

Tracing Leadership

The ECB’s “Whatever It Takes” and Germany in the Ukraine Crisis

Magnus G. Schoeller, *University of Vienna, Austria*

Online Appendix

1. Types of tests

(based on Van Evera 1997: 31f and Beach and Pedersen 2013: 100-5)

“Straw in the wind”: This is the weakest (and most common) type of test. Still, a “straw in the wind” test can increase our confidence that an expected causal mechanism took place – especially so if it is combined with tests of other parts of the causal mechanism. Evidence for a “straw in the wind” prediction is not “unique” in the sense that it does not exclude rival predictions. Thus, if we find this type of evidence, it does not necessarily mean that our prediction was right. Moreover, a “straw in the wind” test provides a low level of “certitude”: even if we do *not* find the expected evidence, our prediction may still be true. Hence, while “straw in the wind” tests can increase our confidence in the plausibility of a prediction, they can neither confirm nor disconfirm it.

“Smoking gun”: “Smoking gun” tests provide a high level of “uniqueness”: if we find this type of evidence, it confirms our prediction and excludes rival conjectures. However, the level of “certitude” is low: if we do not find a “smoking gun”, this does not mean that our prediction was wrong. Hence, “smoking gun” tests can confirm our prediction, but they cannot disconfirm it.

“Hoop”: These tests provide a high level of “certitude”: if there is no evidence for the expected part of the causal mechanism, we can be sure that our prediction was wrong. Instead,

the level of “uniqueness” is low: even if we find the expected observable, this does not exclude rival explanations. Thus, a “hoop” test can disconfirm our prediction, but it cannot confirm it.

“Doubly decisive”: This is the strongest (and rarest) type of test. If we find doubly decisive evidence, we can be confident that our prediction was right and rival conjectures were wrong (high “uniqueness”). Moreover, if we do not find it, we know that our prediction must be wrong (high “certitude”). Thus, only a double decisive test can confirm *and* disconfirm our prediction.

2. Leadership strategies

Leadership strategies serve as a transmission belt for translating an actor’s power resources into outcomes. These strategies are

- agenda-management and provision of focal points for agreement
- arena-shifting and -linking
- coalition-building and pre-negotiations
- unilateral action
- “leading by example”
- representation
- provision of common knowledge

Agenda-Management and Provision of Focal Points for Agreement:

Agenda-management refers to the alteration of issues or proposals for solutions and comprises agenda-setting, agenda-structuring, and agenda-exclusion (e.g. Tallberg 2006: 24). In particular agenda-setting and agenda-exclusion may serve as leadership strategies.

Agenda-setting: By adding differently valued or related *issues* to the agenda, a leader can facilitate the finding of a solution as she widens the zone of agreement. This is the case when package deals or side-payments are made. By directly tabling a *solution* to a collective action problem, instead, a leader may help a group find an agreement which otherwise would be impeded by high transaction costs. In other words, the leader may increase the group's Pareto efficiency (e.g. Beach 2005: 18). Finally, if there are different solutions on the table (implying different ways of distributing gains and losses), the leader may opt for one particular solution and thus act as a *focal point* for the other actors. In this way, the leader helps followers find one equilibrium among several options. Agenda-setting relies primarily on institutional power resources (i.e. formal and informal procedural rights). However, also material resources (e.g. economic strength) and non-material resources (e.g. reputation) can vest an actor with informal agenda-setting power.

Agenda-exclusion: First, a leader can exclude a particularly divisive *issue* from the agenda in order to reach consensus on the other issues. Second, a leader can exclude possible *solutions* in order to concentrate the support of followers on only one alternative. Also in this latter case, the leader serves as a focal point for agreement. As in the case of agenda-setting, institutional resources are of primary importance for agenda-exclusion, followed by material and non-material resources.

Arena-Linking and -Shifting:

An arena is an institutional setting which, among other things, determines *who* can take part in making certain decisions and *how* the decisions are made (e.g. unanimity vs. majority rule). A leader may use the followers' interest in finding an agreement in arena 1 in order to reach an agreement in arena 2 ("arena-linking"). This strategy is most promising if the agreement in arena 1 is made dependent on the agreement in arena 2. In this case, arena 1 is taken hostage in order to bring about an agreement in arena 2. Furthermore, if a decision in one arena is

blocked due to the actors' preference constellation or the underlying decision rule, the leader may shift the issue to another arena with different participants and/or another decision rule so that an agreement becomes achievable ("arena-shifting"). Arena-linking and –shifting require sufficient institutional resources.

Coalition-building and pre-negotiations:

By building subgroups with actors that have a relatively strong interest in reaching an agreement or temporarily excluding reluctant actors, a leader may facilitate the finding of a common solution. This is especially the case if it comes to pre-negotiations, where a leader makes a deal with one or more "willing" actors before the other followers get included in the decision-making process. This deal may function like an advanced negotiation agenda. Next to saving transaction costs, it allows the leader to split opponents into several negotiation rounds and pool power resources with other actors that are part of the pre-negotiated deal. This resources may serve to compensate potential losers of an agreement or signal credible commitment. Moreover, building a coalition by excluding certain actors may serve to reduce costs related to an agreement (e.g. monitoring or enforcement costs) and to increase individual shares in the profit. In order to build coalitions or strike pre-negotiated deals, a leader can rely on all three types of resources. While institutional resources help exclude certain actors, thereby building relevant subgroups, material and non-material resources increase the attractiveness of joining a coalition or striking a pre-negotiated deal by raising the chances of success.

Unilateral action:

A leader may realize a common goal by resorting to unilateral action. This is the case "whenever one moves to solve a collective problem by one's own effort, thereby setting the pace for others to follow" (Underdal 1994: 183). Unilateral action may either allow the other actors to free-ride on the leader's efforts (cf. hegemonic stability theory) or worsen their

options of foot-dragging. In the latter case, the leader may exploit a first-mover advantage. Unilateral action requires primarily material resources, which enable a leader to realize change without the help of others.

Leading by example:

An actor can lead “by example” in two different ways. First, she may adopt a certain policy or institutional change unilaterally. If the followers acknowledge the advantages of the new procedure, they may change to the leader’s way. Second, a leader can make unilateral contributions to a common project. This signals credible commitment to the followers and may convince them to join their resources, too. Being a type of unilateral action, leading by example requires material resources. They may serve to unilaterally implement a policy or institutional change or to make a significant contribution to a joint project. The effect of “leading by example” may be reinforced by non-material resources such as reputation.

Representation

As Tallberg (2006: 27-9) has pointed out, multilateral decision-making does not take place in a vacuum, but within interdependent rule-systems and arenas. Collective action outcomes are dependent on interaction with third parties, but if all constituent members of a group speak on their own, the group encounters coordination problems. A leader can solve this collective action problem by acting on behalf of the group. Formal representation is therefore a possible function of leadership. If exercised on an informal basis, representation may also serve as a leadership strategy, as it solves a group’s coordination problem. While formal representation relies on institutional resources (e.g. a mandate), informal representation requires primarily non-material resources (e.g. reputation).

Provision of common knowledge:

Exogenous events like crises may unsettle a group’s beliefs about policy instruments and institutional arrangements. This jeopardizes the group’s cohesion and may lead to suboptimal

collective action outcomes. A leader can counteract such developments by providing the group with “new” common knowledge about which policy instruments and institutional arrangements work best. More precisely, the leader defines a problem, proposes a solution to it, and promotes the solution *vis-à-vis* her followers. In doing so, the leader not only accommodates the preferences of her followers, but she actively shapes them by presenting possible outcomes that previously were unknown. The provision of common knowledge relies mainly on non-material resources such as privileged information and expertise, credibility and reputation.

3. Observable manifestations of causal mechanism

Power resources:

Material resources:

A) financial capacities: in the case of states observable through GDP, current account balance, public debt and deficit; in the case of organizations or individuals observable through available financial means

B) military capacities (if applicable): troop strength, nuclear power

Institutional resources:

formal or informal rights of agenda-setting, decision-making, implementation and evaluation

formal rights are observable through legal texts and written rules of procedure; informal rights are observable through practices or established procedures (which usually requires field work)

Non-material resources:

- A) privileged information and expertise: observable through more detailed issue briefs and position papers; face-to-face interviews; in the case of states or organizations, the number of specialized staff can serve as proxy
- B) reputation: observable through subjective expressions of actors involved, e.g. statements in interviews or surveys (polls), press-releases, declarations

Interest to deploy resources: observable through verbal expressions of self-interest or motivation for action (preferably in confidential setting to reduce bias of social desirability, such as face-to-face interviews)

Offer or claim for leadership: observable through open communications indicating the intention to invest resources into reaching a common goal, such as speeches, press releases, (government) declarations, open letters

Leadership strategies:

Agenda-management and provision of focal points: observable through blueprints and roadmaps, drafts for agreement, chairmanship, brokering, side-payments, package deals, communication of “red lines” (agenda-exclusion), interview statements

Arena-shifting: observable through change of actors in charge and/or change of decision rules; interview statements

Arena-linking: observable through package deals or “tit-for-tat” offers, press statements, position papers; interview statements

Coalition-building and pre-negotiations: observable through meetings of subgroups, reinforced communication between two or more actors; position papers and press statements of subgroups, interview statements

Unilateral action and “leading by example”: observable through asymmetric investment of resources and initiatives, time sequence of actions (one actor moving first), over-proportionate assumption of costs by a more powerful actor

Provision of common knowledge: observable through position papers, declarations, speeches, letters, exchanges of views, interview statements, dissemination of information and expertise

Change of reluctant actors’ strategic preferences: observable through ex-post approval of the leader’s decisions or by a change in their respective statements, in the form of public statements, internal strategy papers, common conclusions, interview statements

Strategies	Description	Observable manifestations	Evidence	
			OMT	Ukraine-crisis
Agenda-setting	<p>Adding differently valued or related <i>issues</i> to the agenda to widen the zone of agreement</p> <p>Tabling a <i>solution</i> to a collective action problem</p> <p>In case of different solutions on the table (implying different ways of distributing gains and losses), the leader may opt for one particular solution and thus act as a <i>focal point</i></p>	Blueprints and roadmaps, drafts for agreement, proposals for side-payments or package deals, mediating	-	Providing papers on options and solutions; providing the roadmap for the Minsk process; agenda drafting; mediating on sanctions between “hawks” and “doves” and between more and less affected member states
Agenda-exclusion	<p>Excluding a divisive <i>issue</i> from the agenda to reach consensus on the other issues</p> <p>Excluding possible <i>solutions</i> to concentrate the support of followers on only one alternative</p>	Communication of “red lines”, ignoring proposals, announcing a veto (if available)	-	Defining military action as “red line”; rejecting proposals going beyond economic sanctions, in particular arms deliveries to Ukraine and permanent NATO deployment in Eastern Europe
Arena-linking	Making agreement in arena 1 dependent on agreement in arena 2	Package deals, “tit-for-tat” offers	-	-
Arena-shifting	Shifting negotiations to an arena (2) with different participants and/or decision rules to circumvent deadlock in arena 1	Change of actors in charge, change of decision rules	-	Shifting Ukraine crisis-management from Foreign Ministers to the Heads of State and Government
Coalition-building and pre-negotiations	<p>Building subgroups with actors that have a strong interest in reaching agreement</p> <p>Excluding reluctant actors</p> <p>Making a deal with one or more “willing” actors <i>before</i> central negotiations</p>	Meetings of subgroups; reinforced communication between two or more actors; position papers and press statements of subgroups, interview statements	-	<p>“Normandy format”</p> <p>Franco-German co-ordination</p>

Unilateral action	Solving a collective problem by one's own effort, thereby setting the pace for others to follow (Underdal 1994: 183)	Asymmetric investment of resources and initiatives; time sequence of actions (one actor moves first)	Announcement to do "whatever it takes"	Unilateral change of position on economic sanctions after downing of flight MH17 Initiating summits and negotiations leading to Minsk II
Leading by example	Adopting a certain policy or institutional change unilaterally: if followers acknowledge the advantages of the new procedure, they may change to the leader's way Making unilateral contributions to a common project, thereby signalling credible commitment to the followers	Moving first; over-proportionate assumption of costs	-	Assuming a major share of negative economic consequences caused by sanctions Jeopardizing good relations with Russia by promoting sanctions Acting against the resistance of the own business lobbies
Provision of common knowledge	Defining problems, proposing respective solutions and promoting them towards followers	position papers, declarations, speeches, letters, exchanges of views, interview statements, dissemination of information and expertise	Explaining monetary policy publicly and in relevant EU fora, defining possible solutions and advocating preferred options Exchange of views with eurozone governments and Presidents of the European Council, Eurogroup, and Commission Information exchange between Draghi and Merkel / Schäuble	-

Table A1: Strategies, observable manifestations and evidence

Source: own illustration