Important</td>
<td></td>
</tr>
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<td>6.67 %</td>
<td>23.33 %</td>
<td>21.74 %</td>
<td>19.12 %</td>
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<tr>
<td>Total</td>
<td>15</td>
<td>30</td>
<td>23</td>
</tr>
<tr>
<td>22.06 %</td>
<td>44.12 %</td>
<td>33.82 %</td>
<td>100.00 %</td>
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<td>100.00 %</td>
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</tbody>
</table>

Key summary statistics that are discussed in the paper are underlined.
FIGURE 1 Two Ways of Elimination and Compensation: Dimensional Change

Elimination by reduction of scope

Original

Elimination by reduction of precision

Compensation
FIGURE 2
Elimination, Compromise, and Compensation over the Negotiations: Stacked Area Chart