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Substance and subsidiarity: the economic dimension of conflict in the early warning system

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ABSTRACT

The Early Warning System (EWS) allows national Parliaments in the EU to issue Reasoned Opinions (ROs) against proposed new legislation. If one-third of them do, a yellow card is triggered. In theory, the goal of this system is for Parliaments to police the subsidiarity principle, and not to address substance. This article confirms quantitatively that the EWS is also about substance by studying the co-issuance of ROs by Parliaments. It finds that similar levels of economic development, rather than ideological or geographical proximity, are most strongly associated with the co-issuance of ROs by pairs of Parliaments. To explain the importance of the economic dimension across topics, we suggest that proposals with an impact along economic lines may be especially likely to trigger opposition in the form of ROs. Increasing co-issuance over the period 2010–2018 suggests that Parliaments are learning to coordinate transnationally, although no yellow cards have materialized since.

KEYWORDS


European Union; subsidiarity; early warning system; dimensions of conflict

1. Introduction

The Early Warning System (EWS) came into effect with the Treaty of Lisbon in December 2009 (Cooper 2013; Kiiver 2012; Raunio 2011). Under the EWS, chambers of EU National Parliaments can issue a Reasoned Opinion (RO) if they find that a proposal violates the principle of subsidiarity. According to this principle, the EU should only act if that would be more efficient than leaving matters to the individual Member States. If one-third of Parliaments issue an RO, a yellow card is triggered and the Commission has to reconsider its proposal. Recent scholarship has found ROs to be significant predictors of opposition in the Council and withdrawal of proposals by the Commission, even when no card is triggered (van Gruisen and Huysmans 2020).

In theory, the EWS is only meant for policing subsidiarity. Parliaments can indicate concerns of policy substance and proportionality in pre-draft consultations (Fromage and Kreiling 2017) and in Political Dialogue contributions (Rasmussen and Dionigi 2018). Even though the principle of subsidiarity is linked to proportionality and ‘considerations of political expediency’, it initially did not appear as if parliaments used the EWS as ‘a

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 Supplemental data for this article can be accessed [here](#).

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mechanism for full scrutiny of EU legislation' (van den Brink 2012, 176). However, scholars have observed that in practice ROs also do address proportionality and substantive policy concerns (Fabbrini and Granat 2013; Fromage and Kreiling 2017; Jaroszynski 2020), as well as challenges to the legal basis chosen by the Commission (Fasone 2018, 268; van den Brink 2012). A notable case of substantive policy concerns was the revision of the posted workers directive, where mainly Eastern European countries issued ROs, some explicitly referring to the expected adverse economic effects for them. Starting from this observation, this paper hypothesizes and finds quantitative empirical support for an economic dimension of conflict in the EWS, controlling for known dimensions of conflict in other EU policy arenas.

Traditional methods for uncovering dimensions of conflict include NOMINATE and Bayesian methods (Hagemann 2007). However, a downside of these methods is that they yield dimensions that are still to be interpreted (Toshkov 2017), and that may not be causal. For instance, geography may appear to be important because of spatial correlations in preferences (Bailer, Mattila, and Schneider 2015). What looks like an East-West dimension may actually be driven by different levels of economic development. In addition, dimensional scaling methods do not allow for controlling for the propensity of Parliaments to issue ROs. In contrast, this article studies whether co-issuance, controlling for Parliament fixed effects, can be explained by proximity on a number of pre-specified dimensions all at once.

Building on a short overview of related literature, we identify several necessary control variables in order to isolate a potential economic dimension of conflict in the EWS. Since we are interested in co-issuance, the analysis is dyadic: we consider pairs of national Parliaments.¹ The main variable of interest is distance in economic development as measured by GDP per capita. Control variables include distance in left-right ideology, anti-pro integration ideology, and geography. A time trend is added to investigate whether co-issuance is on the rise.

From the theoretical argument and empirical tests included in this article follow three main contributions to the literature. First, we confirm with a comprehensive and quantitative test that there are indeed substantive dimensions of conflict in the EWS: it is not just about subsidiarity, but also about substance. Second, we find that having similar levels of economic development is the most important factor in explaining co-issuance of ROs. Finally, we find an upward trend in co-issuance over the period 2010–2018, suggesting that coordination among national Parliaments is getting more effective as a process of transnationalization takes place (Christiansen, Högenauer, and Neuhold 2014).

Several quantitative studies have taken parliaments or parliament-proposals as the unit of analysis to identify characteristics of parliaments that can explain the issuance of ROs (E.g. Auel, Rozenberg, and Tacea 2015; Gattermann and Heffler 2015; Huysmans 2019b; Williams 2016). More qualitative analyses at the proposal level have shed light on proposal characteristics that triggered opposition (E.g. Cooper 2019; Jaroszynski 2020). However, to identify the dimensions of conflict in the EWS, a dyadic approach such as ours is needed. The dimensions of conflict are those on which Parliaments that often co-issue are more often close to each other than chance would predict.

Taken together, our results paint a picture of the EWS as a deeply political mechanism. Rather than a technical tool to monitor subsidiarity, it is being used by national Parliaments to signal substantive opposition to policies they dislike. Considering several

likely dimensions of conflict together, this opposition seems to run most strongly along lines of economic development. This is an important finding for the Commission to anticipate when drafting new legislation. Combined with recent findings about the objective foundations of conflict in the Council (Bailer, Mattila, and Schneider 2015; Mühlböck and Tosun 2018) and the reasons for supporting an exit right from the EU (Huysmans 2019b), our results suggest that the economic dimension of conflict in the EU may have been underestimated in studies of EU politics.

Our paper is structured as follows. The next section briefly explains the EWS, whereas section three presents an overview of the literature and the hypotheses that follow from it. Section four describes the data and empirical model. Our results and a number of sensitivity analyses are presented in sections five and six, respectively. We conclude in section seven.

2. The early warning system

The history of the principle of subsidiarity in the EU can be traced back to the 1957 Treaty of Rome (Granat 2018, 18–20). Since the Lisbon Treaty, subsidiarity is formally defined in Article 5(3) of the Treaty on European Union (TEU) as follows: ‘the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level’. Related to subsidiarity is the principle of proportionality, defined in Article 5(4) TEU: ‘the content and form of Union action shall not exceed what is necessary to achieve the objectives of the Treaties’.

The operational rules of the EWS are specified in Articles 6 and 7 of the Protocol on the application of the principles of subsidiarity and proportionality. Under the EWS, national Parliaments have 8 weeks to evaluate the proposals sent to them by the European Commission. Internally, Parliaments have organized the scrutiny process in different ways, for instance, relying on European Affairs Committees or their legal services to identify proposals for scrutiny, and variously allowing or imposing a plenary vote for the adoption of an RO (Granat 2018, 99–122). Each RO from a chamber of a bicameral Parliament counts as one vote, while an RO from a unicameral Parliament counts as two votes. If the ROs issued amount to at least one-third of the votes, a yellow card is triggered and the Commission has to reconsider the proposal. In the area of freedom, security and justice, only one-fourth of the votes is required. If the ROs reach one-half of the votes, an orange card is triggered, but this has not happened so far (Cooper 2019; Jančić 2015).

ROs are relatively rare (Gattermann and Heffler 2015). The EWS only applies to proposals in areas of shared competence between the Union and the member states. Over the period 2010–2017, out of 718 proposals subject to the EWS, only 177 or less than 25% received an RO, and only three yellow cards were triggered (Cooper 2019).

Although a yellow card means that the Commission has to reconsider the proposal, it may still decide to maintain it unchanged. Hence, the EWS clearly does not give (collective) veto power to the national Parliaments. A proposed red card procedure would have given a hard veto (Jančić 2015, 964–965), but it was never implemented. However, the EWS and the wider Political Dialogue do seem to have given the national Parliaments some opportunities to influence the Commission (Cooper 2019; van Gruisen and

Huysmans, 2020). From a normative perspective, the EWS seems most consistent with a democratic ideal for the EU of shared popular sovereignty (Beetz 2019, 946–947).

3. Related literature and hypotheses

So far, the literature on the EWS has focused either on the issuance of ROs by individual chambers of Parliament, or on coordination and social influence across Parliaments. In contrast, this article focuses on the dimensions of conflict in the EWS: is there an economic dimension of conflict in the final pattern of co-issuance of ROs? Three main areas of prior literature warrant discussion here. The first concerns the issuance of ROs, the second coordination and social influence in the EWS, and the third the dimensions of conflict in other arenas of EU politics.

The emerging quantitative literature on the EWS has so far focused on explaining the issuance of ROs. Researchers have established, among other findings, that Eurosceptic Parliaments and Parliaments with minority governments issue more ROs (Auel, Rozenberg, and Tacea 2015; Gattermann and Heftler 2015; Huysmans 2019a; Williams 2016). While we use the same source data on ROs, our focus is on the co-issuance of ROs and hence on dyads of Parliaments, rather than on Parliaments in isolation.

Substantively, this article is related to the literature on transnational coordination and social influence in the EWS. Formal possibilities for coordination include IPEX (an IT platform and website for interparliamentary exchange of information) and COSAC (Conference of Parliamentary Committees for Union Affairs of Parliaments of the European Union). Informal possibilities for coordination include contacts among National Parliamentary Representatives in Brussels (Christiansen, Högenauer, and Neuhold 2014). Other forms of informal coordination are specific to sets of countries. In interviews, the IPEX coordinators of the Visegrad countries (Hungary, the Czech Republic, Poland, and Slovakia) acknowledged occasional coordination in the margin of Visegrad meetings. However, while there are many opportunities for coordination, only a minority of national members of parliament emphasize being subsidiarity watchdogs and networkers (Kinski 2020).

The literature on coordination in the EWS has focused on case-based evidence of coordination (Auel and Neuhold 2017; Christiansen, Högenauer, and Neuhold 2014; Cooper 2015; Knutelská 2011; Pintz 2015; Sprungk 2013). Recently, Malang, Brandenberger, and Leifeld (2019) have used network analysis to provide quantitative evidence for social influence along party family lines. Using data for 2010 until September 2016, they find that Parliaments are more likely to issue an RO after other Parliaments with a majority party from the same party family have done so. For economic development measured as GDP per capita, they find heterophily (Malang, Brandenberger, and Leifeld 2019, 1493), i.e. Parliaments are more likely to issue an RO after other Parliaments with different levels of economic development have done so. While this finding may reflect that parliaments from poorer member states are influenced by the actions of richer members, it may just as well be the case that richer parliaments have more resources and hence produce ROs more quickly. Ignoring the sequence of ROs, it may still be true that Parliaments from countries with similar levels of economic development are more likely to co-issue ROs. Hence, we focus on the final patterns of co-issuance, rather than only on social influence by prior issuers of ROs.

Probably the most famous documented case of coordination is the Monti II proposal regarding the right to strike. The Danish Parliament provided a blueprint for an RO, contributing to the first yellow card (Cooper 2015). The second yellow card was issued on the proposal for establishing a European Public Prosecutor's Office (EPPO). Here, the UK House of Commons and the Dutch Tweede Kamer played a leading role (Pintz 2015, 99). More recently, the revision of the posted workers directive prompted a third yellow card. In this case, the most striking documented fact was not explicit coordination, but rather that almost all 14 ROs were issued by Eastern European countries (Auel and Neuhold 2017; Fromage and Kreilinger 2017).

While these ROs addressed subsidiarity concerns, many of them also featured economic arguments. For instance, the Hungarian National Assembly mentioned that by proposing to equalize remuneration for posted and local workers, the proposal 'aims to artificially equalize the diverging wage levels of Member States, which do not distort competition and which are primarily due to their different economic development'. The Czech Chamber of Deputies included economic concerns even more explicitly: 'the Czech Republic as a relatively newly acceding State still benefits from a competitive advantage in labor costs, and therefore this draft directive could endanger Czech companies'.

In the case of the posted workers, the ROs of the Eastern member states seem at least partially motivated by substantive objections. More specifically, given their lower level of economic development, they were afraid that the proposal would limit the opportunities of their citizens for posted work. The third yellow card motivates this article's research question on the economic dimension of conflict in the EWS. Was the co-issuance of ROs by Eastern European countries unique to posted workers? And if not, what is the relative importance of the economical, ideological or geographical dimensions? It is important to note that each dimension may have a direct effect through preferences, and an indirect effect through coordination and influence along the lines of these dimensions. We are interested in the total importance of these dimensions.

We know that explicit coordination happens, but is likely easier along lines of similarity. Just like the broader literature on the dimensions of politics in the EU, we do not seek to separate 'accidental' co-voting due to similar preferences from 'non-accidental' co-voting due to coordination or logrolling along lines of similarity. In the literature on the dimensions of conflict in the EU, the relative consensus until recently seemed to be that at least in the European Parliament (EP), there are two main dimensions: left-right ideology and anti-pro EU integration (Baller 2017; Crombez and Vangerven 2014; Hix, Noury, and Roland 2006). However, recent work on the dimensions of conflict in the Council has highlighted the importance of the economic dimension (Bailer, Mattila, and Schneider 2015).

One reason the economic dimension is important is that it determines to a large extent whether a member state is a net contributor to or a net receiver from the EU budget. Net contributors can be expected to be against proposals that will cost them money. Conversely, net receivers are expected to be against proposals leading to a reduction of spending (Zimmer, Schneider, and Dobbins 2005). In addition, regulatory adjustment costs often depend on economic development. Less developed countries may be against proposals that force them to open up their markets even more to competition (Kaeding and Selck 2005, 282), or to implement standards already common in more developed countries. Indirect evidence of the importance of economic development in driving policy

preferences is that peripheral countries on this dimension were much more likely to support an exit right from the EU at the 2002–2003 European Convention (Huysmans 2019b), suggesting that they anticipated or feared being outvoted.

A fine-grained illustration of the economic dimension in Council voting is the topic of Genetically Modified Organisms (GMOs). Next to public opinion and party affiliation of the agriculture Minister, structural economic variables strongly affected votes in favor of GMO authorization (Mühlböck and Tosun 2018). Specifically, whether countries already grew GMOs, the share of agricultural value added in GDP, and the share of small farms all had a significant impact on votes. While we cannot control for such topic-specific economic indicators, the overall level of economic development is likely to play a structural role in shaping national Parliaments' preferences across a wide range of EU policies.

Based on the evidence from case studies and the related literature discussed above, our hypothesis for testing is:

H1. Dyads with similar levels of economic development are more likely to co-issue ROs.

The hypothesized mechanism is that countries with similar levels of economic development have similar policy preferences. Hence, their parliaments will tend to oppose the same EU policies, whether because of accidental ex-post agreement, or because of explicit coordination along lines of similarity.

Building on the literature on the dimensions of EU politics, we will control for distance also along Parliaments' left-right positions and their stance on EU integration. Note though that while anti-pro EU stance is an important dimension of voting in the EP, the EWS works differently. Under the EWS, Parliaments only issue an RO if they oppose a proposal, rather than voting on each proposal and amendments. From the literature on the EWS, we know that Parliaments with an anti-EU position are more likely to issue ROs. This means that we are less likely to observe moderate or pro-EU Parliaments co-issuing ROs. By including Parliament fixed effects, we are able to control for Parliaments' propensities to issue ROs. Hence, the remaining effect of differences on the anti-pro EU dimension on co-issuance is likely to be small, yet we control for it anyway.

In addition to distance along the economic, left-right and EU integration dimensions, we will also control for geographical distance. The reason is that geographical distance may capture both regional correlations in preferences not accounted for by the other dimensions, as well as regional coordination facilitated by proximity.

Finally, from the literature on transnationalization and case-based evidence of coordination, we expect that, controlling for distance on the dimensions mentioned above, over time Parliaments are learning to coordinate in order to maximize their influence. Hence, we will control for a potential upward time trend in the co-issuance of ROs. In accordance with the Juncker 'Better Regulation' program (European Commission 2016), we will also include a dummy for the Juncker Commission. If the Juncker Commission really refocused its ambitions when formulating proposals, that may have had an influence on co-issuance.

4. Data and methods

This section describes the data and methods used to test the hypothesis of an economic dimension of conflict in the EWS, controlling for the relevant elements discussed earlier.

4.1. Dependent variable

The dependent variable *Co-issued RO* is 1 if the Parliaments of both countries in a dyad issued an RO. In the main analysis, we include upper chambers: *Co-issued RO* is 1 if at least one chamber of each Parliament has issued an RO. The data cover the period 2010–2018 and come from the EP’s Directorate for Relations with national Parliaments, annual Protocol 2 statistics for 2010–2016, augmented with data from EP Connect and IPEX for 2017–2018.²

Figure 1 visualizes the RO network of national Parliaments. The Parliaments are represented as nodes and the Co-issued ROs as edges connecting the nodes. The node size represents the number of proposals on which at least one chamber of Parliament issued an RO. It ranges from 1 for Slovenia to 78 for Sweden. Since Sweden is an outlier, a sensitivity check reported after the main analysis will exclude it. The width of edges is proportional to the sum of *Co-issued RO*, i.e. the number of proposals to which both Parliaments submitted at least 1 RO. It ranges from 0 for many dyads to 14 for the dyad Netherlands-Sweden. The Appendix provides a detailed table with ROs per country and per dyad.

The nodes have been positioned in space according to their average left-right score (x-axis) and their average GDP per capita (y-axis). Hence, horizontal links represent Co-issued ROs by Parliaments from countries with similar levels of economic development, while vertical links represent Co-issued ROs by Parliaments with similar left-right ideologies. Both types of links seem to be prevalent. Details on the underlying time-varying variables are provided in the next subsection. Since the left-right score of a Parliament may shift every election, the vertical positions of the nodes can be considered as a time-average, compared to the relatively stable GDP per capita.

Since Croatia joined in the middle of the period, we exclude it from the analysis. Furthermore, only proposals with at least 1 RO are included. This is because proposals without ROs were not salient enough for even one parliament to issue an RO and hence

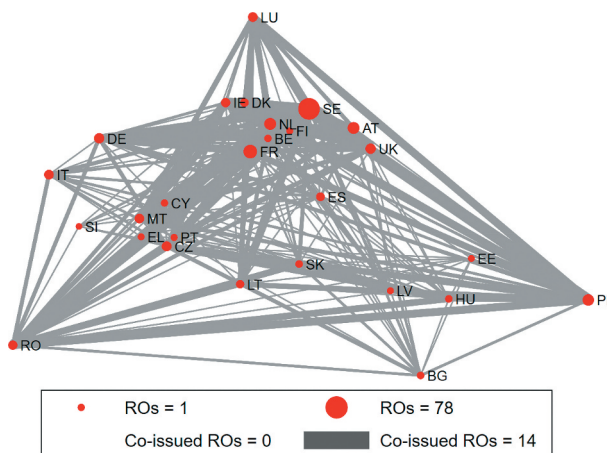


Figure 1. Reasoned opinions network, 2010–2018. Notes: Edge and node sizes represent the level of co- and individual issuances, respectively. The figure was created in Stata using the nwcommands package by Thomas Grund.

are not relevant for the EWS. In addition, no information on the dimensions of conflict can be obtained from proposals without ROs. This leaves 194 proposals in our analysis. With 27 countries, there are $(27 * 26)/2 = 351$ dyads and $351 * 194 = 68,094$ observations.

4.2. Explanatory variables

Table 1 gives a descriptive overview of the variables introduced below. To test our main hypothesis H1, *GDP distance* measures differences in GDP per capita, expressed in €100,000 (Eurostat 2018). We take the value of the year in which the deadline for an RO fell. *GDP distance* ranges from approximately 0 to 0.9.

In terms of controls, *LR distance* measures the difference in left-right score on a 10 point scale, at the time of the eight-week deadline for issuing an RO. Given the diversity of national procedures for subsidiarity scrutiny (Granat 2018, 99–122), Parliaments are assigned the seat-weighted left-right score of all parties in Parliament as an approximation of the actual pivotal members of parliament. The source data are expert judgments from ParlGov (Döring and Manow 2019). *LR distance* ranges from approximately 0 to 3.36. *EU distance* measures the difference in EU anti-pro score on a 10 point scale, at the time of the eight-week deadline for issuing an RO. Parliaments are assigned the seat-weighted left-right score of all parties in Parliament. The source data are expert judgments from ParlGov (Döring and Manow 2019). *EU distance* ranges from approximately 0 to 4.23.

To control for geography, the dummy *Contiguous* is 1 for countries with a common border and 0 otherwise. An additional control used in sensitivity analyses is *Geo distance*, which measures the great circle distance between the capitals of the countries making up the dyad. It was computed on distance.net and expressed in 1000 km. It ranges from 0.055 (i.e. 55 km) for Slovakia-Austria to 3.769 for Portugal-Cyprus.

The dummy *Juncker* is 1 for years in the sample covering the Juncker Commission, i.e. 2015–2018. To control for potential transnationalization and increasing coordination over time, *Year* simply gives the year of the Commission's proposal, ranging from 2010 to 2018.

Two additional control variables are used in sensitivity analyses. First, a concern is that *GDP distance* functions as a proxy of old versus new member states. Indeed, the old EU-15 countries are much richer than the most Central and Eastern European countries that have joined since 2004 (Toshkov 2017). This might lead to incorrectly attributing the effect of co-issuance among the old and the new to differences in economic development. Hence, the additional control dummy *Old v New* is 1 if the countries in a dyad are both old

Table 1. Descriptive statistics, dyads of parliaments, 2010–2018.

Variable	N	Min	Max	Average	Source of underlying data
Co-issued RO	68,094	0	1	0.008	EP Protocol 2 statistics, EP Connect, IPEX
GDP distance	68,094	0.000	0.900	0.188	Eurostat (2018)
LR distance	68,094	0.000	3.363	0.680	ParlGov (Döring and Manow 2019)
EU distance	68,094	0.002	4.226	1.045	ParlGov (Döring and Manow 2019)
Contiguous	68,094	0	1	0.097	1 if common border
Juncker	68,094	0	1	0.407	1 if Juncker Commission (2015 onward)
Year	68,094	2012	2018	2013.7	EP Connect, IPEX
Geo distance	68,094	0.055	3.769	1.428	Distance.net
Old v New	68,094	0	1	0.487	1 if both old or new member states
Visegrad	68,094	0	1	0.017	1 if both Visegrad (CZ, HU, PL,SK)

The number of observations corresponds to 194 proposals that have received at least 1 RO, for 351 dyads.

EU-15 member states or both new member states. Second, given regional collaboration among the Visegrad countries, the dummy *Visegrad* is 1 for pairs of Visegrad countries and 0 otherwise.

4.3. Methods

Similar to Ringe, Victor, and Gross (2013), our analysis is dyadic and includes country effects. However, we consider co-issuance at the proposal level, rather than an aggregate measure of co-issuance. The reason is that we want to control for time-varying measures of ideological distance and for a potential time trend. Given our binary dependent variable, we use logit or rare events logit regressions depending on the number of positive observations.

In order to control for countries' propensities to issue ROs and the resulting covariance among dyads with a shared country, we add country fixed effects to the model. These fixed effects control for two important country characteristics. First, their propensity to issue ROs, which depends, for instance, on their level of Euroscepticism or their parliamentary strength (Auel, Rozenberg, and Tacea 2015; Gattermann and Hefftlar 2015; Huysmans 2019a; Williams 2016; Winzen 2012). Second, their tendency to have a lot of co-issued ROs across all dyads they are part of.

In sum, controlling for country fixed effects limits the potential problem of dyads not being completely independent. In addition, we cluster standard errors at the dyad level. Indexing the countries in a dyad as i and j and proposals as k , we estimate logit models of the following form:

$$\text{logit}(p(\text{RO}_{ijk} = 1)) = \beta_0 + \beta_1 \text{GDP}_{ijk} + \beta_2 \text{LR}_{ijk} + \beta_3 \text{EU}_{ijk} + \gamma' \mathbf{X} + \alpha_i + \alpha_j$$

where $p(\text{RO}_{ijk} = 1)$ is the probability that countries i and j co-issued ROs on proposal k . Variables GDP_{ijk} , LR_{ijk} , and EU_{ijk} denote the distances between i and j on the dimensions GDP per capita, left-right, and anti-pro EU integration at the RO deadline for proposal k . \mathbf{X} is a vector of additional control variables depending on the specification, and α_i , α_j are the country fixed effects. According to H1, we expect Parliaments from countries with different levels of economic development to be less likely to co-issue ROs, i.e. $\beta_1 < 0$.

In spite of the country fixed effects and the clustering of errors at the dyad level, the main logit model may not fully control for error correlation induced due to the dyadic structure (Aronow, Samii, and Assenova 2015). Hence, we will also run a version of the model with dyad-robust standard errors (Bisbee 2020).

5. Results

Table 2 reports the results of four baseline regressions. Model 1 only includes the variable *GDP distance* related to H1 and country fixed effects. Model 2 adds a set of basic controls. Model 3 contains the same variables as Model 2, but with dyad-robust standard errors instead of robust errors clustered at the level of the 351 dyads. Model 4 adds the remaining control variables.

Across all four models, H1 on the economic dimension of conflict in the EWS is confirmed: dyads with a bigger difference in GDP per capita are significantly less likely

Table 2. Logistic regression on the co-issuance of reasoned opinions.

Logit of Co-issued RO	Model 1	Model 2	Model 3	Model 4
GDP distance	-1.962*** (0.304)	-1.592*** (0.324)	-1.592** (0.635)	-1.235** (0.485)
LR distance		-0.226** (0.114)	-0.226 (0.173)	-0.223* (0.115)
EU distance		-0.067 (0.060)	-0.067 (0.067)	-0.072 (0.060)
Contiguous		0.297*** (0.111)	0.297*** (0.093)	0.255* (0.140)
Juncker		-0.719** (0.211)	-0.719 (0.548)	-0.721** (0.211)
Year		0.080** (0.033)	0.080 (0.066)	0.079** (0.033)
Geo distance				0.026 (0.089)
Old v New				0.092 (0.117)
Visegrad				0.333 (0.251)
Country FE	Yes	Yes	Yes	Yes
Constant	-1.844	-163.2	-163.2	-160.2
N	68,094	68,094	68,094	68,094
Standard errors	Cluster at dyads	Cluster at dyads	Dyad-robust	Cluster at dyads
Log(pseudolikelihood)	-3,031	-3,016	-3,016	-3,015

Standard errors in brackets. * $p < 10\%$, ** $p < 5\%$, *** $p < 1\%$.

to co-issue ROs. The only control variable to be significant across all models is *Contiguous*, indicating that there is some regional correlation in preferences not captured by the other controls, or that Parliaments of neighboring countries engage in more explicit coordination in the EWS.

The controls for left-right and EU distance are negative across all models, but not always significant. Comparing the effect of left-right and economic distances, the latter are found to be more significantly associated with the co-issuance of ROs. The effect is also larger in magnitude (even when taking into account the more limited range of *GDP distance*). Somewhat surprisingly, *EU distance* is not significant in any of the models: controlling for country fixed effects, dyads with similar anti-pro EU stances are not more likely to co-issue ROs. One explanation is that pro-integration Parliaments are unlikely to co-issue ROs on proposals that they think do not go far enough. Indeed, the stated goal of the EWS is to flag proposals that are not compliant with subsidiarity, i.e. infringe too much upon member states' competences, rather than the other way around. On the other hand, for dyads of Eurosceptic Parliaments the null finding suggests that, controlling for their higher propensity to issue ROs through country fixed effects, they are not especially likely to co-issue these ROs with other Eurosceptic Parliaments. If they do co-issue, the results indicate that this is more because of similarity on the economic dimension, rather than simply both being Eurosceptic.

Except for the stringent dyad-robust Model 3, *Juncker* and *Year* have significantly negative and positive coefficients, respectively. This implies that, controlling for less ROs due to Juncker's *Better Regulation* program and for changes in distances, Parliaments co-issue more ROs over time. In situations where at least one Parliament issued an RO, other Parliaments have become more likely to do so as well. Note that because observations are

limited to proposals with at least one RO, the finding of increased co-issuance cannot simply be a spurious result due to more ROs. Only if additional ROs were disproportionately likely to end up as co-issued ROs would we find what we find. This is because the majority of proposals do not attract ROs and hence random additional ROs would, on average, fall on proposals that have no other ROs and would not have been in the dataset. Consistent with the qualitative literature discussed earlier, this suggests a process of transnationalization, in which Parliaments learn to coordinate as they adapt to the EWS (Christiansen, Högenauer, and Neuhold 2014).

While *Contiguous* is significant across all four models, the exact distance between capitals *Geo distance* does not seem to offer explanatory power. The coefficient of *Old v New* is not significant either. Similarly, while the coefficient for *Visegrad* is positive, it is not significant. Hence, there is no statistically significant support for co-issuance among the Visegrad countries above and beyond what geographical and preference proximity would suggest. Since none of the additional control variables in Model 4 is significant, and the logarithm of the pseudolikelihood barely increases, we take Model 2 as the baseline model from here on.

Per Table 1, the baseline probability of a dyad co-issuing ROs on a given proposal is 0.8%. In order to judge the magnitudes of the estimated coefficients, the marginal effects should be compared against this baseline. Over the range of the other variables, for Model 2 the average marginal effects in percentage points are -1.3 for *GDP distance*, -0.2 for *LR distance*, 0.1 for *EU distance*, 0.2 for *Contiguous*, -0.6 for *Juncker* and 0.07 for *Year*. Taking into account the range of these variables, their effects are in the same order of magnitude as the baseline probability, and hence substantial.

Figure 2 illustrates the magnitude of the effect of differences in economic development. It plots the predicted probability of a co-issued RO over the range of GDP distance, with 95% confidence intervals. The horizontal line indicates the baseline probability of

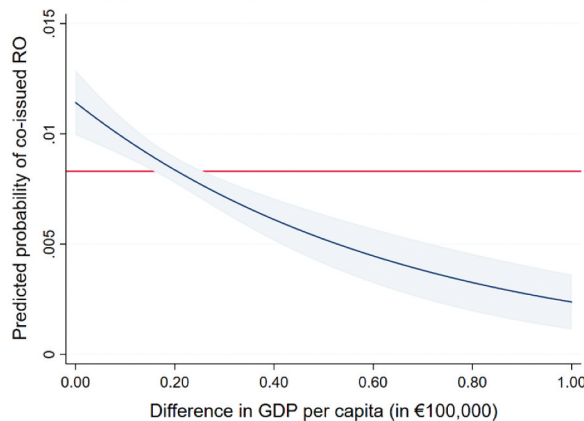


Figure 2. Predicted probabilities of co-issuing ROs over the range of differences in GDP per capita. Notes: The figure presents the predicted probability of co-issuing ROs between two parliaments as functions of their similarity in economic development. The horizontal red line shows the baseline probability of co-issuing an RO, equal to 0.8%. The predicted probabilities are based on Model 2 of Table 1.

a given dyad co-issuing ROs, equal to 0.8%. For countries with very similar levels of economic development, the predicted probability of co-issuing ROs on a given proposal is 1.1%. In contrast, for the dyads with the highest observed level of economic disparity, the predicted probability is only 0.3%.

Our results show that ROs submitted by national Parliaments do indeed go beyond simple subsidiarity complaints. Specifically, we find strong evidence that Parliaments with similar preferences, whether it be on the economic or the classical left-right dimension, are more likely to co-issue ROs. Taken together, our findings confirm quantitatively that parliaments oppose Commission proposals also on policy substance, and not just on pure subsidiarity grounds. In terms of the dimensions of conflict, in accordance with H1, the economic dimension is the most important one.

By showing that the pattern of co-issuance is not random and that sensible dimensions of conflict turn out to be significant predictors, we have shown that the EWS is about substance more generally than only in the cases analyzed in the qualitative literature on this topic. If the EWS was only about subsidiarity, one would either expect full unanimity – if infringements of subsidiarity were apparent to all – or random noise.

6. Sensitivity analyses

In this section we study the robustness of our findings towards a number of additional concerns. A first concern is that the strong result regarding the economic dimension is driven by the importance of proposals with economic content. Ideally, we would be able to repeat the analysis for all topic areas separately. However, as [Table 3](#) shows, most topics have very few co-issued ROs, precluding separate estimation. Given the country fixed effects, countries without ROs in a topic area have to be dropped for regressions restricted to that topic area.

The largest topic that does not appear obviously economic is Civil Liberties, Justice and Home Affairs, but it already requires dropping seven countries. In addition, given that less than 200 observations are positive, a rare events logistic regression is needed (King and Zeng 2001). The results are reported in [Table 4](#). Even for this topic, and with a much more limited number of observations, the coefficient for

Table 3. Co-issued ROs by EP committee.

Committee	Topic	Co-issued RO	Observations
EMPL	Employment and Social Affairs	116	4,212
LIBE	Civil Liberties, Justice and Home Affairs	109	7,722
ECON	Economic and Monetary Affairs	94	11,583
TRAN	Transport and Tourism	92	8,775
ENVI	Environment, Public Health and Food Safety	47	8,775
ITRE	Industry, Research and Energy	38	5,967
IMCO	Internal Market and Consumer Protection	20	6,669
JURI	Legal Affairs	19	5,616
AGRI	Agriculture and Rural Development	18	5,967
FEMM	Women's Rights and Gender Equality	15	351
BUDG	Budgets	0	702
REGI	Regional Development	0	702
CONT	Budgetary Control	0	351
CULT	Culture and Education	0	351
PECH	Fisheries	0	351
	Total	568	68,094

Table 4. Topic regression.

Rare events logit of Co-issued RO	Model 5: LIBE only
GDP distance	−2.933*** (1.105)
LR distance	0.325 (0.278)
EU distance	−0.125 (0.155)
Contiguous	0.191 (0.342)
Juncker	−1.897*** (0.564)
Year	0.172** (0.082)
Country FE	Yes
Constant	−346.4
N	4,180

Robust standard errors in brackets. * $p < 10\%$, ** $p < 5\%$, *** $p < 1\%$.

GDP distance is negative and significant at the 1% level. The reason may be that irrespective of their main topic, proposals with an economic impact may be especially salient and likely to trigger opposition in the form of ROs. To the extent that the economic impact of proposals correlates to the level of development, this may explain the importance of the economic dimension across topic areas.

The EWS provides an opportunity to use data on proposals that later fail, perhaps because there was too much economic opposition to them: ‘economic interests would be much more obvious if we were able to look at proposals that never reach the ministers’ negotiation table in the Council because they lack the necessary support to proceed to this stage of the decision-making process’ (Bailer, Mattila, and Schneider 2015, 453).

Table A2 in the supplemental online materials represents three additional robustness checks: the exclusion of outlier Sweden, the exclusion of yellow cards, and the exclusion of upper chambers.

7. Conclusion

Under the Early Warning System, national Parliaments can issue Reasoned Opinions against the Commission’s legislative proposals. If one-third of Parliaments issue an RO, a yellow card is triggered and the Commission has to reconsider the proposal. In the period 2010–2018, only three yellow cards have been issued. This article moves the literature forward by a quantitative analysis of co-issuance among dyads of national Parliaments, focusing on the economic dimension of conflict. The analysis covers all ROs issued by lower chambers in the period 2010–2018 (Croatia excluded) and is conducted at the dyad-proposal level.

While the EWS is technically only about subsidiarity, case-based evidence indicates that Parliaments also use it to indicate opposition to the substance of a proposal. Most notably, in the case of the revision of the posted workers directive, several Eastern European countries explicitly referred to the adverse economic impact they expected from the proposal due to their different levels of economic development.

This article theorizes and finds quantitative empirical support for an economic dimension of conflict in the EWS more generally.

Controlling for other likely dimensions of conflict such as left-right, similar levels of economic development have a larger and more significant role in predicting the co-issuance of ROs. While prior literature has found Euroscepticism to affect the probability of issuing ROs, controlling for country fixed effects the EU integration dimension does not seem to significantly affect co-issuance. So, although Eurosceptic Parliaments issue more ROs, they seem to co-issue them primarily along economic lines.

The importance of economic development as the main dimension of conflict in the EWS resonates well with recent studies on the dimensions of conflict in the Council (Bailer, Mattila, and Schneider 2015). Economic development can affect preferences across proposals because it correlates with being a net receiver or contributor of EU funds (Zimmer, Schneider, and Dobbins 2005), and with regulatory adjustment costs. While limited data preclude running the analysis separately for most individual topic areas, we find that economic development is the main dimension of conflict even in the topic area of Civil Liberties, Justice and Home Affairs. We speculate that irrespective of their main topic, proposals that have a differential impact on countries with different levels of development may be especially likely to trigger opposition in the form of ROs. Future research taking proposals rather than proposal-dyads as the unit of analysis may shed further light on this, perhaps using tools such as quantitative text analysis.

A set of additional controls and robustness checks supports these findings. While countries with a shared border are significantly more likely to co-issue ROs, the exact distance between capitals does not add significant predictive power. Furthermore, controlling for the aforementioned variables, there is no significant evidence that old/new member states co-issue more with their peers. While there is qualitative evidence for coordination among the Visegrad countries, there is no statistically significant support for co-issuance above and beyond what their similarity on other dimensions would lead to predict. In terms of specifications, the results are robust to using dyad-robust standard errors, dropping outlier Sweden, dropping the three yellow cards, and excluding upper chambers of Parliament.

Finally, most specifications show a statistically significant upward trend in co-issuance, controlling for different proposal behavior of the Juncker Commission and for changes in parliamentary distances over time. Confirming case-based evidence of transnationalization, this suggests that Parliaments are indeed learning to coordinate and that the EWS may become more effective in the future. If the trend continues, one can expect more yellow cards to be issued over time, although none have materialized since the period under study. Future research will tell whether this constitutes a temporary break in the upward trend, or a sign that coordinated action will remain rare.

Notes

1. An alternative approach would have been to use a network method, such as an Exponential Random Graph Model (ERGM). However, such methods can only properly deal with cross-sectional data, or with panel network data with 'a small number of time points' (Snijders 2017, 343), in practice often as small as two repeated observations – orders of magnitude below the number of repeated observations in the present analysis.

2. The now discontinued annual Protocol 2 statistics were retrieved on 7 August 2017. EP Connect can be accessed at <https://www.europarl.europa.eu/relnatparl/en/connect.html>, IPEX at <https://secure.ipeux.eu/IPEXL-WEB/home/home.do>.

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