Chapter XV

Intergovernmental Negotiations: Peer Coordination in Intergovernmental Policy Networks

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ABSTRACT

Concession behavior is typically seen in bargaining processes, e.g., in intergovernmental negotiations. In traditional bargaining theory, especially in game-theoretic models, concessions to opponents are interpreted as actions in which the conceding party loses face. In this article, we propose a new approach to bargaining: peer coordination. Rather than losing face on conceding to opponents, focal governments will increase their reputation among peers when adjusting to the present positions of the peers. Relying on a data set on the EU Intergovernmental Conference of 1996, which led to the Amsterdam treaty, we test and corroborate the hypothesis that a peer coordination model which assumes peer coordination in intergovernmental policy networks makes better predictions for negotiation outcomes than a random model which we interpret as a kind of null model.

INTRODUCTION

How can states economize on transaction costs in intergovernmental negotiations that span months and years and include many governments? Reaching a decision becomes harder the more agents are involved. Once we move out of the bilateral setting, many different constellations with many negotiation parties can be considered: (a) a group of separate, individual negotiators, (b) bilateral
negotiations with multiple participants on each side, (c) a group of advisers preparing one side for negotiations, (d) a permanent decision-making or advisory group, or (e) an ad hoc decision-making or advisory group (Raiffa, Richardson, & Metcalfe, 2002, p. 385).

Coalition formation is one way to economize on transaction costs. It is an emergent phenomenon which is often observed in multilateral intergovernmental negotiations. There is a well-established tradition in political science of studying coalition formation from a game-theoretic point of view (Riker, 1962; Axelrod, 1970; De Swaan, 1973; Peleg, 1980, 1981; Deemen, 1997; Saam, Thurner, & Arndt, 2004). Coalition formation is the extreme type of coordinated action in bargaining processes. At the other limit, there is uncoordinated action in which governments have only very limited opportunities to economize on transaction costs.

In between, there is a type of coordinated action that does not automatically imply coalition formation but that nevertheless economizes on transaction costs: peer coordination in intergovernmental policy networks. It is the charm of the peer coordination approach in intergovernmental policy networks that concessions to opponents are not interpreted as actions in which the conceding party loses face. Rather, focal governments will increase their reputation among peers when adjusting to their present positions (Section 2).

In this article, we test and corroborate (Section 5) the hypothesis that a peer coordination model which assumes peer coordination in ex ante intergovernmental policy networks (Section 4) makes better predictions for negotiation outcomes than a random model which we interpret as a kind of null model. We rely on a data set from the EU Intergovernmental Conference of 1996 which led to the Amsterdam Treaty (Section 3).

THEORY

Negotiations Involving Multiple Parties

Governments that want to bring about a certain preferred outcome need not necessarily form coalitions. Their concession behavior need not be based on an agreement on the part of two or more players to coordinate their actions. Particularly, in multilateral negotiations with many issues, it seems implausible that multiple coalitions form in an explicit way. Either there would be overlapping memberships in many issue-specific coalitions, or there would be only a few coalitions that spread over several issues with several governments outside the coalitions. Both alternatives make bargaining rather more than less difficult. This argument has been especially emphasized for our empirical case with negotiations in the European Union. Nugent stresses the fluidity and weakness of coalition structures in the EU: “cohesive and fixed alliances … between particular governments do not exist. Rather, governments tend to

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Figure 1. Uncoordinated and coordinated action in multilateral bargaining

<table>
<thead>
<tr>
<th>Uncoordinated action</th>
<th>Coordinated action</th>
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</thead>
<tbody>
<tr>
<td>individual bargaining</td>
<td>peer coordination</td>
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<td></td>
<td>coalition formation</td>
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