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**Working Paper**

## Towards the Greater Good? EU Commissioners' Nationality and Budget Allocation in the European Union

Discussion Paper Series, No. 596

**Provided in Cooperation with:**

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*Suggested Citation:* Gehring, Kai; Schneider, Stephan A. (2015) : Towards the Greater Good? EU Commissioners' Nationality and Budget Allocation in the European Union, Discussion Paper Series, No. 596, University of Heidelberg, Department of Economics, Heidelberg, <https://doi.org/10.11588/heidok.00018937>

This Version is available at:

<https://hdl.handle.net/10419/127413>

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and Budget Allocation in the European Union

Kai Gehring and Stephan A. Schneider

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June 2015

# Towards the Greater Good? EU Commissioners' Nationality and Budget Allocation in the European Union

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June 23, 2015

**Abstract:**

We analyse whether there is a relationship between EU Commissioners' national origin and political outcomes. For this purpose, we argue that examining the Commissioner for Agriculture allows the most precise empirical identification: there is a specific budget for agriculture which accounts for the largest share of the overall EU budget and gives significant leeway to the Commissioner. On average, providing the Commissioner is associated with increases in the share of the overall EU budget that is allocated to their country of origin of about one percentage point. This increase corresponds to half a billion Euro per year, a significant change in particular for smaller member states. Alternative explanations are considered using country-specific time trends, examining pre- and post-treatment trends and modeling endogenous treatment-selection. There are no significant differences in trend behavior between treated and non-treated countries both before and after providing the Commissioner. We demonstrate that our results are not driven by individual countries and show that selection-on-unobservables would have to be implausibly high to account for the estimated coefficient.

Keywords: Fiscal Federalism, Political Economy, Budget Allocation, European Union, EU Commission, EU Commissioners, National Origin

JEL codes: D7, H3, H7, F5, F6

Acknowledgments: We thank Vera Eichenauer and Axel Dreher for comments, as well as Christina J. Schneider for sharing her data on the EU budget composition, and Jamie Parsons for proof-reading.

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Article 17, Treaty on European Union (TEU):

“The Commission shall promote the general interest of the Union and take appropriate initiatives to that end. [...] In carrying out its responsibilities, the Commission shall be completely independent. [...] [T]he members of the Commission shall neither seek nor take instructions from any Government or other institution, body, office or entity” (European Union, 2010).

## 1 Introduction

It is the aim of international or supranational organizations to move beyond national sentiments, and pursue the ‘common good’ of their respective principal constituents. However, there is abundant anecdotal evidence documenting that nationality continues to play a role in shaping actor’s decision-making in international organizations like the World Bank or the IMF (Novosad & Werker, 2014). We systematically examine which role nationality plays in the European Union (EU), a particularly interesting case of a supranational institution, where conflicts of interests between the individual member states and the centralized organs of the EU frequently become obvious.

For instance, the current EU Commissioner for Economic and Financial Affairs, Pierre Moscovici, recently caused a massive controversy. Moscovici, a former national minister in France, was one of the first to sign a request from the French Socialist Party for communitization of national government debt on the European level. This contradicts the officially communicated view that members of the EU Commission (EC) remain independent and detached from member states’ domestic politics and supposedly only represent the “common interest” of all member states.<sup>1</sup> In this case, the official portfolio description for the Commissioner for Economic and Financial Affairs states that he is responsible “for [e]nsuring enforcement of the Stability and Growth Pact and reviewing its fiscal and macroeconomic surveillance legislation [...] and budgetary rules”.<sup>2</sup>

Nonetheless, the EC as the main executive body of the EU is keen on maintaining a picture where it “represents the interests of the EU as a whole”,<sup>3</sup> with Commissioners working independently and unaffected by their cultural and national background. This claim of independence from their country of origin is also in stark contrast to the effort and intensity with which member states seek attractive Commissioner posts for ‘their’ Commissioner (cf. description in Napel & Widgrén, 2008; Nugent, 2001). Moreover, there are repeated cases where former Commissioners pick up important positions in their home country after their term in Brussels. Vaubel *et al.* (2012) suggest that rational Commissioners should thus to

<sup>1</sup> See: [https://magazin.spiegel.de/digital/?utm\\_source=spon&utm\\_campaign=inhaltsverzeichnis#SP/2015/19/134762470](https://magazin.spiegel.de/digital/?utm_source=spon&utm_campaign=inhaltsverzeichnis#SP/2015/19/134762470) (last accessed on May 15, 2015).

<sup>2</sup> [http://ec.europa.eu/commission/2014-2019/moscovici\\_en](http://ec.europa.eu/commission/2014-2019/moscovici_en) (last accessed on May 16, 2015).

<sup>3</sup> [http://ec.europa.eu/atwork/index\\_en.htm](http://ec.europa.eu/atwork/index_en.htm) (last accessed on May 4, 2015).

some degree take their future electorate and career prospects into account.

It is another question whether individual Commissioners actually possess the means to favor their country of origin, and whether the available data provide enough statistical power to detect such a relationship. We approach this issue by focusing our empirical analysis on those Commissioners and budgets which, first, allow relatively direct traceability of the individual Commissioner's actions and, second, provide some leeway to shape the budget. Specifically, we examine whether having the Commissioner for Agriculture is related to an increase in the spending on agriculture for the respective country of origin.<sup>4</sup>

The EU Commissioner for Agriculture is an ideal candidate for several reasons. First, since its inception, the Common Agricultural Policy (CAP) has been among the most important pillars of the EU's work and consumed a major share of the overall EU budget.<sup>5</sup> Until the 1980s, it represented more than 70% of the community's overall budget, and currently accounts for approximately 40%.<sup>6</sup> A key component of the CAP is to support the agricultural sector with a specifically created EU fund, the European Agricultural Guidance and Guarantee Fund (EAGGF). This allows us to clearly identify an economically significant fund which the Commissioner can potentially influence. Second, the member states have viable interests in these budget decisions due to their economic importance and political salience (cf. [Schneider, 2013](#)) and the Commissioners have significant power and leeway to influence the budgetary process, for example in their role as agenda setters or due to information advantages. Thus, if national background matters, we can plausibly expect to be able to identify its effects.<sup>7</sup> By fulfilling these two requirements, examining this relationship is likely to yield the most reliable and least noisy estimate of the effect of Commissioner nationality on allocation decisions.

Our paper relates to different strands of literature. We add to the literature on the effect of national or regional identity or ethnicity on political decisions and budgetary allocations. [Jennes & Persyn \(2015\)](#) study how political representation can explain variations in the geographical distribution of social security and tax transfers in Belgium over the 1995-2000 period. They find that providing a minister leads to increased transfers to the respective home region. Likewise, [Dreher \*et al.\* \(2015\)](#) investigate how leaders in Africa redirect Chinese development aid towards their home region, using a newly developed database that coded Chinese development finance projects across 3,545 physical locations in Africa over the 2000-

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<sup>4</sup> We also consider the Budget Commissioner's relationship to the overall budget and the Commissioner for Regional Policy's relationship to the allocation of social and regional funds. All three are related to the allocation of funds and could therefore use their leeway to re-channel resources to their home countries. However, the Budget Commissioner's influence on how and where money is exactly spent is relatively limited; similarly the influence on the Social and Regional Funds is relatively hard to trace back to the Regional Commissioner directly.

<sup>5</sup> [http://ec.europa.eu/agriculture/cap-history/index\\_en.htm](http://ec.europa.eu/agriculture/cap-history/index_en.htm) (last accessed on May 3, 2015).

<sup>6</sup> [http://ec.europa.eu/agriculture/index\\_en.htm](http://ec.europa.eu/agriculture/index_en.htm) (last accessed on April 16, 2015).

<sup>7</sup> Farmers usually constitute a well organized lobby group (e.g., [Olson, 1965](#)), which can set incentives for the respective national governments to lobby on their behalf or for the Commissioners to care about their future support if they consider returning to national politics in the future.

2012 period. In a similar vein, but with a worldwide focus, *De Luca et al. (2015)* use data on the ethnic origin of political leaders for a panel of ethnographic regions in 138 countries over the 1992-2012 period and indicate that leaders redistribute funds to their ethnic home regions.

More specifically, we also relate to a large literature focused on European institutions and EU politics (for an overview see, e.g., *Baldwin & Wyplosz, 2012*). *Aksoy (2010)* shows an influence of voting power and agenda-setting on the allocation of the EU budget. Similarly, a study of the EU cohesion fund over the 1989-1999 period by *Bouvet & Dall’Erba (2010)* also indicates that factors like national and regional electoral margins also influence the allocation process. *Schneider (2013)* finds that member states receive larger shares of the EU budget in the years prior to domestic elections.

While earlier research on the EC had often approached the Commission as a whole, more recent work has also examined the behavior of the individual actors who form the EC (see for instance *Smith, 2003; Wonka, 2007*). We follow this more disaggregated approach and add to the existing literature by studying the influence of the EU Commissioners for Agriculture on the share of EU spending received by their home countries. Our results indicate a significant positive relationship between the Commissioners’ country of origin and the agricultural fund spending their home country receives during their terms in office. This relationship translates into about 510 million EUR per year for the country of origin of the respective Commissioner.

To identify whether this relationship has a causal interpretation, it would help if the assignment of our treatment, the Agricultural Commissioner, is random. Certainly, the final decision as to which country is assigned which Commissioner has a random component. While the Heads of State or Government and the Commissioner candidates usually try to lobby the designated President of the EC to assign them one of their preferred portfolios (see *Nugent, 2001*), it is the President who finally decides on the portfolio distribution.<sup>8</sup> This complicated bargaining process that has to take internal demands and political power into account in fact often results in surprising outcomes.<sup>9</sup>

<sup>8</sup> The position of the President of the EC in the appointment process was strengthened in the Treaty of Amsterdam. *Napel & Widgrén (2008)* provides an in-depth description of the appointment procedure for the EC President and the Commissioners.

<sup>9</sup> Even until days before the final selection, it is unclear which member state will get which position. An illustrative example of this is the appointment of the current German Commissioner Günther Oettinger in 2014. The German Government and Oettinger himself had expressed a preference to take responsibility of the trade portfolio. Until a few days before the official announcement by the President of the EC, media declared him to be – in all likelihood – the next Trade Commissioner. To general surprise, Oettinger was appointed as Commissioner for Digital Economy and Society, instead. See, for example, on the common expectations: German weekly *Wirtschaftswoche* (July 19, 2014) at <http://www.wiwo.de/politik/europa/eu-kommission-merkel-will-oettinger-als-handelskommissar/10219282.html> and the *Euractiv* European policy platform (August 29, 2014) at <http://www.euractiv.com/sections/eu-elections-2014/oettinger-interested-eu-trade-commissioner-post-308060>. For one of many examples of the surprise after the final decision see *Borderlex* (September 10, 2014) at <http://www.borderlex.eu/trade-commissioner-malmstrom-appointment-comes-surprise/> (all last accessed on April 30, 2015).

It is still possible that some states have little interest at all in agriculture, and thus have a systematically lower likelihood of treatment. If some countries are just generally less likely to provide the Commissioner, country fixed-effects should suffice in avoiding this selection problem. In addition, our results remain robust when we exclude the largest member states which have less interest in holding this particular position, as well as when excluding each member state individually.

However, we do not solely rely on the random treatment assumption for our identification strategy. A consistent estimate of the average treatment effect would be jeopardized by differential trends between the treated and untreated member states. We use a setting similar to Autor (2003), where we code leads and lags to show that there are no significant differences in pre- and post-treatment trends. Moreover, even accounting for potentially different developments with country-specific time trends in addition to the country and year fixed-effects does not affect our estimations. Modeling the selection process explicitly using an endogenous binary-switching model leads to a larger negative coefficient, indicating that selection was biasing against finding a significant relationship. Finally, we compute that selection-on-unobservables would have to be between one and nearly five times as strong as selection-on-observables to account for the positive relationship (cf. Altonji *et al.*, 2005). If we require that our estimation fulfills requirements suggested by those met by randomized studies, our identified set of  $\beta$ -estimates does not include zero in any of the comparisons suggested by Oster (2013).

The paper is structured as follows: Section two summarizes the relevant literature and shortly explains the structure of the EU Commission with its members. Subsequently, it outlines why examining the Commissioner for Agriculture and the directly related agricultural fund provides a promising opportunity to assess the effect of nationality on budget allocation decisions in the EU. In section three we describe the data and our empirical strategy. Section four presents the main results and robustness checks, and section five concludes.

## 2 Theoretical Considerations

### 2.1 The Role of National Background in the European Union

Factors that determine money allocation in international politics have been the focus of political economy research in recent years. Political power in international organizations is among other things reflected in the distribution of money. Dreher *et al.* (2009a) and Kuziemko & Werker (2006), for instance, find that temporary membership in the United Nations Security Council increases the amount and extent of official development assistance a country receives during its appointment. Other studies show the importance of political leaders for a nation's advancement in various dimensions. Franck & Rainer (2012) indicate that ethnicity of leaders

in sub-Saharan countries is crucial for the development of favoritism in terms of education and health expenditures. [Dreher \*et al.\* \(2009b\)](#) point out that the individual background of political leaders affects the reforms they implement, and [Olken & Jones \(2005\)](#) find a great influence of leaders on the economic performance of their country. Thus, it is evident that the roles of individuals have to be taken into account when analyzing political and economic processes.

The European Union is a particularly interesting object of study, and the development of its role in European politics has been at the core of a considerable number of studies (e.g., [Alesina \*et al.\*, 2005](#)). Previous research carves out different centers of power in the European political game. However, the majority of empirical analysis focus on the Council of the European Union (Council) as the essential legislative organ of the EU, where the member states' governments are represented.<sup>10</sup> These studies (e.g., [Aksoy, 2010](#); [Carrubba, 1997](#); [Schneider, 2013](#)) investigate the distribution of EU funds, suggesting that member states try to increase their share of the allocated amounts.

[Kauppi & Widgrén \(2007; 2004\)](#) show that voting power in the Council (measured by the Shapley-Shubik index) explains a significant share of the variation in the budget allocation.<sup>11</sup> In a similar vein, [Rodden \(2002, p. 170\)](#) states that “empirical analysis demonstrates a close connection between the distribution of votes and fiscal transfers in the legislative institutions of the European Union.” [Aksoy \(2010\)](#) and [Mazumder \*et al.\* \(2013\)](#) present arguments and empirical evidence how holding the rotating EU Council Presidency can be used to achieve the respective country's strategic interests. [Carnegie \*et al.\* \(2014\)](#) show that former colonies of countries who hold the Council presidency obtain significantly more foreign aid. Furthermore, [Schneider \(2013\)](#) finds that countries receive larger shares of the EU budget in years before domestic elections. She explains her finding with an increase in the member states' bargaining powers resulting from the government's need for successful negotiation results. [Carrubba \(1997\)](#) points out that a country with weaker domestic EU support within the population receives larger net transfers.

The Commissioners' influence on the EU budget distribution has, to the best of our knowledge, not been systematically examined in the existing literature. Yet, theoretical literature indicates that Commissioners are potentially influential in every phase of the legislative process ([Bachtler & Mendez, 2007](#); [Tömmel, 2014](#)), even though the EC has no final right to decide about EU policy directly as far as voting is concerned. Figure 1 depicts the structure of EU decision-making and the central role of the EC in interaction with the parliament and the national governments.

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<sup>10</sup> Together with the European Parliament, the Council of the European Union, sometimes also referred to as the Council of Ministers, forms the EU's legislative. Depending on the policy area, the Council meets in different compositions, because all member states dispatch their national ministers who are responsible for the certain portfolio.

<sup>11</sup> For explanations, performances, and discussion of different power indices, see [Barr & Passarelli \(2009\)](#).



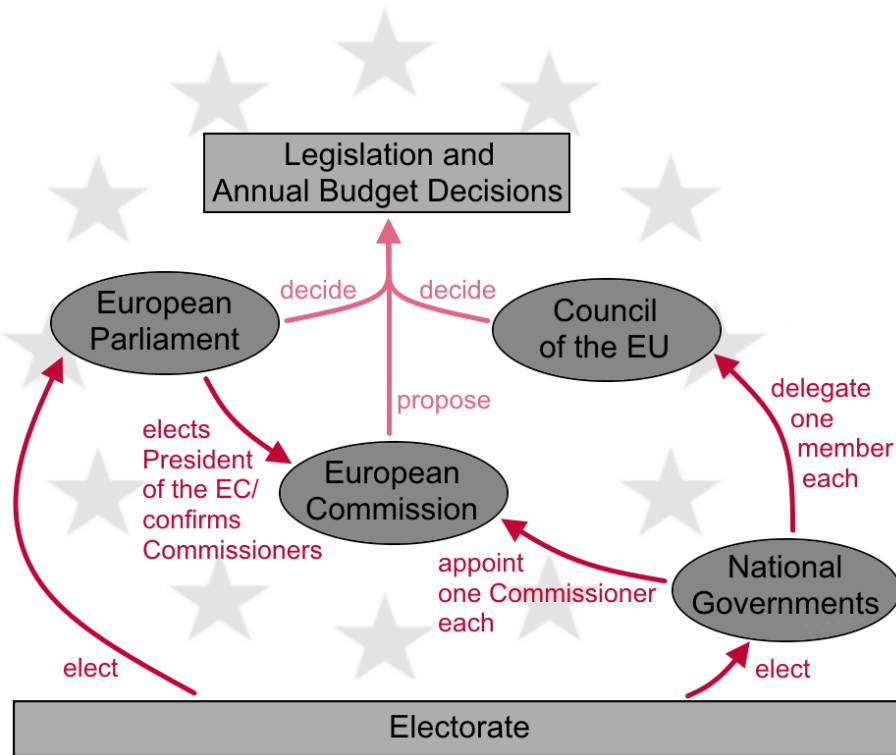


Figure 1: **Simplified Structure of the EU**

The main actors and the structure of decision-making in the European Union (own illustration); compare e.g. Baldwin & Wyplosz (2012) and Tömmel (2014).

The European Commission is the main executive and administrative organ of the EU. Its wide range of functions includes an exclusive right for policy initiation, implementation, and monitoring, as well as control over EU programs, mediation between the member states' governments, and external representation tasks (Egeberg, 2010). It is organized in a cabinet structure and Commissioners are – comparable to national ministers – responsible for a certain portfolio and in most cases related to one specific “Directorate General” in the Commission’s administrative section.<sup>12</sup> The appointment of the 27 Commissioners follows the principle: one country, one Commissioner. However, it is the President of the EC who assigns the portfolios to the Commissioner candidates, which often results in unexpected portfolio allocations (Nugent, 2001). As outlined above, it is common that the specific choices remain unclear until the day of the announcement, making the choice of one particular Commissioner close to random.

One can observe that, in contrast to past terms, member states nowadays increasingly delegate high ranked politicians (e.g., former national ministers) and members of the governing party as Commissioners to Brussels (Egeberg, 2010; Döring, 2007). According to Wonka (2007), 67.4% of the Commissioners, chosen by the member states from 1958 to 2006, came from the governing party and only 18.1% from the opposition. This suggests a principal-agent-structure (Vaubel, 2006; Wonka, 2007), with governments selecting reliable actors who are expected

<sup>12</sup> See also [http://ec.europa.eu/commission/2014-2019\\_en](http://ec.europa.eu/commission/2014-2019_en) (last accessed on May 4, 2015) for details on the EC.

to take national interests into account on the EU-level (Wonka, 2007). Although national governments have weaker means of exerting pressure and controlling the EC's decisions in the post-nomination phase (Vaubel, 2006), career-prospects (e.g., getting a leading position in national politics or elsewhere as a reward) and the option to be renominated for the lucrative job are potential incentives to keep the country of origin's policy preferences in mind (Döring, 2007; Vaubel *et al.*, 2012).<sup>13</sup> In line with these arguments, Vaubel *et al.* (2012, p.59) demonstrate how many Commissioners systematically plan their "life after the Commission": In their sample, they find that 36% change to the private sector or lobby groups and 43% return to national politics.

This political self-interest and the fact that candidates for the position are chosen by the national governments points towards potential conflicts of interest (Tömmel, 2014).<sup>14</sup> On the one hand, all Commissioners owe their position to a system of proportional national representation and a proposal of 'their' national government, but, on the other hand, they are supposed to act independently and in the "general interest" (TEU). This conflict of interest casts doubts on initial studies in political science which often described the Commission as a unitary technocratic actor, pursuing interests distinct from those of member states, and supports authors like Wonka (2007), who more recently rejects this assumption. He deems it rather unlikely that the delegates – who are assumed to act like politicians – will collectively turn against the governments which once helped them to take office. Thomson (2008) supports this notion by showing that Commissioners share the policy positions of the government of their country of origin.

In fact, the nature of the EC has at all times raised the general suspicion of being an arena for national interests. *The Economist* calls it "one of the better jokes in Brussels" that Commissioners are "completely independent" of their home countries.<sup>15</sup> This notion is backed by some anecdotal evidence. In 2007 and 2008, for example, the German Commissioner for Enterprise and Industry, Günter Verheugen, repeatedly opposed a Commission proposal to reduce new car's carbon dioxide emissions. This was widely perceived as support for the car industry, one of Germany's most important economic sectors. Due to the opposition of Verheugen, the initial proposal by the Commissioner for Environment, Stavros Dimas, was weakened. Afterward, Dimas admitted that Verheugen "won against him" in the negotiations.<sup>16</sup>

Another example illustrates that nominated candidates do consider the promotion of national interests part of their task. Before taking office in 2014, Věra Jourová, the current Commis-

<sup>13</sup> In the context of two German cities, Potrafke (2013) provides another example of the relationship between voter preferences and public spending in a principal-agent structure.

<sup>14</sup> In addition, current outside earnings could also create conflicts of interests, which we do not further consider here as they are not systematically related to our research question. Focusing on members of the German Bundestag, Arnold *et al.* (2014) find no clear relationship between outside earnings and parliamentary effort.

<sup>15</sup> See *The Economist*, under <http://www.economist.com/node/10171795> (last accessed on April 28, 2015).

<sup>16</sup> See *Deutschlandfunk* for the translated direct quote under [http://www.deutschlandfunk.de/autolobby-contra-klimaschutz.724.de.html?dram:article\\_id=98703](http://www.deutschlandfunk.de/autolobby-contra-klimaschutz.724.de.html?dram:article_id=98703) (last accessed on April 28, 2015) and *EU Observer* under <https://euobserver.com/economic/25453> (last accessed on April 28, 2015).

sioner for Justice, Consumers and Gender Equality, was asked about her aims as the new Czech EU Commissioner. She said that “[t]he European Commissioner must of course be impartial, without regard to national interests. Beyond this, however, I would like to focus on coordinating the activities of Czech people in EU institutions to promote Czech national interests – after my working hours, if you will.”<sup>17</sup> These examples are in line with Egeberg (2006, p. 13) who remarks that “Commissioners as well as cabinet ministers have their ‘local’ community back home which imposes certain expectations on them while in office.”

## 2.2 Identifying the Link Between Commissioners and Budget Items

Despite these studies and anecdotal evidence, it is not clear whether these examples constitute exceptions or can be supported by empirical evidence. To be able to identify this relationship, it is of particular interest to consider the role, room for maneuver, and power of the Commissioners in the legislative process. The Commission’s most relevant power is its monopolistic position as the agenda setter, characterized by an exclusive privilege to make legislative, budgetary and program proposals in areas that fall under EU responsibility (Article 17, TEU). It can decide, on the whole, whether to take up policy propositions from the European Parliament (EP) and the Council or not (Bachtler & Mendez, 2007; Egeberg, 2010): “The Council, the EP and member states may make suggestions to the Commission and can call on the Commission to present new proposals, but it is the European Commission that actually drafts proposals” (Roosendaal & Hosli, 2012, p. 449). As a consequence, the Commission can exert influence by defining “the terms in which issues are discussed” (Hosli & Thomson, 2006, p. 397).<sup>18</sup>

In the run-up to the introduction of a new policy proposal, the Commissioners try to anticipate and consider possible supporting coalitions in the Council or EP. As “interface managers” (Tömmel, 2014, p. 152), it is their task to mediate between the legislative organs and to find compromises with majority appeal. According to Hosli & Thomson (2006), the Commissioners are also continuously involved in discussions in the Council, and negotiations between the EP and the European Council. In addition to organizing majorities in the Council or EP, they also need to win the support of their colleagues in the Commission. Hence, it is common practice to do “package deals” (Tömmel, 2014, p. 152) in order to gain enough support for one’s proposal. Nevertheless, the intra-Commission decision-making process is a first control-level that might limit the ability of individual Commissioners to pursue their own agendas.

<sup>17</sup> For the direct quotation see *Radio Praha* under <http://www.radio.cz/en/section/curraffrs/minister-vera-jourova-nominated-for-czech-eu-commissioner> (last accessed on April 30, 2015), written July 21, 2014.

<sup>18</sup> Empirical evidence about the budgetary impact of such proposal powers is provided by Knight (2005). Investigating the allocation of transportation projects in the U.S. in 1991 and 1998, he finds that congressional districts which have a member on the transportation authorization committee and thus possess proposal power, receive significantly more project spending than districts without a member on this committee.

It seems plausible that Commissioners would use their informational advantages vis-à-vis the EP and the member states' representatives in the Council (Döring, 2007; Hosli & Thomson, 2006). These advantages are derived, for example, from the staff of their associated Directorate General or because they consult with external experts and acquire information from interest groups in an early stage of the legislative process. As a consequence, the Commission, which takes part in Council meetings can try to forge political deals. Likewise, Commissioners supposedly have informational advantages (albeit in a weaker form) in negotiations with other Commissioners (Thomson, 2008), when decisions in their field of activities are made. The decision-making process at these meetings and negotiations is opaque, however, and only scarcely documented; thus not allowing a systematic analysis of the relation we are interested in.

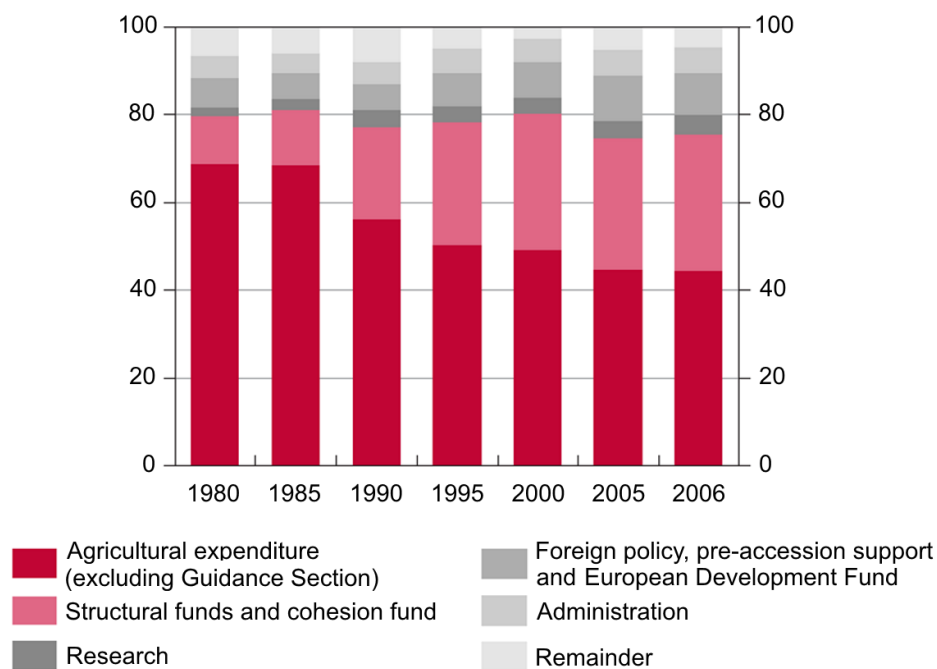


Figure 2: **EU Budget Structure**

Structure of EU Expenditures, percentages of the total. Source: European Commission, adapted from Butzen *et al.* (2006).

Instead, we focus on the EU Commissioner for Agriculture who is, among other things, directly responsible for payments from the European Agricultural Guidance and Guarantee Fund (EAGGF). This fund is the main pillar of the EU's Common Agricultural Policy and came into force in 1962. Up until now, the agricultural fund has made up the greatest part of the EU's overall expenditures (cf. Figure 2). In spite of two substantial reforms of the CAP in 1992 and 2003 that gradually shifted the EU's agricultural expenditure from guaranteeing price support for agricultural products to individual direct payments for farms (decoupling) and rural development programs (Baldwin & Wyplosz, 2012; Fouilleux, 2010), the EAGGF was allocated consistently annually until 2007.

The CAP scheme is particularly well-suited to analyze the relationship between national background and budget allocation. It has a redistributional nature and provides a classic example of pork-barrel politics (Weingast *et al.*, 1981), where each country supposedly aims to acquire as many fund resources as possible. The CAP is a major and salient budgetary item in the overall budget. Hence, it is plausible that member states are interested in trying to make use of “their” Commissioner as their popularity with the electorate at home can depend on the bargaining performance (Baldwin & Wyplosz, 2012; Schneider, 2013).<sup>19</sup>

A precise description of the annual CAP budget negotiations, which take place a year ahead of the actual budget year (cf. Aksoy, 2010) is provided by Fouilleux (2010, p. 344):

“CAP decision making usually begins with a proposal from the Commission [...]. The Agricultural Council meets monthly, more frequently than most of the EU Councils. One of these meetings was usually set aside to discuss what was called the ‘price package’ for the following year, at which the member states decided on such issues as the level of guaranteed prices for each product and the amount of quota by country” (Fouilleux, 2010, p. 344).<sup>20</sup>

Accordingly, the Agricultural Commissioner has multiple opportunities to influence budget distribution that go beyond gaining leverage through the EC’s budget proposals. Negotiating ‘price packages’, their agenda setting position, and information advantages can be used to redirect funds.

The requirements for reliable identification of a causal relationship that we formulated above are only partly fulfilled by the Commissioner for the Budget and the Commissioner for Regional Policy. Both are agenda setters in their respective realm, and responsible for EU funds. Regional policy is closely related to two structural funds: the European Social Fund (ESF) and the European Regional Development Fund (ERDF). The allocation of these funds is to a larger degree based on formal criteria, however, and the Regional Commissioner’s portfolio cannot be separated from the portfolios of other Commissioners as clearly.<sup>21</sup> Schneider (2013, p. 466) explains that “since ERDF/ESF transfers are allocated on a project-level basis, states are more restricted in their annual negotiations to move around already stipulated funds.”

The Budget Commissioner has the main responsibility for managing the budget negotiations

<sup>19</sup> We do not discuss the general welfare implications of this controversial redistributive policy here. A similar case of how origin matters in politics documented at the within-country level is Stratmann & Baur (2002). In their analysis of the German Bundestag, they indicate that particularly first-past-the-post elected parliamentarians seize opportunities for pork-barreling in an attempt to satisfy “their” electorate. Whether and why more market based approaches and less pork-barrel politics could lead to welfare improvements is beyond the scope of this paper. Evidence that more reliance on market forces does not only lead to higher growth rates but also relates to higher subjective well-being is, for example, presented by Gehring (2013).

<sup>20</sup> Before the Lisbon-Treaty (2007), the European Parliament had little influence on budget decisions in the field of CAP (see e.g. Crombez & Swinnen, 2011; Schneider, 2013).

<sup>21</sup> For example, one criterion is that “to be eligible for most of the ERDF/ESF resources, the per capita GDP of the country has to fall below 75 percent of the average GDP in the EU” (Schneider, 2013). For further details on the funds and criteria of the ERDF and ESF fund see [http://ec.europa.eu/regional\\_policy/en/funding/erdf/](http://ec.europa.eu/regional_policy/en/funding/erdf/) and <http://ec.europa.eu/social/main.jsp?langId=en&catId=1>.

with the member states.<sup>22</sup> However, he has more of an influence on the allocation of budgets towards the individual budget items than on the distribution across member states, a responsibility which falls to the respective Commissioners or is decided by the whole Commission. Moreover, there is only limited room to maneuver in the annual budget negotiations due to the constraints set by the long term multi-annual financial frameworks of the EU.<sup>23</sup> Hence, we are convinced that examining the Commissioner for Agriculture provides the best option to analyze the relationship between national background and Commissioners' behavior. It is a case where the Commissioners have the leeway to exert influence, which is of economic significance, and where we can directly trace their decisions back to impacting a specific fund.

### 3 Data and Empirical Strategy

#### 3.1 Data

In the following we describe our variables of interest, and give a brief description of the relevant control variables which are derived from [Schneider \(2013\)](#). Since the EU has undergone several enlargement rounds (cf. Figure 3), the length of time that is covered depends on the respective country's timing of joining the EU. Bulgaria and Romania are not included as their one year of membership from 2005-2006 does not allow an estimation with country fixed-effects. We thus analyze a non-balanced panel for a maximum of 25 countries.

As dependent variables, we are interested in the share of the EU budget that a particular country  $i$  receives at time  $t$ . Our main variable and the focus of our paper is the share of the EAGGF Budget that country  $i$  receives as a percentage of the total EU budget. The budget shares are derived from [Schneider \(2013\)](#) and range from 1979 to 2006.<sup>24</sup> More recent information does not exist in a comprehensive way at the moment. We use the share to be able to easily disentangle changes in the overall budget sizes from changes in relative allocation.

<sup>22</sup> See the official homepage of the current Commissioner for official goals and responsibilities under [http://ec.europa.eu/commission/2014-2019/georgieva\\_en](http://ec.europa.eu/commission/2014-2019/georgieva_en) (last accessed on April 30, 2015).

<sup>23</sup> The multi-annual financial frameworks of the EU act as a severe constraint and are negotiated by the heads of governments for seven (previously five) years ([Schneider, 2013](#)). In the multiannual budget negotiations, the member states "outline EU spending by setting ceilings on expenditures for each budget category and on total expenditure" ([Schneider, 2013](#), p. 465). Thus, relating annual budget data to the budget Commissioner might not provide enough variation to find a significant relationship.

<sup>24</sup> All budget data are taken from annual reports of the European Court of Auditors. The EAGGF was replaced by two follow-up funds in 2007 ([http://ec.europa.eu/agriculture/index\\_en.htm](http://ec.europa.eu/agriculture/index_en.htm), last accessed on April 16, 2015). This is the main reason that our sample ends in 2007. As one of these funds, the European Agricultural Fund for Rural Development (EAFRD) co-finances economic rural development programs of the member states (see [http://ec.europa.eu/agriculture/cap-funding/funding-opportunities/index\\_en.htm](http://ec.europa.eu/agriculture/cap-funding/funding-opportunities/index_en.htm), last accessed on April 22, 2015), it is more difficult to directly trace its changes back to actions of the Commissioner for Agriculture. It pursues goals similar to those of the cohesion and regional funds and might thus be influenced by other Commissioners as well. Specifically, it mostly "co-finances the rural development programs of the Member States" (see [http://ec.europa.eu/agriculture/cap-funding/funding-opportunities/index\\_en.htm](http://ec.europa.eu/agriculture/cap-funding/funding-opportunities/index_en.htm), last accessed on May 20, 2015).

This way of measuring negotiation success is more robust when examining a total budget that changed over the course of time (Aksoy, 2010; Butzen *et al.*, 2006).<sup>25</sup> In addition to our focus on shares of the agricultural funds, we also test whether similar relationships exist for the overall budget and the regional and social funds.

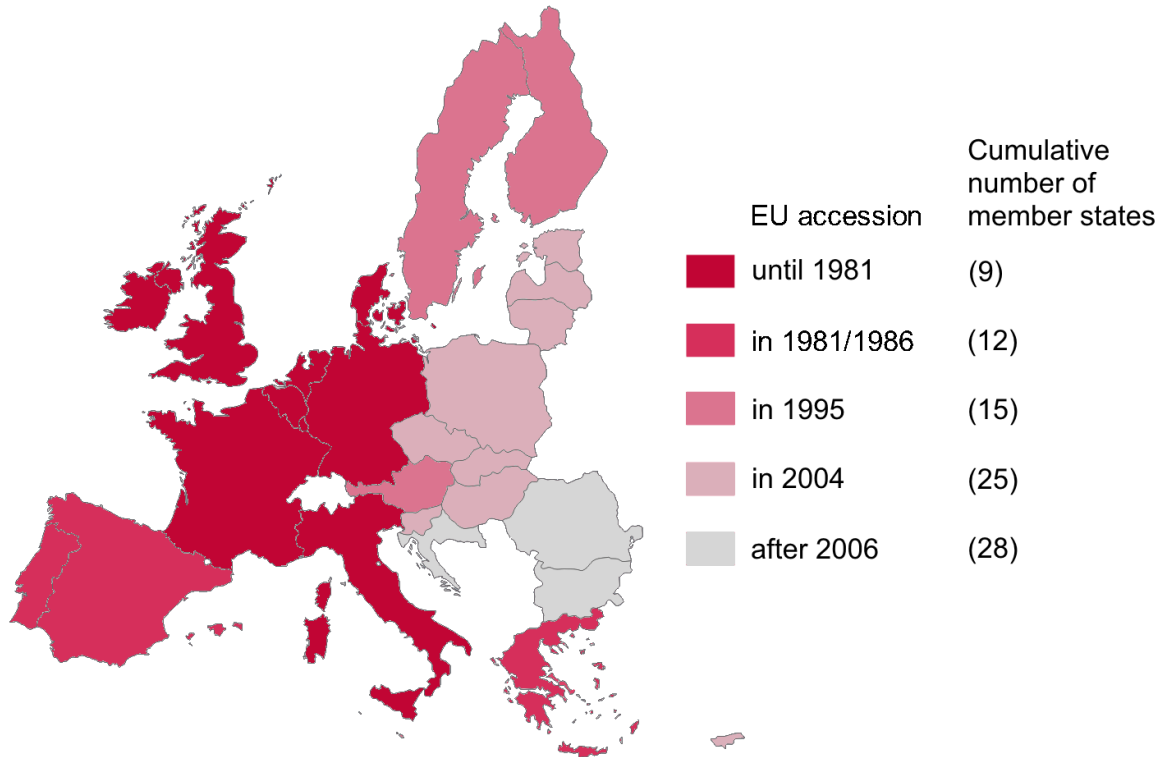


Figure 3: **Dates of EU Accession**

Own graphic based on data provided by the European Commission.

Our variable of interest is the nationality of the respective Commissioner. We use multiple sources (see Appendix A) to gather the terms of the EU Commissioners for Agriculture over our sample period. We code a variable *Commissioner* that contains the share of a year that country  $i$  provides this Commissioner (measured by months in office). Appendix A shows the respective appointment and resignation dates of all Commissioners during our sample period. With few exceptions, *Commissioner* has the nature of a binary variable (being 1, if the member state appoints the Commissioner in a certain year and 0 otherwise), because Commissions were usually replaced in January. The average tenure of office is three years. In addition, we also code variables *Commissioner*( $B$ ) and *Commissioner*( $R$ ) for the EU Commissioner for the Budget and the Commissioner for Regional Policy respectively.

<sup>25</sup> Within the scope of this paper, we disregard contractual amendments which altered the distribution of power between the EU's three main organs and changed the budgetary procedures. Crombez & Hix (2011) for instance argue that under qualified majority voting, it should be easier for the Commission to push its interest through by focusing on pivotal member states. The length of our sample, however, does not offer enough statistical power to make valid estimations for sub-periods. See Crombez (2000), Hosli & Thomson (2006), and Aksoy (2010) for consequences of the particular treaties, voting rules and the differences between 'consultation' and 'co-decision' procedure and Heinemann (2003) for an investigation of the political economy of EU enlargement and treaty amendments.

For reasons of transparency and to avoid any impression of data mining, we do not propose our own set of control variables but rather adopt those in [Schneider \(2013\)](#). Her set of control variables is based on EU distribution principles (see, e.g., [Bouvet & Dall’Erba 2010](#)) as well as on previous findings in literature. Appendix B provides the exact definitions and data sources.

*Election Year (Binary)* and *Pre-election Year (Binary)* are binary variables that account for the years before and during domestic elections. The data for *Unemployment Rate*, *Per Capita GDP (EU=100)* (100 equals the EU average) and *Employment Agriculture (ln)* (measuring the employment in agricultural sector as natural logarithm in millions) are from Eurostat. The variable *Domestic EU Support (%)* measures the domestic support for the EU as a whole. Data are from Eurobarometer. Bargaining power in the EU Council can be quantified using the shapley-shubik index and is included in *Voting Power Council (%)*.<sup>26</sup> *New Member State (Binary)* is a binary variable for all new members until the next enlargement round of the EU, which is coded as 1 if a country is a new member in this period and 0 otherwise. It accounts for the fact that new members, receive lower budget shares initially, because of their inferior administrative capacity and bargaining experience to absorb the funds ([Plümper & Schneider, 2007](#); [Schneider, 2013](#)). Due to the enlargement rounds, the budget shares that single member states receive decrease over time. The variable *Number of EU Members* accounts for the enlargements by controlling for the number of member states. Descriptive statistics are provided in Table 1.

Table 1: **Descriptive Statistics**

	N	Mean	SD	Min	Max
<i>Agricultural Fund Share</i>	383	3.89	3.90	0	17.49
<i>Overall Funds Share</i>	383	5.98	5.21	0.02	20.84
<i>Regional/Social Funds Share</i>	383	1.46	1.73	0	9.19
<i>Commissioner</i>	383	0.07	0.26	0	1.00
<i>Commissioner (Binary)</i>	383	0.08	0.27	0	1.00
<i>Commissioner (B)</i>	383	0.06	0.24	0	1.00
<i>Commissioner (R)</i>	383	0.07	0.26	0	1.00
<i>Time in Office</i>	383	0.26	1.12	0	9.83
<i>Pre-election Year (Binary)</i>	383	0.26	0.44	0	1.00
<i>Election Year (Binary)</i>	383	0.27	0.45	0	1.00
<i>Employment Agriculture (ln)</i>	383	5.60	1.58	0.99	8.01
<i>Number of EU Members</i>	383	15.20	5.19	9.00	25.00
<i>Unemployment Rate</i>	383	8.28	3.65	0.70	21.30
<i>Per Capita GDP (EU=100)</i>	383	100.15	41.51	23.05	301.18
<i>New Member State (Binary)</i>	383	0.22	0.42	0	1.00
<i>Voting Power Council (%)</i>	383	7.24	4.67	0.90	17.86
<i>Domestic EU support (%)</i>	383	45.78	22.81	-30.00	86.00

Observations in sample from Table 2, column 4. N = number of observations, Mean = arithmetic mean, SD = standard deviation, Min = minimum value, Max = maximum value.

<sup>26</sup> For the exact calculation of the power indices see [Bräuninger & König \(2005\)](#).



### 3.2 Empirical Strategy

Our main estimation equation is

$$Y_{i,t} = \alpha + \beta C_{i,t} + X'_{i,t} \gamma + \vartheta_i + \tau_t + \epsilon_{i,t},$$

where  $Y_{i,t}$  is the budget share country  $i$  gets in year  $t$ ,  $\alpha$  is a constant,  $C_{i,t}$  is the variable for appointing the Commissioner for Agriculture,  $X_{i,t}$  represents the vector of control variables,  $\vartheta_i$  are fixed-effects for country  $i$ ,  $\tau_t$  indicate time dummies and  $\epsilon_{i,t}$  is an error term.

As mentioned above, we follow [Schneider \(2013\)](#) in the choice of control variables. We differ in some aspects from her specification, however. First, we add year dummies  $\delta_t$  that account for unobservable year-specific variation that might bias the estimate of  $C_{i,t}$ . Second, [Schneider \(2013\)](#) uses panel-corrected standard errors (PCSE) to allow for panel-heteroscedasticity and contemporaneously cross-sectionally correlated errors ([Hoechle, 2007](#)) and the Prais-Winsten estimator to allow for panel-specific first-order auto-correlation. The Feasible Generalized Least Squares (FGLS) approach of PCSE offers potential efficiency gains, as it assumes only first-order auto-correlation of error terms within clusters. Though, it rests on the assumption of correct specification of the error term structure and can be biased in the presence of cluster-specific fixed-effects.<sup>27</sup>

The fixed effects (FE) within estimator with cluster-robust standard errors provides a more conservative estimation that is less sensitive to misspecification. In cases of relatively small cluster sizes, it is appropriate to use the within estimator standard errors for inference (see Dube and Lindo in [Cameron & Miller, 2015](#)). Our estimates are robust to using PCSE, as we will demonstrate below, but we prefer the more conservative fixed-effects within estimator. We use two-way clustering where we cluster at the country and year level ([Cameron \*et al.\*, 2011](#)). Because the dependent variable is a share out of all member states, there necessarily exists correlation across observations at each point in time, which makes it important to cluster on years as well. To estimate our regressions, we make use of the procedure developed by [Baum \*et al.\* \(2002\)](#).

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<sup>27</sup> This happens because the standard errors of the fixed-effects are not consistently estimated. This would not be problematic in settings where we are not specifically interested in the fixed-effects and their significance level. Here, however, the FGLS estimator is formed using these residuals (see [Cameron & Miller, 2015](#)).

## 4 Results

### 4.1 Main Results

Table 2 shows the main results for the 1979-2006 period. For reasons of transparency and comparability, the specification in column 1 uses PCSE as in [Schneider \(2013\)](#), and adds our *Commissioner* variable. The coefficient for *Commissioner* is positive and significant at the 1%-level, and remains nearly unchanged when adding year fixed-effects in column 2. In column 3, we replicate column 2, but use the more robust FE within estimator with standard errors clustered at the country and year level. The coefficient for *Commissioner* is 0.924 and is significant at the 1%-level. Having the EU Commissioner for Agriculture is thus associated with an increase in the share of the overall EU budget obtained by the respective country of approximately 1%. This average percentage change would translate to 850 million EUR based on the 2006 EU budget.

However, using general year dummies and country fixed-effects might not capture all unobserved variation over time. In their analysis of labor market regulation on manufacturing performance in Indian states, [Besley & Burgess \(2002\)](#) show that their main findings disappear after controlling for cluster-specific time trends. To resolve this matter, we add country-specific time trends in addition to the year dummies to account for changes in the share of agricultural funds within a country over the sample period. If sectoral changes in the industrial structure of individual countries lead to less money being allocated to these countries, this could bias our results if it coincides with providing the EU Commissioner.<sup>28</sup> In fact, adding the trends leads to a decrease in the coefficient to 0.553 in column 5. The estimate becomes more precise, however, and the standard error decreases, which leads again to a rejection of the null-hypothesis of no relationship at the 1%-level. Hence, in this most conservative specification, providing the Commissioner for Agriculture is still related to about 0.5% higher fund shares. This is our preferred estimation, which we use for most further tests.

Recently, [MacKinnon & Webb \(2014\)](#) suggested that inference, i.e., estimating the correct significance level of coefficients, might be affected by wildly different cluster sizes. Cluster sizes hereby refer to the number of observations included in each cluster. In our sample, the countries are contained with different numbers of years due to differences in their respective timing of EU access. We programmed a wild cluster bootstrap procedure based on the suggestions in the appendix of [MacKinnon & Webb \(2014\)](#), [Cameron \*et al.\* \(2008\)](#), and [Cameron & Miller \(2015\)](#). The program relies on a cluster bootstrap with asymptotic refinement, which is achieved by bootstrapping the pivotal Wald t-statistic. The Wald statistic is pivotal as it does not depend on any unknown parameters in  $V[\epsilon|X]$ .

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<sup>28</sup> This is comparable to relaxing the common trend assumption in a difference-in-difference setting. The main difference is that most of our estimations include a continuous instead of a binary treatment.

Table 2: Regression Results

Dependent Variable	<i>Agricultural Fund Share</i>	<i>Agricultural Fund Share</i>	<i>Agricultural Fund Share</i>	<i>Agricultural Fund Share</i>	<i>Agricultural Fund Share</i>	<i>Overall Funds Share</i>	<i>Regional/Social Funds Share</i>
<i>Commissioner</i>	0.428*** [0.095]	0.351*** [0.105]	0.924*** [0.291]	0.553*** [0.149]	0.553*** [0.149]	-	-
<i>Commissioner (B)</i>	-	-	-	-	-	-0.070 [0.746]	-
<i>Commissioner (R)</i>	-	-	-	-	-	-	0.102 [0.122]
<i>Pre-election Year (Binary)</i>	0.108** [0.043]	0.074 [0.047]	0.075 [0.096]	0.059 [0.089]	0.059 [0.089]	0.051 [0.128]	0.075*** [0.010]
<i>Election Year (Binary)</i>	0.060 [0.044]	0.034 [0.046]	-0.001 [0.116]	0.054 [0.112]	0.054 [0.112]	0.036 [0.111]	0.009 [0.015]
<i>Employment Agriculture (ln)</i>	1.197*** [0.171]	0.135 [0.371]	-0.835 [1.065]	-0.120 [0.465]	-0.120 [0.465]	-0.103 [1.042]	-0.764** [0.357]
<i>Per Capita GDP (EU=100)</i>	0.018*** [0.003]	0.023*** [0.004]	0.023*** [0.005]	0.018* [0.010]	0.018* [0.010]	0.057** [0.025]	0.006 [0.005]
<i>Unemployment Rate</i>	-0.057*** [0.014]	-0.002 [0.014]	-0.018 [0.056]	0.031 [0.033]	0.031 [0.033]	0.184* [0.098]	0.053* [0.029]
<i>Voting Power Council (%)</i>	0.581*** [0.024]	0.387*** [0.043]	0.358*** [0.128]	0.337*** [0.107]	0.337*** [0.107]	0.635*** [0.207]	-0.002 [0.063]
<i>Domestic EU Support (%)</i>	0.000 [0.002]	0.004 [0.003]	0.008 [0.008]	-0.011 [0.009]	-0.011 [0.009]	-0.011 [0.010]	-0.001 [0.004]
<i>New Member State (Binary)</i>	-0.991*** [0.169]	-1.284*** [0.207]	-1.947*** [0.372]	-0.545** [0.242]	-0.545** [0.242]	-0.823 [0.549]	-0.576* [0.344]
<i>Number of EU Members</i>	-0.029* [0.017]	-0.863*** [0.240]	-0.127** [0.055]	-0.054 [0.042]	-0.054 [0.042]	0.056 [0.280]	-0.028 [0.028]
Estimated Model	<i>PCSE</i>	<i>PCSE</i>	<i>FE</i>	<i>FE</i>	<i>FE</i>	<i>FE</i>	<i>FE</i>
Year Fixed Effects	<i>no</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>
Country-specific Time Trend	<i>no</i>	<i>no</i>	<i>no</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>
Adj. R-Squared	0.88	0.92	0.65	0.78	0.78	0.57	0.59
Observations	383	383	383	383	383	401	383
Bootstrap p-value (2-point)					0.019		
Bootstrap p-value (6-point)					0.018		

The table displays regression coefficients with standard errors in brackets. PCSE refers to FGLS estimation with panel-corrected standard errors to allow comparison with Schneider (2013). FE refers to the more robust fixed-effects within estimator. Standard errors with FE are multiway-clustered and allow for arbitrary correlation at the country and year level using the ivreg2 command in Stata. The sample runs from 1979-2006 in all regressions. Bootstrap p-value refers to wild cluster bootstrap as described in the text. \* p<0.10, \*\* p<0.05, \*\*\* p<0.01.

To generate the bootstrap dependent variables we used the “Rademacher”-2-point distribution as well as the “Webb”-6-point distribution (Webb, 2013).

The results with 10,000 repetitions can be seen in column 5. The p-value with the Rademacher-distribution is 0.019, i.e., still corresponds to significance at the 5%-level. With the 6-point distribution, which, as Webb (2013) argues, further improves the reliability of statistical inference, the p-value becomes 0.018. Hence, we conclude that our baseline estimates of the relationship between providing the EU Commissioner for Agriculture and the respective country of origin is robustly positive and significant. It is also economically significant. The coefficient of 0.553 would translate into about 510 million EUR higher allocations per year. This is a significant amount, particularly for smaller member states. For example, Denmark’s overall EU receipts sum up to 1,455 million EUR.

Other Commissioner positions might be used to redirect funds to their respective home countries as well. As argued above, the other obvious candidates where such a relationship could be measured are the position of Budget Commissioner and Commissioner for Regional Policy. Yet, these relationships are less well-suited for a quantitative assessment than the Agricultural Commissioner as outlined above. We use our variables for *Commissioner (B)* and *Commissioner (R)* to test for a relationship with the overall budget share and the regional and social fund’s share of the respective country of origin. As expected, we find no significant relationship. *Commissioner (B)* relates to a coefficient of -0.070 and *Commissioner (R)* to 0.102, and both are far from conventional significance levels. The most likely explanation is that either there is not enough leeway associated with these positions, the multi-annual financial framework restricts their room for maneuver, or there is too much noise in the data to be able to identify a significant relationship.

With regard to the Agricultural Commissioner, it seems possible that the effectiveness of the Commissioners in redirecting funds to their home country is enhanced with the time they stay in office. In practice, huge differences exist between Commissioners in terms of the degree of power they develop in office. Smith (2003) identifies several crucial factors, among them the personal network, or learning to use a one’s latent power effectively. Suvarierol (2008) highlights that international contacts in Brussels are especially potent in this regard. Our hypothesis based on this is that the Commissioners’ personal networks (both within and outside of the EC) improves with their time in office. This could improve their ability to push national interests through.

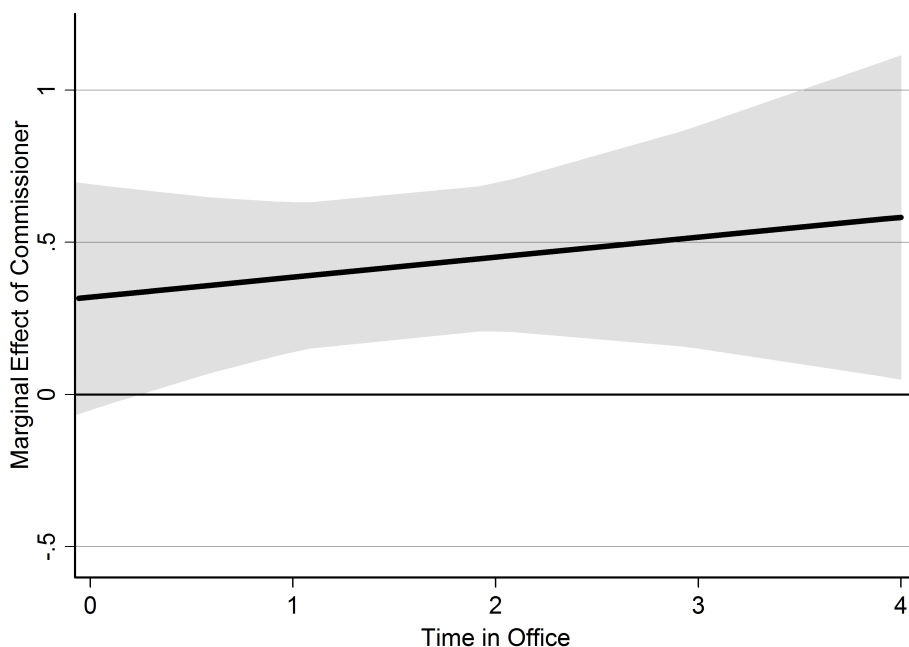
Table 3 shows the test of this hypothesis. First, column 2 demonstrates that our main results remain qualitatively unchanged when using a binary variable instead of the monthly shares of the year that the respective country provided the Commissioner. This binary variable allows for a more straightforward interpretation of the interactions with time in office.

Table 3: **Regression Results**

Dependent Variable	<i>Agricultural Fund Share</i>	<i>Agricultural Fund Share</i>	<i>Agricultural Fund Share</i>
<i>Commissioner</i>	0.553*** [0.149]	-	-
<i>Commissioner (Binary)</i>	-	0.496*** [0.126]	0.320** [0.143]
<i>Commissioner (Binary)</i> $\times$ <i>Time in Office</i>	-	-	0.065 [0.075]
Controls	<i>yes</i>	<i>yes</i>	<i>yes</i>
Observations	383	383	383
Adj. R-Squared	0.78	0.78	0.80

The table displays regression coefficients with standard errors in brackets. All columns use the fixed-effects within estimator. Standard errors are multiway-clustered and allow for arbitrary correlation at the country and year level using the `ivreg2` command in Stata. ‘Controls’ includes all control variables in Table 2, column 5. This includes country and year fixed-effects, plus country-specific time trends. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

We can see in column 3 that the interaction is positive, as expected, with a value of 0.065, but insignificant at conventional levels. Figure 4 shows the marginal effect of *Commissioner* conditional on time in office for 1 to 4 years in office, and the 99%-confidence intervals. The reason for restricting the periods to 4 years is that in all except one case, the Commissioners remain in office for 4 years or less.

Figure 4: **Marginal Effect of *Commissioner* Conditional on *Time in Office***

While the use of country fixed-effects, year dummies and country-specific time trends should alleviate some concerns about endogeneity and selection bias, non-linear country-specific trends could still bias our estimations. If we use the binary variable for *Commissioner* we can compare our specification to a difference-in-differences (DiD) estimation where *Commissioner* is our treatment and all other countries are the respective control group. In a DiD-setting, we would be concerned about the causal interpretation of our coefficient if there would be different pre- or post-treatment trends between the respective treated and untreated countries. Including lead-variables allows us to inspect pre-treatment trends; including lag-variables allows an assessment of variances in the post-treatment effect.

In this case, our theoretical considerations suggest that the Commissioners are able to affect budget allocation in favor of their home country only once they are in office. A positive and significant lead-variable would thus cast doubts on the causal interpretation of our earlier results as it would indicate different trends between treated and untreated countries. Significant lags are theoretically possible and not implausible; the Commissioners could either install staff that support their cause even after their dismissal or change internal processes or rules which take some time to reverse. Additionally even once agreed upon, implementing a policy change usually takes some time.

Table 4: **Pre- and Post-Treatment Trends**

Dependent Variable	<i>Agricultural Fund Share</i>	<i>Agricultural Fund Share</i>	<i>Agricultural Fund Share</i>
<i>Commissioner (t-2)</i>	-0.050 [0.243]	-	0.053 [0.194]
<i>Commissioner (t-1)</i>	-0.040 [0.378]	-	0.040 [0.320]
<i>Commissioner</i>	0.545*** [0.149]	0.692*** [0.225]	0.704*** [0.218]
<i>Commissioner (t+1)</i>	-	0.732 [0.613]	0.740 [0.611]
<i>Commissioner (t+2)</i>	-	0.477 [0.355]	0.484 [0.347]
<i>Commissioner (t+3)</i>	-	0.039 [0.198]	0.048 [0.177]
<i>Commissioner (t+4)</i>	-	0.093 [0.159]	0.099 [0.127]
Controls	<i>yes</i>	<i>yes</i>	<i>yes</i>
Adj. R-Squared	0.78	0.78	0.78
Observations	383	383	383

The table displays regression coefficients with standard errors in brackets. All columns use the fixed-effects within estimator. Standard errors are multiway-clustered and allow for arbitrary correlation at the country and year level using the `ivreg2` command in Stata. ‘Controls’ includes all control variables in Table 2, column 5. This includes country and year fixed effects, plus country-specific time trends. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

We thus code two lead-variables, which take the value 1 only in the year  $(t - 1)$  and two years  $(t - 2)$  before a country provides the Commissioner, and 0 otherwise. For post-trends, we code 4 lag-variables that take the value 1 from one year after dismissal  $(t + 1)$  to four years after dismissal  $(t + 4)$ , and 0 otherwise.<sup>29</sup>

Table 4 depicts the results including different leads and lags. The specification is otherwise identical to our preferred specification above and includes the same controls. We estimate  $Y_{i,t} = \alpha + \beta C_{i,t} + \sum_{\varphi=-2}^4 (\beta_{t+\varphi} C_{i,t+\varphi}) + X'_{i,t} \gamma + \vartheta_i + \tau_t + \epsilon_{i,t}$  with the binary indicator used for  $C_{i,t}$  and with  $X_{i,t}$  including linear country-specific time trends (cf. the setting in Autor, 2003). In column 1 it can be seen that both added lead-variables remain insignificant, whereas the coefficient for *Commissioner*  $(t)$  increases marginally to 0.545 and remains significant at the 1%-level. Column 2 adds lags instead of leads. Again, all the lag-variables are far from conventional significance levels, while *Commissioner*  $(t)$  increases to 0.692 and remains significant at the 1%-level. Finally, column 3 adds all leads and lags. *Commissioner*  $(t)$  increases further to 0.704 and remains significant at the 1%-level. All leads and lags are insignificant, giving no indication of pre- and post-treatment trends, while *Commissioner*  $(t)$  remains significant throughout.

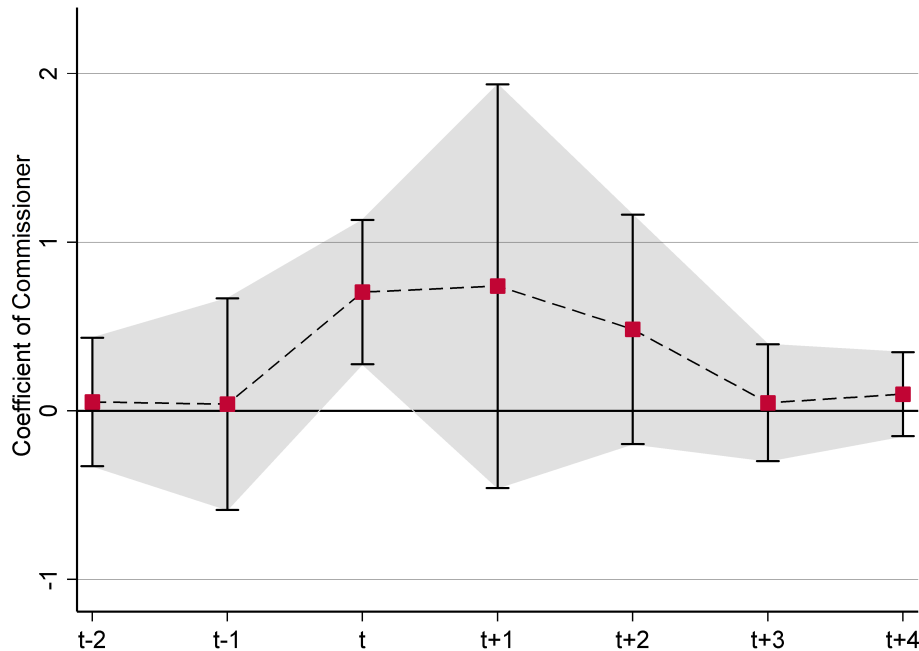


Figure 5: **Leads and Lags**

Regression coefficients and confidence intervals based on Table 4, column 3. Red squares indicate the coefficient and the grey-shaded area the 95%-confidence interval with twoway-clustered standard errors.

<sup>29</sup> We assign the 1 only for those cases where the country really stopped providing the Commissioner in  $(t+1)$ , i.e., where we can identify post-treatment trends. We exclude the second to fourth year in office, where possibly the first to third lag could be coded as a 1. This would not capture a post-treatment effect, however, and bias our results.

Figure 5 illustrates this graphically. The red squares indicate the coefficient, and the grey-shaded area the 95%-confidence interval. It can be easily seen from the confidence-band that all leads and lags are far from being significantly different from 0. The graph shows that the increase in fund shares occurs only during the time in office, remains positive but indistinguishable from 0 in the two years directly after the appointment of a new Commissioner from a different member state, and reverts back to 0 in  $(t + 3)$ . This is a crucial result for the causal interpretation of the identified relationship, as differences in trends were our most serious concern. The next part will present further sensitivity tests and an assessment of the robustness of the coefficient to selection-on-unobservables.

## 4.2 Sensitivity Tests and Identification of Causal Effects

So far, we have demonstrated that the positive relationship between *Commissioner* and *Agricultural Fund Share* is robust to employing panel-corrected standard errors and fixed-effects within estimation. Adding year dummies and country-specific time trends to alleviate concerns about common trends further strengthens this conclusion. The significance of the coefficient is robust to twoway-clustering as well as using a wild cluster bootstrap to take the unbalanced panel into account. Furthermore, we showed that there are no pre- and post-treatment effects using leads and lags, which can also be understood as a placebo check.

One concern with our identification strategy could be the relatively low number of Commissioners, i.e., the fact that the treatment is relatively rare. Theoretically, an individual country could thus have a strong influence on the estimated coefficients. There exist various methods to identify potential outliers and observations with greater influence, which all involve some arbitrary choices. To avoid relying on these assumptions, we decide to re-run our preferred specification (Table 2, column 4)  $n$  times, leaving out each of the  $n$  countries in the sample once. This way, we can determine whether the coefficient and significance level is due to any individual country in the sample.

Table 5 shows that this does not seem to be the case. The left column indicates which country was left out of the estimations, which, depending on the time of EU access, leads to different numbers of observations. We can see that the coefficient takes on values between 0.414 (omitting the Netherlands) and 0.689 (omitting Ireland), but remains significant at the 1%-level in all cases. Hence, the relative rareness of the treatment is not a serious problem for identification. In addition, a sample without larger countries should exhibit a smaller selection bias as it excludes some countries that have a lower likelihood of being interested in the Agricultural Commissioner post. When omitting the largest countries with more than 40 million inhabitants, the relationship remains stable and significant at the 5%-level.

As we argue, selection among the smaller states seems to be largely random and unpredictable. To further remedy concerns about selection-on-unobservables that could bias our results up-



Table 5: **Robustness to Outliers and Selection Effects**

Omitted			Omitted		
Country	<i>Comm.</i>	Obs.	Country	<i>Comm.</i>	Obs.
Belgium	0.554*** [0.146]	355	Sweden	0.561*** [0.150]	371
Denmark	0.561*** [0.212]	355	United Kingdom	0.530*** [0.159]	356
Germany	0.557*** [0.164]	355	Cyprus	0.553*** [0.149]	380
Greece	0.530*** [0.135]	358	Malta	0.554*** [0.149]	380
Spain	0.544*** [0.135]	362	Czech Republic	0.553*** [0.149]	380
France	0.579*** [0.203]	355	Poland	0.553*** [0.148]	380
Ireland	0.689*** [0.197]	356	Slovenia	0.553*** [0.149]	380
Italy	0.496*** [0.144]	355	Slovakia	0.553*** [0.149]	380
Luxembourg	0.593*** [0.170]	355	Hungary	0.553*** [0.149]	380
Netherlands	0.414*** [0.104]	355	Estonia	0.553*** [0.149]	380
Austria	0.547*** [0.154]	371	Latvia	0.557*** [0.149]	380
Portugal	0.568*** [0.139]	362	Lithuania	0.553*** [0.149]	380
Finland	0.557*** [0.151]	371	Large Countries	0.451** [0.211]	251

The table displays regression coefficients with standard errors in brackets. All columns use the fixed-effects within estimator. Standard errors are multiway-clustered and allow for arbitrary correlation at the country and year level using the `ivreg2` command in Stata. They include all control variables from Table 2, column 5. This includes country and year fixed-effects, plus country-specific time trends. Large Countries include Germany, France, UK, Italy, Spain. \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

or downwards, we further approach potential selection issues by using so-called endogenous binary variable models (treatment effect models). There is no convincing instrument for acquiring a specific Commissioner that is excludable to our dependent variable. Instead, the approach of these “Heckit-models” is similar to Heckman selection models: The selection problem is solved by explicitly modeling selection instead of only proposing a supposedly exogenous instrument. Treatment effect regression differs from sample selection models as the binary treatment variable is directly entered in the regression equation and the outcome variable is observed for both the treated and the untreated subjects. The advantage of this potential outcome model is that it provides information about the effects of non-linear selection-bias.

Specifically, we model two equations. Our simplified regression equation is  $Y_{i,t} = \alpha + \beta C_{i,t} + X'_{i,t}\gamma + \vartheta_i + \tau_t + \epsilon_{i,t}$ , where  $X_{i,t}$  contains the controls and country-specific time trends and  $C_{i,t}$  is the binary treatment indicator. Our probit selection-equation estimates the latent variable  $C_{i,t}^* = Z'_{i,t}\psi + u_{i,t}$  with

$$C_{i,t} = \begin{cases} 1 & \text{if } C_{i,t}^* > 0, \\ 0 & \text{if } C_{i,t}^* \leq 0 \end{cases} \text{ and } Prob(C_{i,t} = 1 | Z_{i,t}) = \Phi(Z'_{i,t}\psi), \text{ respectively,}$$

$Prob(C_{i,t} = 0 | Z_{i,t}) = 1 - \Phi(Z'_{i,t}\psi)$ .  $Z_{i,t}$  is a vector of variables determining the selection process.  $\epsilon_{i,t}$  and  $u_{i,t}$  are assumed to be bivariate normal with zero mean and covariance matrix  $\begin{pmatrix} \sigma_\epsilon & \rho \\ \rho & 1 \end{pmatrix}$ ,  $\rho \neq 0$  reflects the assumed endogeneity of the treatment, and  $\sigma_u^2 = 1$  for identification.

This is a switching regression depending on whether  $C^* > 0$  or  $C^* < 0$ , with separate forms for the outcome under treatment ( $Y_{i,t} = \beta(Z'_{i,t}\psi + u_{i,t}) + X'_{i,t}\gamma + \epsilon_{i,t}$ ) or non-treatment ( $Y_{i,t} = X'_{i,t}\gamma + \epsilon_{i,t}$ ) regime. For a more detailed description see for example [Cameron & Trivedi \(2005, sec. 16.7 and 25.3.4\)](#) and [Maddala \(1983\)](#). We conduct the estimation using full maximum likelihood under a normal distribution assumption.<sup>30</sup>

We do not claim that this approach resolves all potential selection-bias concerns, as it relies on assumptions about the correlation structure. Rather, we regard it as a further useful robustness check to assess the sensitivity of our results to changes in the econometric specification and the direction of selection-bias.  $\lambda$  is the inverse Mills-ratio or non-selection hazard, and the parameter  $\rho$  indicates the correlation between the error terms  $\epsilon_{i,t}$  and  $u_{i,t}$ . We test the model assumption with a likelihood ratio test of an independent probit and regression model versus the treatment-effect likelihood, a test of  $\rho = 0$  that is  $\chi^2$  distributed. The Wald test-statistic rejects that  $\rho$  equals zero with a p-value of 0.004.

The left part of Table 6 shows the results from the probit estimation of the likelihood to provide the EU Commissioner for Agriculture for a certain year and country. We do not put too much weight on this equation, as it allows no clear causal interpretation, but give a brief summary. Factors significantly positively related to providing this Commissioner are *Pre-election Year (Binary)* and *Election Year (Binary)*, *Unemployment Rate*, *Domestic EU Support (%)*, and being a *New Member State (Binary)*.<sup>31</sup> *Voting Power Council (%)* is negatively related to *Commissioner*. Most interestingly for us is that *Employment Agriculture (ln)*, i.e., a proxy for the importance of agriculture in the respective country, is not significantly

<sup>30</sup> Alternatively we can regard this model as a non-standard maximum-likelihood estimator. The likelihood function  $L_N(\Theta) = f(y, X|\Theta) = f(y|X, \Theta)f(x|\Theta)$  would generally require specifying the conditional density of Y given X as well as the marginal density of X. It is standard to use only the conditional density  $f(y|X, \Theta)$ , and ignore  $f(X|\Theta)$ . This in essence assumes exogenous sampling and conditional independence. Treatment effect models drop this assumption, but instead assume a specific correlation structure of the error terms of the two equations to be estimated.

<sup>31</sup> The *Number of EU Members* is also positively related but has no meaningful interpretation here.

Table 6: **Endogenous Selection Model**

Dependent Variable	Selection Equation		Treatment Equation	
	<i>Commissioner (Binary)</i>		<i>Agricultural Fund Share</i>	
<i>Pre-election Year (Binary)</i>	1.994***	[0.350]	0.024	[0.101]
<i>Election Year (Binary)</i>	1.138***	[0.270]	0.038	[0.103]
<i>Employment Agriculture (ln)</i>	1.100	[1.135]	-0.020	[0.493]
<i>Per Capita GDP (EU=100)</i>	0.020	[0.013]	0.016*	[0.009]
<i>Unemployment Rate</i>	0.326***	[0.123]	0.007	[0.031]
<i>Voting Power Council (%)</i>	-1.775***	[0.601]	0.344***	[0.108]
<i>Domestic EU Support (%)</i>	0.069**	[0.034]	-0.014	[0.010]
<i>New Member State (Binary)</i>	13.366***	[1.810]	-0.684***	[0.234]
<i>Number of EU Members</i>	2.059***	[0.512]	-0.053	[0.044]
<i>Commissioner (Binary)</i>	-		1.334***	[0.352]
Number of Cases	383	Rho		-0.880
Lamda	-0.610	Prob > chi <sup>2</sup> (Rho=0)		0.004

The table displays regression coefficients with standard errors in brackets. The model defines a treated and untreated group based on *Commissioner (Binary)*. Selection variables include all control variables in Table 2, column 5. \* p<0.10, \*\* p<0.05, \*\*\* p<0.01.

related to providing the Commissioner. Turning to the second-stage regression on *Agricultural Fund Share* in the right half of Table 6, the coefficient for *Commissioner* becomes larger at 1.334 and remains significant at the 1%-level. Hence, taking selection into account with a full maximum-likelihood suggests that if there was selection bias before, it seems to have biased *Commissioner* downwards rather than upwards. The larger effect would amount to about 1,229 million EUR per year (based on the 2006 EU budget).

While this prior approach has used selection-on-observables for identification, selection-on-unobservables could still bias our results due to the not-strictly-random nature of our treatment. Thus, we finally want to demonstrate how likely it is, if our attempts so far would have failed to identify a causal effect, that our results are explained by selection-on-unobservables. We apply the methods developed in Altonji *et al.* (2005) to assess how much larger selection-bias based on unobserved factors would have to be compared to observed factors to fully explain our results.

The strategy is to use selection-on-observables to assess the severity of potential selection bias for the results. We compare two kinds of regressions: one with a limited set of controls ( $L = \text{limited}$ ) to one with a full set of controls ( $F = \text{full}$ ). Comparable to Nunn & Wantchekon (2011) we use two different sets for L and F.  $L_1$  contains country-fixed-effects and year dummies,  $L_2$  contains only country-fixed-effects.  $F_1$  comprises all variables from Table 2, column 3, and  $F_2$  adds the country-specific linear time trends to the former, i.e. responds to our most restrictive specification. We then calculate a “Selection ratio” ( $SR$ ), which is the necessary ratio of selection-on-unobservables to observables to fully explain our coefficients as  $|\hat{\beta}_F / (\hat{\beta}_F - \hat{\beta}_L)|$ . The denominator, i.e., the difference between the  $\hat{\beta}$  coefficients indicates

the degree to which our estimate is affected by selection-on-observables. A small difference indicates little selection effects.  $\hat{\beta}_L$  in the nominator enters positively in the ratio, as we need stronger selection-on-unobservables to explain a larger coefficient. Altonji *et al.* (2005) provide the underlying assumptions and Bellows & Miguel (2008) a formal derivation.

We have applied the relevant control variables as identified in Schneider (2013), without arbitrarily ‘picking’ our own set of control variables. These observed factors explain a large share of the variation in the dependent variable. So how likely is a bias due to unobserved time-variant factors captured neither by the controls nor the country-specific time trends? The resulting ratios indicate that for  $\{L_1, F_1\}$ , selection-on-unobservables would have to be 1.9 times as large as selection-on-observables to fully explain the positive relationship of the fund’s share with Commissioner for Agriculture. The respective ratios increase to nearly 5 times for the  $\{L_1, F_2\}$  and  $\{L_2, F_1\}$  combinations. The smallest ratio is found when comparing  $\{L_2, F_2\}$ , but is still above one.

Table 7: Sensitivity to Selection-on-Unobservables

Controls in the Limited Set	Controls in the Full Set	$\beta_L$	$\beta_F$	$SR =  \beta_F/(\beta_L - \beta_F) $	Identified $\beta$ -Set
L <sub>1</sub> : Country-FE, Year-FE	F <sub>1</sub> : Country-FE, Year-FE, Control Variables	0.43	0.92	1.88	[0.92; 1.52]
L <sub>1</sub> : Country-FE, Year-FE	F <sub>2</sub> : Country-FE, Year-FE, Control Variables, Timetrends	0.43	0.55	4.59	[0.55; 0.61]
L <sub>2</sub> : Country-FE	F <sub>1</sub> : Country-FE, Year-FE, Control Variables,	1.10	0.92	5.36	[0.85; 0.92]
L <sub>2</sub> : Country-FE	F <sub>2</sub> : Country-FE, Year-FE, Control Variables, Timetrends	1.10	0.55	1.02	[0.44; 0.55]

The table reports regression coefficients on *Commissioner* and selection ratios ( $SR$ ) based on the formula depicted. Control variables include all controls from prior regressions. A detailed definition of the identified set is provided in the main text. The set is well identified if it does not include 0.

Oster (2013) provides an important formal extension of the intuition above. Due to space restrictions, we outline only the intuition and refer the reader to the paper for details. Again, we examine the change from  $\hat{\beta}_L$  to  $\hat{\beta}_F$ . As outlined above, we are less concerned by selection-on-unobservables if the coefficient moves away from 0 or shows only small changes towards 0 when adding observables. However, Oster (2013) shows that small changes in the coefficient only help in coming closer to a causal interpretation if the added variables also explain additional variation in the dependent variable.

We need assumptions about the bounding value for  $R_{max}$ , the maximum share of the variance that can be systematically explained, and  $\delta$ , the relation of selection-on-unobservables to observables. She argues that  $R_{max} \in [R_F, 1]$  and  $\delta \in [0, 1]$  are plausible boundaries. For simplicity, we use the most conservative setting with  $R_{max} = 1$  and  $\delta = 1$ . We then calculate the boundary of the set  $\beta^* = \beta_F - \delta \times \frac{(\beta_L - \beta_F) \times (R_{max} - R_F)}{(R_F - R_L)}$  and the identified set  $\Delta_s = [\beta_F, \beta^*] \forall \beta_F \leq \beta^* \wedge \Delta_s = [\beta^*, \beta_F] \forall \beta_F > \beta^*$ .

Oster (2013) suggests that to assess a causal interpretation of the coefficient estimate one should, for those cases where conditioning on observables moves  $\beta$  towards 0, examine whether the set includes 0, and whether its boundaries are within the confidence-interval of  $\beta_F$ . Table 7 shows that our identified set for the two cases where observables move us closer to 0 are [0.44; 0.55] and [0.85; 0.92]; far from including 0. This is strong evidence that even with the most conservative choice of the suggested boundaries our full set is precisely estimated within the confidence intervals and does not include zero. Overall, we find no plausible explanation that holds as an argument against a causal interpretation of the identified relationship.

## 5 Concluding Remarks

The aim of this study was to examine whether and to what extent national background continues to matter in the context of international organizations. This is particularly relevant for the European Union, which is in a continuous struggle between two opposing ideals. Proponents of more intense cooperation want to establish a European state with strong central political authorities, while others pledge for a confederation of largely independent states in a federal system due to heterogeneous preferences and common pool problems.<sup>32</sup> Against this background, examining the degree to which decisions of European Union actors are shaped by their respective national background is an important research question. Our focus is the European Commission as the main executive organ of the EU.

For most Commissioners, it is hard to trace and quantify their decisions, partly due to the nature of their task or the absence of the necessary data. The Agricultural Commissioners are an exception and seem to be the most appropriate candidates as they fulfill all necessary requirements to identify a potential relationship. First, their roles actually give them enough influence to be able to shift decisions in favor of their home countries. Second, the agricultural budget was and still is the main budgetary item in the overall EU budget, thus making the relationships under examination economically relevant. Third, we were able to calculate the share of the budget that each member state receives for a sufficiently long time period by using encoded EU budget lists and documents over the 1979-2006 period.

<sup>32</sup> Schneider (2014) argues that preference heterogeneity, bargaining dynamics, and the ability to find compromises for deeper cooperation on the EU level particularly depend on current domestic politics of the EU members and the number of member states. Preference heterogeneity seems to present the larger obstacle to cooperation, but adding new members does not in all circumstances amplify the problem.

Our findings indicate that providing the Commissioner for Agriculture is related to increases of about one percentage point in the share of the overall EU budget that the country of origin receives. This relation is significant at the 1%-level, even in the most conservative specification. While we argue that providing the Commissioner is largely exogenous, the positive relation is also robust to including country fixed-effects, time fixed-effects, country-specific time trends and using a wild cluster bootstrap-procedure. Thus, it can be explained neither by unobserved time-invariant country-specific factors nor by different linear trends between treated and untreated countries.

We think a causal interpretation of this positive relationship is justified. We test a series of alternative explanations like pre- or post-trend differences, omitting each member state individually and all large countries jointly, or endogenous selection, and find no plausible alternative reason. We also demonstrate that even if there would be alternative explanations based on unobserved factors, these would have to be implausibly high to fully explain the detected relationship. Thus, we cannot reject the assumption that there is a causal effect of providing the EU Commissioner for Agriculture on higher budget receipts.

This finding cannot necessarily be extrapolated to all other Commissioners and political actors in the EU. Still, this is clear and quantitatively relevant evidence that national background continues to matter in the EU. The evidence we provide is for a case where the respective actor has the means to influence decisions and where we could identify a clear link to a precisely measurable outcome variable. Even if scientific caution guides us to avoid premature conclusions, finding a significant relationship here should change our a priori assumptions about whether these problems also exist in other cases, where a lack of data and transparency does not allow us to detect them. Future research should aim to further confirm whether similar relationships exist in the EU and other international organizations.

This should by no means be interpreted and used as evidence against the further development of the EU, which we consider one of the most impressive and important political and economic projects in the realm of international cooperation of the last half-century. Instead, we hope to bring awareness to the need to modify and adapt the political structures and the relationship between member states and central authorities which is among the most pressing issues in the EU. Unfortunately, it does not receive the widespread public attention it deserves.

However, the further development of the European Union should not repeat mistakes of the past and ignore economic and social realities for the sake of avoiding political controversies and difficult but necessary debates. One important direct policy implication is to take a realistic and cautious approach to international integration. There is now an impressive amount of evidence that the national or regional background of politicians and bureaucratic actors still shapes their decision-making when working at an international level. This should be taken into account by designing mechanisms that minimize common pool problems and the ability of individual actors and countries to over-proportionally exert their influence. Moreover, only more transparency about voting patterns and internal decisions can enable the public, media and science to provide the checks and balances necessary in a democratic system.

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## 6 Appendix

### 6.1 Appendix A

Table 1: List of Agricultural Commissioners

Name	Nation	from	to
Finn Olav Gundelach <sup>1)</sup>	Denmark	January 6, 1977	January 13, 1981
Poul Dalsager <sup>2)</sup>	Denmark	January 20, 1981	January 6, 1985
Frans Andriessen <sup>3)</sup>	Netherlands	January 7, 1985	January 5, 1989
Ray MacSharry <sup>4)</sup>	Ireland	January 6, 1989	January 5, 1993
René Steichen <sup>5)</sup>	Luxembourg	January 6, 1993	January 24, 1995
Franz Fischler <sup>6)</sup>	Austria	January 25, 1995	November 21, 2004
Sandra Kalniete <sup>7)</sup>	Latvia	May 1, 2004	November 21, 2004
Mariann Fischer Boel <sup>8)</sup>	Denmark	November 22, 2004	February 9, 2009

The exact dates were cross-verified using the following sources:

- 1) <http://www.spiegel.de/spiegel/print/d-14319885.html>,  
<https://www.munzinger.de/search/document?index=mol-00&id=00000013522&type=text/html&query.key=szU1dQFW&template=/publikationen/personen/document.jsp&preview=>,  
<http://aei.pitt.edu/1535/>
- 2) [http://www.denstoredanske.dk/Dansk\\_Biografisk\\_Leksikon/Samfund,\\_jura\\_og\\_politik/Myndigheder\\_og\\_politisk\\_styre/Landbrugsminister/Poul\\_Dalsager](http://www.denstoredanske.dk/Dansk_Biografisk_Leksikon/Samfund,_jura_og_politik/Myndigheder_og_politisk_styre/Landbrugsminister/Poul_Dalsager),  
<https://www.munzinger.de/search/document?index=mol-00&id=00000016216&type=text/html&query.key=rjym3Qji&template=/publikationen/personen/document.jsp&preview=>,  
<http://aei.pitt.edu/1535/>
- 3) <http://www.vIEWS.eu/food-agriculture/frans-andriessen-former-commissioner-\penalty\z{}for-agriculture-on-the-common-agricultural-policy-of-the-1980s/>,  
<https://www.munzinger.de/search/document?index=mol-00&id=00000017522&type=text/html&query.key=mQRbHaNY&template=/publikationen/personen/document.jsp&preview=>,  
<http://aei.pitt.edu/1535/>
- 4) <https://www.munzinger.de/search/document?index=mol-00&id=00000019420&type=text/html&query.key=5qx1jVy4&template=/publikationen/personen/document.jsp&preview=>,  
<http://aei.pitt.edu/1535/>
- 5) <https://www.munzinger.de/search/document?index=mol-00&id=00000020594&type=text/html&query.key=i6NxSr1K&template=/publikationen/personen/document.jsp&preview=>,  
<http://aei.pitt.edu/1535/>
- 6) <https://www.munzinger.de/search/document?index=mol-00&id=00000019235&type=text/html&query.key=KJFjpiKp&template=/publikationen/personen/document.jsp&preview=>,  
<http://aei.pitt.edu/1535/>
- 7) <https://www.munzinger.de/search/document?index=mol-00&id=00000024374&type=text/html&query.key=NF9rcU0k&template=/publikationen/personen/document.jsp&preview=>,  
<http://aei.pitt.edu/1535/>
- 8) <https://www.munzinger.de/search/document?index=mol-00&id=00000024988&type=text/html&query.key=LJmscBcr&template=/publikationen/personen/document.jsp&preview=>

Table 2: List of Regional Commissioners

Name	Nation	from	to
Antonio Giolitti <sup>1)</sup>	Italy	January 6, 1977	January 6, 1985
Grigoris Varfis <sup>2)</sup>	Greece	January 7, 1985	December 31, 1985
Alois Pfeiffer <sup>3)</sup>	Germany	January 1, 1986	August 1, 1987
Peter Schmidhuber <sup>4)</sup>	Germany	September 22, 1987	January 5, 1989
Bruce Millan <sup>5)</sup>	United Kingdom	January 6, 1989	January 24, 1995
Monika Wulf-Mathies <sup>6)</sup>	Germany	January 25, 1995	September 17, 1999
Michel Barnier <sup>7)</sup>	France	September 17, 1999	April 1, 2004
Jacques Barrot <sup>8)</sup>	France	April 26, 2004	November 21, 2004
Péter Balázs <sup>9)</sup>	Hungary	May 1, 2004	November 21, 2004
Danuta Hübner <sup>10)</sup>	Poland	November 22, 2004	July 4, 2009

The exact dates were cross-verified using the following sources:

- 1) <https://www.munzinger.de/search/document?index=mol-00&id=00000010572&type=text/html&query.key=AXXBQgGY&template=/publikationen/personen/document.jsp&preview=,http://aei.pitt.edu/1535/>
- 2) <http://aei.pitt.edu/1535/>
- 3) <https://www.munzinger.de/search/document?index=mol-00&id=00000017405&type=text/html&query.key=IFSCDeRs&template=/publikationen/personen/document.jsp&preview=,http://aei.pitt.edu/1535/>
- 4) <https://www.munzinger.de/search/document?index=mol-00&id=00000015616&type=text/html&query.key=icfj3I1o&template=/publikationen/personen/document.jsp&preview=,http://aei.pitt.edu/1535/>
- 5) <http://aei.pitt.edu/1535/>
- 6) <https://www.munzinger.de/search/document?index=mol-00&id=00000016843&type=text/html&query.key=eBQGuQmx&template=/publikationen/personen/document.jsp&preview=,http://aei.pitt.edu/1535/>
- 7) <https://www.munzinger.de/search/document?index=mol-00&id=00000023033&type=text/html&query.key=BL9HJPas&template=/publikationen/personen/document.jsp&preview=,http://aei.pitt.edu/1535/>
- 8) <https://www.munzinger.de/search/document?index=mol-00&id=00000014939&type=text/html&query.key=QDYGnRi0&template=/publikationen/personen/document.jsp&preview=,http://aei.pitt.edu/1535/>
- 9) <https://www.munzinger.de/search/document?index=mol-00&id=00000024894&type=text/html&query.key=2yKNVSDn&template=/publikationen/personen/document.jsp&preview=,http://aei.pitt.edu/1535/>
- 10) <https://www.munzinger.de/search/document?index=mol-00&id=00000024792&type=text/html&query.key=o09MaerS&template=/publikationen/personen/document.jsp&preview=,http://aei.pitt.edu/1535/>

Table 3: List of Budget Commissioners

Name	Nation	from	to
Christopher Tugendhat <sup>1)</sup>	United Kingdom	January 6, 1977	January 6, 1985
Henning Christophersen <sup>2)</sup>	Denmark	January 7, 1985	January 5, 1989
Peter Schmidhuber <sup>3)</sup>	Germany	January 6, 1989	January 24, 1995
Erkki Liikanen <sup>4)</sup>	Finland	January 25, 1995	September 17, 1999
Michaele Schreyer <sup>5)</sup>	Germany	September 17, 1999	November 22, 2004
Marcos Kyprianou <sup>6)</sup>	Cyprus	May 1, 2004	November 22, 2004
Dalia Grybauskaitė <sup>7)</sup>	Lithuania	November 22, 2004	July 1, 2009

The exact dates were cross-verified using the following sources:

- 1) <https://www.munzinger.de/search/document?index=mol-00&id=00000014946&type=text/html&query.key=WGH1rUUZ&template=/publikationen/personen/document.jsp&preview=http://aei.pitt.edu/1535/>
- 2) <https://www.munzinger.de/search/document?index=mol-00&id=00000015397&type=text/html&query.key=6jbFAztz&template=/publikationen/personen/document.jsp&preview=http://aei.pitt.edu/1535/>
- 3) <https://www.munzinger.de/search/document?index=mol-00&id=00000015616&type=text/html&query.key=eNQY73fw&template=/publikationen/personen/document.jsp&preview=http://aei.pitt.edu/1535/>
- 4) <https://www.munzinger.de/search/document?index=mol-00&id=00000022864&type=text/html&query.key=V157hKR4&template=/publikationen/personen/document.jsp&preview=http://aei.pitt.edu/1535/>
- 5) <https://www.munzinger.de/search/document?index=mol-00&id=00000019158&type=text/html&query.key=1J9aTjbF&template=/publikationen/personen/document.jsp&preview=http://aei.pitt.edu/1535/>
- 6) <https://www.munzinger.de/search/document?index=mol-00&id=00000024888&type=text/html&query.key=mopXdm6j&template=/publikationen/personen/document.jsp&preview=http://aei.pitt.edu/1535/>
- 7) <https://www.munzinger.de/search/document?index=mol-00&id=00000024892&type=text/html&query.key=WwKYz4qa&template=/publikationen/personen/document.jsp&preview=>

EC collectively resigned on March 15, 1999 and remained in office executively until September 1999. All weblinks last accessed on May 1, 2015.

## 6.2 Appendix B

Description of Variables used:

<i>Agricultural Fund Share</i> <sup>1)</sup>	Each member state's annual agricultural fund (EAGGF) receipts as a share of the overall annual EU budget (in %).
<i>Overall Funds Share</i> <sup>1)</sup>	Each member state's annual budget receipts as a share of the overall annual EU budget (in %).
<i>Regional/Social Funds Share</i> <sup>1)</sup>	Each member state's regional and social fund (ERDF/ESF) receipts as a share of the overall annual EU budget (in %).
<i>Commissioner</i>	Proportion of the year in which a country appointed the Agricultural Commissioner (0 if country $i$ did not appoint the Agricultural Commissioner in year $t$ , 1 if the country appointed the Agricultural Commissioner during the whole year). A month is counted, if the respective Commissioner was in office for the major part of this month.
<i>Commissioner (Binary)</i>	Dummy for appointing the Agricultural Commissioner (1 if country $i$ appoint the Agricultural Commissioner in in year $t$ and if <i>Commissioner</i> is not 0, 0 otherwise).
<i>Commissioner (B)</i>	Proportion of the year in which a country appointed the Budget Commissioner (0 if country $i$ did not appoint the Budget Commissioner in year $t$ , 1 if the country appointed the Budget Commissioner during the whole year). A month is counted, if the respective Commissioner was in office for the major part of this month.
<i>Commissioner (R)</i>	Proportion of the year in which a country appointed the Regional Commissioner (0 if country $i$ did not appoint the Regional Commissioner in year $t$ , 1 if the country appointed the Regional Commissioner during the whole year). A month is counted, if the respective Commissioner was in office for the major part of this month.
<i>Time in Office</i>	Cumulated years in office as Agricultural Commissioner (1 in the first year, 2 in the second year,...).
<i>Commissioner (Binary)</i> × <i>Time in Office</i>	Interaction of <i>Commissioner (Binary)</i> and <i>Time in Office</i> .

Description of Variables used (continued):

<i>Election Year (Binary)</i>	Dummy for election years (1 in years with a national election in country $i$ , 0 otherwise).
<i>Preelection Year (Binary)</i>	Dummy for preelection years (1 in the year before the national election in country $i$ , 0 otherwise).
<i>Employment Agriculture (ln)<sup>2)</sup></i>	Logarithmized number (in millions) of employees in the agricultural sector.
<i>Number of EU Members</i>	Number of EU Member States.
<i>Unemployment Rate<sup>2)</sup></i>	Unemployment Rate (in %).
<i>Per Capita GDP (EU=100)<sup>2)</sup></i>	Normalized per capita gross domestic product (EU average = 100).
<i>New Member State (Binary)</i>	Dummy for the newest member states (1 for all new members until the next enlargement, 0 otherwise).
<i>Voting Power Council (%)<sup>3)</sup></i>	Shapley-Shubik index of country $i$ in the Council in year $t$ (in %).
<i>Domestic EU Support (%)<sup>4)</sup></i>	The percentage of citizens who think that “EC/EU membership is a good thing” minus the percentage of those who think that “EC/EU membership is a bad thing.”

Original Sources:

- 1) All budget data are from the annual reports of the European Court of Auditors.
- 2) Eurostat
- 3) Data from Indices of Power IOP 2.0. Available at <http://www.tbraeuninger.de/download/>
- 4) Eurobarometer

All remaining variables are adapted from Schneider (2013).



## 6.3 Appendix C

Table 4: **EU Accession**

Year	New Member States	$\Sigma$
1957	Belgium, France, Germany, Italy, Luxembourg, Netherlands	6
1973	Denmark, Ireland, United Kingdom	9
1981	Greece	10
1986	Portugal, Spain	12
1995	Austria, Finland, Sweden	15
2004	Estonia, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary, Cyprus	25
2007	Bulgaria, Romania	27
2012	Croatia	28

The Table lists the enlargement rounds of the EU. Column 3 shows the cumulative number of member states after the respective enlargement.

Source: [http://ec.europa.eu/enlargement/pdf/publication/factsheet\\_en.pdf](http://ec.europa.eu/enlargement/pdf/publication/factsheet_en.pdf)