Choosing Referendums on the EU∗

Min Shu
Department of Politics
University of Bristol
Min.Shu@bristol.ac.uk

Abstract

The last few decades witnessed a dramatic increase of nationwide referendums on issues concerning European integration. Why did national governments, at least in the countries where referendum is not constitutionally required, opt for popular votes? This paper argues that EU referendum is often regarded as a leeway to escape political hurdles at domestic level and as an instrument to increase bargaining power at EU level. Following the logic of two-level games, a three-stage game-theoretic model is proposed to test this argument, and to identify the condition under which referendum becomes an optimal choice for treaty negotiators. In the light of the model, the paper then empirically discusses the interaction between referendum applications, domestic hurdles and EU negotiations.

* Preliminary version. Pls. do not quote without the permission of the author.
Introduction

Referendums on issues concerning European integration (EU referendums, hereafter) have increased rapidly in recent years. In 2003, there were ten EU referendums. Nine candidate countries held popular votes on the membership of the EU. Sweden had a referendum on whether or not to abolish the national currency and adopt the Euro. Another popular vote would have been held in the UK if it were not a negative assessment of the Single Currency.1 More EU ballots are expected in the coming years. The forthcoming IGC is due to revitalise the negotiation of the Constitutional Treaty. The membership negotiation is currently underway with Bulgaria and Romania. British government is going to publish further assessment of the Euro. On these integration issues—Constitution, accession and the Euro—referendums will be held in several countries.

Nevertheless, in the past twelve years EU referendums led to ‘integration setbacks’ on a number of occasions. In 1992, a failed Danish vote and a nearly failed French vote on the Maastricht Treaty seriously deteriorated the legitimacy of the integration project. Two negative referendums have kept Norway outside the EU till today. Recently Danes and Swedes voted to retain their national currencies in the popular votes. Ireland, a pro-integration member state, vetoed the Treaty of Nice in 2001. The referendum almost paralysed the whole enlargement process. Aware of the gap between the complexity of integration issues and the lack of knowledge among mass voters, some politicians and scholars urged against further application of EU referendums (???).

However, the political risk of EU referendums did not prevent more popular votes taking place. Among 36 nationwide EU referendums conducted so far, 26 votes were either initiated by incumbent governments or endorsed by parliaments (see Table 1).2 The

---

1 The Labour government in the UK decided in 1997 to hold a referendum on the Single Currency before joining the EMU. However, the timing of the vote is conditioned on the compatibility between the Euro and UK’s economy, which detailed in the so-called ‘five tests’. In June 2003, official report claimed that four out of five tests had not yet met, and thus ‘postponed’ the referendum. For details of the ‘five tests’, see The Economist (1/5/2003).

2 The calculation is based on Hug (2002, p. 44). Another eleven EU referendums have been held since 2002. It is worth noting that there are two sub-national referendums dealing with European integration. Greenland, as part of Denmark, withdrew from the EC after a referendum held in 1982. Åland, as part of Finland, conducted a referendum in 1994 before joining the EU. Both popular votes were initiated by (local) parliaments.
referendum turmoil of the Maastricht Treaty hardly discouraged ‘risk-taking’ politicians. In fact, a majority of optional EU referendums were initiated after 1994. What’s more, the countries that committed to EU ballots are still increasing. On the Constitutional Treaty, for example, only Ireland is constitutionally required to hold a referendum. Yet another seven countries have, to different degrees, announced their intentions to conduct popular votes.3

Why did so many countries *voluntarily* resort to popular vote on integration issues? At a glance, referendums were employed to reduce the ‘democratic deficit’ of the EU, as often claimed so by politicians. The direct democratic practice of EU referendums provides an important institutional channel via which ordinary people’s voice could be heard and accommodated at the supranational level. In countries that experienced at least one EU referendum, citizens generally demonstrate more awareness of the integration process. The impact of referendum applications on the public support for the EU has been verified by formal modelling as well as quantitative analysis (Christin and Hug, 2002; Hug, 2002).4 In the long run, referendums may well contribute to the democratisation of the EU. However, at current stage popular votes hardly helped to improve the public image of the EU. Referendums increase the political salience of the ‘democratic deficit’, and sometimes mobilise ‘exclusive national identity’ (Carey, 2002; Marks and Hooghe, 2003). It is often the case that referendum applications constrain, rather than free, the hands of national governments when the latter deal with integration issues. If popular votes were to solve the problem of ‘democratic deficit’, the demands of referendum would come from the public instead of the government.

While admitting the particular role of democratic legitimacy embedded in the referendum process, this paper argues that the increase of *government/parliament-initiated* EU referendums also has a lot to do with the strategic manoeuvre of politicians. First,

---

3 In a recent report published by *IRI Europe* (Initiative & Referendum Institute Europe, 2004), it is reported that eight countries are ‘almost certain’ to hold referendums on EU’ Constitutional Treaty. These eight countries are Czech Republic, Denmark, Estonia, Ireland, Luxemburg, the Netherlands, Portugal and Spain.

4 Today it has almost become a standard approach to include a dummy variable of EU referendums when analysing the public opinion towards European integration (Hooghe and Marks, 2003).
referendums are regarded as a leeway to escape the political hurdles at domestic level. Second, under some circumstances countries are willing to ‘tighten’ their hands by popular votes in order to increase the bargaining power in the negotiation of the EU.

Except for the votes on the Euro and a special Italian ballot\(^5\), EU referendums were usually employed to ratify the results of intergovernmental negotiations of the EC/EU. Some of these negotiations were about accession treaties, while others dealt with different integration treaties. According to the theory of two-level game (Putnam, 1988), government can benefit from domestic constraints in the international negotiation. EU Referendums institutionally set up an additional domestic constraint in the ratification process. Although a popular vote increases the risk of non-agreement, it offers the possibility of a better deal at European level. In the meantime, referendum ratification usually represents higher political authority than parliamentary verdict. In a democratic system, it is almost impossible to reverse the political decision confirmed by the people even if the referendum is legally non-binding (Uleri, 1996, p. 7). As a result, a referendum may effectively transfer the domestic constraint from the parliament to the voters. In other words, the possibility of EU referendums allows the government to choose between domestic veto players in order to obtain preferred level of domestic constraint. As long as the potential gain is higher than the possible risk involved in the referendum, incumbent governments have good reasons to choose popular votes.

To develop these arguments, the paper proceeds as follows. The next section develops a spatial model of two-level game. In contrast to previous studies, the model allows the negotiator to choose between domestic ratifiers in a two-dimensional bargaining space. In light of the model, the third section discusses the interaction between referendum applications, domestic political hurdles and EU negotiations. The fourth section concludes the paper.

\(^5\) Italian Constitution bans referendum application on the ratification of international treaties. The referendum held in 1989 was to decide whether or not to grant Italian MEP a ‘constituent mandate’ (Uleri, 1996, p. 107).
A Two-Dimensional Ratification Game

Two-Dimensional Bargaining Space
In his seminal paper, Putnam (1988) analyses the effect of domestic constraints on the international bargaining via the framework of ‘two-level game’. The game takes a sequential form that negotiators first try to strike a deal at international level and then the deal is subject to a ratification process at domestic level. Employing the conceptual tool of ‘win-set’ (i.e. all possible deals ratifiable at domestic level), the model is able to connect the domestic constraint with the international bargaining space. However, ‘win-sets’ are strictly one-dimensional in Putnam’s discussion. One-dimensional bargaining space is not totally unrealistic in international politics. As long as the bargaining is to divide a common good, one-dimensional bargaining space effectively catch the cost-benefit relationship between the negotiators. That is, what one country obtains is necessarily a lost to the other. It is therefore not surprising that Rubinstein’s (1982) model of ‘pie-dividing’ has been applied in a number of studies to extend the metaphor of two-level game (Iida, 1993; Tarar, 2001).

Nevertheless, when international bargaining is potentially beneficial to both sides, one-dimensional bargaining space is no longer appropriate. International trade negotiations, for example, may benefit from mutual tariff reduction. Reduced tariffs promote international trade and the global division of labour. Consumers and exporting sectors will benefit from an agreement of trade liberalisation. On the other side, import-competing sectors may against such agreement because they would be more vulnerable without the protection of home tariffs. To keep a balance between heterogeneous home interests, both negotiator and ratifier have to think multi-dimensionally. In other words, only multi-dimensional bargaining space is able to represent a potentially win-win negotiation. Milner and her colleagues attempt to extend the two-level game in a two-dimensional bargaining space of trade negotiations (Milner and Rosendorff, 1997; Mansfield et al.

---

6 Rubinstein (1982) proposes a bargaining game to divide between two players a ‘pie’ of size 1. In the game, the two players take turns proposing a division until the other player accepts a proposal.
Nevertheless, as pointed out by Hug and Schulz (2003, p. 3), these models still assume one-dimensional preference profile of the actors from the same country. By contrast, this paper proposes a spatial model without this restriction. Both negotiator and ratifer are allowed to locate their ideal points in any (but realistic) region of a two-dimensional bargaining space.

The agreements of EU negotiations usually have two types of consequences. One is the degree of integration (more integration vs. less integration). The other is the balance of power between the member states. There is an important difference between the two. While negotiators do not have completely conflicting views about the degree of integration, they are fighting each other for the sake of national interests. To represent this situation in a two-dimension space, we use the horizontal axis to represent competing national interests between the home negotiator and the foreign negotiator, and use the vertical axis to stand for the degree of integration (on which the negotiators might hold different but not necessarily competing views) (see Figure 1). Different from policy-preference-based spatial models, the bargaining space proposed here takes more seriously the implication of intergovernmental agreements. Such an approach avoids detailed scrutiny of individual policies, and is more in line with the arguments of symbolic politics (Edelman, 1964; Robinowitz and Macdonald, 1989) and discourse analysis (Schmidt and Radaelli, forthcoming). Most important of all, it facilitates a two-dimensional spatial presentation of the negotiation and ratification process of the EU.

The Actors and The Game Form
In the ratification game, there are four actors: A (the negotiator), P (the median voter of the parliament) and R (the median voter in the referendum) from the home country, and B (the negotiator) of the EU. Each actor has an ideal point \((x_i, y_i)\), \(i \in \{A, P, R, B\}\) in the two-dimensional bargaining space. The status quo is located at SQ(0,0). The final agreement is at F\((x_F, y_F)\). It is assumed that \(x_R \geq x_A\) and \(y_R \leq y_A\), so that the negotiator is more pro-integration and less obsessed with national interest than the median voter in the home country. In the spatial presentation, R’s ideal point is always located southeast to A’s
ideal point. In addition, the model assumes $x_A, x_P > 0$ and $x_B < 0$. That is, each actor aims at achieving certain degree of national interest in the negotiation. The utility function of each actor is the squared Euclidean distance between her ideal point and the final agreement, that is, $U_i(F) = -d(i, F) = -(x_i - x_F)^2 - (y_i - y_F)^2$, $i \in \{A, P, R, B\}$. The acceptance set of each actor is the region $C_i = \{I: d(I, i) \leq d(SQ, i)\}$, $i \in \{A, P, R, B\}$.

The game takes the following form. A and B try to agree on a treaty in the intergovernmental negotiation. An agreement implies that the treaty is acceptable to both A and B, that is, $F \in C_{AB} = C_A \cap C_B$. The contract curve between A and B is $S_{AB}$. Following the argument of Mansfield et al. (2002), negotiators strictly prefer F on (or closest to) the contract curve $S_{AB}$ when domestic ratifier(s) is indifferent between F's locations. Therefore, intergovernmental negotiators’ win-set is $W_N = C_{AB} \cap S_{AB}$. Next, the treaty is subject to domestic ratification. In contrast to other models, there are two potential ratifiers (P and R) in this game. The game assumes that A is able to propose R as an *additional* ratifier. Such a proposal is always adopted because of the relatively lower threshold of a referendum bill in the parliament. If the referendum is legally binding, then R replaces P as the formal ratifier. If, on the other hand, the popular vote is legally non-binding, R constrains the preference of P in the sense that P would not ratify the treaty vetoed by R. As a result, regardless of the legal nature, if A chooses R, R always replaces P as the actual ratifier. So, when R is chosen, the win-set of the game is the subset of those points acceptable to A, B, and R, that is $W \subset \{C_{AB} \cap C_{AR}\}$. Equivalently, when P is the domestic ratifier, the win-set is $W \subset \{C_{AB} \cap C_{AP}\}$. By assumption, a treaty is only meaningful when it is not at SQ. That is, $SQ \notin W$. Hence, the outcome of the game, F, is either at SQ ($F = SQ$, no treaty) or a point belongs to W ($F \in W$, a domestically ratifiable treaty).

---

7 Under certain circumstances, it may be possible for the opposition party(ies) to propose an optional referendum in the parliament. Even in this situation, the ideal point of the opposition, which is necessarily different from the ideal point of P, is not taken into consideration in the ratification game. What matters is still the ideal point of P or R in A's strategic considerations.

8 It is somewhat unrealistic to assume that the parliament will always accept the motion of referendum ratification. This assumption may be justified on two grounds. First, since the home negotiator represents the main political force of the government, her proposal is much easier to be adopted than the one from the opposition. Second, the parliament is more constrained by democratic norms. It is much easier to ask the parliament to accept a referendum deal than to ratify an EU treaty. This was the case during the Danish ratification of the SEA. The SEA was first rejected by the parliament by a simple majority. Then, the government proposed the bill of a non-binding referendum on the SEA. The referendum bill was endorsed by the parliament, and subsequently voters approved the SEA by a majority of 56.2%. Given the approval of the electorate, the parliament reserved the earlier decision on the SEA (Svensson, 1996, p. 24; Hug, 2002, p. 33-4).
On the whole, the three-stage ratification game takes the following sequential form:

I. A and B negotiate a treaty at the EU level
II. A chooses the domestic ratifier between P and R
III. The chosen ratifier (P or R) decides whether or not to ratify the treaty

Spatial Interpretations under Complete Information
To simplify spatial interpretations, it is assumed that the locations of all actors’ ideal points are common knowledge. In other words, each actor knows the preference profiles of the rest. However, until A announces her choice of the domestic ratifier, B has no idea which sub-game she will enter at the third stage. Instead, B has to ‘guess’ the possible profile of A’s domestic constraint. Under the assumption of complete information, B’s ‘guess’ is always correct.

Figure 1 shows the spatial presentation of the game. The right-hand side of the horizontal axis represents the degree of home interest, and the left-hand side represents the degree of foreign interest. The vertical axis measures the level of integration preferred by each actor. In addition, Figure 1 shows the ideal points of A and B, and the point of status quo (SQ). Given these locations, it is possible to draw the indifference curve of A (I_A) and B (I_B), which are also illustrated in the Figure. The acceptance set of A and B (C_{AB}) includes all possible points surrounded by I_A and I_B. As the contract curve (S_{AB}) is line AB, the intergovernmental win-set W_N is spatially represented by line JK.

To solve the game, we first look at the sub-game II and III which start from A’s choice of domestic ratifier. Obviously, A has to compare the preference profiles of P and R before making up her mind. The possible locations of P include all the left-hand side of the two-dimensional space. But R’s possible locations are relatively limited, since it is assumed that R locates only in the region southeast to A. So, we start from the possible locations of R.
Figure 1(a) and 1(b) show the most important results of the model. A’s most favourable locations of R is indicated by dashed line R in Figure 1(a). When the ideal point of R is located on this line (given \(x_R\geq x_A\) and \(y_R\leq y_A\)), R’s indifferent curve \((I_R)\) always intersects exactly with the contract curve \((AB)\) at J. That is, a possible referendum will only ratify a treaty located at J, which is the most preferred negotiation result A could secure in the intergovernmental negotiation. Given that R’s ideal point is located on dashed line R, P’s ideal point has three possible locations. First, when P’s ideal point is located below line R (within region \(IV\)), A always chooses R instead of P, because P’s acceptable treaties are less attractive than J. Second, when P’s ideal point is located above line R but below line X (within region \(II\)), P’s acceptable treaties include J as well as other possible points on the contract curve \((AB)\) but not as far as K. In this case, P constrains the intergovernmental negotiation between A and B to a certain degree. The direction of P’s constraint is favourable to A. Nevertheless, such domestic constraint is not enough to help A secure a deal at J, which is only possible when P is strictly located on dashed line R. Third, when P’s ideal location is above line X (within region \(I\)), P no longer constrains the negotiation because her acceptance set contains the whole intergovernmental win-set \((JK)\). In the last two situations, A prefers R to P as long as A wishes to benefit from a tight domestic constraint.

When R’s ideal point is off dashed line R (given \(x_R\geq x_A\) and \(y_R\leq y_A\)), there are two possibilities. First, R’s ideal point is located in such a region that R’s acceptance set no long contains J. One of such locations is indicated by dashed line \(R_1\) in Figure 1(b). Suppose \(R_1\)’s indifference curve \((I_{R1})\) intersects with the intergovernmental acceptance set \(C_{AB}\), and \(N_1\) is the nearest to A among all possible points in the intersection. Second, R’s ideal point is located in a region that her acceptance set contains part of the intergovernmental win-set \((JK)\). One of such locations is illustrated by dashed line \(R_2\) in Figure 1(b). Suppose \(R_2\)’s indifference curve \((I_{R2})\) intersects with the intergovernmental win-set \((JK)\) at \(N_2\). There is a potential connection between these two possibilities. It is showed by an indifference curve \(N_1N_2\) (a dotted arc) of A’s. Thus, when A is indifferent

---

9 This paper only presents the spatial presentation of possible equilibria of the game.
between $N_1$ and $N_2$, whether $R$’s ideal point is located on $R_1$ or $R_2$ make no difference for $A$.\textsuperscript{10} Only those points northeast to arc $N_1N_2$ (within the hatched area) would be valued higher.

When $R$’s ideal point is less favourable for $A$ (off the dashed line $R$), there are four possible locations for $P$. First, when $P$’s ideal point is located below $R_1$ (within region $IV$), $A$ will select $R$ instead of $P$. Second, when $P$’s ideal point is located between $R_1$ and $R_2$ (within region $III$), $A$ will choose $P$ rather than $R$, because $P$’s indifference curve intersects with $C_{AB}$ across the hatched area. Third, when $P$’s ideal point is located between $R_2$ and $X$ (within region $II$), $P$ constraints $A$’s intergovernmental negotiation to some degree, but not as much as $R$ does. Fourth, when $P$’s ideal point is located above $X$ (within region $I$), $P$ does not constrain the intergovernmental negotiation at all. In the last two cases, $A$ might prefer $R$ to $P$ if $A$ is desperate for some bargaining advantage resulted from the domestic constraint.

After solving the sub-game II and III, we are able to discuss the whole model. Under complete information, $F$’s location must belong to the region that would be agreed by $A$ and be ratified by the potential ratifier. Fully aware of the shape of this region, $B$ will continue the intergovernmental negotiation (stage I), until she gets a deal that is the closet to her ideal point. Hence, the negotiation between $A$ and $B$ will always produce an agreement ($F, F \in W$). $A$ will propose $R$ as an additional ratifier if $P$’s ideal point is located in either region $I$, $II$, or $IV$. Only if $P$’s ideal point is located in region $III$ will $A$ refrains from proposing $R$. When $P$ and $R$ both located on dashed line $R$, $A$ might choose to propose $R$, but the choice does not make a difference in the outcome of the game. #

**Implications**

This ratification game proves the fact that under certain circumstances referendum ratification is preferred to the parliamentary vote. First, when the parliament imposes too much domestic constraint (when $P$ is located in region $IV$), the negotiator has to choose

\textsuperscript{10} Nevertheless, $N_2$ is more Pareto efficient in the intergovernmental negotiation in $B$’s view.
the worse among the worst (as the case of R₁ in Figure 1(b)). Second, when the parliamentary constraint is simply not enough (when P is located in region I and II), the negotiator may also like to tie her hands by referendum ratification.

Nevertheless, the above model also leads to several counter-intuitive results. First, the negotiator does not really care about the precise location of mass voters’ ideal point (esp. voters’ preferred level of European integration). What matters is the relative shape of R’s possible locations (i.e. whether it is represented by dashed line R, R₁ or R₂, given xᴿ ≥ xᴬ and yᴿ ≤ yᴬ). More precisely, the negotiator values the electorate by two things: the intercept on the horizontal axis, and the slope of R’s possible locations. The horizontal intercept implies the average degree of national interest preferred by the public without any negotiation. The slope represents how the electorate perceives the balance between accepting more integration and achieving more national interest through the negotiation. An interesting corollary follows directly: when the perceived balance between integration and national interest is small among the public (that is, the line of R’s possible locations is relatively flat), rational negotiator will only choose an electorate that is more obsessed by national interest (that is, the horizontal intercept is large).

Second, even if the negotiator were closer to the parliament than to the electorate with regard to preferred level of integration (that is, A is vertically closer to P than to R), the negotiator might still choose R, and definitely does so when P’s ideal point is located in region IV. In other words, the level of integration does not tell the whole story of domestic ratification when intergovernmental negotiation involves redistribution of national interests.

Third, one may question the plausibility that the negotiator always chooses R when P is located in region I and II. After all, referendums are not employed to ratify international treaties so widely as the model suggests. It is worth noting that R’s attractiveness relies very much on the settings of the ratification game: the utility of domestic constraint and the assumption of complete information. If the negotiator can obtain her bargaining power
via other instruments (e.g. by deploying troops in a pre-war negotiation), the utility of domestic constraint may reduce in the intergovernmental negotiation. On the other hand, if the negotiator could not precisely figure out the preference profile of R (that is, when information is incomplete), referendum ratification may become an option that is too risky. In both cases, A will prefer P to ratify the treaty when the latter is located in region $I$ and $II$ in order to guarantee a treaty.

Referendums, Domestic Hurdles and EU Negotiations

In a recent paper, Hooghe and Marks (2004, p.5) point out, ‘in almost all countries, [EU] referenda are initiated by the government or a parliamentary minority, not citizens, which means that the decision to hold a referendum is to a large extent controlled by mainstream political parties.’ Our model suggests two possible reasons behind the initiation of these popular votes. One is the domestic political hurdle (represented by the ideal location of P) that too much constrains home integrationists (represented by A). The other is the lack of bargaining power, which makes referendum a self-imposed option. In addition, our model reveals the condition under which each factor contributes to the choice of referendum. For domestic hurdles to play a role, first, domestic political forces must hold divergent views on the integration process (i.e. there is a certain distance between A and P in the two-dimensional bargaining space); second, mass voters should appear to be more flexible than domestic dissents (that is, the acceptance set of R is wider than that of P). By contrast, when existing domestic constraint is not enough (P is located in region $I$ or $II$) and mass voters are more critical towards European integration, the concerns of bargaining power will play a part in the choice of a popular vote.

Until the political turmoil of the Maastricht Treaty, domestic political considerations were of great importance in EU referendums. In this period public support for European integration was characterised by the so-called ‘permissive consensus’ (Inglehart, 1971). Except in Norway, public opinion was quite positive towards the integration project. Instead, it was often the case that European integration divided the political establishment.
In Denmark, for example, the initiation of 1972 membership referendum was largely due to the proposal from the Social Democrats. At that time, the party was split on the EC membership. By promoting a popular vote, Social Democrats intended to remove the EC debate from an upcoming domestic election (Svensson, 1996, p. 41). The election resulted in a minority government formed by the Social Democrats\textsuperscript{11}, but the new parliament was crowded with Euro-scepticists (Hug, 2002, P. 33). The membership deal failed to achieve required five-sixths majority in the parliament. However, the voters approved the EC membership in the referendum at a late stage. The political manoeuvre of this referendum is illuminating. The pro-integration Social Democrats were confronted with both intra-party dissents and inter-party opponents on the EC membership. The former endangered intra-party cohesion in the upcoming election, while the latter risked damaging the entire accession process. By promoting a membership referendum, the Social Democrats first externalised the intra-party division to the parliament. When the party was in the government, the referendum further weakened the parliamentary opposition and allowed the government to set the accession agenda.

Intra-party division was also the main reason behind the initiations of the Norwegian membership referendum in 1972 (Wyller, 1996, p. 143) and the British membership referendum in 1975 (Bogdanor, 1981). On the other hand, the 1986 Danish referendum had a lot to do with the parliamentary opposition to the SEA (Svensson, 1996, p. 24; Hug, 2002, p. 33-4). Both the intra-party division and the parliamentary opposition are domestic political hurdles that the treaty negotiators of the EC/EU have to overcome in order to promote European integration at home. When the public was generally in favour of the integration project, the choice of EU referendum becomes very attractive to those deeply constrained member states. It is therefore no wonder that popular votes were supported by pro-integration elites in these Eurosceptic countries.

However, public opinion turned increasingly critical towards the integration project after the conclusion of the Maastricht Treaty. Using the terms of our model, the perceived

\textsuperscript{11} The government also relied on the support of Social People’s Party, which was an anti-EC party (Hug, 2002, p. 33).
balance between accepting more integration and achieving more national interest suddenly dropped among the public (e.g. R’s ideal point moves from R₂ to R₁, and the latter’s slope is bigger). In the meantime, the Maastricht Treaty represented a big step as regards the level of integration. Unaware of the changing public attitudes, both Denmark and France decided to hold referendums on the Maastricht Treaty. For Denmark, the parliament still hoped to externalise the integration choice to the public. In France, the president intended to take advantage of the popular vote to divide the parties on the right (Morel, 1996, p. 82). Both attempts backfired domestically. In Denmark, the referendum campaign was crowded with small anti-Maastricht parties and ad-hoc social groups (Svensson, 1996, p. 43). The Danes rejected the treaty with 50.7% ‘no’ votes. In France, the referendum failed to stop the right forming a coalition government, and the voters barely approved the Treaty. Public opinion towards European integration was no longer dominated by mainstream political elites. Instead, periphery parties and ad hoc groups demonstrated their strengths to persuade the public on European integration.

As the major domestic constraint on European integration moved from the parliamentary opposition to mass voters (from P to R in our model), the dynamics of EU referendums also changed. Treaty negotiators began to pay particular attention to domestic voters when negotiating a treaty at EU level. As a consequence, EU referendums transformed from an exit to domestic hurdles to an excuse to secure national interest in EU negotiations. The first case was the re-negotiation of Denmark’s participation in the Maastricht framework in December 1992. At the Edinburgh Summit, the European Council accepted the whole negotiation protocol of Danish government. The Danes obtained four opt-outs from the Maastricht Treaty.¹² It is fair to say that the constraint of referendum significantly enhanced the bargaining power of Danish negotiators. The Edinburgh Agreement was later accepted by a parliament-initiated referendum in 1993.

¹² These opt-outs were: 1) Denmark does not participate in the so-called defence policy dimension involving membership of the Western European Union and a common defence policy; 2) Denmark does not participate in the single currency and the economic policy obligations linked to the third stage of EMU; 3) Denmark is not committed in relation to Union citizenship; 4) Denmark does not accept transfer of sovereignty in the areas of justice and police affairs.
In 1994 Austria, Finland, Norway and Sweden announced their intentions to hold popular votes on the EU membership at the final stage of their accession negotiations. The membership issue seriously divided main political forces in three Nordic countries. The division was not only visible within major parties, but also existed in the (coalition) governments (Jahn et al. 1998, p. 62-7). It was clear that none of these countries could obtain necessary parliamentary majority to ratify the accession treaties (Fitzmaurice, 1995, p. 227). The remaining alternative was to ask voters to make a decision before the parliamentary debate. The votes in Finland and Sweden were approved, while Norwegian voters rejected the membership for the second time. The subsequent parliamentary sessions confirmed the voting results. Apparently, domestic constraints still played a big part in these membership ballots. To hold a vote before the parliamentary debates, referendums effectively transferred the domestic veto player from the parliaments to the voters. In Sweden, for example, no MPs voted against the membership even if some had previously argued against the accession (Ruin, 1996, p. 182). Moreover, by announcing the commitment to popular votes during the negotiation, negotiators were able to secure considerable bargaining leverages at the EU. For instance, the membership negotiation between Sweden and the EU, reported by Bjøklund (1997, p. 89, cf. Qvortrup, 2002, p. 494), has made great efforts to accommodate the electorate. As our model argues, the negotiator may greatly benefit from a popular vote when P’s ideal point is location in region IV and mass voters imposes certain constraint on the intergovernmental negotiation. Having met both conditions, these Nordic popular votes turned out to be a political strategy to escape domestic constraints (except in Norway where the referendum failed) as well as a bargaining tool in the accession negotiations.

Government/parliament-initiated referendums revitalised in the past five years. In Denmark and Sweden, governments called two popular votes on the Euro. In the candidate countries of current round of EU enlargement, parliaments endorsed nine referendums on the EU membership. The popular ballots on the Euro had nothing to do with the

---

13 The Austrian referendum was constitutionally required (Hug, 2002, p. 38-9). Voters accepted the ballot by 66.6% ‘yes’.
negotiation at EU level. These vote were held in order to legitimise the self-adjustment to the norms of the Eurozone. The key motivation behind these policy votes was to overcome the constraint of domestic electorates. In contrast, nine membership votes were employed to ratify accession treaties in the candidate counties. Apart from Malta, where the opposition party was openly against the EU membership (Cini, 2003), domestic constraints on the accession were rather loose in eight Central and Eastern European candidate countries. Neither the mainstream parties nor the governments share the views of Euroscepticism (Taggart and Szczerbiak, 2004). The accession process is widely regarded as the final step of the democratisation process. Hence, it is fair to say that domestic parliaments at most imposed partial constraints on the accession negotiations (i.e. P’s ideal point is located in region I or II). On the other hand, since the EU was able to decide when to start and how to conclude the membership deal—that is, set the agenda of membership negotiations, the negotiators from the candidate countries were at considerable disadvantage in the negotiation process. As our model predicts, all countries were eager to announce their commitment to referendum during the negotiation period. Indeed, popular ballots offered these candidate countries a strong case to demand further concessions from the EU. Towards the end of the accession negotiations some candidate countries’ tough positions were particularly evident (EU Observer, 9/12/2002). Such a choice was not without its risk. In some candidate countries, public opinion was quite critical towards European integration. Nevertheless, all these membership votes went through in the candidate countries.

Conclusion

The dramatic increase of EU referendums has attracted the attentions of a number of scholars (Bjørklund, 1982; Bogdanor, 1994; Gallagher, 1996; Setälä, 1999; Hug 2002).

---

14 Denmark formally stayed outside the third stage of the EMU because of the Maastricht opt-outs. Sweden unilaterally chose to do so in 1998. The UK also keeps its national currency and stays outside the Euro. The decision was part of the deal obtained in the negotiation of the Maastricht Treaty.

15 Taggart and Szczerbiak (2004, p3-4) make a distinction between ‘hard’ and ‘soft’ Euroscepticism in their article. While the former rejects the entire project of European integration and opposes to the EU membership, the latter orients towards certain ‘contingent’ policy defined as vital national interest. Based on an analysis of party-based Euroscepticism in Central and Eastern European countries, they point out, ‘all hard Eurosceptic parties are peripheral to [these] party systems’ (p. 16).
Most regard European integration as a unique political process involving the pooling of national sovereignty and the establishment of supranational competence, on which referendum applications are necessary. This paper proposes an alternative explanation. That is, EU referendums are chosen because they not only offer the integrationist a leeway to escape domestic political hurdles but also bring the negotiator additional bargaining leverage in EU negotiations. The strategic aspect of this explanation is illustrated via a three-stage ratification game, and exemplified through a brief reading of the history of EU referendums.

However, the argument emphasised in this paper should not be taken as an exclusive account. On the contrary, it is intended to supplement existing understandings of the referendum dynamics in the EU. The increasing pressure of democratic governance suggests that the popular vote will continue playing a role in the EU as long as the integration project falls short of the demand of the public. The normative implication of EU referendums is undeniable. Nevertheless, there is the other side of the coin. Governments and parliaments did not choose referendums just for the sake of democratic ideals. The referendum dynamics of the EU is also closely related to the domestic politics of the member states and the intergovernmental negotiation of the EU. Before the Maastricht Treaty, referendums were mainly used to bypass the possible parliamentary objection to the integration project, since the public was more ‘permissive’ than the political establishment. After the Maastricht, referendum applications followed a different logic. European integration increasingly divides the elite and the mass. The vision of an integrated Europe, which motivated the historical decisions of the Maastricht Treaty, the EMU and the enlargement, found relatively little resonance among the public. As a result, EU referendums became an additional domestic constraint, which some countries prefer to avoid and others wish to exploit.

With regard to the forthcoming Constitutional Treaty of the EU, so far seven countries voluntarily made commitments to popular votes. The constitutional implication of the treaty to a large extent justifies the choice of these member states. Nevertheless, one
should not neglect the strategic concerns behind these decisions, either. In the Czech Republic, for example, two opposition parties—the Civic Democrats (ODS) and the Communists (KSCM)—are against the draft Constitution. If both parties vote against the treaty in the parliament, the government will not have enough support to go through the ratification process (EU observer, 7/10/2003). Under this circumstance, the Czech government grasped the last straw and officially called a referendum. In Portugal, the current coalition government is formed by the Social Democratic Party (PSD) and the Popular Party (PP). The coordination between two centre-right parties was not free from problems in recent domestic elections (Lloyd-Jones, 2002). Among other issues, two parties hold different views on European integration. The PDS is a pro-integration mainstream party, but the PP is relatively conservative on European integration. In its programme the PP even keeps an anti-federal slant (Freire and Lobo, 2002, p. 225). Whether or not the referendum commitment was a choice to mitigate the disagreement between the two coalition partners is difficult to gauge. Nevertheless, when announcing the referendum and commenting on the democratic necessity of such a vote, Mr. Durão Barroso, the leader of PSD who once publicly dismissed the PP, proposed to merge its candidate list with that of the PP in the coming European election (EU observer, 8/10/2003).

It is undeniable that referendum confers legitimacy and respects the will of the people. The choice of EU referendums, however, may actually involve certain strategic considerations in addition to normative concerns.

---

16 The ODS and the KSCM together occupy 99 out of 200 seats in the Czech Parliament after the election in 2002.
17 The coalition government occupies 119 out of 230 seats in the parliament.
Table 1. The Initiation of Nationwide EU Referendums 1972-2003

<table>
<thead>
<tr>
<th>Date</th>
<th>State</th>
<th>Purpose</th>
<th>Initiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972-4-23</td>
<td>France</td>
<td>To enlarge the EC</td>
<td>President (Pompidou)</td>
</tr>
<tr>
<td>1972-5-10</td>
<td>Ireland</td>
<td>To join the EC</td>
<td>Constitution</td>
</tr>
<tr>
<td>1972-5-24~25</td>
<td>Norway*</td>
<td>To join the EC</td>
<td>Parliament</td>
</tr>
<tr>
<td>1972-10-2</td>
<td>Denmark</td>
<td>To join the EC</td>
<td>Parliament</td>
</tr>
<tr>
<td>1972-12-3</td>
<td>Switzerland</td>
<td>Free trade with EC</td>
<td>Constitution</td>
</tr>
<tr>
<td>1975-6-5</td>
<td>UK</td>
<td>To remain in the EC</td>
<td>Government (Labour)</td>
</tr>
<tr>
<td>1986-2-28</td>
<td>Denmark</td>
<td>To ratify the SEA</td>
<td>Government</td>
</tr>
<tr>
<td>1987-5-26</td>
<td>Ireland</td>
<td>To ratify the SEA</td>
<td>Constitution</td>
</tr>
<tr>
<td>1989-6-18</td>
<td>Italy</td>
<td>To legalise powers of MEPs</td>
<td>Government</td>
</tr>
<tr>
<td>1992-6-2</td>
<td>Denmark*</td>
<td>To ratify the Maastricht Treaty</td>
<td>Parliament</td>
</tr>
<tr>
<td>1992-6-19</td>
<td>Ireland</td>
<td>To ratify the Maastricht Treaty</td>
<td>Constitution</td>
</tr>
<tr>
<td>1992-9-20</td>
<td>France</td>
<td>To ratify the Maastricht Treaty</td>
<td>President (Mitterrand)</td>
</tr>
<tr>
<td>1992-12-6</td>
<td>Switzerland*</td>
<td>To join the EEA</td>
<td>Constitution</td>
</tr>
<tr>
<td>1992-12-13</td>
<td>Liechtenstein</td>
<td>To join the EEA</td>
<td>Constitution</td>
</tr>
<tr>
<td>1993-5-18</td>
<td>Denmark</td>
<td>To ratify Maastricht + Edinburgh</td>
<td>Parliament</td>
</tr>
<tr>
<td>1994-6-12</td>
<td>Austria</td>
<td>To join the EU</td>
<td>Constitution</td>
</tr>
<tr>
<td>1994-10-16</td>
<td>Finland</td>
<td>To join the EU</td>
<td>Parliament</td>
</tr>
<tr>
<td>1994-11-13</td>
<td>Sweden</td>
<td>To join the EU</td>
<td>Parliament</td>
</tr>
<tr>
<td>1994-11-27~28</td>
<td>Norway*</td>
<td>To join the EU</td>
<td>Parliament</td>
</tr>
<tr>
<td>1998-5-22</td>
<td>Ireland</td>
<td>To ratify the Amsterdam Treaty</td>
<td>Constitution</td>
</tr>
<tr>
<td>1998-5-28</td>
<td>Denmark</td>
<td>To ratify the Amsterdam Treaty</td>
<td>Parliament</td>
</tr>
<tr>
<td>2000-5-20</td>
<td>Switzerland</td>
<td>Bilateral agreement with EU</td>
<td>Activists (Initiative)</td>
</tr>
<tr>
<td>2000-9-28</td>
<td>Denmark*</td>
<td>To join the EMU</td>
<td>Government</td>
</tr>
<tr>
<td>2001-5-4</td>
<td>Switzerland*</td>
<td>To restart accession talks with EU</td>
<td>Activists (Initiative)</td>
</tr>
<tr>
<td>2001-6-7</td>
<td>Ireland*</td>
<td>To ratify the Nice Treaty</td>
<td>Constitution</td>
</tr>
<tr>
<td>2002-10-19</td>
<td>Ireland</td>
<td>To ratify the Nice Treaty</td>
<td>Constitution</td>
</tr>
<tr>
<td>2003-3-8</td>
<td>Malta</td>
<td>To join the EU</td>
<td>Parliament</td>
</tr>
<tr>
<td>2003-3-23</td>
<td>Slovenia</td>
<td>To join the EU</td>
<td>Parliament</td>
</tr>
<tr>
<td>2003-4-12</td>
<td>Hungary</td>
<td>To join the EU</td>
<td>Parliament</td>
</tr>
<tr>
<td>2003-5-11</td>
<td>Lithuania</td>
<td>To join the EU</td>
<td>Parliament</td>
</tr>
<tr>
<td>2003-5-17</td>
<td>Slovakia</td>
<td>To join the EU</td>
<td>Parliament</td>
</tr>
<tr>
<td>2003-6-8</td>
<td>Poland</td>
<td>To join the EU</td>
<td>Parliament</td>
</tr>
<tr>
<td>2003-6-14</td>
<td>Czech Republic</td>
<td>To join the EU</td>
<td>Parliament</td>
</tr>
<tr>
<td>2003-9-14</td>
<td>Estonia</td>
<td>To join the EU</td>
<td>Parliament</td>
</tr>
<tr>
<td>2003-9-14</td>
<td>Sweden*</td>
<td>To join the EMU</td>
<td>Government</td>
</tr>
<tr>
<td>2003-9-20</td>
<td>Latvia</td>
<td>To join the EU</td>
<td>Parliament</td>
</tr>
</tbody>
</table>

* Denotes referendum proposal defeated
Figure 1  Spatial Interpretations of A Two-Dimensional Ratification Game

(a) Most Favourable R and Possible Locations of P

(b) Less favourable R and Possible Locations of P
References


