

European Union Decision Making Process and Enlargement

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Abstract:

The subject of this paper is to introduce the present system of EU decision making process and EU institutions comparing with the expected enlargement in 2005. We will specifically look at what the current situation of these institutions is and what kind of changes EU will face in the future if the EU enlarges? Basic concern related with enlargement is to identify the decision making rules and the role of the Council of Ministers because of the importance in the decision making process. In addition we will investigate the main points of the other institutions' present structure of EU. With this matter we will identify the 'Treaty of Nice' which was adopted by the EU Heads of State or Government when they met in 'Nice' on 11 December 2000. So the question is 'What is the present voting system in EU?' What kind of alteration is better for big countries and for small countries?

Introduction:

The models of decision making in the EU institutions and interactions between them have been intensively studied over the past two decades. **Turnovec (2002)** analyzes models of consultation, cooperation and co-decision procedures in the European Union institutions. **Leech (2001)** examines the system of Qualified Majority Voting, used by the Council of the European Union, from the perspective of enlargement of the European Union. **Dan S Felsenthal and Mosh'e Machover (2001)** do research with the similar purpose to evaluate three decision rules for the Council of Ministers of the EU which are prescribed by the 'definitive form' of the Treaty of Nice. In his research we see the different future scenarios of EU. The first will be applied from 2005 to the present 15-

member EU, if it will not have been enlarged by then. The second or third will apply to an enlarged 27-member EU. **Mattila (1998)** discuss voting in the EU Council of Ministers, how it has been modeled in the political science literature and how empirical observations give credibility to these models.

These studies generally approach this crucial subject with the enlargement expectations and the future scenarios of EU decision making procedure in light of the Treaty of Nice comparing with the present system of the EU.

I. Present Structure of the EU Institutions:

Decision making process of the European Union is based on interaction of the three institutions; Commission, Council of Ministers and European Parliament.

The **Commission** can be seen as an organ which promotes integration. The major tasks of the European Commission are the initiation of actions (agenda setting power), the execution of its policies, and the implementation of the budget and enforcement of the European laws. From 1995 the Commission has 20 members - the commissioners, responsible for different agendas. There is one commissioner from each member state and the five big countries (Germany, United Kingdom, France, Italy and Spain) have two commissioners each. One of the commissioners is appointed as the President of the Commission.

European Parliament has 626 members (after the last extension in 1995) representing citizens of 15 member countries. The European Parliament examines all legislation which is being proposed by the Commission. It has a number of powers which enable it to change some of this legislation; in some areas it has joint decision making powers with the Council. It has certain specific powers in relation to the EU Budget.

The key institution of policy making for the European Union is the **Council of Ministers** which consists of the Ministers of Member States for whatever matters are being discussed, e.g., agriculture, transport. The Council of Ministers, in contrast to the Commission, is a body representing member states interests. It is the main decision

maker since its positive view is always required to a decision. It has both executive and legislative powers.

Council of Ministers makes decisions by four systems of voting which are unanimity, simple majority, absolute majority and qualified majority.

Where proposals are put forward within an existing policy or existing guidelines, and often under the Co-operation procedure at the first reading, and sometimes at the second reading, the Council of Ministers uses Qualified Majority Voting.

II. Decision Making Procedures

Consultation procedure

First step of the decision making is that the Commission drafts a proposal and forwards it to the Council, in most case also to the Parliament, in many cases to the Economic and Social Committee, and in some cases to the Committee of the Regions. These groups give their opinions but Council need not take into account. Then the Council discusses the proposal. The adoption of a proposal requires a unanimous vote from the Council. Negotiations may take a long time since a consensus has to be reached by member states.

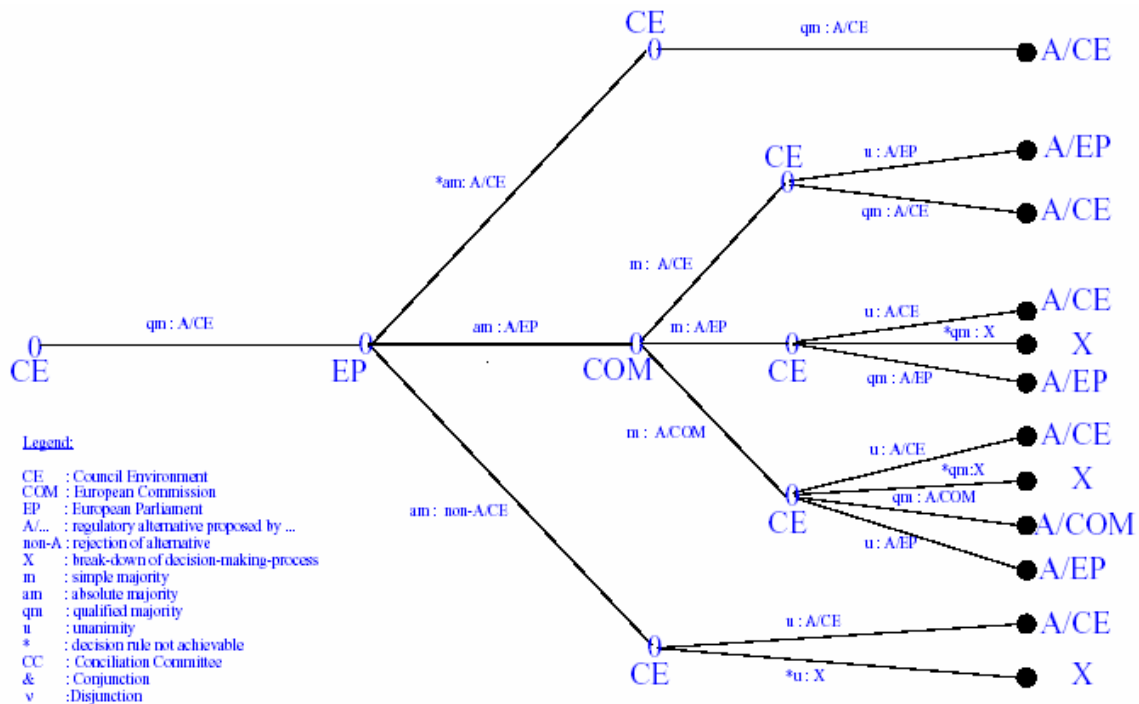
Co-operation procedure-

This procedure was introduced in 1987 by the Single European Act. With this procedure, proposals in the Council could now be passed by a qualified majority of Member States' votes (the system of weighting votes). This procedure also gave Parliament a suspensive veto that could only be overruled by unanimous vote from the council. First steps are the same as in the consultation procedure. In the first reading the Council adopts by a qualified majority a Common Position which is forwarded to the Parliament. In the second reading the Parliament has the options of approving the Common Position by a simple majority, amending it by an absolute majority, or rejecting it by an absolute majority. In the case of an amendment the Commission can decide whether to support the Council's Common Position or the Parliament's amendments, or whether to propose new amendments itself. The Council's act in the second reading

depends on the actions of Parliament and Commission. If the Parliament approves the Common Position the Council can adopt it by a qualified majority, in the case of rejection it can only be adopted by a unanimously.

If the parliament has made any amendments, there are three options: If the Commission supports the common position, the Council can adopt it by a qualified majority, in case the Parliament, a unanimous vote in the council is required. If the amendments made by the Commission the Council can approve them with qualified majority, or unanimously adopt either the Common Position, or the amendments by Parliament. If one of the majority requirements is not met the decision process breaks down. To sum up, as long as consensus can be achieved within the Council it can have its way. Otherwise a minority of member states can form a "coalition" with the Parliament and/or the Commission so that the whole process breaks down or the options proposed by Parliament or the Commission are adopted.

Table 1: Co-operation Procedure in Extensive Form



Co-Decision Procedure-

In this case Parliament now has a final veto at several stage of the process; the council can take almost every decision by qualified majority voting. The First Reading is the same as in the co-operation procedure. In the Second Reading, as a first step the Parliament has again three choices. First, it can approve the Common Position by a simple majority. Then the Council can adopt it by a qualified majority. Second, it can announce that it intends to reject the Common Position.

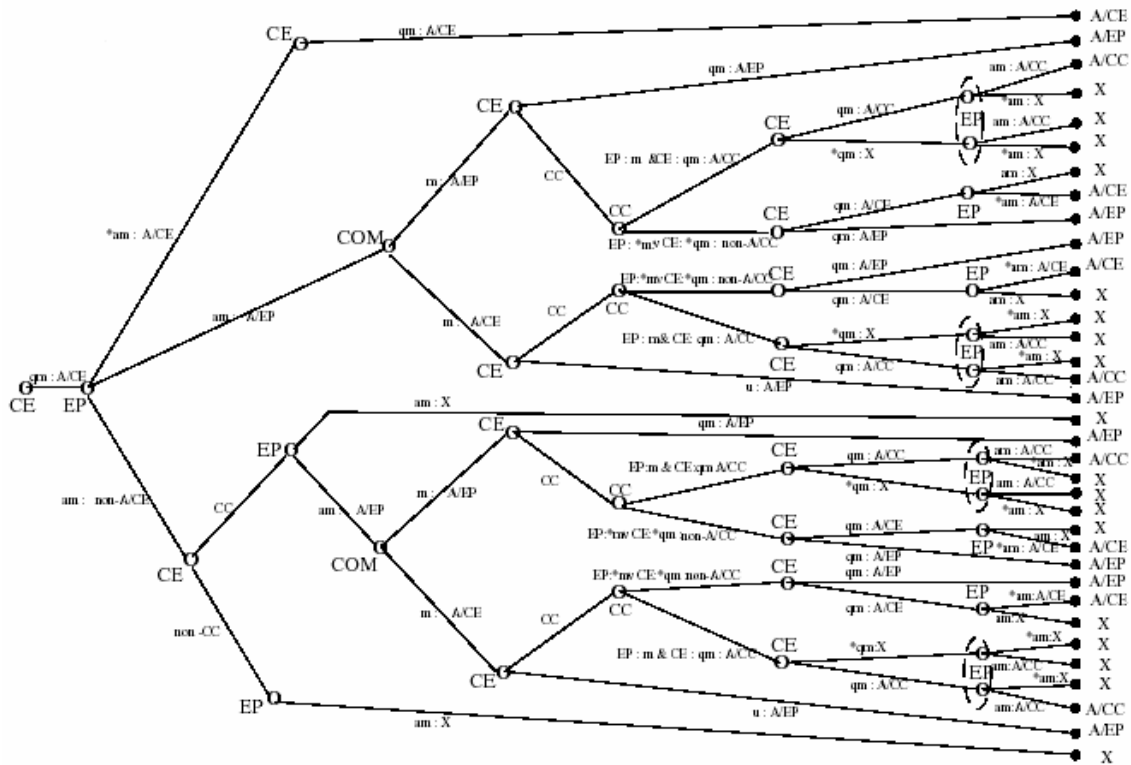
Then the Council may summon the Conciliation Committee in order to explain its position to the Parliament. The Parliament then either confirms the rejection or proposes amendments, both with an absolute majority. Third, the Parliament can propose amendments to the Common Position. At this stage the European Commission comes into the process again. It can support either the Common Position or the proposal amended by the Parliament. In contrast to the Co-operation Procedure there is no opportunity for the Commission itself to propose amendments. If the Council agrees with the Parliament's amendments it can adopt them with a qualified majority, on condition that they are supported by the Commission. Otherwise, a unanimous vote is required.

If the Council is not prepared to accept the amendments the Conciliation Committee has to be summoned. If there is no agreement on a compromise in the Conciliation Committee the Council may with a qualified majority vote confirm the Common Position or adopt the Parliaments amendments. In a final step the Parliament can approve the Council's choice with a simple majority or veto it with an absolute majority. If the Conciliation Committee finds a compromise; again, both institutions have to vote on it. For adoption, approval by both bodies is necessary. A qualified majority is required in the Council for approval, an absolute majority in the Parliament; otherwise the proposal is not adopted.

At three stages the Parliament now has the right to veto the Council's proposal: (1) at the beginning of the Second Reading; (2) should the Conciliation Committee fail to achieve a compromise and the Council reaffirm its Common Position; and (3) should the Parliament not accept the Conciliation Committee's compromise proposal. Compared to the co-operation procedure, where the veto could be overruled by the Council, this is a substantial increase in the Parliament's powers. The Commission, however, has lost

power: the only influence left to the Commission in the new procedure is—if it strongly opposes Parliament's amendments—to force the Council either to vote for the Parliament's amendment unanimously or to summon the Conciliation Committee. The co-decision procedure is very complicated and it is hard to see that its introduction contributes to the transparency of European institutions as is often called for.

Table 2: Co-decision Procedure in Extensive form:



III Voting Rules:

Unanimity:

With unanimity, all members of the Council must either vote for a proposal, or abstain. Unanimity voting is required for 'new policy', changes and further development of the existing policy framework, or when the Council wishes to amend a Commission recommendation against the Commissions will. With the system of unanimity, any abstentions do not count as a negative vote.

Majority Voting:

Majority voting rule is basically says that when there are two alternatives, the alternative with the majority of votes (i.e. > 50%) wins.

In votes to decide simple procedural motions are purposes, the Council of Ministers generally uses the principle of **Simple Majority and Absolute Majority Voting**.

Absolute majority rule passes a measure if more than half the voting population votes for it. It implicitly treats abstentions the same as no votes. Simple majority rule, in contrast, compares the number of affirmative votes to the number of negative votes. In this instance, each member state has one vote, and a total of seven votes out of the twelve are required to pass the proposal or motion.

Qualified Majority is the most common method of decision making, used in all but the most sensitive issues. In European Union, decisions are taken with an approximately 71 per cent majority of the Member States' votes in the Council under the QMV (Treaty of Rome, Article 148) except in cases where there is a vital national interest or in other cases where unanimity is required. The reason for the qualified majority, rather than a simple 50%, means that at least half the population of the EU and half the member states must be in favor of a motion to pass it. This system prevents the five major states dictating policy to the smaller nations. Even if the major member states did support a proposal, they would need to persuade at least two more member states before the proposal could be passed. Therefore, at least seven nations are always needed to pass a proposal, and the proposal cannot go through without the support of at least three of the four biggest states. It must also be noted that an abstained vote is effectively a negative vote.

Under this system, each member state has a sizable vote, comparative to their population and influence, which means that small and medium-sized countries (hereafter called smaller countries for economy of space) are over-represented in relation to their population under QMV. Conversely the larger (more populous) countries are somewhat under-represented. Larger countries do have greater weight, but not in proportion to their population.

Table 3*Votes and seats in the EU institutions*

country	seats in the Commission	votes in the Council	seats in the European Parliament
Belgium (B)	1	5	25
Denmark (DK)	1	3	16
Germany (D)	2	10	99
Greece (EL)	1	5	25
Spain (E)	2	8	64
France (F)	2	10	87
Ireland (IRL)	1	3	15
Italy (I)	2	10	87
Luxembourg (L)	1	2	6
Netherlands (NL)	1	5	31
Austria (A)	1	4	21
Portugal (P)	1	5	25
Finland (FIN)	1	3	16
Sweden (S)	1	4	22
United Kingdom (UK)	2	10	87
total	20	87	626

**Distribution of votes is based on qualified majority voting system.*

When the Council acts by qualified majority, the votes of the Member States are counted as follows: Germany, France, Italy, UK 10 votes each; Spain 8 votes; Belgium, Greece, Netherlands and Portugal 5 votes each; Austria and Sweden 4 votes each; Denmark, Ireland and Finland 3 votes each; and Luxembourg 2 votes. The Council can act by qualified majority when 62 votes out of a total of 87 are in favor of a decision, 26 votes constituting the so-called blocking minority.

The importance of Qualified Majority Voting has grown since the beginning of the European Community, despite the Luxembourg Compromise of 1966. When General D' Gaulle removed French presence from Council of Ministers, it appeared that the European Community was on the point of collapse. But the compromise reached, which stated that major legislation would be taken by unanimity, has, ironically, led to the increase in decisions being taken by Qualified Majority Voting. By 1987, ninety-six votes were decided by Weighted Majority Voting. However, unanimous decision making is still the major policy making tool.

The basic pattern of decision making interaction between EU institutions can be explained as follows. When proposals are submitted by the Commission, they generally fall into two categories - Consultative proposals and Co-operative proposals. The procedures for passing Consultative proposals are simple. The proposal is sent to the European Parliament, who gives their opinion of it, before it is sent to the Council of Ministers who must pass it either by Qualified Majority Voting, or by unanimity, depending on the nature of the proposal. However, there are much longer and more complex procedures for the passing of a Co-operation proposal. After the European Parliament has offered its opinion, the Commission gives a view on the European Parliament's stance, before being sent off to the Council of Ministers, where it must be passed by Qualified Majority Voting, before returning to the European Parliament who may accept, amend or reject the proposal. However, if it is rejected, the Council of Ministers can vote unanimously to push it through anyhow. If the European Parliament amends the proposal, it can be passed by the Council of Ministers through Qualified Majority Voting, or amended and passed by unanimity. As the proposal passes through into the Council of Ministers, the member states are asked if they oppose an 'A' point. Opposition at this stage sends back any proposals to the Commission immediately.

Should the 'A' point stage pass uncontested, the motion goes forward to the 'B' point stage, in which less vital objections are raised. Any objections at this stage are cause for discussion in the Council of Ministers itself. Objections are normally straightened out and passed by general unanimity.

An argument for the extension of Qualified Majority Voting is the paralysis that might occur within the Council of Ministers if all the decisions they were forced to take were done by unanimity. Knowing that they could block any small issue, a member state may be tempted to try and force the other countries to support their proposals before they themselves supported an act or motion. This sort of potential paralysis would mean an end to any sort of European Community policy.

A second argument against extending weighted majority voting is that small nations, like Denmark, Ireland and Luxembourg, who have very few votes, will have their opinions reduced in matters. Together, those three countries only hold eight votes - nowhere near enough to block any legislation. They would need at least fifteen more votes to block proposals supported by the major member states.

It can also be argued that if there are differing views of the future direction of 'Europe' as a community, the views of the minority can, and will, always be out maneuvered by a solid coalition of states with enough votes to push through their legislation. This would again weaken the European Community, which is still weak as compared with the national governments.

On the other hand qualified majority voting is necessary to be the rule in an enlarged Union, if decision making is to remain effective, is self-evident. When unanimity is required, the risk of blockage increases in due proportion with the number and diversity of participants. Alternatively, the experience of the Community itself shows that qualified majority voting creates a dynamic decision making process, leading to consensus, even if very few votes are effectively taken. Extension of majority voting should obviously be applied to Community affairs (the first pillar*) but it is also significant for the other two pillars as follows.

These kinds of arguments assist EU to improve itself and help to be prepared for the future adjustment in case of enlargement. In this point some reforms seems to be urgent and member states are agree upon this point. When signing the Amsterdam treaty they accepted the necessity, in due course, of a comprehensive institutional reform enabling an enlarged Community to perform efficiently.

IV. The Institutional Implications of Enlargement:

Enlargement is the word used to describe the process whereby new Member States may join the EU. The first enlargement occurred in 1973 when Ireland, the UK and Denmark joined.

The European Union's 15 leaders met in Nice, France in December 2000 to discuss how to share power in an enlarged EU. The Treaty of Nice sets out the way in which, it will be easier for an enlarged EU to make decisions. Essentially what the Treaty of Nice spells out is what will happen with the European Commission, the Council, and the European Parliament and decision making process as a result of the enlargement. The *New York Times* headline on 12 December 2000 mentions about this meeting as:

'News analysis of summit meeting of European leaders in Nice, France; meeting is billed as a gathering that would overhaul European Union's unwieldy decision-making structures; it is clear that no such streamlining had taken place; photo (M) It was billed as the gathering that would overhaul the European Union's unwieldy decision-making structures, producing a system that could run efficiently even when nearly a dozen new countries join the bloc during the next decade.'

December 12, 2000, Tuesday

The current enlargement process involves a total of 12 countries -Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia- (Turkey is also a candidate for membership but its position will not be decided for some time.) These 12 countries are negotiating with the EU about the terms and conditions under which they may become members. 10 countries are considered to be ready for membership. A political decision has been made to admit these new members if the Treaty of Nice is ratified by all member states.

What will change in decision making process in EU with this enlargement? The Treaty of Nice has altered the weightings of the votes in the Council for qualified majority voting, with the intention of more accurately reflecting the respective size of each Member State. In the next section we will investigate the changes in decision making process in the Council of Ministers.

Re-Weighting of votes in Council of Ministers

In most of the academic discussions the purpose has usually been to measure the respective power of countries and coalitions and to evaluate different possibilities of voting rules in terms of their ability and effectiveness in decision making. An examination of several alternative systems, all derived from Public Choice Theory. The first one (the Shapley-Shubik Index) considered which country would be pivotal to the determination of winning coalitions, according to a given order of voting. The second (based on Banzhaf Index) examines potential coalitions, instead of permutations, and attempts to find which countries can turn winning coalitions into losing coalitions by changing the direction of their vote. According to that system, larger countries can be pivotal more often than smaller ones. Finally, the third uses Holler's Index in an effort to correct what its author considers an overestimation of larger country capabilities inherent in the preceding two indexes and proposes a solution which results in a more equal distribution of weighted votes.

As we discussed before, present Council voting system is based on a degressive proportionality which means that small and medium-size countries are over presented in relation to their population under QMV. The simple measure of a country's over or under presentation is the ratio between its share of votes and its share of the population. If the ratio is over 1, the country is over presented and if the ratio is below 1, the country is under presented.

A decision by qualified majority required wide support among member states. Hardly homogenous interest group can form a qualified majority by itself. But it can block a decision and thereby bring about new proposals that accommodate its interests better. These possibilities diminish with each enlargement. Addition to that when the Union is enlarged, and the share of smaller and over represented countries increases, the minimum share of the population falls. The qualified majority becomes 'less qualified' in population terms.

There was a great deal of discussion between states about which share of the population a qualified major should represent. The background was the effect of degressivity. In a proportional system the percentage of the votes and the percentage of

the proportion would be the same. In a degressive system, however, it is possible to reach a qualified majority of the votes with countries representing a lower share of the total population. The difference between the percentage of the votes and the percentage of the population can be seen as a measure of the total space of degressivity.

There was also some discussion about the minimum share of the population that a blocking minority should represent. In the present system a proposal can be blocked by the countries with about 12 per cent of the population and in the special cases where the Council is NOT deciding on the basis of a Commission proposal, just over 8 per cent. With extrapolation to EU 27 the figures should fall to about 10 and 5 percent respectively.

The purpose of the largest countries was to increase their weight in decision making, individually and collectively, or rather, to make sure that it would not decrease drastically with enlargement. We can easily predict that all countries may lose in relative weight as new member join. In the present system, three large countries each had almost one-quarter of the votes in the original European Economic Community. They have 11.5 per cent and would have 7.5 per cent if the present system will enlarge to 27 members. This may be particularly upsetting for countries that have recently been world powers, and have the ambition to continue playing a leading role.

In the small countries point of view, the objective was to preserve their weight. It may seem like their voting power is symbolic and limited but it determines the extent to which the country can be an effective and valued partner in qualified majorities or blocking minorities.

As we know that EU uses the method of weighting the voting power of members according to their size of population. If one merely transposes the present arrangement for the EU of 15 member states to prospective EU's with from 17 to 35 members, the results would be a very substantial distortion of this method.

However, extending this system to a total of, say, twenty-seven members would violate the existing size principle in two important ways. First, these prospective newcomers would alone have a veto possibility based on their population. Second, it would become possible to form a qualified majority only by adding the largest countries and the medium-size ones.

The solution is to find a device or devices that could permanently insure the reproduction of such decision-making principles, no matter how many or how big members the EU decides to admit in the future.

Institutional reform, and in particular the re-weighting of votes, is the top priority in IGC. Nice marathon ended with agreement. It was important for other countries that a great deal were reached at Nice. If not, bargaining could have continued for years. At the Helsinki Summit in 1999, Member States had agreed to carry out necessary international reforms in the Union by the end of 2002, so that new members could join. If the Nice had failed, enlargement would have been delayed.

Reweighting Options and Effects:

When we look at the calculation, minimum share of the population for QMV in EU27 would be 50.2 per cent. With another probably better, it would be 53.7 per cent.

A common feature in most of the models that circulated was the nominal weight of each country was multiplied by at least two. The argument for this was that it would make it easier to fit new members into the system, but more important was that a nominal increase would make it easier for countries that would lose some of their voting weights to accept a new system. Three models were presented officially in the conference, each responding different concerns.

The Portuguese Hypothesis:

Portugal presented a re-weighting which simply doubled the number of votes of all countries and gave the five largest countries five additional votes. This was one of the models that lived on in the conference.

The Swedish Model:

Sweden argued for a re-weighting based on a consistent formula, in order to eliminate the need for new negotiations at each enlargement. Sweden presented the models where the votes were distributed between states in proportion to the square root of their population. The square root was chosen in order to find a simple formula for degressivity.

The Italian Model:

Italy presented the models where the present weights were multiplied by an arbitrary factor for the smaller countries, and higher for the big countries. In this model three of the large countries had a blocking minority in EU27.

The initial proposal was close to the Italian model. The final result was a rather modest increase in voting weights for the large countries. It was in fact only slightly greater than in some of the other models, and the combined increase for the four large countries was even slightly smaller than the Swedish model. However, the increase for Spain was striking. As a result of this, the under-representation of the large countries decreases.

The most significant change in the voting rules is the population criterion of 62 per cent. It serves two purposes. Germany gets a substantially greater blocking power than the other countries. The UK and France also get a marginally greater blocking power than through their votes, but the criterion will only be of practical use for coalitions that include Germany. Other effect is that it gives three of the large countries the possibility of forming a blocking minority also in a EU27 provided that Germany is the one of them. 59 per cent of the population would have been sufficient for this. This was one of the key issues at the conference, and it could have been achieved in three ways. The first option was through a re-weighting of about the size of the Italian proposal, with a threshold at the present level. But this option was not accepted. The second method was through a moderate re-weighting with a higher threshold. The third was population criterion.

As a result a qualified majority from 2005 as for the enlarged EU, the minimum requirements of at least half the member states representing where sought 62% of the population will be retained. According to the Treaty of Nice, by the time the EU has 27 members there will be 345 votes with 255 votes being required for a qualified majority. The blocking minority will be 91 votes. Hence, QMV will be more difficult to achieve (73.91%). Although, to complicate matters further, it states elsewhere that the QMV threshold is to be no more than 73.4% that is 253 votes.

Table 4: Different Voting Proposals by States and Nice Votes

	Population	Sweden Votes	Portugal Votes	Italy Votes	Nice Votes
Germany	82.165	27	25	33	29
UK	59.623	24	25	33	29
France	58.747	24	25	33	29
Italy	57.68	24	25	33	29
Spain	39.442	21	21	26	27
Poland	38.654	21	21	26	27
Romania	22.456	15	12	14	14
Netherlands	15.864	12	10	10	13
Greece	10.546	9	10	10	12
Czeck Republic	10.278	9	10	10	12
Belgium	10.239	9	10	10	12
Hungary	10.043	9	10	10	12
Portugal	9.998	9	10	10	12
Sweden	8.861	9	8	8	10
Bulgaria	8.191	9	8	8	10
Austria	8.092	9	8	8	10
Slovakia	5.399	6	6	6	7
Dnemark	5.33	6	6	6	7
Finland	5.171	6	6	6	7
Ireland	3.775	6	6	6	7
Lithuania	3.699	6	6	6	7
Latvia	2.424	6	6	3	4
Slovenia	1.988	3	6	3	4
Estonia	1.439	3	6	3	4
Cyprus	0.755	3	4	3	4
Luxemburg	0.436	3	4	3	4
Malta	0.38	3	4	3	3
Total		291	298	330	345
Qualified Majority		96	206	234	255
Blocking Minorty		38	83	96	91
%		32.98969	69.12752	70.90909	73.91304

Conclusion:

In this paper I have reviewed the basic decision making structures and the future scenario of European Union. We observed the decision making procedures and voting rules which are used by Commission, Council and Parliament. In addition to that, we looked at the interaction between these institutions in the decision making process. I can

say that the weighting of the votes in the Council is very important since Council is the most important decision maker.

The most important and the most visited issue which is also the subject of many researches about the EU is the expected enlargement in 2005. This issue is very sensitive for Europe's future as well. It will probably be more difficult in practice to find a compromise solution between 27 members was compared to 15. Voting negotiations may take longer and this enlargement may cause important problems if re-weighting would not be balanced. Finally the goal must be pursuing the democratic base of the EU organization and preparing it for the expected enlargement in 2005.

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