



Cambridge University Press
International Organization Foundation

An Institutional Critique of Intergovernmentalism

Author(s): Geoffrey Garrett and George Tsebelis

Source: *International Organization*, Vol. 50, No. 2 (Spring, 1996), pp. 269-299

Published by: [The MIT Press](#)

Stable URL: <http://www.jstor.org/stable/2704079>

Accessed: 30/09/2010 10:11

Your use of the JSTOR archive indicates your acceptance of JSTOR's Terms and Conditions of Use, available at <http://www.jstor.org/page/info/about/policies/terms.jsp>. JSTOR's Terms and Conditions of Use provides, in part, that unless you have obtained prior permission, you may not download an entire issue of a journal or multiple copies of articles, and you may use content in the JSTOR archive only for your personal, non-commercial use.

Please contact the publisher regarding any further use of this work. Publisher contact information may be obtained at <http://www.jstor.org/action/showPublisher?publisherCode=uwisc> and <http://www.jstor.org/action/showPublisher?publisherCode=mitpress>.

Each copy of any part of a JSTOR transmission must contain the same copyright notice that appears on the screen or printed page of such transmission.

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.



University of Wisconsin Press, The MIT Press, Cambridge University Press, International Organization Foundation are collaborating with JSTOR to digitize, preserve and extend access to *International Organization*.

<http://www.jstor.org>

An institutional critique of intergovernmentalism

Geoffrey Garrett and George Tsebelis

Intergovernmentalist analyses of European integration have tended to focus on the bargaining among national governments over the outcome of treaty negotiations. The epochs that treaties demarcate are considered a function of governments' preferences and their ability to further those preferences in interstate bargaining.¹ This approach stands in marked contrast to neofunctionalist approaches, which contend that much of the important action over European integration takes place between treaty revisions. From the neofunctionalist perspective, treaty revisions invariably spark "spillovers" that empower actors and generate policy dynamics that were unintended by the governments that signed them.²

As the legislative output of the European Union (EU) has increased in recent years, the intergovernmentalist perspective increasingly has been adapted to the dynamics of day-to-day decision making. Not surprisingly, most studies concentrate myopically on decision making in the Council of Ministers, which is the institutional embodiment of interstate bargaining between treaty rounds. Numerous scholars have computed "power indexes"—which are a function of the portion of all mathematically possible winning coalitions to which each government is pivotal—to deduce the ability of individual governments to influence Council decisions.³ The thrust of these studies is that although governments from larger EU member states have more influence over outcomes than those from smaller states, their power is not proportionate to their voting weights in the Council of Ministers.

The authors thank Bruce Bueno de Mesquita, Daniel Diermeier, Jeffry Frieden, Robert Gibbons, Madeleine Hosli, John Odell, Andrew Moravcsik, and an anonymous reviewer for helpful comments and Neal Jesse and Amie Kreppel for research assistance. George Tsebelis would like to recognize financial support from the Simon Guggenheim Foundation, and National Science Foundation grant SBR 9511485.

1. Moravcsik 1993.

2. See Ross 1995; and Sandholtz 1992.

3. See Brams and Affuso 1985; Hosli 1993; Johnston 1995; Johnston and Hunt 1977; Lane and Moeland 1995; Widgrén 1994; and 1995.

We argue that this variant of intergovernmentalism generates no analytic leverage over decision making in the contemporary EU. Unlike traditional intergovernmentalism, it ignores the policy positions of the bargaining members. This leads power indexes systematically to overestimate the power of governments with extreme preferences (especially from big countries, notably the United Kingdom) and to underestimate the power of more centrist governments (especially from smaller countries, such as the Benelux group).

Moreover, power index analysis—along with mainstream intergovernmentalism and, indeed, neofunctionalism—pays insufficient attention to institutional rules that govern decision making in the contemporary EU. Most important, all these approaches underestimate the impact of the 1986 Single European Act and the 1992 Treaty on European Union on “agenda setting power”—the ability to make proposals that are difficult to amend.

One can understand the legislative process in Europe only through detailed institutional analysis of the interactions among the Council of Ministers, the Commission of the European Communities, and the European Parliament, and in particular the sequencing of decisions. Changes in agenda setting have systematic policy consequences that have been highlighted in only a small number of studies of European integration.⁴ We develop this point by contrasting likely policy outcomes under the four most frequently used procedures in Europe today: assent, consultation, cooperation, and codecision.

The impact of our analysis is not limited to the intricacies of the legislative process between EU treaty rounds. In a recent article, Andrew Moravcsik claims that “from the signing of the Treaty of Rome to the making of Maastricht, the EC (EU) has developed through a series of celebrated intergovernmental bargains, each of which sets the agenda for an intervening period of consolidation. The most fundamental task facing a theoretical account of European integration is to explain these bargains.”⁵ Even if we were to agree with Moravcsik about the importance of explaining the formative events of European integration, we would nonetheless contend that this task cannot be successfully undertaken unless the policy implications of EU treaties are well understood. If Moravcsik is correct and if the signatories of treaties are strategically rational, one must explain why the signatories of a treaty selected one set of institutional arrangements over another. That is, one must analyze the policy consequences of different institutional choices. For this reason, the type of analysis we present here is a prerequisite even for Moravcsik’s intergovernmentalist agenda.

The remainder of this article is divided into four sections. In the next section, we offer a brief critique of the power index approach to EU decision making. The impact of policy preferences on likely coalitional behavior in the Council of Ministers is analyzed in the second section. The third section situates the

4. See Garrett 1992; 1995; Martin 1993; Schneider 1995; Steunenberg 1994; Tsebelis 1994; 1995a; and 1995b.

5. Moravcsik 1993, 473.

position of the Council in relation to the Commission of the European Communities and the European Parliament under the EU's different legislative procedures. Finally, we conclude by highlighting the directions for future research that our approach promotes.

Power index analyses of decision making in the European Union

While proponents of power indexes disagree about some special issues, all share a basic method.⁶ They assume the Council of Ministers is the preeminent decision-making institution in the EU. Council decisions increasingly are subject to qualified majority voting in which approximately five-sevenths of all votes are required to pass a measure. Governments are allocated votes in the Council in loose approximation to their countries' populations, although the voting weights are biased in favor of smaller countries. In the EU today, these weights are: France, Germany, Italy, and the United Kingdom: 10; Spain: 8; Belgium, Greece, the Netherlands, and Portugal: 5; Sweden and Austria: 4; Denmark, Finland, and Ireland: 3; Luxembourg: 2. Sixty-two votes from the total of eighty-seven constitute a qualified majority.

From the power index perspective, the ability of a government to influence Council deliberations is a function of the portion of all mathematically possible "winning" qualified majority coalitions to which it is pivotal (i.e., those coalitions that would cease to attain the qualified majority threshold if the government defected). In order to determine a government's power, the Banzhaf power index, for example, simply divides the number of "vulnerable" coalitions to which it is pivotal by the total number of vulnerable coalitions. As a result, the power index of a government is a score between 0 and 1, and the sum of all these indexes is 1.

The application of this approach to the EU is best illustrated with reference to Madeleine Hosli's recent article in this journal, which is more sensitive to the broader political environment in Europe than are most other studies.⁷ Hosli concludes that even though power in the Council of Ministers is monotonically increasing in members' voting weights (countries with the same weights are equally powerful), the relative power of governments from the larger countries has decreased with every expansion of the EU from its original six members, and that this trend will continue following the accession of the three small European Free Trade Association countries (Austria, Finland, and Sweden) on 1 January 1995.

6. See Banzhaf 1965; and Shapley and Shubik 1954.

7. Hosli 1993.

Perhaps the most striking thing about the power index approach is that it does not consider the policy preferences of member governments in Council decision making. The only partial exception to this is Mika Widgrén's most recent article.⁸ Hosli, for example, acknowledges in the conclusion to her article that it is possible to discern consistent policy preferences for various governments, at least on certain sets of issues. She states that "in reality, some coalitions may be more likely to form than others. For instance, the preferences of Denmark and the United Kingdom often seem to be rather close, as is true for the Benelux countries, France, and Germany."⁹ However, she views the addition of policy preferences merely as a supplement to power index analysis—informing us of the ends to which government might use their power. Hosli thus implicitly assumes that taking policy positions into account has no impact on the computation of power indexes.¹⁰ In the next section, we show that the consequences of taking policy preferences into consideration are far from benign. Indeed, this simple analytic innovation calls fundamentally into question the utility of the power index approach.

In addition, power indexes do not take into account the legislative processes used in the EU. Hosli accepts that formal institutional rules concerning the roles of the Commission and the European Parliament may have some impact on legislation. She argues, however, that because the Council "represents the final decision-making organ with respect to the introduction of new legislation" (at least until Maastricht), it is unnecessary explicitly to take into account prior stages in the decision making process.¹¹ In the third section, we argue that this reasoning is flawed. Contra Hosli, we assert that the ability to make proposals that are difficult to amend (agenda-setting power) is at least as important to policy outcomes as is having the final say on whether a bill is ultimately passed (veto power). We then show that differences among the EU's decision-making procedures can be expected to have significant consequences for policy outcomes.

Policy preferences and power indexes

Let us begin our analysis by assuming—for the moment—that the Council of Ministers is the sole decision maker in the EU. We consider a seven-member Council, in which each member's vote is weighted equally and five votes constitute a qualified majority. This is the simplest way to represent decision making under the qualified majority thresholds that have obtained in all actual configurations of the Council of Ministers. The critical difference between our analysis and the power index perspective is that we include the policy preferences

8. Widgrén 1995.

9. Hosli, 1993, 643.

10. *Ibid.*

11. *Ibid.*, 629.



FIGURE 1. (Ir)relevance of power indexes in one dimension, where *SQ* = status quo and 1–7 = governments' ideal points: coalition 12346 is impossible, since 5 will join

of member governments. In the first part of this section we analyze the one-dimensional case and demonstrate that the type of calculations performed by power indexes produces completely different results if policy positions are taken into account. Conventional power index analyses systematically overestimate the power of extreme members of coalitions and underestimate the power of centrist members for two reasons. First, only connected coalitions—that is, coalitions among governments that are contiguous in the relevant policy space—should be considered when calculating vulnerable coalitions. Second, the coalitions that actually form may often even be oversized, rather than “minimal winning” coalitions. We demonstrate that these problems obtain in any number of dimensions. Finally, we address potential objections to our argument concerning the stability of government preferences over issues and time.

A power index in one dimension

Assume that the seven members (1–7) of the Council of Ministers have policy preferences (“ideal points”) that can be arrayed on a single dimension from less to more European integration (see Figure 1). According to this approach, the required five-sevenths qualified majority can be achieved in twenty-one different ways (there are twenty-one $[7!/5!2!]$ distinct ways that five of seven members can be put together). Since we assume that all members have equal voting weights, the power index approach would conclude that each has equal power (one-seventh).

Now consider these expectations in Figure 1. Our first argument is that a more appropriate way of calculating power would be to include from the twenty-one decisive coalitions only those that are connected. Consider the coalition 12346. According to the power index literature, this coalition has a probability $1/21$ to occur. We wish to argue, however, that the probability of 12346 occurring is not $1/21$ but zero. This is because there is nothing that unites members 1, 2, 3, and 4 with 6 that would not include 5.

To demonstrate this, assume that the status quo is to the left of government 1 and that the preferences of governments are Euclidean (that is, their utility decreases with the distance of an outcome from their ideal points). All five members of the coalition 12346 would like a policy outcome that is closer to their ideal points than is the status quo (for example, at the preferences of government 1). But so does government 5. When a vote comes to the floor, the members of the winning coalition cannot exclude government 5 from voting for

a proposal that is in its interest. A similar argument can be made if the status quo is to the right of member 6. All six governments (1–6) will vote in favor of moving it to the left. Now consider that the status quo is somewhere between 1 and 6. There is no movement that 1 and 6 can agree upon. In all three mutually exclusive and collectively exhaustive cases, the coalition 12346 does not occur. Our argument assumes that there is no cost to voting for a proposal that a government prefers to the status quo. One could envisage a situation in which this assumption might not hold—when a government wishes not to be associated with a proposal it prefers, for example, to deflect the criticism of its domestic opponents. However, this is most unlikely in the context of the Council of Ministers because voting behavior has been shrouded in secrecy.

Coalitions such as 12346 do not form because they are not connected; that is, they do not include a member whose preferences are located between the preferences of members in the coalition. In this situation, either an agreement among the members of the coalition is not possible (in which case the coalition does not form), or if an agreement among the nonconnected members is possible, the excluded member will go along (in which case the coalition is not decisive, since it can reduce its size by one and still win). Consequently, when countries vote on the basis of policy positions, nonconnected coalitions do not form.

This outcome can be contrasted with that of coalition government formation. William Riker's theory of minimum winning coalitions was criticized for ignoring policy positions.¹² As a result, the notion of minimum connected winning coalitions was introduced.¹³ In this literature, connected coalitions were considered as a plausible refinement of the minimum winning approach that reduced the possible range of outcomes, but Riker's basic insight was not challenged.

Coalition building in government formation is very different, however, from decision making in the Council of Ministers. Parties in a coalition can exclude a would-be (connected) member from participating in government (that is, holding cabinet portfolios). Moreover, they have motives to do so—for example, to increase the perquisites of office available to each member. This is impossible in the Council of Ministers. No Eurogovernment is formed; and there are no perquisites connected with being in the majority on a given issue. Moreover, member governments can vote for whichever policies they wish. As a result, the inclusion of nonconnected coalitions in the calculations biases the calculation of power indexes.

Oversized coalitions should also be considered. Assume now that the status quo in Figure 1 is located far to the left of government 1 and that a decision to implement a policy at government 4's ideal point is proposed (for the moment,

12. Riker 1962.

13. Axelrod 1970.

we will not discuss how this proposal was made). All the members of the Council prefer 4 to the status quo. If one were to allow for oversized coalitions, it is clear that another three could form: 123456, 234567, and 1234567. We will soon show that such coalitions occur quite frequently: either because they are required by the institutional setting or because the members of the Council agree on issues. Thus, exclusion of the possibility of oversized coalitions further biases calculations of power indexes.

The consequences of the biases introduced by the unrealistic assumptions of nonconnectivity and decisiveness are serious. We present only the biases introduced by the nonconnectivity assumption and leave the size calculations for the interested reader. If one considers only the connected winning coalitions in one dimension, the only possible decisive coalitions are 12345, 23456, and 34567. In these coalitions members 1 and 7 participate once each; members 2 and 6 twice each; and members 3, 4, and 5 three times apiece. Thus, the power index (PI) of the different members is as follows: $PI(1) = 1/15$, $PI(2) = 2/15$, $PI(3) = 3/15$, $PI(4) = 3/15$, $PI(5) = 3/15$, $PI(6) = 2/15$, $PI(7) = 1/15$ [$\sum PI(n) = 1$].

A comparison of these results with traditional power indexes shows that once a single policy dimension is introduced, the potential number of decisive coalitions is reduced from twenty-one to three. All possible connected coalitions will include governments 3, 4, and 5. The inclusion of these members is one and a half times as likely as the inclusion of 2 and 6 and twice as probable as the inclusion of members 1 and 7. Even though the voting weights of all members in our example are the same—and hence each member would be considered equally powerful by conventional calculations of power indexes—the likely influence of these countries over policies is clearly related to their centrality in the policy space.

Power indexes in two dimensions

Robert Axelrod's suggestion of minimum connected winning coalitions has been criticized because it does not generalize in multiple dimensions.¹⁴ Here we provide a definition of the connectedness concept in multiple dimensions and show that our critique of power indexes obtains for any number of policy dimensions (our figures and proofs will be in two dimensions). We need not discuss oversized coalitions because there is nothing to be added to the one-dimensional case.

Consider the triangle 123 composed of three members of a coalition and any point 4 inside it (Figure 2). In the appendix we demonstrate that so long as policy preferences are Euclidean, a coalition of members 1, 2, and 3 will never form. Either 1, 2, and 3 cannot agree to form any coalition or 4 will be included

14. Lijphart 1984.

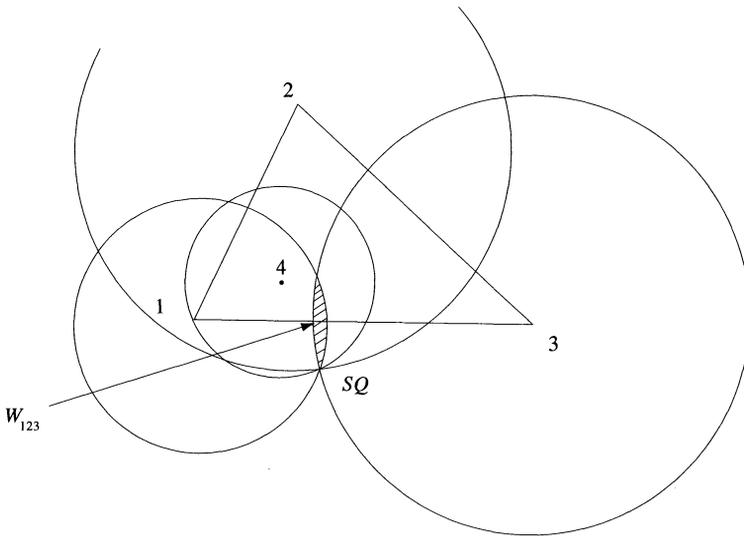


FIGURE 2. *Connected and nonconnected coalitions in two dimensions, where SQ = status quo, 1-4 = governments' preferred positions, W = win set, and $W_{123} \subset W_4$; coalition 123 is nonconnected if 4 belongs to the Pareto set of 1, 2, 3*

in the coalition with them. The logic of the argument is straightforward. If the status quo is located inside the triangle 123, then the coalition 123 cannot form. On the other hand, if the status quo is outside the triangle 123, any policy position that a coalition 123 is willing to support over the status quo will also be supported by 4. Consequently, as long as 4 is inside the triangle 123, 123 cannot be a vulnerable coalition.

This argument extends the notion of connectedness in more than one dimension. Consider n members of a legislative body in a multidimensional Euclidean space. Without loss of generality consider a coalition $M = \{1, 2, \dots, m\}$ out of $N = \{1, 2, \dots, n\}$ possible members.

DEFINITION. *A coalition of m (out of n) members is nonconnected if at least one member belongs in the Pareto set of M and if $i \in \{N\} - \{M\}$.*

PROPOSITION 1. *When members vote on the basis of policy positions, nonconnected coalitions do not form.*

What is the relevance of proposition 1 for our purposes? Consider a configuration of Council members as shown in Figure 3, where one of the members (government 7) is included inside the hexagon formed by the other six. While power index theories would predict each five-member coalition to be decisive, proposition 1 indicates that there is only one five-member coalition that

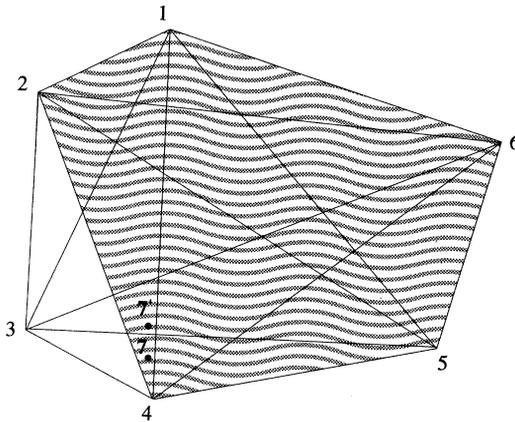


FIGURE 3. *Bias introduced by power indexes in two dimensions, where 1–7 and 7' = governments' preferred positions: coalition 12456 is decisive but nonconnected since it excludes 7, which belongs to its Pareto set*

can form that does not include government 7: 12356. In particular, coalitions 12345, 12346, 13456, 12456, and 12346 are not possible, because they are non-connected. If one moves the position of member 7 a bit higher in the figure, say to point 7', there is no decisive coalition that excludes 7' altogether.

As in the one-dimensional case, conventional power index calculations are biased. They include impossible coalitions in the denominator and they count members of these coalitions in the numerator. This bias operates in favor of spatially isolated countries and against centrist countries.

These examples are hypothetical. However, they can be easily replicated with actual positions of different countries on different issues. For example, Roland Stephen has located the positions of the different European governments in the “catalytic converters” case in two dimensions: the level of control of different emissions and the variance in standards tolerated by different governments.¹⁵ It would be possible to use his two-dimensional space to calculate different power indexes.

Instead of making elaborate mathematical computations here, we will postpone the task of discussing the catalytic converters bill until we discuss the implications of the EU's institutional rules on policymaking.

The stability of policy positions and coalitions

There is one possible objection to the analysis presented above: that it is impossible to talk about the policy preferences of governments in the Council of Ministers on anything but a case-by-case basis. If this were true, the spatial

15. Stephen 1995.

allocation of government preferences would be random across the range of issues under EU jurisdiction. A more technical way to think about this scenario is that the number of effective policy dimensions in the EU is so large that all winning coalitions are connected. One might then argue that while power indexes are flawed, they are nonetheless the best feasible approximation of the ability of governments to influence decisions over the entire spectrum of EU jurisdiction.

Is the assumption of a random distribution of government preferences across issues appropriate in the case of the contemporary EU? We agree with most commentators that it is not. Consider the following well-known examples.

According to the power index approach, Germany and the United Kingdom are equally able to influence decisions in the Council because they have the same number of votes. But this conclusion flatly contradicts all the journalistic and scholarly literature that speaks about the isolation of the United Kingdom since it joined the EU—an isolation resulting from the great importance attached to national sovereignty by British politicians and citizens alike.¹⁶ Similarly, most commentators frequently refer to the confrontation between the wealthy “north” and the less-developed “south” inside the EU. Spain’s demands for cohesion funds at Maastricht to offset the dislocations associated with the transition to economic and monetary union were a clear example.¹⁷ Moreover, the basic thrust of the literature analyzing the distributional consequences of the internal market program and the principle of “mutual recognition” is that consistent winners and losers have emerged from the 1992 agenda.¹⁸

Finally, consider the implications for Council of Ministers decision making of the accession of Austria, Finland, and Sweden to the EU. The power index approach assumes that the only way to think about this issue is to assume that these countries are just as likely to ally with Germany as with the United Kingdom. However, no one who has even a passing knowledge of European political economy would come to this conclusion. Rather, we along with most commentators believe that the most recent expansion of the EU will benefit Germany and further reduce the influence of the United Kingdom.

One could cite more examples, but they all lead to the same conclusion. The divisions in Europe do not resemble the motion of gas molecules in a container where at any point of time any two molecules may be close together. Instead, the coalitions that form depend on issues. Thus, one can form expectations about policy positions of governments as well as about likely coalitions between them, depending on the issue or the combination of issues. The assumption that anything goes, which is fundamental to the power index approach, flies in the face of all existing evidence.

16. Moravcsik 1991.

17. Eichengreen 1992.

18. Smith and Wanke 1993; Streeck and Schmitter 1991.

Decision-making procedures

The analysis in the preceding section accepted the basic assumption of power index analysis that one can understand policymaking dynamics in the EU by focusing exclusively on bargaining among member governments in the Council of Ministers. In this section, we argue that this assumption is inappropriate. The balance of legislative power between the Council of Ministers, the Commission of the European Communities, and the European Parliament varies systematically in the contemporary EU with the procedures under which decisions are made. In contrast with Hosli's assumption (shared implicitly by most intergovernmentalists) that effective power lies with the institution that acts last (i.e., that can veto new legislation), we highlight the importance of agenda setting (i.e., the ability to make proposals that are difficult to amend).

In almost all of the EU's decision-making procedures, the right to initiate legislative proposals is vested solely in the Commission of the European Communities. However, this does not necessarily give it effective control over the policymaking process. The Commission cannot keep issues off the agenda. Since the 1957 Treaty Establishing the European Economic Community (the Treaty of Rome), the Commission has been bound to make proposals when requested by the Council of Ministers. This power was extended to the European Parliament in the Treaty on European Union. More important for present purposes, the fact that the Commission makes the first proposal does not mean that it can always constrain—much less determine—the final proposal that is ultimately voted on in the last stage of the legislative game. Who possesses this effective agenda-setting power varies with the EU's different decision-making procedures.

Assumptions and methods

In order to substantiate this argument, we base our analysis on the one-dimensional spatial model presented in Figure 1 (in which the Council has seven members with equal voting weights). The previous section established that once policy positions are taken into account, the number of decisive coalitions that could form falls from the twenty-one to the only three connected qualified majority coalitions: 12345, 23456, and 34567. In this section we show how the interactions between the Council of Ministers and the other relevant decision-making institutions in the EU—the Commission of the European Communities and the European Parliament—not only determine which of these coalitions will form in the Council but also influence the likely policy outcomes that will ensue. Our analysis can be generalized in multiple dimensions, but we examine the one-dimensional case for ease of presentation.¹⁹

19. Tsebelis 1994.

We make a number of additional assumptions in the institutional analysis:

(1) The status quo at the beginning of the analysis is a policy that reflects the preferences of the least integrationist government in the Council. This can be understood as the outcome of intergovernmental bargaining under the Luxembourg compromise that dominated decision making until the ratification of the Single European Act (see below).

(2) All the other relevant actors—the other members of the Council of Ministers, the European Commission of the European Communities, and the European Parliament—prefer to increase the level of integration in the EU. This is the scenario that best describes the environment that has obtained since the demise of the Luxembourg compromise. We ultimately relax this assumption to analyze the possibilities for rolling back integration under the codecision procedure.

(3) The preferences of the Commission of the European Communities (considered as a unitary actor or, more precisely, as the median voter in the College of Commissioners) are more extreme than those of any member of the Council of Ministers. This is consistent with the qualitative literature highlighting the vested interests of commissioners in vigorously pushing forward the integration agenda. The pro-integration agenda of commissioners may seem puzzling given that national governments select their own commissioners and can replace them at the end of their terms. However, informal constraints militate against governments' choosing their partisans as commissioners. Considerable evidence also suggests that commissioners take on increasingly pro-integration positions after they arrive in Brussels.²⁰

(4) The preferences of the European Parliament (again, this is shorthand for the preferences of the median voter on the floor of the parliament) are similar to those of the Commission. This accords with the view of most observers of the parliament.²¹ We relax this assumption later to take into account the possibility that the degree of citizen control over parliamentarians will increase in time.

Our analysis focuses on the last steps of different decision-making procedures in the EU today. For these last steps we assume complete information, that is, that all actors know each other's preferences and the location of the status quo. While one could readily extend the complete information assumption to the whole procedure—as opposed to the last steps—we avoid the temptation because it leads to conclusions that are difficult to support empirically. Perhaps most important, under complete information the decision-making game would never reach the final stages. The initial proposal would be accepted by all actors and the game would end. In practice, however, most deliberations reach the final stage of a given procedure. Nonetheless, the complete information assumption is reasonable at the end of the game because

20. Ross 1995.

21. Tsebelis 1995a.

by this time the relevant actors have exchanged considerable information—both by their behavior under the decision-making procedure and outside it.

We also assume that the actors engaged in EU policymaking believe that it is not feasible (at least in the short run) to reintroduce a policy issue once it has gone through the relevant procedure. Indirect evidence supports this assumption. Most important, it is extremely rare for any policy initiative to end in a stalemate with no decision reached. It is thus reasonable to analyze policymaking as a one-shot game in which the final player in a game will accept proposals that it prefers to the status quo ante.

It is theoretically possible, of course, for issues on which legislative efforts fail to be raised again in the future. Introducing the possibility of indefinite iteration of these games complicates matters. One would have to analyze noncooperative bargaining games between the agenda setter and the actor that must accept or reject the agenda setter's proposal. This actor must determine whether to reject a proposal it prefers to the status quo ante in the expectation of securing a more favorable outcome in a subsequent play of the game. There are unique equilibria to such games in theory.²² It is extremely difficult in practice, however, to put empirical parameters on the relevant factors. One of the most important determinants of bargaining outcomes involving governments is likely to be their domestic political environments, but the precise effects of domestic conditions on international bargaining are not yet known.²³

Using this analytic framework, it is the last two stages of each EU decision making process that are pivotal: which actor makes the final proposal? to whom? under what voting rules? We now address these questions with respect to the four major decision-making procedures in the EU today: assent, consultation, cooperation, and codecision.

The legacy of the Luxembourg compromise

Under the Luxembourg compromise that effectively governed decision making in the EU from at least 1966 until 1986, the Council of Ministers dominated the policymaking process. Figure 4 depicts this situation. Though the formal right to propose lay exclusively with the Commission of the European Communities, proposals could only become law if they were supported unanimously in the council. This effectively gave all the decision-making power to the government with the least interest in changing the status quo. There was thus a powerful “lowest common denominator” bias in Council deliberations and the pace of integration was accordingly slow, determined as it was by the preferences of the least integrationist member government (government 1 in Figure 4).

22. Rubinstein 1982.

23. Evans, Jacobson, and Putnam 1993.

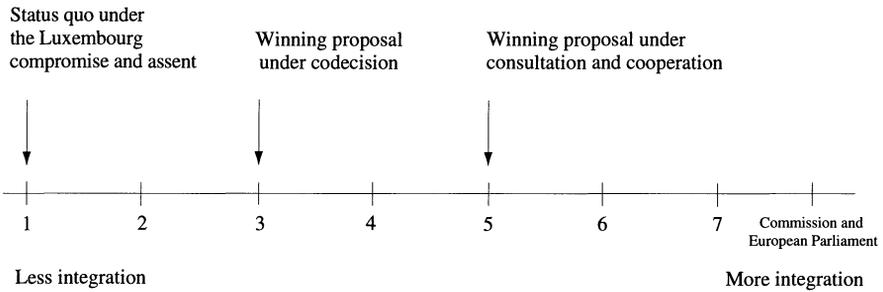


FIGURE 4. *Decision-making procedures and policy outcomes in the European Union, where 1–7 = governments' preferred positions*

In the contemporary EU, some issues are still dominated by lowest common denominator pressures in the Council.²⁴ First, the member governments or their representatives in the Council of Ministers—acting unanimously—are solely responsible for revising the EU's treaties, for its external relationships, and for the new areas added to EU jurisdiction in the Maastricht treaty (common foreign and security policy and cooperation in justice and home affairs). The dynamics of decision making in these areas are identical to that in the era of the Luxembourg compromise. Second, some contentious policy issues are decided unanimously in the Council of Ministers but on a proposal made by the Commission. These include indirect taxation, exchange rate parities for Economic and Monetary Union, industrial policy and environmental issues concerning fiscal matters, energy policy, and land use. Since the Council of Ministers can amend all Commission proposals unanimously, the commission has no agenda-setting power where the council votes unanimously (because it is just as easy to amend as to pass proposals). Policymaking in these areas is thus again likely to result in outcomes similar to those generated by the Luxembourg compromise.

The final legacy of the Luxembourg compromise is more interesting. Numerous areas are covered by the assent procedure in which the Council of Ministers votes on a Commission proposal under a unanimity rule, subject to the assent of a majority in the European Parliament. These include establishing citizenship rights, the creation of cohesion funds to aid less-developed members, electoral rules for selecting members of the European Parliament, and the accession of new members to the EU. The introduction of a parliamentary veto of Council decisions would seem to be a significant departure from the pure intergovernmentalism of the Luxembourg compromise. However, so long as the median voter in the Parliament is more integrationist than the least integrationist member of the Council, it is clear that Parliament will not exercise its veto right.

24. Jacobs, Corbett, and Shackleton 1992, 203–5.

In sum, in all those instances where voting in the Council is by unanimity, it is reasonable to conceive of decision making in terms of the Luxembourg compromise period and to ignore the roles played by other EU institutions. In all the remaining areas of EU jurisdiction, however, qualified majority voting has been the rule of the day in the Council since the ratification of the Single European Act. Below we demonstrate that the consequences of qualified majority voting vary with the relationships between the Council and the other relevant institutional actors in the EU. Thus our analysis is more fine-grained than most neofunctionalist studies, which implicitly assume that the specifics of different decision-making procedures have no significant bearing on the pace of integration.

The consultation procedure

The three EU decision-making procedures are illustrated in Figure 5. The simplest and oldest of the procedures using qualified majority voting in the Council of Ministers is the consultation procedure (see the top panel of Figure 5). It was elaborated in the Treaty of Rome, but its implementation was blocked by the Luxembourg compromise. Today, the consultation procedure applies to numerous areas, including the free movement of capital, competition policy, and industrial subsidies. The fundamental difference between the consultation procedure and the Luxembourg compromise (and the assent procedure) is that in the former Commission proposals become law if they are accepted by a qualified majority of Council of Ministers members.

The consequences for policymaking of the consultation procedure are delineated in Figure 4. Under qualified majority voting, the Commission wants to make the most pro-integrationist proposal that will be supported by a qualified majority in the Council of Ministers. This coalition is clearly 34567. Moreover, government 3 replaces government 1 as the pivotal player in the Council. The Commission will make the proposal that is closest to its ideal point and that government 3 prefers to the status quo (and to all solutions that can defeat the status quo unanimously). Given the preference configurations in Figure 4, the Commission would thus make a proposal just to the left of the ideal point of government 5, and this would be supported by government 3.

The likely policy consequence of replacing the Luxembourg compromise with the consultation procedure is that the pace of integration will increase. Recalcitrant governments can be outvoted by a qualified majority. Moreover, given that agenda-setting power lies with the Commission, the pivotal player in the Council will not be able to set policy at its ideal point. Rather, the Commission will propose a more pro-integrationist policy—but one that the pivotal player in the Council still prefers to the status quo and hence will vote for in the final stage of the consultation game.

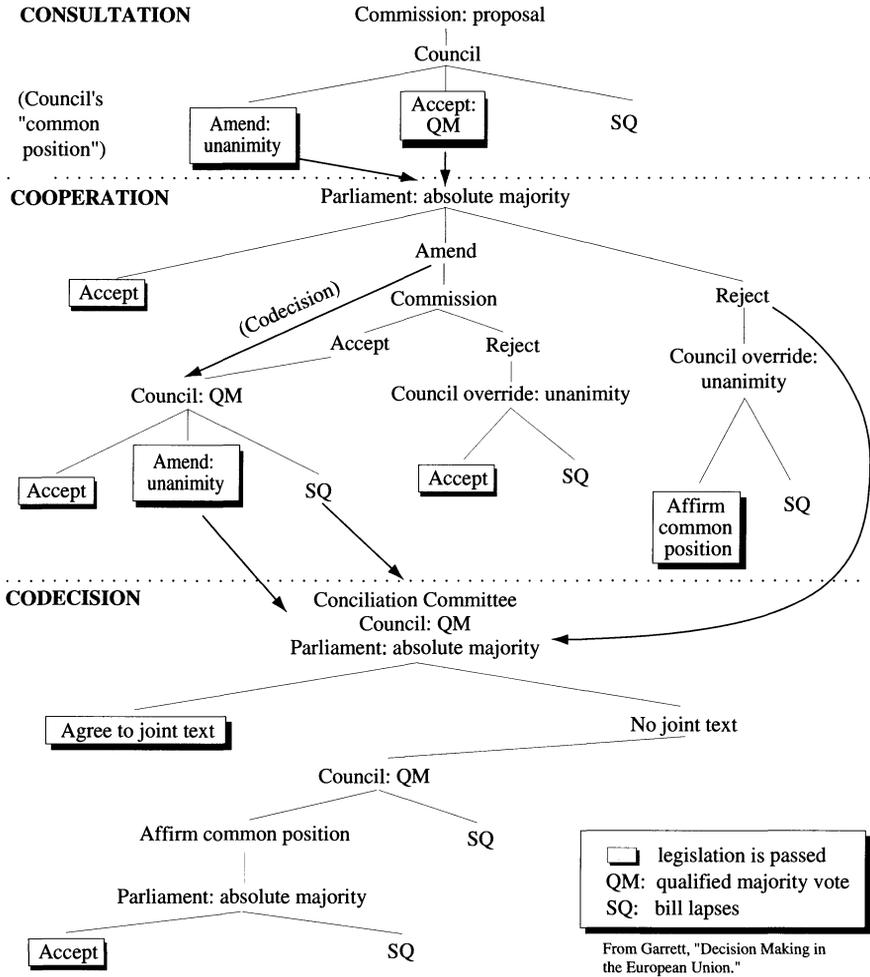


FIGURE 5. Consultation, cooperation, and codecision

Source. Reprinted from Garrett 1995 with kind permission from Elsevier Science Ltd., Kidlington, United Kingdom.

The cooperation procedure

The SEA introduced a new legislative procedure for the EU. Until Maastricht, the most important issues subject to this cooperation procedure were those pertaining to the completion of the internal market (the "1992" agenda). Today, the cooperation procedure (see Article 189c of the Treaty on European Union) applies to a range of policy areas including social policy (although the United Kingdom opted out of this provision), implementation of regional funds, research and technological development, and a number of environmental issues.

The most important institutional difference between the consultation and cooperation procedures is that the power of the European Parliament is significantly greater in the latter than the purely advisory role it plays under consultation (see the middle panel of Figure 5). Under this procedure the European Parliament gained “conditional agenda setting power”; it may amend Commission proposals. If these are accepted by the Commission (which is the case for three out of four amendments), the proposals are then presented to the Council of Ministers, making it difficult for the Council to modify them.²⁵ The European Parliament also can reject proposals that are accepted by a qualified majority in the Council’s first reading of a bill. This rejection can be overridden only by a unanimous Council. In practice, however, this power is not very significant if the Parliament is more pro-integration than any member of the Council. A proposal that is preferred to the status quo by the Council will invariably also be preferred by the Parliament.

If the European Parliament’s preferences are similar to those of the Commission of the European Communities, the policy consequences of the cooperation procedure will be the same as those under the consultation procedure. The Commission and the Parliament will agree to make the most pro-integration proposal that will win the support of a qualified majority in the Council. In the context of Figure 4, this proposal would be marginally to the left of government 5’s ideal point because this is the most integrationist policy that the pivotal government 3 prefers to the status quo.

Given the institutional innovations of the cooperation procedure and the fact that it was central to the effort to complete the internal market between the mid-1980s until the ratification of the Maastricht treaty, we will examine in some detail two pieces of legislation that reveal the impact of agenda setting on policy outcomes. The first is the well-known catalytic converters case; the second pertains to the system of health and safety regulation prevailing in the EU.

With respect to catalytic converters, consider the following quotation from the authoritative work of Francis Jacobs, Richard Corbett, and Michael Shackleton on the strategic calculations of the European Parliament under cooperation:

A good example of how the Parliament can use these powers was when in 1989 it considered exhaust emission standards for small cars. Here, it was faced with a Council common position that fell below the standards it supported in its first reading. Parliament was keen on raising these standards to levels equivalent to those required in, for instance, the USA and Sweden, and it was known that some Member States shared Parliament’s concern, but had been a minority in Council. Parliament’s committee on the environment therefore prepared second reading amendments that would restore the higher standards. In the debate, pressure was put on the Commission to

25. Tsebelis 1994, 136.

accept these amendments before Parliament took its final vote. It was made clear that if the Commission did not do so, Parliament would instead reject the common position, and the legislation would fall as there was clearly no unanimity within the Council to overrule Parliament. The Commission therefore accepted Parliament's amendments which were duly incorporated into the reviewed proposal. Council then had three months in which either to approve it by qualified majority, or to amend it by unanimity (which it could not do as at least three Member States agreed with Parliament) or to see it fall (which it could not countenance, as this would have created havoc in the car industry with a divided internal market and uncertainty as to what standards to adapt to while the whole procedure started again). A reluctant majority in Council therefore adopted the reviewed text (which, incidentally, could cost every small car purchaser an extra £300 or so as a result, but will lead to a major improvement in the environment).²⁶

The quotation provides a verbal account of the Parliament's conditional agenda-setting power under the cooperation procedures and the strategic calculations involved in exercising this power. Unlike the scenario we envisaged in Figure 4, the Parliament's preferences were not congruent with those of the Commission and, as a result, an additional strategic interaction between these two institutions is discussed. Nonetheless, it is clear that the types of decision made in this case are exactly those anticipated in our theoretical analysis. The Commission was forced to agree with the Parliament because otherwise the status quo would prevail. Then, the Council was forced to accept the Parliament's environmental position, because of fear of reversion to the status quo.

The outcome was much more advanced in terms of environmental protection than was preferred by not only the least environmentalist government in the Council but also probably by its pivotal member. What Jacobs, Corbett, and Shackleton call adoption of the text by "a reluctant majority" is essentially the strategic calculation of government 3 in Figure 4 (to accept a proposal at 5). Note also that the empirical record reports no power-index-like calculation. The Council agenda was set by the parliamentary proposal, and the Parliament selected its allies. Winners and losers in the council could not in this case be deduced from some a priori calculations of probabilistic coalitions.

The second example involves a series of directives concerning health and safety at work issues: the "Health and Safety at Work" directive (89/391/EEC), the "Machinery" directive (89/392/EEC), and the "Display Screen Equipment" directive (90/270/EEC). In this example, legislation overshot the extant policies in all member states. Volker Eichener concluded that "the European Community definitely adopted the highest health and safety at work level which is to be found among the 12 Member States."²⁷ He argued that sometimes it is difficult to compare different regulations because the underly-

26. Jacobs, Corbett, and Shackleton 1992, 186.

27. Eichener 1993, 6.

ing philosophies are different (for example, electrical safety is reached by safe electrical utensils in Germany but by safety switches in France). Nonetheless, he was confident about his overall assessment:

To be sure, looking at single provisions, there are some Member States with somewhat tighter regulations, such as Denmark's regulations regarding carcinogenous substances, the Netherlands' regarding working time at visual display terminals or Germany's regarding radiation. But if levels of health and safety at work can be compared at all, the overall assessment is that the Community established a coherent health and safety at work concept with a level of protection which is certainly at the very top of the ranking and which even appears to exceed the protective levels of all 12 Member States.²⁸

Similarly, Giandomenico Majone argued that "it is difficult to find equally advanced principles (like the 'working environment') in the legislation of major industrialized countries, inside and outside the EC. In order to explain such policy outputs we need new, more analytic theories of the policy process in the Community."²⁹

Figure 6 summarizes the arguments of Eichener and Majone. With some exceptions, the EU has tended to adopt more advanced legislation on each issue than exists in any member state. Consequently, the combination of EU provisions is outside the Pareto set of its members. A detailed account of the strategic calculations that led to this surprising outcome would yield very similar insights to those in the exhaust emissions case.³⁰ The more interesting question regarding workplace health and safety regulation asks why it was possible for European legislation to be more stringent than that in any member state.

There are two possible explanations. The first is that while the observed result may be outside the regulations of the member countries, the existing regulations in each country did not comprise the ideal point of the individual governments in these countries. According to this account, each government might have wanted more advanced regulation, but each was unable or unwilling to adopt it unilaterally. The institutions of the EU solved the resulting collective action problem. We do not think that this is a plausible argument because although common legislation eliminates competition along the social dimension within the EU, it certainly imposes a heavy burden on the ability of European products to compete outside the EU.

The second explanation comes from a modification of Figure 4. Let the first three member governments remain at the same points. But consider a case in which the ideal points of the other four governments are tightly packed around point 4. In this case, the outcome of the cooperation procedure (still at point 5)

28. *Ibid.*, 8.

29. Majone 1993.

30. Tsebelis 1994.

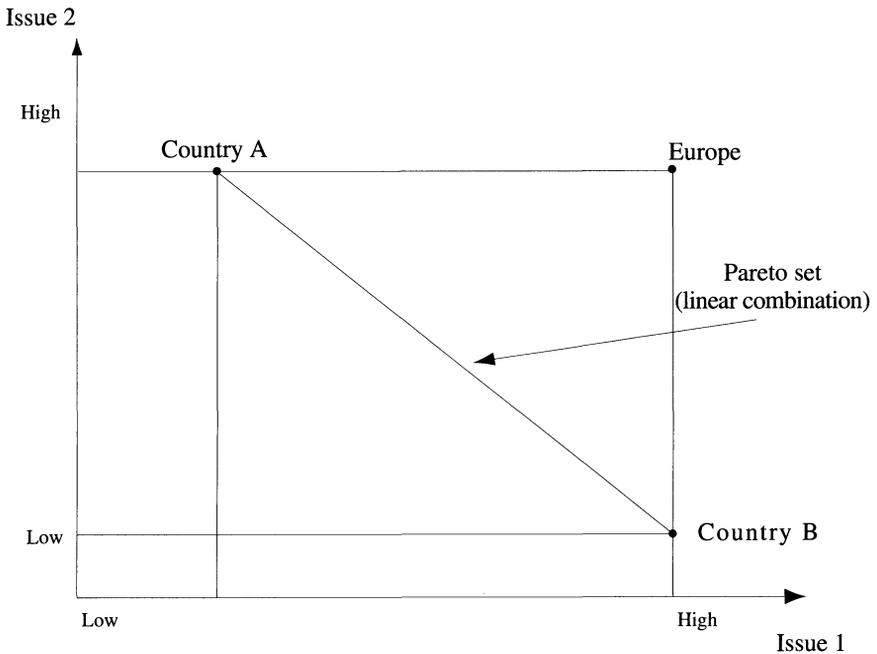


FIGURE 6. *European regulation outside the Pareto set of member states*

is outside the Pareto set of the member governments. This outcome assumes that governments 1 and 2 would not be willing to support a Council amendment at regulation at point 4 (recall that the Council of Ministers can always amend proposals unanimously), and hence their intransigence would leave the qualified majority (34567) with no other choice but to accept point 5. In this scenario, the behavior of countries 1 and 2 is “irrational” since it leads to the adoption of point 5 instead of point 4, which would be better for all members of the Council. This behavior can be explained if one takes into account the domestic politics game of countries 1 and 2. It may be that governments 1 and 2 prefer to be on the record as having voted down any significant increase in regulation than to decrease marginally the level of regulation (from point 5 to point 4), because support of regulatory measures is very unpopular back home either with voters or national legislators.³¹ If countries 1 and 2 prefer to vote down any increase in regulation, the rest of the countries cannot modify the parliament’s proposal and have no other choice but to accept point 5.

The basic point to be derived from this example is that, given the institutional innovations of the SEA, one should not be surprised if outcomes of the legislative process sometimes are outside the Pareto set of member governments. Under certain configurations of government preferences, this type of

31. Tsebelis 1990.

outcome will be the product—a very dramatic product—of the agenda-setting powers vested in the Commission of the European Communities and the European Parliament.

The codecision procedure

A final decision-making procedure was added at Maastricht. The codecision procedure (see article 189b of the Treaty on European Union) replaces the cooperation procedure for matters pertaining to the completion of the internal market. It also applies to various new areas of EU jurisdiction such as education, culture, public health, and consumer protection.

The cooperation and codecision procedures differ institutionally in two critical ways (see the bottom panel of Figure 5). First, codecision greatly reduces the agenda-setting power of the Commission of the European Communities. The European Parliament's amendments of legislation do not go back to the Commission before they are considered again by the Council. Moreover, Parliament can effectively initiate a proposal if a conciliation committee is convened (see below).

Second, the roles of the Council and the Parliament are reversed from the cooperation procedure. Under codecision, if Parliament's amendments to the Council's "common position" (i.e., a Commission proposal that won the support of a qualified majority in the Council) on the first reading of a bill are not acceptable to a qualified majority in the Council, a conciliation committee is convened. If this committee (comprising all members of the Council and numerically equal representation from the Parliament) cannot agree to a joint text, proposal power effectively reverts to the Council. In the final stage of the game, the Council produces the final text of the law unless an absolute majority in the Parliament vetoes it.

What are the likely policy consequences of codecision? Let us begin by assuming that the structure of actors' preferences and the status quo are those in Figure 4. The proposals that could be supported by all three connected coalitions in the council—12345, 23456, and 34567—would clearly all be accepted by the Parliament. Of these three coalitions, however, 34567 can offer a better deal to the Parliament than the other two. The final solution will thus be the one accepted by 34567 and the Parliament. With respect to the internal bargaining of coalition 34567, we know that any solution acceptable to government 3 (that is, any position it prefers to the status quo) is a fortiori acceptable to the other four members of the coalition and to the Parliament as well. This reduces the expected outcomes to the segment 35 in Figure 4. It is conceivable that government 4 will make a statement that it cannot accept any other outcome but its own ideal point. If this statement is considered credible by the other governments, 4 will be the outcome of the codecision procedure. A more reasonable assumption, however, is that government 3 has the effective bargaining power, and it will be able to impose its will on the Council. It will

propose a policy at its ideal point. This will be accepted by the four governments to its right. In turn, the Council's proposal will also be accepted by the Parliament, and legislation will be passed implementing the ideal point of government 3.

Thus, we should expect a crucial difference in policy outputs between consultation and cooperation, on the one hand, and codecision, on the other. Assuming that the Parliament is more integrationist than any member of the Council and that the status quo was achieved under the Luxembourg compromise, the pace of European integration will be slower under codecision than the older procedures.

The reason for this difference is the transfer of agenda-setting power from the Commission and the Parliament to the Council of Ministers. In the consultation/cooperation endgame, the Commission or the Parliament makes proposals to the Council that can only be amended unanimously. Government 3 is pivotal in the Council, but it will accept proposals to its right so long as they are preferable to the best amendment it could make that would be acceptable to all Council members (in Figure 4, there are no such amendments since the status quo is at government 1's ideal point). The agenda setters understand this and thus propose a policy to the right of government 3's ideal point. In contrast, the situation is reversed under codecision because agenda-setting power rests with the Council. Here, government 3 effectively controls policy outcomes, and it will thus be able to determine the pace of European integration.

This implies that common interpretations of the codecision procedure are wrong. The fact that the parliament gained an absolute veto over Council proposals is considered by many to give the Parliament considerably more influence over policy than ever before. Jacobs, Corbett, and Shackleton write that the codecision procedure is "essentially an upgrading of the cooperation procedure" and that "the right to say 'no' gives Parliament a bargaining position which it has hitherto lacked regarding Community legislation." They conclude that the "codecision procedure is thus an important, but limited, step forward in Parliament's legislative powers" and that the "European Parliament's powers were increased . . . through the introduction of the codecision procedure."³² Neil Nugent adds that "The EP [European Parliament] is the most obvious beneficiary of the SEA and TEU [Treaty on European Union] reforms, for it is placed in a much more advantageous position to pressurize the Commission and the Council to accept its views."³³

Emile Noël, former secretary-general of the Commission of the European Communities, concurs with this view of codecision. He claims that "in conferring considerably greater powers on the European Parliament, the Maastricht Treaty tipped the institutional balance," and that "as the Maastricht Treaty provides the European Parliament with considerably greater

32. Jacobs, Corbett, and Shackleton 1992, 191, 192, 194, and 277, respectively.

33. Nugent 1994, 326.

powers, its application will gradually lead to a change in the institutional balance."³⁴ William Nicoll and Trevor Salmon add that under the codecision procedure "the Parliament always has the possibility of rejecting a proposal and so enjoys the right of veto in the decision-making process. The Maastricht Treaty thus increases Parliament's rights."³⁵

But the Parliament's veto power under codecision was gained at the expense of its ability to influence the Council's agenda. Under the reasonable preference configurations analyzed here, the Parliament is a less effective policymaker under codecision than under cooperation, and one should expect the introduction of Maastricht's new procedure to put a brake on the pace of integration in the EU. Unfortunately, it is not possible at this time to test this argument empirically. The codecision procedure only came into force on 1 December 1993, and as yet there are no documented accounts of legislation passed pursuant to it.

Before closing our discussion of codecision, we would like to reconsider two of the assumptions built into our analysis. First, recall that we have assumed that the status quo was generated under the Luxembourg compromise. This is entirely reasonable for cases where new issue-areas are brought under EU jurisdiction, as was the case at Maastricht for many matters subject to the codecision procedure. It is not appropriate, however, for the major area under codecision: the internal market. While the internal market program has not been "completed" in a few notable cases (such as immigration and public procurement), the volume of legislation passed in this area under the cooperation procedure has nonetheless been great. By the end of 1992, over six hundred measures had been passed in this manner—double the number envisaged in the commission's 1985 White Paper on the Completion of the Internal Market.³⁶

For the internal market, it seems more appropriate to discuss future reforms assuming that the status quo is one in which much of the enabling legislation is already in place. The question now becomes can the Council use the agenda-setting power to roll back this legislation? So long as the Parliament's preferences are more integrationist than those of the Council, the answer is clearly no. Figure 7 depicts this situation. We assume the most extreme possible case—where the status quo is at the Parliament's ideal point. Parliament would veto any proposal that a qualified council majority would make. It is in this type of scenario that the parliament's veto power under codecision is important—it allows Parliament to block efforts to dismantle existing legislation.

A second assumption—that the Parliament is more integrationist than all the governments in the Council—might also be relaxed. This assumption is contingent upon the freedom members of the European Parliament possess to

34. Noël 1995

35. Nicoll and Salmon 1994, 83.

36. The white paper is cited in Jacobs, Corbett, and Shackleton 1992, 193.

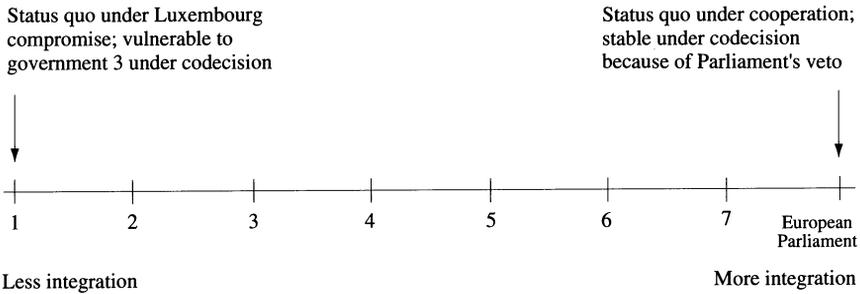


FIGURE 7. Policy stability under the codecision procedure, where 1–7 = governments' preferred positions

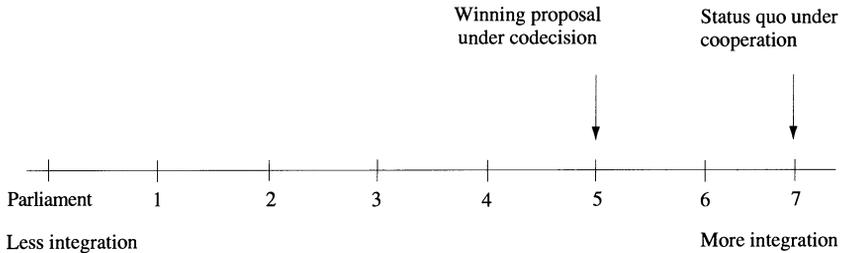


FIGURE 8. The electoral accountability of the European Parliament and the codecision procedure, where 1–7 = governments' preferred positions

act independently of the constituencies that elect them. In turn, this freedom is a function of the general public's disinterest in politics at the European level. Today, this is an entirely reasonable assumption. Turnout in the 1994 European Parliament elections was very low, and the most intense campaigns (most notably in the United Kingdom) were dominated by domestic considerations, rather than by EU policy issues.

In the future, however, this situation could change. As citizens come to understand the power of the Parliament, they may well take more seriously the electoral process that generates its members. If the current division between political elites and the mass public continues—with the latter being more skeptical about European integration than the bulk of national politicians—one could envisage a scenario in which the preferences of the median voter in the European Parliament might come to be less integrationist than those of governments in the Council of Ministers.

Figure 8 depicts this scenario. Here we assume that the status quo is very integrationist—say, at the ideal point of government 7—but the Parliament prefers less integration than does government 1. In this extreme case, it is possible that some European legislation, most likely, concerning the internal market, could be rolled back. The extent of this rollback would be determined

by the preferences of the pivotal government in the Council under qualified majority voting (government 5 in this case). Government 5 knows that it can propose its ideal point, that this will win a qualified majority in the Council, and that the Parliament will also accept it.

Summary

The fundamental purpose of this section has been to show that studies of decision making in the EU that focus exclusively on dynamics within the Council of Ministers are likely to misperceive most policy dynamics. The Council-centric perspective was justified during the Luxembourg compromise period and still is useful for analyzing some issues today. But in these cases, studies should not concentrate on voting weights but on the preferences of member governments and the ability of countries opposed to integration either to block reforms or extract high prices for their acquiescence.

In all the remaining areas of EU decision making, lowest common denominator pressures do not obtain. Moreover, one cannot analyze qualified majority voting in the Council without knowing how the agenda on which the Council deliberates is set. In areas decided under the consultation and cooperation procedures, the pace of European integration is likely to be significantly faster than under a system of national vetoes because of the agenda-setting powers possessed by the pro-integration Commission and Parliament. Contrary to common understandings, the pace of integration will likely be slower in policy areas covered by the codecision procedure because agenda-setting power reverts to the Council—at least where new issues-areas are legislated under codecision and so long as the policy preferences of members of the European Parliament are detached from those of their constituents.

Conclusion

In this article, we have presented a general critique of intergovernmentalism from an institutional point of view. The traditional focus of intergovernmentalist attention on treaty bargaining only analyses the tip of the iceberg and ignores the everyday reality of European integration. But incompleteness is only a minor flaw of the approach. The major problem is intergovernmentalism's poor theoretical foundation. The *modus operandi* of intergovernmentalism—that all important decisions made in Europe pertain to treaties and hence that we need to understand how the treaties came about—seems obvious. Upon closer examination, however, this premise conceals more than it reveals. From a strategic point of view, the understanding of the policy implications of different treaties is a necessary pre-condition for the selection of one particular institutional structure by the founding actors. Consequently, one cannot understand the process of treaty adoption without understanding the (likely) policy consequences of different possible treaties.

A new variant of intergovernmentalism—the increasingly popular power index approach—has tried to address this issue. However, because it relies on the same fundamental assumption—all decisions are products of bargaining among nations, this time in the Council of Ministers rather than at the treaty table—power index analysis produces an inaccurate picture of European decision making. It has two fundamental limitations. First, power index analyses come to mistaken conclusions about the effective influence of different countries, the likelihood of different outcomes, and the likelihood of coalitions that support these outcomes because such analyses ignore the policy preferences of governments in the Council of Ministers.

Second, the power index approach—together with all other forms of intergovernmentalism—ignores the actual institutional structure of the EU. We have demonstrated that different procedures, by giving the power to propose and the power to veto to different actors, systematically lead to different outcomes. This conclusion cannot be reached without careful study of the EU's institutions. While informal bargaining processes inside the Council of Ministers may lead to different coalitions, we have shown that the coalitions that prevail depend not only on policy positions but also on the institutional structure of European procedures. For example, coalition formation inside the Council of Ministers cannot be studied in isolation under either the consultation or cooperation procedure. It is the Commission or the Parliament that makes a proposal to the Council, and this proposal aims at the support of the most favorable (for the agenda setter) coalition inside the Council. Even in the codecision procedure—where agenda-setting powers are vested in the Council—coalition formation in the Council is constrained. The Council has to select a proposal that will not be rejected by the Parliament, and this restriction increases the power of members of the Council whose preferences are close to those of the Parliament and weakens the hand of the members that are further away.

Whether it is the old or the new form, whether sophisticated mathematical calculations are present or absent, the problem with intergovernmentalism is not cosmetic but congenital. National governments are not the only important decision makers in the EU. The Commission of the European Communities and the European Parliament also play important legislative roles. It is only by analyzing the effects of institutional rules on the interactions among these institutions that one can understand the policies that are produced every day in the EU and hence the nature of the integration process itself.

Appendix

Assume that governments in the Council of Ministers have ideal points in space (combinations of policies that they want adopted and implemented) and circular

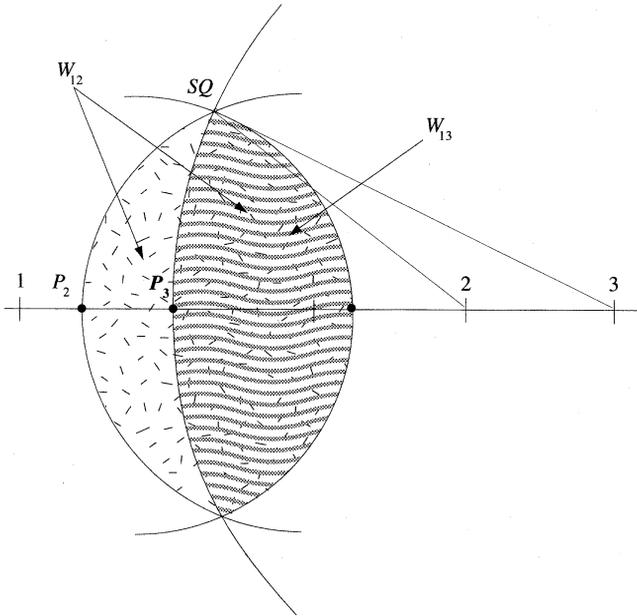


FIGURE A1. Win sets (W) of governments 1, 2, and 3, where SQ = status quo and $W_{13} \subset W_{12} \subset W_2$

indifference curves; that is, they are indifferent among points that have the same distance from their ideal point.

DEFINITION 1. Call the win set of the status quo with respect to a set of points $\{i\}$ the set of points that are preferred to the status quo by all i .

DEFINITION 2. The Pareto set of a coalition M is the set of outcomes that cannot be improved upon by all members of the coalition.

COROLLARY. The Pareto set of three countries 1, 2, 3 is the triangle 123 defined by their ideal points.

The proof is simple: any point outside the triangle can be defeated by its projection on the closest side of the triangle; at least one of the three countries will object to any movement of the status quo if it is located inside the triangle.

In order to prove that in two dimensions nonconnected coalitions will not form (the proposition in the text) we will start with a series of lemmas.

Consider three members on the same line having to agree on a movement of the status quo (SQ) as in Figure A1. The win set of the status quo of 1 and 2 is W_{12} . The win set of the status quo for 1 and 3 is W_{13} .

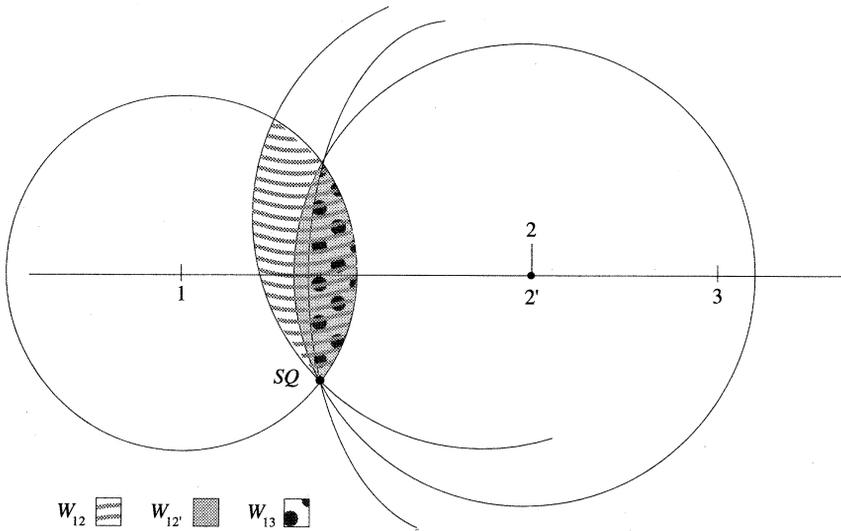


FIGURE A2. Win sets (W) of governments 1, 2, and 3, where $W_{13} \subset W_{12} \subset W_{12}'$

LEMMA 1. If points 1, 2, and 3 are on a straight line, and 2 lies between 1 and 3, then W_{13} is a subset of W_{12} .

Proof. The side $3SQ$ of the triangle $23SQ$ is smaller than the sum of the other two sides, and consequently the distance $3P_3$ is smaller than the distance $2P_2$.

Consider now three governments 1, 2, 3 and the status quo SQ in the configuration of Figure A2 where country 2 is located on the other side of line 13 than the status quo, and the projection $2'$ of 2 on the line 13 lies between 1 and 3.

LEMMA 2. If points 1, 2, and 3 are not on a straight line, the projection of 2 ($2'$) on the line 13 is between 1 and 3, and the status quo is located on the other side of 13 than 2, then W_{13} is a subset of W_{12} .

Proof. According to lemma 1, W_{13} is a subset of W_{12}' . Since 2 is on the other side of 13 than SQ , the circle around 2 intersects the circle around 1 at the symmetric point of SQ (with respect to line 12) which is further away from the line 13. Consequently W_{12}' is a subset of W_{12} . The lemma follows by transitivity.

LEMMA 3. For any three points 1, 2, 3, and any point 4 located inside the triangle 123, W_{123} is a subset of W_4 .

Proof. The proof comprises two parts. (1) If SQ belongs in the Pareto set (is located inside the triangle 123), the proposition is trivial, because the win set of the three points is by definition empty. (2) If SQ does not belong to the Pareto set (is located outside the

triangle 123) then at least one side of the triangle (without loss of generality assume side 13), the status quo and point 4 will follow the assumptions of lemma 2. Consequently, W_{13} is a subset of W_{14} . In addition, it is always the case that W_{123} is a subset of W_{13} ; and W_{14} is a subset of W_4 . \square

Proving proposition 1 in the case of coalition 123 is a simple matter of translation. The reader is reminded that nonconnected coalition is a coalition that excludes a member belonging in its Pareto set. In Figure A2 coalition 123 is nonconnected, because it excludes point 4, which belongs in its Pareto set. What lemma 3 claims is that there is nothing that 1, 2, and 3 prefer over the status quo that 4 does not prefer also. Consequently, if governments vote on the basis of policy preferences, 4 cannot be excluded from the coalition 123. Or,

PROPOSITION 0. *When voting is based on policy positions, coalition 123 is nonconnected and will not form.*

Generalization in the case of more than three points is straightforward. If a point j is in the Pareto set of a polygon, then it will be included in at least one triangle that can be formed by connecting three of the angles of the polygon, and since the coalition of these three members is nonconnected, the coalition of the members of the polygon (excluding j) is also nonconnected. In addition, member j has the same preferences with the members of the polygon (since it agrees with more restricted three member coalition); consequently, it cannot be excluded for the coalition.

PROPOSITION 1. *When voting based on policy positions, nonconnected coalitions do not form.*

Although the proof of proposition 1 was presented in two dimensions, the arguments can be replicated regardless of the number of underlying dimensions of the issue-space.

References

- Axelrod, Robert. 1970. *Conflict of interest*. Chicago: Markham.
- Banzhaf, John, III. 1965. Weighted voting doesn't work: A mathematical analysis. *Rutgers Law Review* 19:317–43.
- Brams, Stephen J., and Paul J. Affuso. 1985. New paradoxes of voting power in the EC Council of Ministers. *Electoral Studies* 4:134–39.
- Eichener, Volker. 1993. Social dumping or innovative regulation? Process and outcomes of European decision-making in the sector of health and safety at work harmonization. Working paper no. 92/28, European University Institute, Florence, Italy.
- Eichengreen, Barry. 1992. Should the Maastricht Treaty be saved? Princeton Studies in International finance working paper. Princeton, N.J.: International Finance Section.
- Evans, Peter, Harold Jacobson, and Robert Putnam, eds. 1993. *Double-edged diplomacy: International bargaining and domestic politics*. Berkeley: University of California Press.
- Garrett, Geoffrey. 1992. International cooperation and institutional choice. *International Organization* 46:533–60.

- . 1995. From the Luxembourg compromise to codecision: Decision making in the European Union. *Electoral Studies* 14(3): 289–308.
- Hosli, Madeleine O. 1993. The admission of the European Free Trade Association states to the European Community. *International Organization* 47:629–43.
- Jacobs, Francis, Richard Corbett, and Michael Shackleton. 1992. *The European Parliament*. 2d ed. Essex, England: Longman.
- Johnston, R. J. 1995. The conflict over qualified majority voting in the European Council of Ministers: An analysis of the UK negotiating stance using power indices. *British Journal of Political Science* 25:245–54.
- Johnston, R. J., and A. J. Hunt. 1995. Voting power in the EEC's Council of Ministers. *Geoforum* 8:1–9.
- Lane, Jan-Erik, and Reinert Moeland. 1995. Voting power under the EU constitution. *Journal of Theoretical Politics* 7:223–30.
- Lijphart, Arend. 1984. *Democracies*. New Haven, Conn.: Yale University Press.
- Majone, Giandomenico. 1993. The European Community between social policy and social regulation. *Journal of Common Market Studies* 31:153–70.
- Martin, Lisa. 1993. International and domestic institutions in the EMU process. *Economics and Politics* 5:125–44.
- Moravcsik, Andrew. 1991. Negotiating the Single European Act. *International Organization* 45:651–88.
- . 1993. Preferences and power in the European Community. *Journal of Common Market Studies* 31:473–524.
- Nicoll, William, and Trevor C. Salmon. 1994. *Understanding the new European Community*. Hemel Hempstead, United Kingdom: Harvester-Wheatsheaf.
- Noël, Emile. 1995. Towards a new institutional balance of power. In *What future for the European Commission?* Edited by Etienne Davignon, Niels Ersbøll, Karl Lamers, David Martin, Emile Noël, and Frank Vibert. London: Phillip Morris Institute.
- Nugent, Neil. 1994. *Government and politics of the European Union*. Durham, N.C.: Duke University Press.
- Riker, William. 1962. *The theory of political coalitions*. New Haven, Conn.: Yale University Press.
- Ross, George. 1995. *Jacques Delors and European integration*. New York: Oxford University Press.
- Rubinstein, Ariel. 1982. Perfect equilibrium in a bargaining game. *Econometrica* 50:97–109.
- Sandholtz, Wayne. 1992. *High-tech Europe: The politics of international cooperation*. Berkeley: University of California Press.
- Schneider, Gerald. 1995. The limits of self-reform: Institution-building in the European Union. *European Journal of International Relations* 1:59–86.
- Shapley, Lloyd S., and Martin Shubik. 1954. A method of evaluating the distribution of power in a committee system. *American Political Science Review* 48:787–92.
- Smith, Dale, and Jürgen Wanke. 1993. Completing the single European market. *American Journal of Political Science* 37:529–54.
- Stephen, Roland. 1995. Interests, issue linkage, and the power of the European Parliament. Paper presented at the annual meeting of the European Community Studies Association, 11–14 May, Charleston, S.C.
- Steunenberg, Bernhard. 1994. Decision-making under different institutional arrangements: Legislation by the European Community. *Journal of Institutional and Theoretical Economics* 150:642–69.
- Streeck, Wolfgang, and Philippe Schmitter. 1991. From national corporatism to transnational pluralism: Organized interests in the single European market. *Politics and Society* 19:133–64.
- Tsebelis, George. 1990. *Games: Rational choice in comparative politics*. Berkeley: University of California Press.
- . 1994. The power of the European Parliament as a conditional agenda setter. *American Political Science Review* 88:128–42.

- . 1995a. Conditional agenda setting and decision making inside the European Parliament. *Journal of Legislative Studies* 1:65–93.
- . 1995b. Will Maastricht reduce the democratic deficit? *APSA Comparative Politics* 6:1.
- Widgrén, Mika. 1994. Voting power in the EC: Decision making and the consequences of two different enlargements. *European Economic Review* 38:1153–70.
- . 1995. Probabilistic voting power in the EU Council: The cases of trade policy and social regulation. *Scandinavian Journal of Economics* 97:345–56.