

TEN ACTORS BLOWING THEIR TRUMPETS*): Understanding a constellation for the Labour government to secure the euro adoption

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Abstract: It is not a secret that the Labour government supports the euro adoption since it already declared its willingness to bring the nation into a new currency. This will not be easy because other parties in the United Kingdom might have their own opinion and do not hesitate to use their influences and powers to pursue their goals. This article tries to analyze different perspectives from different actors to show how beneficial for the Labour government to include those perspectives and to maintain cooperation from as many actors as possible.

Multi Actor Analysis tries to include other actors' perspectives on this issue. It starts with the assumption that no actor is able to impose his or her objectives upon other actors. To specify each perspective systematically in perspective diagrams, Dynamic Actor Network Analysis is used as a tool. Each perspective diagram produces one hypothesis and by confirming all hypotheses, we get which actors with potential to cooperate and which actors are not. This article concludes with the benefits for the Labour government to gain supports from several actors and several suggestions to maintain the supports.

Keywords: Multi Actor Analysis, Dynamic Actor Network Analysis, euro adoption, United Kingdom, Constellation of Actors, Labour government, Labour party, Conservative party, Liberal Democrats, Referendum.

1. Background

As one of the largest economic contributors, the United Kingdom (UK) is set apart from the rest of the European Union (EU). The reason is not only due to geographical condition, but it also caused by the British rejection to many EU policies, including the single European currency – the euro (Mucha, 2002). With regards to the euro, the UK is not alone. Denmark and Sweden are two other senior EU member states that are still using their old currencies. Both Danish and Swedish government held referendums to ask their voters' supports. Majority voters' supports are needed to put their old currencies into museums. The referendums resulted in negative votes towards the euro (Jonung, 2004).

The fact that both Danish and Swedish governments declared their supports to the euro and lost the referendums gives a valuable lesson to the current British government under the Labour party. A government's support is not a guarantee for voters' support. Another interesting aspect regarding to British relation to the Economic and Monetary Union (EMU) was its unique relation between the two of them. The history recalls that British membership to the

EMU was not a smooth process even after her successful application. Two rejections from France before her successful membership and a failure to maintain sterling inside Exchange Rate Mechanism put a dark color into this relation. This dark color makes the euro to be the most contentious and divisive issue in British politics (Jones, 2002). It will not be easy for the UK to enter the euro-zone.

Understanding the complexity of this issue, this paper argues that the Labour government would have a bigger possibility to secure the euro adoption by taking into account more actors. To support that argument, this paper proposes Multi Actor Analysis to open other actors' perspectives and to analyze those perspectives to show the benefits of involving other actors. Dynamic Actor Network Analysis (DANA) tool is used to capture other actor's perspective in a systematic way. By opening those perspectives and analyzing them, a strong and reasonable constellation of actors should be described in this paper as a contribution to prior debate about the euro adoption.

2. Theory and Literature Review

Multi Actor Analysis

Multi-Actor Analysis (MAA) is a suitable research strategy to investigate and to design a constellation of actors in order to help the Labour government to achieve its goal. MAA is based on the fact that no single actor can impose his or her preferences upon other actors. All actors should appreciate and acknowledge other actor's perspectives. The assumptions in multiple actor decision are as follows (March, 1994):

- There are individual participants, each of whom is treated as having consistent preferences and identities.
- Preferences and identities differ among participants.
- Preferences are not consistent with their identities.

Even though identification of actors is important, it should continue by investigating relations among them. At the end, this investigation would reveal a possible constellation that benefits the Labour government.

This research uses Dynamic Actors Network Analysis (DANA) as a modeling tool to support the MAA. DANA is a conceptual modeling approach that intends to expose actors' perceptions and their relationship to one another in a form that is amenable to study, analysis and (re-) design (Bots, 2000). By using DANA, it was assumed that the situations by which actors are influenced and to which they adapt themselves do not come from the "objective" world

**) This paper is to be presented at International Conference: "The Political and Economic Consequences of European Monetary Integration" at the Dunsmuir Lodge, University of Victoria, B.C. Canada, Thursday – Friday 18-19 August 2005*

of the policy analyst, but from their own subjectively perceived world (Bots, 2000). The term “network” in DANA comes from the assumption that there is a relation between actors. The network indicates the position and the influence of an actor in relation to other actors (Bots, 2000). Inside the network, each actor can decide the way to influence, to spend resources and to behave on each other’s decision. One actor might be willing to relinquish its important means to reach a solution. That makes this analysis to be dynamic.

There should not be any endorsement on certain perspective including from the Labour government. Each actor is assumed to consider a decision only from the perspective of his or her own identity or preferences and to expect others to consider it only from theirs (March, 1994).

Ten Influential Actors

The British government may have the power to determine many major policies in economic and foreign affairs. However, that does not apply with the euro. A long history between the UK and the EMU shows that the euro is a divisive issue (Barker, 2001). The government is not a single actor that can decide and impose its decision smoothly. More actors with different backgrounds and positions have interests related to this issue. Some of them also have several important means which they can use to influence the adoption process if such decision appears. A combination of interests and important means gives these actors a status as influential actors. Sukardi (2005) identifies ten influential actors with different interests and influences on this issue. Table 1 (Appendix) summarizes their arguments.

Table 1 satisfies the previous assumptions about MAA. It briefly describes ten actors as individual participants with consistent preferences and identities, such as the Labour government. The Labour government would maintain its identity as the executive branch of government and would choose preferences according to its belief. Each actor shares different preferences and identities because they come from different backgrounds, e.g. political actors and independent actors. There is a possibility that current preferences may change in the future due to external factors. With good reason, the Labour government can change its decision to support the euro as well.

The Labour party, the Conservative party and the Liberal democrat party in the Parliament hold three important means: voting power in the Parliament, voters’ sentiment and strategic access to media. They have voting power in the House of Commons to determine whether to support or oppose the euro adoption. If the government fails to secure majority support in the House of Commons, there will not be any referendum and the Labour government’s effort to adopt the euro will fail. As political parties, all the actors have access to the British voters and would campaign to shape the voters’ sentiment. Media coverage to the Labour party also applies to other political parties. Full coverage

from media would help political parties to deliver their message to the voters.

Since May 1997, the Bank of England (the Bank) was granted independence to conduct British monetary policy. If the euro adoption comes true, this actor will lose its independence and therefore, supporting the euro adoption will be considered irrational by other actors. As a central banking institution in the UK, the Bank holds three important means: specific knowledge over economic as a central banking institution in the UK; authority over the interest rates; and access to media.

The British Chambers of Commerce (BCC) represents 100,000 businesses of all sizes from all sectors of British economy. This actor has money, business knowledge, influence over business sector and strategic use of media as its important means. This organization also takes the role as the voice of UK business (www.chamberonline.co.uk/chamber_network, retrieved March 10, 2005).

The Confederation of British Industry (CBI) has four important means: money; strategic use of media; lobbying power; and influence over business sector. The Labour government cannot abandon the CBI’s strategic capacity as the premier lobbying organization for British business sector.

The British Banker’s Association (BBA) holds 90 percent of British banking sector’s assets, putting this organization as an actor with lobbying power, knowledge on the UK banking sector and influence over British banking sector (BBA, 2004). The influence over banking sector is significant due to the percentage of the banking sector’s assets under this organization.

Even though the No-campaign is an independent campaign, this actor has voters’ sentiment and strategic use of media as its important means. The voters’ sentiment comes from the “Labour Against the Euro” and the Green Party as members of this campaign. This organization might influence the government’s decision since it is able to unify some members of the Labour party that rejects the euro, the Green party and other members of society.

The important means for the Federation of Small Businesses (FSB) are its strategic use of media, lobbying power and influence over small businesses. The Labour party, the Conservative party and the Liberal Democrats acknowledge this organization as a strong lobbying power. In that sense, this organization is considered to have significant influence on government’s policy related to small businesses.

The Labour government has ensured that the decision to adopt the euro would also be determined by the British voters in a referendum (HM Treasury, 1999). This mechanism actually gives the British voters the final word about the euro adoption. If the majority of the British voters

reject the euro adoption, the UK would continue to use sterling as her national currency. With that kind of power, the British voters should be considered as one actor. However, this research would not consider them as an actor due to the following arguments:

- First, all actors in this research can be identified as one entity. The British voters are not a united entity. The voters are divided by several factors: age, gender, demography, and many more.
- Second, all actors in this research have one perspective about the euro adoption. The perspective of the British voters cannot be identified as one perspective. The perspective of the British voters who live in big cities is not similar with the ones who live in the villages. The perspective of the British voters who work in public service may not be similar with the ones who work in private companies. There are many perspectives from the British voters that cannot be covered in this research.

3. DANA specification

DANA is useful to draw perspective diagram for each actor; and to analyse the interaction between the Labour government and other actors. The definitions for every symbol in each perspective diagram are as follows:

1. Each diagram is created based on one actor's perspective.
2. The ellipse symbol represents important factor for each actor. If a factor is attached to one particular actor, the name of that particular actor would be put inside the ellipse. This factor would be called the actor's objective. The sign plus/minus is also included inside the ellipse to describe whether that particular actor wants to increase or to decrease that factor.
3. The square symbol represents an action from one actor to influence several factors. The name of that actor would also be included inside the square symbol. The particular actor might also consider some actions from another actor in its perspective diagram.
4. The arrow represents the relation between two symbols. If a factor or action influences another factor, an arrow is drawn from the influencing factor. A positive sign on the arrow represents the type of influence. If the increase of the influencing factor creates a decrease in the other factor, a positive sign should be drawn.

Making a perspective diagram for each actor will show unexpected important actors from each actor. Knowing all important factors will help in finding the ways to create a constellation despite the actors' prior position. One hypothesis is created from each diagram to describe actor's logical position and logical action. DANA is executed to confirm all hypotheses.

The Labour government

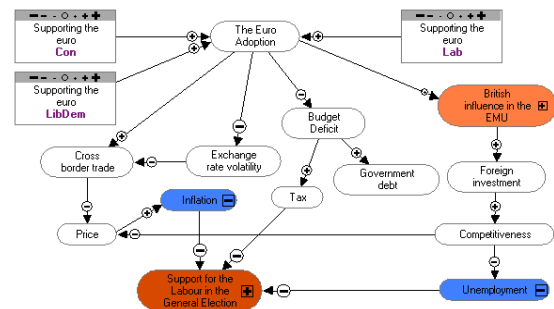


Figure 1: Perspective diagram of the Labour government

This perspective diagram has three types of flow as follows: First, the euro adoption will increase cross-border trade and exchange rate volatility. No more exchange rate volatility at the end will also increase cross-border trade. Facing more products in the market, firms will cut prices in order to survive competition. Lower prices ensure low inflation for British economy. The Labour government can expect more support in the next general election in that situation.

Second, the euro adoption will encourage the Labour government to reduce budget deficit as a requirement from the Stability and Growth Pact. In order to satisfy that requirement, there is a big tendency that the Labour government will increase government's debt and taxes.

Third, the euro adoption will put the UK inside the EMU and with British strong economy, the Labour government believes that the UK will have more influence inside the EMU. More influence in the EMU will also attract more foreign investments into British markets which are very good for economy because more firms enter the market. This situation has two positive consequences: first, more firms bring more products in the market which at the end will ensure low inflation. Second, more firms will absorb more workers creating low unemployment.

Hypothesis 1

The Labour government supports the euro adoption and proposes all political actors: the Labour party, the Conservative party and the Liberal party to support the adoption.

The Labour Party

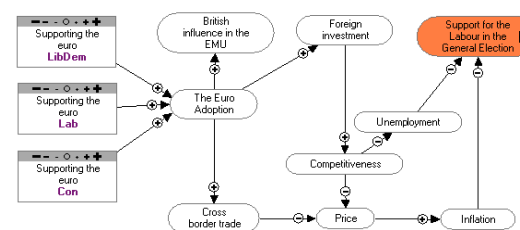


Figure 2: Perspective diagram of the Labour party

The first flow regards with foreign investment. The euro adoption will invite more foreign investments into British

market. More foreign investments manifest into more firms entering British market (high market competitiveness). At the end, they will absorb more workers including the ones that are being unemployed.

The second flow regards with cross-border trade. The euro adoption will eliminate any barrier due to different currencies between the UK and other euro-zone member states. More cross-border trade will make British markets filled with more products. This situation will encourage lower prices, creating low inflation. At the end both flows will result in a more confident Labour party.

Hypothesis 2

The Labour party supports the euro adoption and proposes all political actors: the Labour party, the Conservative party and the Liberal party to support the adoption.

The Conservative Party

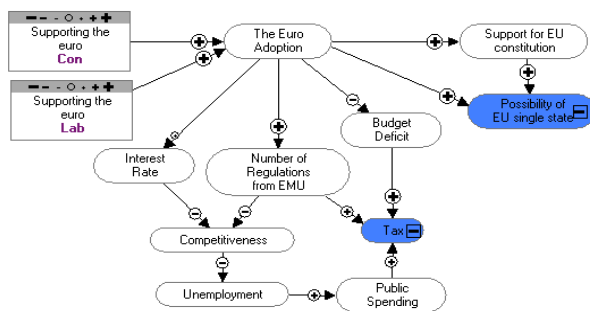


Figure 3: Perspective diagram of the Conservative party

Figure 3 describes the UK loses control over interest rates. If the common interest rate is too high for British market, it would deter public investment and it would result in a less competitive market. Less competitive market means fewer firms and more unemployment. With more unemployment, the government would have to increase public spending in social security. With public spending increase, British government would have to increase tax. With more regulations from the EMU, the Conservative party believes that harmonizing tax with the euro-zone countries is inevitable and that would result in more taxes.

The second flow regards to budget deficit. Maastricht Convergence criteria determine that the euro-zone member states must maintain their budget deficit under certain level (Anderson, 1998). This situation will create a tendency for British government to increase taxes.

The third flow regards to EU constitution and EU development. The conservative party believes that if the euro adoption comes true, it will create a tendency for British voters to also support the EU constitution, that is something that the Conservative party rejected from the beginning. This actor also argues that the euro adoption will increase possibility for the EU to be more integrated. The Conservative party rejects a more integrated union (EU superstate) than it already has.

Hypothesis 3

The Conservative party rejects the euro adoption and proposes two actions to support its position: both the conservative party and the Labour party to reject the euro.

The Liberal Democrats

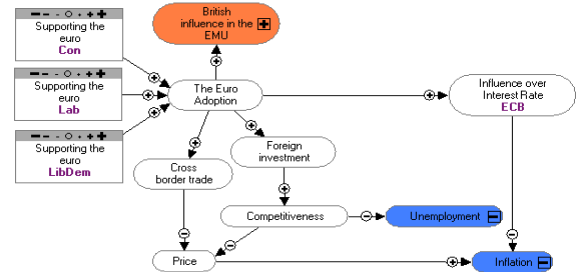


Figure 4: Perspective diagram of the Liberal Democrats

From the perspective of the Liberal Democrats, the euro adoption would bring several consequences: to increase cross border trade; to increase foreign investment; to increase the British influence in the EMU; and to have an independent Central Banking institution (Liberal Democrats, 2005). The main interests of the Liberal Democrats are British influence in the EMU, low unemployment and low inflation. These interests manifest in three factors with negative or positive sign. Both “unemployment” and “inflation” factors have a negative sign representing two interests for this actor to have low unemployment and low inflation. A positive sign in “British influence in the EMU” factor represents one objective from this actor to make the UK more influential in the EMU.

Hypothesis 4

The Liberal Democrats supports the euro adoption and proposes all political actors: the Labour party, the Conservative party and the Liberal party to support the adoption.

The Bank of England (the Bank)

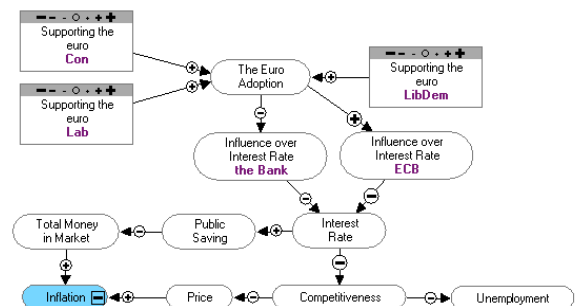


Figure 5: Perspective diagram of the Bank of England

Figure 5 reveals high interest rates would encourage more public saving. More public saving would result in the reduction of total money in the market. Low total money in the market means a lower inflation. High interest rates would also deter investors and reduce market's competitiveness. Low competitiveness would result in high unemployment and high price. At the end, it would

endanger the Bank's inflation target. Both situations demand different value of interest rates. The first requires high interest rates to absorb money from the market whilst the second demands low interest rates to encourage investment. Achieving sufficient interest rates to satisfy both situations is a responsibility of a central bank institution.

The perspective diagram confirms the Bank's belief that the European Central Bank will perform a similar responsibility regarding sufficient interest rates. After all, whoever influences the interest rates will prefer relatively low interest rates that will not deter public saving. In that sense, it is clear to make the following hypothesis:

Hypothesis 5

The Bank of England supports the euro adoption and proposes all political actors: the Labour party, the Conservative party and the Liberal party to support the adoption.

The British Chambers of Commerce (BCC)

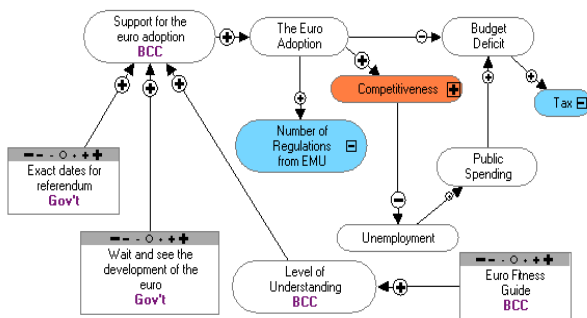


Figure 6: Perspective diagram of the BCC

Figure 6 reveals the BCC's belief that the euro adoption will satisfy two interests: low taxes; and high competitiveness) whilst rejecting one interest which is low number of regulation

(<http://www.chamberonline.co.uk/policy/issues/euro/details>, retrieved March 10, 2005). Nevertheless, as long as the positive consequences can overcome a negative consequence from rejecting one objective, it can be concluded from the diagram that this actor will support the euro adoption. This conclusion manifests in the following hypothesis:

Hypothesis 6

The BCC supports the euro adoption and proposes three actions: exact dates for referendum from the Government, wait-and-see by the Government and euro fitness guide by the BCC

The Confederation of British Industry (CBI)

The following diagram reveals that in order to achieve both objectives in trade and competitive market (CBI, 2004), the CBI will support the euro adoption and proposes one action: the Labour government must support the euro adoption. In that sense, the CBI believes that a positive

gesture from the government will bring the UK to get close to the euro.

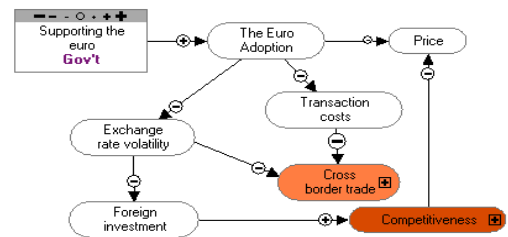


Figure 7: Perspective diagram of the CBI

Hypothesis 7

The CBI supports the euro adoption and proposes the Labour government to support the adoption

The British Bankers Association (BBA)

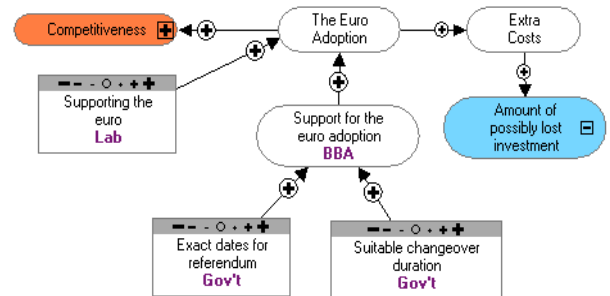


Figure 8: Perspective diagram of the BBA

Figure 8 describes a belief that the euro adoption would increase British market's competitiveness but would also bring extra costs to BBA members. They are encouraged to prepare the euro adoption since more competitiveness means more firms in British market and those new firms are potential clients for BBA members. The BBA believes that its members have to spend extra costs due to the euro adoption and this would be investment lost if the euro adoption failed to gain the British votes approval in the referendum. From the diagram, the following hypothesis can be derived.

Hypothesis 8

The British Bankers' Association supports the euro adoption and proposes two actions: exact dates for referendum and suitable changeover duration from the Labour government

The No-Campaign

Figure 9 shows that the No-campaign sees no direct influence from the euro adoption to increase foreign investment and cross border trade since the UK already has good performances in those factors outside the euro-zone. That is why, the arrow between "the euro adoption" and both factors have no positive or negative sign compared with the other factors.

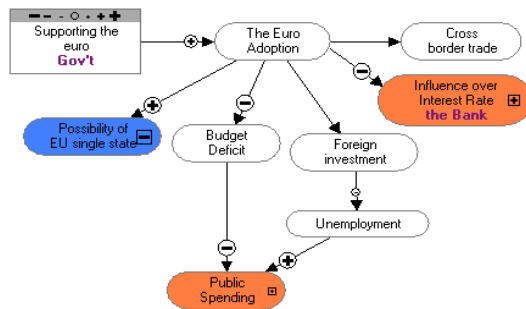


Figure 9: Perspective diagram of the No-Campaign

Hypothesis 9

The No-Campaign rejects the euro adoption and proposes the Labour government's rejection as one action to achieve its interests

The Federation of Small Businesses

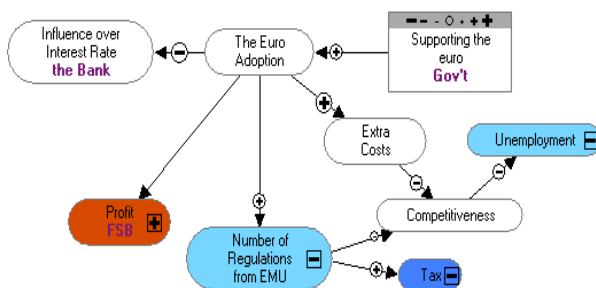


Diagram 10: Perspective of the Federation of Small Businesses

Diagram 10 shows that the link between “the euro adoption” and “profit” has no positive or negative sign. It means that this actor does not see any influence by the euro adoption on profit (FSB, 2001). Referring to the above description, the following hypothesis is derived.

Hypothesis 10

The Federation of Small Businesses rejects the euro adoption and proposes the Labour government's rejection as one strategy to achieve its interests

4. Results from DANA

The perspective diagram from each actor reflects the perspective and the base for their argumentations. DANA analysis is performed and the results are presented in table 2, 3, 4 and 5 (Appendix).

Table 2 shows the percentage of shared factors between actors. The values from this table represent the percentages of shared factors between two specific actors. The values in this table are not symmetric. It does not mean that DANA is inconsistent. The difference is caused by the fact that the actors might share some factors, without similar number of factors. The values of shared factors in the table would be symmetric if both actors have exactly a similar number of factors. Table 2 gives one interesting lesson that even though several actors may have different background and

argumentations, it is possible that they have similar factors in their perspectives diagrams. Actors with high percentage of similar factors might have almost identical perspective without they realize it. However, the results from other aspects such as goal conflict, action conflict and inferred strategies of actors are required before making a conclusion.

Table 3 (Appendix) shows the goal conflicts between the actors. Let's take inflation as a shared goal between two actors. If one actor wants high inflation and the other actor wants low inflation that means both actors have a conflicting goal. The purpose of this table is to identify that kind of situation. **From the result of this table, DANA concludes that there is no conflicting goal between actors.** No conflicting goal cannot be interpreted that all actors support one another. Actors might have no conflicting goal but still have different positions on several issues. DANA would not identify that kind of conflict in this table if both conflicting actors have different goals.

Table 4 (Appendix) shows the action conflicts between actors. This table confirms and analyzes that it's possible for two actors to have different actions (e.g. between the Bank of England and the British Chambers of Commerce); to have similar actions but different emphasis, the value is higher than zero (e.g. between the Labour government and the Labour party); to have a totally different directions in one action (e.g. between the Labour government and the Conservative party).

Table 5 (Appendix) shows inferred strategies of the actors. This table presents all the possible actions taken from the entire perspective diagrams. DANA analyzes all possible solutions proposed by each actor and presents the result in three types of signs: positive, negative or zero. If one actor has a positive sign on one action, it means that DANA suggests that action to be conducted in a positive direction in order to achieve the actor's interests. If the contrary happens, it means that DANA suggests that particular action to be conducted in a negative direction to protect the actor's interests. However, a zero sign in one action means that DANA suggests that particular action should be in a “do-nothing” status.

Using DANA, each perspective is drawn in a systematic way, one hypothesis about the position and proposed solution from each actor is derived, percentages of shared factors are revealed, possible action and goal conflicts are identified, and inferred strategies from each actor are described. Using those results, a possible cooperation and conflict with the Labour government are discussed in the following section.

5. Discussion

Cooperation or Conflict

There are two types of possible relationship between the Labour government and the other actors: cooperation and conflict. Cooperation is a type of relation between two actors that happens in two conditions: first, when both

actors agree on the issue of euro adoption; or second, when they have almost identical perspective about the issue without having similar position whether to support or to oppose the euro adoption. Cooperation also means that both actors are willing to support each other on the same issue.

Conflict is a type of relation between two actors when both actors disagree to each other on the issue of euro adoption. Conflict emerges if they share actions without sharing goals. Conflict can also emerge if the decision of one actor would endanger other actors' interests.

The Labour government needs to analyze possible cooperation and conflicts with the other actors. The result from DANA analysis can be used for this purpose. In the following, each relation between the Labour government and the other actors would be classified in one of the two types of relation described above.

Table 2, 3, 4 and 5 show the following results:

- Both the Labour government and the Labour party choose to adopt the euro by inferring strategies that support this decision. In that sense, DANA confirms hypothesis 1 and hypothesis 2. It can be concluded that the Labour party would cooperate with the Labour government on this issue.
- Confirming hypothesis 3 that the Conservative party is indeed going to reject the euro and therefore, DANA confirms this actor is going to have a conflict with the Labour party.
- Regarding to the Liberal Democrats, both actors almost share a similar perspective, which creates a possibility for cooperation; both actors agree on similar strategies which confirm hypothesis 4 that the Liberal Democrats is indeed a euro supporter and do not have potential conflicts with the Labour government. It can be concluded that the Liberal Democrats will cooperate with the Labour government.
- These findings explain logically that even though the Bank would lose its independence to determine monetary policy after the euro adoption, it still support this so-called loss of power. Both parties have a shared goal in the issue of the euro adoption, which is low inflation. By confirming hypothesis 5 that the Bank will indeed support the euro and has no potential conflict with the Labour government, it can be concluded that both parties will cooperate with each other.
- Despite low percentage of shared factors, both the Labour government and the BCC are supported by the fact that there is no goal and action conflict between them. This creates a high possibility of cooperation among them. By confirming hypothesis 6 that the BCC supports the euro and one of its proposed actions is chosen by DANA without any conflict with the Labour

government, it can be concluded that this actor will cooperate with the Labour government.

- Looking at the findings by using similar concept with previous hypothesis, it is very clear that hypothesis 7 can also be confirmed. The CBI would support the euro because this action will satisfy its interests. It can be concluded that cooperation would be possible between both actors.
- Despite small percentages in shared factors, both the Labour government and the BBA also have the same perspective on competitiveness. The BBA understands the benefit of the euro adoption for the banking business. However, the BBA still have a concern related to extra costs that would occur due to the euro adoption. As long as the Labour government accommodates this concern, the BBA would guarantee its support. Taking into account the concerns from the BBA, this action has no strong reason for rejecting the euro. Hypothesis 8 is confirmed.
- The inferred strategy from the No-Campaign is a strong reason to assume that a big potential conflict exist between both actors. DANA cannot capture any action conflict between the two because the No-Campaign derives its action with the Labour government whilst the Labour government derives its action with all political parties. Nevertheless, DANA confirms hypothesis 9 that this actor will oppose the adoption.
- The situation with the FSB is similar with the No-Campaign's. Inferred strategies from this actor can also be a strong reason to assume that a potential conflict really exists between the FSB and the Labour government. The reason for DANA inability to identify action conflicts also applies with the No-Campaign. This actor only identifies the action from the Labour government as inferred strategy. From this description, hypothesis 10 can be confirmed and a possible conflict with the Labour government can be expected.

Table 6 (Appendix) summarizes all of these arguments.

Actors' constellation

Actors' constellation consists of the actors who can support and work together with the Labour government to secure the euro adoption as a successful policy.

All actors that have possible cooperation with the Labour government are automatically being considered in the constellation. The Labour government cannot create this constellation without effort, though. Those cooperating actors give support not only because they acknowledge the authority of the Labour government but also because they expect some returns. As the initiator of the constellation, the Labour government must maintain the constellation by considering interests each actor

The Labour party is the easiest to put in the constellation. DANA shows that both actors have no reason to oppose each other about the euro. This situation is strengthened by the fact that the leader of the Labour government and the Labour party is the same person: the current British Prime Minister. There would not be any Labour government without the support from the Labour party.

DANA confirms that the Liberal Democrats will support the constellation. However, to keep it inside the constellation, the Labour government must take into account the Liberal Democrats' interests in low inflation and less unemployment. Both the Labour government and the Liberal Democrats share similar interests in inflation and unemployment. Since the Liberal Democrats believes that the euro adoption should be done immediately, the Labour government cannot delay the process for too long without risking the support from this actor. With the Labour party's majority and the support from the Liberal Democrats, the Labour government's decision to adopt the euro would survive the voting in the Parliament.

To keep the Bank inside the constellation, the Labour government would not find big difficulties. Both parties believe that the euro adoption would bring positive effect in term of inflation. Unless the external events interfere and change the economic situation in the UK, the Labour government would secure the Bank's support on this issue.

The BCC would be an important member of the constellation. By joining the constellation, the Labour government would benefit from the strategic capacity of the BCC as chambers of Commerce that represent more than 100,000 businesses of all sizes in all sectors of economy. To keep the BCC inside the constellation, the Labour government must take into account the importance of exact date of the referendum and the duration of changeover for the members of the BCC.

Previous section shows that DANA confirms this actor to be put in the constellation. To keep the BBA inside the constellation, the Labour government must take into account the importance for the BBA members to prepare themselves as early as possible and the possibility of extra investment in the preparation process.

DANA's endorsement for the CBI to be part of the constellation comes from the facts that both actors have several shared goals and have same interests in several factors. The Labour government will not find many difficulties to maintain this actor's position in the constellation.

From the three actors that have conflict relation with the Labour government, only one of them has the opportunity to join the constellation: the FSB. As previously mentioned, the FSB's possible rejection to the euro adoption mainly based on doubts that the euro adoption would bring benefits to small businesses and they might pay extra costs due to the adoption. The efforts from the Labour government to

answer these argumentations might be able to invite the FSB as part of the constellation. With its strategic capacity and possible influence to the labours who also be the voters in a referendum, the Labour government might gain more supports.

In the case of the Conservative party, the chance for the Labour government to convince the Conservative party to join the constellation is very small. Both parties might have several shared factors, but each party has different position in those shared factors. Unless external events interfere, the position of the Conservative party would be difficult to change.

The constellation for the Labour government consists of the Labour party, the Liberal Democrats, the Bank of England, the British Chamber of Commerce, the Confederation of British Industry, the British Bankers' Association and possibly the Federation of Small Businesses. One benefit for the Labour government in this constellation is the fact that most candidates do not base their support on possible appreciation from the Labour government. However, there are some candidates that might expect the Labour government to make additional efforts for them. In that sense, this constellation would safe if the Labour government makes several efforts:

- To open a possibility for the Liberal Democrats in gaining support from both the Labour government and the Labour party in other issues.
- To announce the exact date of the referendum to give the business sector a chance to design a long-term planning.
- To give the changeover duration that is suitable for the BBC and BBA members.
- To give commitment to the FSB members that the Labour government agrees to help the investment lost due to the referendum result.

Table 7 (Appendix) describes the benefits of constellation for the Labour government. In addition, by getting many major actors to support its decision to adopt the euro, the Labour government can send a message to the British people that there is nothing wrong with the euro. The British people would see that different types of actors agree to support the government.

Outside the Parliament, the Labour government will face British voters. They are the last and the most important decision makers in the whole process of approving the euro adoption. As explained before, the British voters have multi backgrounds and perspectives in such a way that it is difficult to identify them as one entity. That brings big uncertainty for the Labour government to gain majority support from them. Building actors' constellation that consists of several actors that gain access or have influence on their lives would help the Labour government to achieve its goals. Table 7 shows that the Labour government would have different access to British voters: directly by the organization; or indirectly from strategic use of media.

Regarding to other influential actors that will not join the constellation, the Labour government must also take them into account by making several efforts to overcome possible negative consequences from them:

- Anticipating any effort by the opposing parties to link the issue of euro and the issue of British sovereignty as EU member state.
- Emphasizing the facts to the voters that more influential actors including business sector support the euro adoption compared to the ones who oppose the euro. This effort will help to convince British voters that the majority of business sector supports the euro.
- Anticipating any bad publicity about the euro from the opposing actors. Similar with the supportive actors, the opposing actors also have strategic accesses to media and they will not hesitate to use them.

6. Conclusion

This paper discusses perspectives from different influential actors in the issue of the euro adoption. MAA is performed to analyze different perspectives and DANA is used to model those perspectives into readable perspective diagrams.

DANA tries to make a reflection from each influential actor. The result of this effort will be the identification of important factors, shared factors and possible conflict of perspectives between actors. Reading the perspective diagram also helps revealing a way of thinking in each actor's perspective. The decision by the Bank of England to support the euro adoption despite losing its authority on interest rates after the adoption can be understood by reading its perspective diagram.

Possible constellation of the actors that might help the Labour government to secure the euro adoption consists of the Labour party, the Liberal Democrats, the Bank of England, the Confederation of British Industry, the British Chamber of Commerce, the British Bankers' Association and possibly the Federation of Small Businesses. Once one actor becomes part of the constellation, the Labour government could expect that the important means of that actor can be used in favour of the euro adoption during the referendum.

The constellation will give more opportunity for the Labour government to secure the approval of the Parliament as the second aspect of the decision making process. As long as both the Labour party and the Liberal Democrats control the majority votes, the approval would be secured and the decision making process would continue with the referendum. Even though the actors' constellation would not give majority supports in the referendum, it would help the Labour government to reduce the uncertainty in dealing with the voters.

The ideal situation for the Labour government is to get every influential actor to support the euro adoption. The

ideal situation is almost impossible to happen, though. By getting the major actors with different backgrounds into the constellation as many as possible, the Labour government would send a positive signal to the British people that the euro adoption would surely serve British interests.

APPENDIX

Table 1: Influential Actors and their arguments

Actors	Arguments
Labour government	- The UK must eventually adopt the euro as EU member state - British firms will enjoy less transaction cost inside the euro-zone - With one currency for all, no more exchange rate volatility - The euro would encourage cross border trade - The consumers would enjoy cheaper products
Labour party	- The UK cannot avoid the euro any longer - The UK would maintain her influence inside the euro-zone - The common currency would bring more jobs, investment and trade
Liberal Democrats	- The euro brings certainty for our importers and exporters - The euro would create a more competitive market - The UK would maintain her influence inside the euro-zone
Bank of England	Three reasons for the Bank: low inflation, low inflation, and low inflation!
Confederation of British Industry	- With the euro, no more exchange rate volatility - The euro would invite more foreign investment - The euro would create a more competitive market - Inside the euro, we have less transaction cost - Our markets would be filled with cheaper products
British Bankers' Association	Business sector will have to start changeover process after the government decides to adopt the euro. If referendum fails, many businesses will lose their money.
British Chambers of Commerce	- The euro brings more competition in the market - Our country would be filled with more regulation from Brussels - Big possibility for Business sector to pay higher Tax after the euro
Conservative Party	- Sterling is our national symbol - The euro is a first step to EU single state - More regulations from Brussels
Federation of Small Business	- Not enough profit for small businesses - The euro adoption will make small businesses to pay extra cost - Common interest rate would be too high
No-Campaign	- British economy is different - The UK is already doing fine outside the euro

Table 2: Percentage of shared factors

Actors	the Bank	BBA	BCC	CBI	Conservatives	FSB	Lab Gov't	Labour	LibDems	NoCamp
the Bank	100%	23%	23%	23%	46%	31%	62%	62%	69%	23%
BBA	38%	100%	38%	25%	38%	38%	38%	38%	38%	12%
BCC	25%	25%	100%	17%	58%	42%	42%	25%	25%	33%
CBI	38%	25%	25%	100%	25%	38%	75%	62%	62%	50%
Conservatives	50%	25%	58%	17%	100%	42%	58%	42%	42%	42%
FSB	44%	33%	56%	33%	56%	100%	44%	33%	33%	44%
Lab Gov't	50%	19%	31%	38%	44%	25%	100%	75%	69%	31%
Labour	67%	25%	25%	42%	42%	25%	100%	100%	92%	33%
LibDems	75%	25%	25%	42%	42%	25%	92%	92%	100%	33%
NoCamp	33%	11%	44%	44%	56%	44%	56%	44%	44%	100%

Table 3: Goal Conflict

Actors	Bank	BBA	BCC	CBI	Cons	FSB	Lab Gov't	Labour	LibDems	NoCamp
Bank	0	0	0	0	0	0	0.36	0	0.36	0
BBA	0	0	0	0.50	0	0	0	0	0	0
BCC	0	0	0	0.50	0.29	0.21	0	0	0	0
CBI	0	0.50	0.50	0	0	0	0	0	0	0
Cons	0	0	0.29	0	0	0	0	0	0	0
FSB	0	0	0.21	0	0	0	0.36	0	0.36	0
Lab Gov't	0.36	0	0	0	0	0.36	0	0.39	0.04	0
Labour	0	0	0	0	0	0	0.39	0	0	0
LibDems	0.36	0	0	0	0	0.36	0.04	0	0	0
NoCamp	0	0	0	0	0	0	0	0	0	0

DANA calculates the value for this table from two sources: the goals in each perspective diagram and the emphasis of each goal. If both actors do not have similar goals, the value is 0 (zero). If both actors have similar goal with similar emphasis on that goal, the value is also 0 (zero). If both actors have similar goal but different emphasis, the value is higher than 0 (zero). If both actors have similar goal but have extreme emphasis, the value is close to 1.

Table 4: Action Conflict

Actors	the Bank	BBA	BCC	CBI	Cons	FSB	Lab Gov't	Labour	LibDems	NoCamp
the Bank	0	0.12	0	0	0.59	0	0.47	0	0.36	0
BBA	0.12	0	0.16	0	0.47	0	0.59	0.12	0.47	0
BCC	0	0.16	0	0	0	0	0	0	0	0
CBI	0	0	0	0	0	0.79	0	0	0	0.58
Cons	0.59	0.47	0	0	0	0	1.0	0.59	0.89	0
FSB	0	0	0	0.79	0	0	0	0	0	0.26
Lab Gov't	0.47	0.59	0	0	1.0	0	0	0.47	0.12	0
Labour	0	0.12	0	0	0.59	0	0.47	0	0.36	0
LibDems	0.36	0.47	0	0	0.89	0	0.12	0.36	0	0
NoCamp	0	0	0	0.58	0	0.26	0	0	0	0

Using the similar concept with the previous table, DANA calculates the value for this table from two sources: the action in each perspective diagram and the emphasis for each action. If both actors have different actions, the value is zero (e.g. between the Bank of England and the British Chambers of Commerce). If both actors have similar action and similar emphasis on the action, the value is zero. If both actors have similar action but different emphasis, the value is higher than zero (e.g. between the Labour government and the Labour party). If both actors have similar action with different directions, the value is close to 1 (e.g. between the Labour government and the Conservative party).

Table 5: Inferred Strategies for actors

	The Bank	BBA	BCC	CBI	Conser vative	FSB	Gov't	Labour	LibDems	The No-Campaign
Euro Fitness Guide [BCC]			0							
Exact dates for referendum [Gov't]		0	+							
Suitable changeover duration [Gov't]		0								
Supporting the euro [Con]	0				—		+	+	+	
Supporting the euro [Gov't]				+		—				—
Supporting the euro [Lab]	+	+			0		+	0	+	
Supporting the euro [LibDem]	0						+	+	0	
Wait and see the developmen t of the euro [Gov't]			0							
Satisfaction	100%	50%	67%	100%	100%	75%	100%	100%	100%	67%
Frustration	0%	25%	33%	0%	0%	12%	0%	0%	0%	33%

DANA analyzes all possible solutions proposed by each actor and presents the result in three types of signs: positive, negative or zero. If one actor has a positive sign on one action, it means that DANA suggests that action to be conducted in a positive direction in order to achieve the actor's interests. If the contrary happens, it means that DANA suggests that particular action to be conducted in a negative direction to protect the actor's interests. However, a zero sign in one action means that DANA suggests that particular action should be in a "do-nothing" status.

Table 6: Cooperation or Conflict

Actors	Relation	DANA results
Labour government – No Campaign	Conflict	a. This actor shares 56 percent of its factors with the Labour government. b. Both actors have no goal conflict. c. Both actors have no action conflict. d. The No-Campaign infers that the Labour government's rejection to the euro will be a good strategy.
Labour government - FSB	Conflict	• The FSB shares 44 percent of its factors with the Labour government. • Both actors have a significantly small goal conflict. • Both actors have no action conflict. • The FSB infers that the Labour government's rejection of the euro as a strategy.
Labour government – Labour party	Cooperation	• Both parties share all their factors. • Both parties share a significantly small goal conflict. • Both parties share a significantly small action conflict. • The Labour party infers the support of the Conservative party and the Liberal Democrats are sufficient to make the euro adoption successful. These strategies are not conflicting with the Labour government.
Labour government – Conservative party	Conflict	• The Conservative party shares 58 percent of its factors with the Labour government. • There is no goal conflict between the Labour government and the Conservative party even though they have several shared factors with different perspectives. • There is an action conflict between the two. The Labour government wishes that the Conservative party would support the euro adoption while the Conservative party believes that it should reject it. • The Conservative party infers that the Labour party should not take any position regarding to the euro whilst this party is going to reject the issue.
Labour government – Liberal Democrats	Cooperation	• The Liberal Democrats shares 92 percent of its factors with the Labour government. • Both actors have no goal conflict. • Both actors have a relatively small action conflict. • The Liberal Democrats infers that both supports from the Labour party and the Conservative party are sufficient for the euro adoption. These inferred strategies are not conflicting with the Labour government.

Table 6: Cooperation or Conflicts (Continued).

Actors	Relation	DANA results
Labour government – Bank of England	Cooperation	- The Bank shares 62 percent of its factors with the Labour government. - Both actors share a relatively small goal conflict. - Both actors share a relatively small action conflict. - The Bank infers the Labour government's support to the euro is a sufficient strategy.
Labour government - BCC	Cooperation	- The BCC shares 42 percent of its factors with the Labour government. - Both actors have no goal conflict. - Both actors have no action conflict. - The BCC infers one ideal action from the Labour government, which is an exact date for referendum from the Labour government.
Labour government - CBI	Cooperation	- The CBI shares 75 percent of its factors with the Labour government. - Both actors have no goal conflict. - Both actors have no action conflict. - The CBI infers one strategy, which is the Labour government supports the euro.
Labour government - BBA	Cooperation	- The BBA shares 38 percent of its factors with the Labour government. - Both actors have no goal conflict. - Both actors have a potential action conflict in the perspective of the BBA. - The BBA infers a strategy, which is the Labour government supports the euro adoption.

Table 7: Benefits of the Constellation

Source	Benefit
Labour party	- The Labour government gains majority approval in the House - The Labour government gains access to British voters - The Labour government uses media attention on the Labour party to send the message about the euro
Liberal Democrats	- The Labour government increases support in the House - The Labour government increases access to British voters - The Labour government uses media attention on the Liberal Democrats to send the message about the euro
Bank of England	- The Labour government increases support from the financial market - The Labour government gets advices about monetary consequences of the euro - The Labour government uses media attention on the Bank to send message about the euro
British Chambers of Commerce	- The Labour government secures most of the voice from Business sector - The BCC would conduct the campaign to support the euro on behalf of the government
British Bankers' Association	- The Labour government secures most of the voice from Banking sector - Possible fund donation from the BBA in the campaign for referendum
Confederation of British Industry	- The Labour government secures most of the voice from Industry sector - The Labour government uses media attention on the CBI to send message about the euro

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