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Resisting Globalization: Voting Power Indices and the National Interest in EU Decision Making

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14.1 Introduction

The European integration process can be regarded as just one aspect of the overall process of globalization and at the same time as an attempt to reconcile the move towards standardization with the defence of national diversity. Although it has been given several meanings and so eludes a precise definition, globalization is commonly understood as a trend towards a higher homogeneity across countries spanning from the most obvious results of trade liberalization (that is, the dominance of the law of a single price for goods as well as the ultimate factor-price equalization) to financial integration to impressive labour mobility. The major negative spillover highlighted in the literature consists in increasing income inequality both within and across countries, a possible shrinking of the welfare state as an effect of tax competition and the primacy of a common standard which is feared to reduce quality (Baumol and Batey-Blackman, 1991) and extinguish national varieties.

As long as European economic integration is considered a globalization exercise, worries about national identities eventually fading out are evoked every time a move towards more integration is on sight. Conversely, lower levels of economic integration (for example, the free movements of goods only) are perceived to interfere with national identity to a lesser extent and so recommended by the Eurosceptic view. The existence of these latter concerns is testified by the emphasis dispensed by the governments of European Union (EU) member states in reassuring European citizens about their commitment towards preserving national identities and is symbolically reflected by the European Union’s motto ‘Unity in diversity’.

Yet European economic integration is a globalization of a very special kind. The EU institutional arrangements, with common institutions set at the supranational level, provide a strong argument to those claiming that European integration is different from globalization. The EU collective decision-making process – whereby Commission proposals are processed
through the interaction of Council of Ministers and Parliament preferences and finally adopted – plays a central role in the member states’ effort to reap the benefits of integration while keeping the national interest alive. The way collective decision-making rules work renders European economic integration a regulated globalization undertaking where national representatives struggle for the conquest of the ‘lion’s share’ in the division of the surplus stemming from the compromise on common policies.

This chapter examines how the member states of the European Union seek to reorient governability at the European Union level against a context of globalization in which it often seems that member state governments are losing control over their economies and the capacity to make policy choices. The next section introduces EU institutional architecture. Following this, section 14.3 provides an overview of alternative appraisals of EU integration, either as a hindrance to national autonomy or as a shield against globalization withering the power of nation-states. Section 14.4 analyses the balance of power across national governments in decisions by the EU Council. Finally, section 14.5 discusses the problems involved in the assessment of the distribution of power across countries.

14.2 The evolutionary nature of European integration

During the five decades since their creation, the common institutions have grown to be essential players in increasing numbers of spheres of influence. The European Community, starting from agriculture and international trade, has expanded its domain to embrace competition, regulation, and recently money, while issues contained in the second and third pillar of the European Union – Common Foreign and Security Policy (CFSP), and respectively Justice and Home Affairs, lately re-named ‘Police and Judicial Co-operation in Criminal Matters (PJCC)’ – are under discussion and might be added in the future. Indeed, some matters initially covered by the third pillar, such as asylum, immigration and visas, have already been transferred to the first: the European Community. As more policy spheres were added, more room for manoeuvre to achieve complex compromises has been made available to member states, a circumstance favouring the engineering of nested games – that is, meta-games composed by connected sub-games over issues involving a plurality of stakeholders (Tsebelis, 1991). For instance, the Nice Treaty amending Amsterdam Treaty can be understood in terms of linkages across games (Croci Angelini, 2005). The evolutionary nature of European integration is also a reason why it is perceived as a continuously growing process rather than an unfinished accomplishment or an unachieved objective. The perception of an ever evolving state of affairs which reflects a organization still in flux, yet which usually favours the status quo, implicitly renders the reversal of the process unlikely, and also constrains the possibility of moving ahead (Salmon, 2004).
The EU institutional architecture is based on the sharing of power between member states’ governments and supranational bodies which results in a multi-level governance. The subsidiarity principle, introduced by the Maastricht Treaty in the *acquis communautaire*, establishes that EU action must be limited to sectors where member states alone are unable to achieve what they could achieve together by means of common institutions and so seeks to devise an efficient allocation of tasks and consequently of power. The optimal allocation of tasks and competences between central and local institution is regarded as a basic character of federal systems. Yet, although the multi-tier European governance displays some elements in common with federalism, the evolution of the EU has not progressed towards anything that could be called a European government, e.g. by fostering the Commission power and role (Warleigh, 2002). In the course of the years the supranational ambition, embodied in the EC pillar and in the communitarian method, has been confronted by the intergovernmental practice, where the national views and interests are put forward. The European Parliament has managed to considerably increase its role and responsibilities: the early consultation procedure has been followed at first by the cooperation and later by the co-decision procedure which currently applies to the highest proportion of common decisions. Still, the EU intergovernmental essence has not at all subsided: the most important issues are regularly discussed by the European Council, an institution that has been incorporated into the original architecture and where nowadays the way ahead is planned. The constitutional changes introduced so far have mainly focussed in calibrating the equilibrium of power between the Council and the Parliament.

It is well known that the origin of the present EU institutional architecture was conceived in the political atmosphere of the aftermath of the Second World War. It is equally well known that the hope the EEC would eventually develop into an economic success was regarded as a very important means towards an even more important political end. The postwar international economic order based upon such agreements as Bretton Woods, the General Agreement on Tariffs and Trade (GATT), and the International Monetary Fund (IMF) offered a shield guaranteeing the European experiment. However, the EU’s subsequent developments, perhaps with the partial exception of the most recent enlargements, have almost entirely been a consequence of the economic realm, and, in particular, of markets integration. Nowadays, one could even interpret the evolution suggesting that the means and ends hierarchy has been overturned and politics replaced by economics. The criticism that the EU is an economic giant but a political dwarf and the appeal to fill the democratic gap and foster integration in the political sphere is often put forward by emphasizing that it would enable a better functioning of European integration in the economic area. National governments also rely upon the superior democratic legitimacy of their power vis-à-vis EU institutions. For instance, 'the German Constitutional Court argued that the EU
lacks a comparable democratic legitimacy to the principle of democracy as it is fixed in the German constitution’ (Feld and Kirchgässner, 2003). Several scholars have proposed the introduction of elements of direct democracy in EU decision-making in order to reduce the democratic deficit in the EU and to create a European demos (Habermas, 2001).

14.3 National interests and integration

Notwithstanding the significantly increased responsibility of the European Parliament, the crucial common decisions reside largely in the hands of national governments. Yet no national government alone is able to control common decisions. The member states’ power materializes in reaching common decisions – that is, it becomes apparent in the ability to reach a favourable compromise within the Intergovernmental Conferences where constitutional innovations are introduced and, more often, within the Council of the EU where ordinary decisions in the shared areas of competence are taken. The Council then interacts with the Parliament and also with the other EU institutions which are able to exert influence.

Although national governments may sometimes be impatient of the constraints imposed by Brussels to their autonomy, they should be equally aware of the inadequacy of the tools available to them in facing the challenges of globalization: the European governance could provide them with a chance to tame globalization. The question therefore is whether European integration has ultimately turned out to be a necessary remedy to preserve national sovereignty at least to some extent, rather than a hindrance to the full expression of an autonomous decision-making activity by national governments. Some even think that EU integration is an opportunity. The answer to how big a loss of national sovereignty is desirable or inevitable for a given country is far from trivial and lies at the heart of integration theory. Since a growing international interdependence translates into a considerable loss of self-determination, the exercise of policy co-ordination, harmonization, and even unification due to EU membership is increasingly perceived as a mandatory option (Nugent, 1999). The paradoxical by-product of transfer of power to Brussels is that – despite the EU is considered a sheer subset of the unified world market – the power of each country is stronger within rather than without it.

Since common policies are implemented by national governments, while common institutions supervise and monitor their execution, the EU decision-making system has been interpreted by Putnam (1988) as a two-level game: national governments define their stance first at the national level and subsequently bargain at the intergovernmental level within the common institutions. The players of the game – national governments – retain the control of the speed and direction of the integration process and are aware that the scope of their membership is to take advantage of the cooperation
in order to pursue some specific goals. The evolutionary nature of the EU is therefore attributed to the need of a continuous reorganization meant to allow them keeping a substantial part of power.

Game theory has produced a huge literature with the intention of understanding, explaining and forecasting the interaction both among the EU institutions and between these and the EU member states. The EU decision-making system embraces the relationships among all institutions that take part in decision making. It encompasses both cooperative games and non-cooperative games. The former require coalition formation to reach the number of votes needed to adopt a legislative act, whereas the latter non-cooperative games are played when conflicting interests have to be settled. The many phases and the various aspects of the EU games have been examined by addressing such issues as its structure – the voting procedures and the distribution of voting power – the actors’ behaviour – how preferences are formed, expressed and aggregated – as well as the ‘content of democratic representation’ it purports – that is, how truthfully citizens’ preferences are conveyed and respected by the overall decision-making process.

While in the early years of the European Community decisions were de facto taken by unanimity in the Council of Ministers and the European Parliament had a consultative role only, since the adoption of the Single European Act (SEA) in 1986 a clear shift towards a more intense recourse to qualified majority rule and a more relevant role of the Parliament has been endorsed. First, the cooperation procedure, and later the co-decision procedure prescribe qualified majority voting in the EU Council. Coalition formation has therefore become increasingly important both because the increased number of occurrences provides the players with valuable opportunities to observe other players' behaviour, establish alliances and build up reputations, and because, no matter how seldom minister vote in the Council, a change in the prospect of the game and in the strategy of the players took place owing to the very fact that the recourse to an explicit vote might be requested and obtained.

In the Council of the EU decisions may be taken by voting either under unanimity or under qualified majority rule, according to the procedure associated to the policy area of the issue at stake. It is understood that the vote in the Council of Ministers reflects the country's interest: each minister is assigned a single vote weighted by the size of the country in terms of population in order to reflect the ‘one man one vote’ principle in an indirect voting rule whereby citizens’ preferences are represented by their governments, rather than being expressed by a direct vote. In a two-tier indirect voting process voters elect their representatives who actually vote over issues. Under qualified majority voting, the voting system needs solve the problem of how the distribution of weights across countries should reflect the size of the member states’ population.
14.4 National interests and voting power

In the EU Council, voting power is determined in two distinct steps: (1) Countries are attributed a number of votes on the basis of their resident population. This corresponds to considering each country a coalition collecting all its citizens. In order to guarantee all citizens the same voting power irrespective of the country they belong to, a country bigger in terms of voters should have more voting power than a less populated country. (2) Countries – the ministers in the Council – form coalitions so to achieve a common goal. A particular aspect of the democratic deficit is therefore that a whole country may be outvoted, if it does not participate in the winning coalition. Since a winning coalition can endorse a proposal without the votes of the remaining voters, the voting system needs to obey a horizontal equity criterion assigning each voter equal voting power. This criterion is always warranted by the unanimity rule, which corresponds to a single winning coalition and consequently implies the same voting power for each voter. Under a system of qualified majority voting with weighted votes, a correct representation of the citizens’ preferences needs the formulation of a more sophisticated voting system. In a two-tier voting system a fair distribution of voting power was demonstrated to result by assigning to each nation a weight ‘proportional to the square root of the number of people on each nation’s voting list’ (Penrose, 1946). Nevertheless, two problems are strictly interwoven: (1) establishing a ‘fair’ distribution of weights among countries/voters, such as to reflect the a priori ‘weight’ of the coalition they represent; (2) the coalition formation among the countries. Since the voting power depends upon the size of the coalition, to be ‘fair’ the distribution of weights across the countries (problem 1) should reflect the probability that permanent coalitions form among countries (problem 2). The EU institutional setting considers countries as permanent citizens’ coalitions and distributes weights on the basis of this element exogenously given, while all possible coalitions of member states towards passing or blocking a piece of legislation are attributed the same ex ante probability.

Both issues are less than obvious: (1) the national interest is more easily found in a very homogeneous country than in a divided country, where the opposition collects nearly as many votes as the government; (2) undoubtedly not all countries’ coalitions are equally likely: a weight distribution may well reflect a ‘fair’ a priori voting power under a veil of ignorance over issues to be voted in the future and nevertheless turn out to be ‘unfair’ a posteriori if permanent coalitions of member states are formed over the issues actually put on the floor.

For example, suppose a decision has to be taken by majority voting by three countries, A, B and C, with populations of 4, 9 and 16, respectively. On the basis of the square root rule suggested by Penrose, country A (population 4) is assigned 2 votes, country B (population 9) gets 3 votes and country
C (population 16) obtains 4 votes. As in terms of population country C is bigger than the sum of country A plus country B, one would expect that under majority voting it would never be outvoted. Yet, if country A and country B form a permanent coalition, the sum of their votes \(5 = 2 + 3\) does not correspond to their total population of 13. On the basis of the square root principle, 5 votes correspond to a population of 25, while a single population of 13 should obtain only 3.6 votes.

This simple example demonstrates that permanent coalitions manage to have more voting power than each participant country standing alone would be able to have. The ‘fair’ a priori distribution of votes is no longer ‘fair’ a posteriori if permanent coalitions are formed. Although it is obviously unrealistic, under a veil of ignorance equiprobability is assumed to apply to all coalitions and weights are distributed accordingly. Yet taking into account the actual preferences of the member states, and evaluating the likelihood of any given coalition, poses such problems that a preference-based power index has been claimed to be impossible (Braham and Holler, 2005). Interestingly, new empirical evidence now available may indicate that this problem is actually less important than one would guess.

Information on individual Council sessions for the years 1998–2004 have been collected in a database featuring 564 ‘roll-call’ observations and 8,460 individual expressions of votes by member states (Hayes-Renshaw, van Aken, Wallace, 2006). Frequently, contesting states are both critical and integrationists, both with old and new membership and, surprisingly, often voting on their own. No evidence of persistent pattern of alliances emerges from the sample, which is admittedly, and unfortunately, underreported. In the absence of information about voter preferences as well as about the issues that should be discussed and voted on in the future the only working hypothesis one may advocate is the equiprobability of all coalitions (that is, every coalition has the same probability of being picked up). The ensuing distribution of weights, under a veil of ignorance, is deemed to be ‘fair’ according to this criterion, although in the real world equiprobability is hardly found and ‘the vast majority of the millions of theoretically conceivable coalitions are highly unlikely’ (Moberg, 2002, p. 261). Yet it is worth noticing that the absence of regularity in the pattern of alliances does not amount to claiming that the over 130 million theoretically possible coalitions for the EU-27 are equally likely.

14.5 The probabilistic nature of voting power indices

The distribution of power for each voter within an assembly is expressed by voting power indices. The voting power descends from: 1. the number of voters, 2. the distribution of weights, and 3. the quota. Voting power is analysed by means of cooperative games, where players aim at setting up winning coalitions to have their proposal adopted. A coalition is any subset
of voters. Under relative majority rule the complement of a winning coalition is always a losing coalition. Yet a losing coalition may still have enough votes to stop a proposal it opposes (blocking coalition) under such rules as weighted voting and qualified majority voting. **A priori** voting power indices – such as the classical Penrose, Banzhaf, Holler, and Shapley–Shubik indices – are based on probabilistic analysis of individual voters in a coalition voting system, and calculate the opportunity for individual voters to change the outcome of the vote from rejection to adoption by casting their votes (swing). When votes are unevenly distributed – for example, under a system of weighted voting – some voters may have no opportunity of casting swing votes and so their vote turn out to be irrelevant (dummy). For simplicity it is assumed that all voters express a vote by saying either yes or no, so that each time a vote is convened two coalitions only form: a winning one and a losing one.

Penrose (1946) and Banzhaf (1965) indices are based upon the probability that a given voter takes part into a winning coalition. To assess the voting power of each player one needs to know the total number of winning coalitions and the number of coalitions where a particular player is decisive – that is, she may turn a winning into a losing coalition by changing her vote from yes to no (swing).

The Shapley–Shubik (1954) index is centred on the probability of being a pivotal voter. The coalition is understood as the outcome of an agreement among some voters so to make the issue succeed. The central concept is decisiveness and the index for each voter calculates the frequency of casting the votes that turns a losing into a winning coalition. Voter \( i \) is pivotal when by casting his vote he is critical in changing the outcome of the vote. It is base on the number of possible permutations, all equally likely, in addition to all coalitions as in Banzhaf-Penrose.

The Holler (1982) index \( (PGI) \) is based on minimum winning coalitions – that is, coalitions that do not include any other winning coalition as a subset. The emphasis is on the bargaining process before the coalition is formed and the vote is expressed. Extra votes (that is, votes exceeding the minimum requirement to pass the issue) are not welcome: the extra voters will claim their share in a prize they did not contribute to gain.

The calculation of voting power for a given voter requires the entire distribution of weighted votes and the threshold of votes (quota) needed to secure the passage of the bill, in order to be able to assign each coalition either to the winning, or to the losing group and, on this basis, to evaluate the probability of each voter being included in a winning coalition. However, there is more than one way to calculate voting power, corresponding to different concepts. The traditional measures of a priori voting power are based on the probability
of taking part into a winning coalition. The Banzhaf–Penrose index implies that coalitions are formed by chance, or, in other words, are drawn randomly from the ballot box. The Shapley–Shubik index visualizes voters lining up in a queue to express their preference until the threshold (quota) of the required majority is reached. The different concepts behind these a priori voting power indices are also referred to as addressing I-power (influence) and P-power (payoff/prize), respectively. In the case of I-power, a voter is decisive when they can turn a winning into a losing coalition by changing their vote from yes to no (swing). A voter's power reflects the share of their swing votes over total swing votes. It amounts to the probability of individual voters being able to change the decision of their coalition and the probability that the coalition is successful. Influence (I-power) refers to the power to have one's proposal adopted: large majorities are preferred and applies to decisions over policies, when sharing is not a problem. In the case of P-power, the coalition is understood as the outcome of an agreement among some voters to have their preferences prevail. The process of coalition formation stems from bargaining and power is assigned to the voter that succeeds in changing a losing into a winning coalition. This is why both the coalition composition and its ordering are relevant to compute the Shapley–Shubik index. Prize (P-power) power refers to the capability of getting a payoff: minimal majorities are preferred as it pertains to decisions over a something limited – such as taking office or sharing a budget.

When choosing a voting power measure, therefore, one should be concerned about the reason why a measure of voting power is called for. The two measures of voting power may or may not agree in assigning to the member states their voting power. One index, unsuitable for one aspect of voting power, may be eligible for another (Felsenthal and Machover, 1998). However, although I-power and P-power reflect conceptually distinct measures – for instance, the first for policies, the second for the budget – they still conflate so long as policies compete for being financed by the budget.

Traditionally, the requirement of a decision-making rule being ‘fair’ has been understood as reflecting the ‘one man, one vote’ principle or ‘giving the preferences of each voter the same chance of being represented’. However, it has been shown that the fairness of distribution depends upon the nature of the assembly as well as the hypothesis about the actual behaviour of voters. ‘If the EU were a single state, all citizens should be treated equally. The ‘One man, one vote’ principle should apply directly to them. If the EU were an association of states, no state should be treated differently from another. Thus, the ‘One state, one vote’ should be applied’ (Laruelle and Widgren, 1998, p. 321). As the EU is neither a single state, nor regards itself as a simple association of states, this equity criterion is difficult to fulfil. So, should EU member states dispose of the system of weighted voting? Proposals have been advanced to let the Council vote on the basis of number of states and population represented. Although seeking unanimity is always required, a
condition rendering the Penrose–Banzhaf index the most relevant measure of voting power in the EU decision-making process, when qualified majority voting is unavoidable, a proposal is adopted by the Council if it satisfies different criteria. The most recent rules are those stipulated in the Treaty Establishing a Constitution for Europe, which was adopted in June 2004, but has not been ratified. At the time of writing it is being renegotiated but it is unclear if the voting rules will be changed. These criteria are: (1) it is supported by at least 13 countries, the simple majority of states for EU-25; and (2) the countries supporting it must represent at least 60 per cent of the EU population. The European Council held in Brussels in June 2004 has changed the proposed criteria and decided that, unless at least 22 member states endorse the measure, a proposal is endorsed if: (1) it is supported at least by 15 countries; and (2) the countries supporting it represent at least 65 per cent of the population of the EU (Laruelle, Martinez and Valenciano, 2006).

However, the change does not get rid of the problem, since each criterion of the ‘double majority’ may be subject to previous drawbacks: ‘a majority of states’ brings back the intergovernmental concept of the EU as a states’ assembly, while in indirect voting ‘a qualified majority of population’ undergoes similar drawbacks as weighted voting.

### 14.6 Concluding remarks

The present state of the art of EU integration is that national governments interact at the EU supranational level in order to exploit the participation in cooperative and non-cooperative games and make the most out of the mutual advantage of being shielded vis-à-vis globalization. The EU Council decision-making process reflects this strategic setting. Although not all coalitions of countries are equally likely, on the empirical grounds it is not easy to find out what is the best strategy for a member state government to get the lion’s share from participating in a coalition. Various voting power indices have been elaborated by the literature, all of them suffering from the equiprobability drawback. In addition, one index, unsuitable for one aspect of voting power, may be eligible for another. Concepts of power differ and so does the implicit fairness for each index, which depends upon weights distribution. As each voting power index reflects a difference concept of voting power and the advantaged position of each country depends upon the issues at stake, one country may be favoured by one index rather than another. However, although in principle one may associate the right index to the relevant issue (for example, the Penrose–Banzhaf to policies and the Shapley–Shubik to the budget) the two realms conflate as policies are financed by the budget. Given the impasse of the EU constitutional process, the present EU qualified majority voting rule relies on a mixture of criteria based on the distribution of weights, the number of member states and even a population share. The
formation of coalitions could be decided according to long-term structural affinities such as cultural ‘homogeneity’ (such as the Mediterraneans, the Scandinavians, the Eurosceptics, and so on) or on economic grounds (the per capita income distance between the new Central and Eastern Europe member states vis-à-vis the richer EU-15 countries).

Notes

1. Penrose power index ($\pi$) for voter $i$ where $i \in N$ and $N = \{1, 2, ..., n\}$ is given by ratio of the voter swings ($\eta_i$) to the total coalitions she takes part to ($2^n - 1$). The share of swings over all possible coalitions for each voter is also called absolute Banzhaf index:

$$\pi_i(v) = \frac{\eta_i}{2^n - 1}$$

2. Banzhaf power index ($\beta$) for voter $i$ where $i \in N$ and $N = \{1, 2, ..., n\}$ is given by ratio of the voter swings ($\eta_i$) to the total number of swings for the whole set $N$ of $n$ voters, whether or not voter $i$ participates into the winning coalition:

$$\beta_i(v) = \frac{\eta_i}{\sum \eta_j} = \frac{\eta_i}{2^n - 1}$$

3. Shapley–Shubik index ($\Phi$) for voter $i$ where $i \in N$ and $N = \{1, 2, ..., n\}$ is given by the ratio between the number of orderings where the voter is pivotal and the total number of orderings for all voters. In a population of $n$ voters, the index adds the probability of being pivotal in any coalition of $s$ voters:

$$\Phi_i(v) = \sum \frac{(|S| - 1)!}{n!}.$$  

References


European Integration as a Response to Globalization


