Methodological Appendix - by Prof. Bob Hancke, LSE

Raw scenarios

The building blocks for the scenarios in chapter 6 are the conclusions of chapters 3, 4 and 5, which develop three broad topic-specific sub-scenarios. Combining all the logically possible sub-scenarios across these three chapters produce $3 \times 3 \times 3 = 27$ scenarios. These are listed in table X below.

Evaluate internal consistency

While logically possible, many of these raw scenarios are not internally consistent. For example, as in the combination number XX in table X, a sub-scenario that builds on free contracting between parties in the labour market is not easily compatible with a sub-scenario in the area of the green and digital transition that builds on economic governance through business groups, employers' associations and trade unions in these areas, and a sub-scenario in the field of strategic autonomy that emphasises the central role of the state. (Please note that the latter two may be compatible – but not with the former). If a scenario produces such incompatibilities, in which the logic and effects of one sub-scenario contradicts the logic of at least one of the other sub-scenarios, we score that zero (o). If the sub-scenarios produce positive interactions, we score that combination 6; when the combination has neither positive nor neutral mutual interaction effects, it receives a score of 3. (We used 0-3-6 as scales to make differences less ambiguous than a 0-1-2 scale would allow us to do. Note that these are ordinal scales – the larger numbers just sharpen distinctions between ranks but do not substantively change the ordinal logic underlying the ranking.)

Political viability

A parallel logic guided us in 'scoring' what we loosely call 'political viability'. Here the operational question is whether a combination of sub-scenarios has the potential to produce a blocking minority, loosely along QMV decision lines, or can be expected to meet with relatively little resistance. While such an approach is undoubtedly incomplete – many decisions are, as we know from the history of European integration, linked to negotiated outcomes in related, adjacent or even entirely unrelated fields – this method allows us to evaluate the *ex ante* political viability of a combination of sub-scenarios. Again, if political viability was considered impossible to find (for example because it pitted at least two large entrenched groups of member states against each other) we scored it o. If we considered that the combination was highly viable (ie would elicit relatively little resistance and/or require few side payments to become acceptable), it received a score of 6. The remaining residual combinations of sub-scenarios obtained a score of 3 – neither politically impossible nor relatively likely, but probably without a coalition of member states to carry it through.

Raw scores and deliberation

The scores themselves resulted from a combination of expert judgments and deliberation among experts – a standard combination in evaluation projects of this type. All four members of the team are considered experts in the overall theme covered by the report for this scenario-building exercise; we included one person outside the team *stricto sensu* as a control. These five judges were asked to score each one of the combinations in table X on the o-3-6 scale. Their scores were then discussed in group in a Delphi-style feedback round, and this process was repeated until the team developed a consensus on a score for each of the combinations (we reached a consensus by the second round). The scores in table X are therefore the measured collective consensus opinion of the team.

The very first scenario requires a short explanation: even though it was considered politically unviable, the team agreed to include it because of two considerations. One, it could be seen as a minimal (market-oriented) baseline for other scenarios; two, failure to negotiate positive scenarios, ie those that require active intervention, may tip the balance in favour of a 'lowest common denominator' (or 'negative' scenario. The team therefore felt that a combination of

scores 6 and 3 does not fully do justice to the ranking of the scenario – hence the scores 6 and 4 to give it that special status.

Final ranking of integrated scenarios

On the basis of these scores, we then distinguish between three groups of scenarios: those that are inconsistent and/or unviable (receiving a score of o on at least one of the dimensions); those that may be consistent or politically viable but not both (a combination of 6 on one and 3 on the other), and those that score high on both dimensions (plus the baseline scenario mentioned above). This exercise led to four scenarios with 6 on both dimensions, and the market-confirm the combination of 6 and 4. The text in chapter 6 unpacks these five scenarios.

Table X

Column -	Column2	Column3	Column4	Column5 -	Column6	Column	Column	Column! -	Column1 -	Column1 -	Column12 -	Column13 -	Column14 -	Column15 -
	Dual Transition	Social XX	OSA	Consistency	Political vial	bility								
1	Soc Min	Cap Bldg	Sup ch div	6	4	negative d	lefault, ie w	hen nothin	g else can be	agreed				
	SM	СВ	Encomp	6	3									
	SM	СВ	Selective	6	3									
	SM	Pre-distr	SCD	0	-									
	SM	PD	Enc	0	-									
	SM	PD	Sel	3	3									
	SM	Int SME	SCD	0	-									
	SM	ISME	Enc	0	-									
	SM	ISME	Sel	0	-									
2	ReacSME	Cap Bldg	SCD	6	6	Positive de	efault, or bu	usiness as us	sual: let mar	ket rip but a	lleviate socia	l consequenc	es passively	
	RSME	СВ	Enc	6	3									
3	RSME	СВ	Sel	6	6	social inve	stment							
	RSME	Pre-distr	SCD	3	6									
	RSME	PD	Enc	3	6									
	RSME	PD	Sel	3	6									
	RSME	Int SME	SCD	0	-									
	RSME	ISME	Enc	3	3									
	RSME	ISME	Sel	3	6									
	Proact Incl	Cap Bldg	SCD	3	3									
	PI	СВ	Enc	3	3									
	PI	СВ	Sel	3	6									
	PI	Pre-distr	SCD	3	6									
	PI	PD	Enc	3	3									
	PI	PD	Sel	6	3									
	PI	Int SME	SCD	6	3									
4	PI	ISME	Enc	6	6									
5	PI	ISME	Sel	6	6									
		DT	Soc	OSA	Consist	Viabil								
1	Negative default, ie when nothing else can be agreed	Soc Min	Cap Bldg	Sup ch div	6	4								
2	Positive default (BAU): markets and passive social measures	ReacSME	Cap Bldg	SCD	6	6								
3	social investment	RSME	СВ	Sel	6	6								
4	Social-democratic (Left-Gaullist)	PI	ISME	Enc	6	6								
	Dual Transition	Social XX	OSA	Consistency	Political vial	bility								