14 The Union's Institutional Reform and Enlargement

Thomas König and Thomas Bräuninger

Inducing EU Reform by Further Enlargement?

It is a common view that the EU's legislative capacity is threatened by continuous accessions from the original six to the present fifteen member states with modest reforms of the institutional framework (König and Schulz 1997). With about twelve applicant countries from Eastern and Southern Europe waiting to join the club, the forthcoming enlargement highlights these doubts about the effectiveness and legitimacy of European (EU) legislation. It is feared that further accessions, which would mean between 20 and 27 countries having to agree on Commission proposals, will dilute the Union's legislative activities. In addition, member states like France and Germany have exptessed their concerns that the entry of Eastern and Southern countries will change the existing balance between large and smaller member states. The accession of rather small and poor Eastern and Southern EU countries is supposed to allow for legislative coalitions excluding both large and rich member states. However, even though the Union has debated an institutional reform for a long time, there is little known about feasible solutions and their effects on legislative activities in a further enlarged Union.

In this chapter, we will analyse the forthcoming enlargement, altetnatives of institutional reform and their likely consequences on decision-making in a Union consisting of up to 27 member states. We will focus on the danger for a legislative gridlock and an overextended commitment in terms of redistribution to poorer countries. Compared to previous enlargements, the danger of legislative gridlock is supposed to increase not only because of the increasing number of member states but also because of the greater differences between present member states and the Eastern and Southern accession countries. The second danger of an overextended commitment we are referring to has to do with the accession of comparably poor states which are likely to be in favour of more redistribution. To analyse these likely effects we study legislation in two policy domains, employment politics and agricultural policies, and outline a solution for an institutional reform on the basis of two requirements: first, gridlock danger should be avoided

and, second, the balance between large and small member states should remain untouched.

Analysing Gridlock and Redistribution Danger

The debate on the Union's institutional reform has been closely associated with enlargements. The Treaty of Rome 1958 gave provision for majority voting. The Luxembourg Compromise of 1966, however, made sure that individual member states have the right to veto decisions. In the mid-80s the ten member states had agreed on applying Qualified Majority Voting (QMV) in order to enable the internal market project. Before Portugal and Spain joined the club in 1986 QMV was introduced in a number of policy domains. Since then a threshold at 71.2 per cent has been sufficient to achieve a majority with differing voting weights for large and small states.

The application of QMV, however, became the target of criticism on the Union's legislative process because it allows large portions of member state citizens to become excluded. Among the critics we find integrationist as well as anti-integrationist forces: The latter stress concerns for member state sovereignty and demand a re-nationalisation of the Union's competencies, while the former favour the extension of the competencies of the European Parliament (EP). In the past, both sides have partly realised their claims. The Parliament received considerable power not only because of the introduction of the co-operation procedure in 1987 and the 1993 co-decision procedure, which was modified in the Amsterdam Treaty (1997). The Maastricht Treaty also strengthened the subsidiarity principle that offers a rather sketchy scheme for the selection of level of competence. Great complexity is reflected in the present puzzle of more than twenty procedures applied to decision-making in the EU (Nentwich and Falkner 1997: 2).

Under almost all procedures, after the Commission or the Commissioner introduces a proposal, the Council of Ministers may adopt or reject it by the required majority or change the Commission text by unanimity. Under the co-decision procedure the EP may also propose amendments or reject the text that has been modified by the Council. These provisions – initiative by the Commission, adoption by the Council and, if necessary, co-decision with the EP – will certainly remain unchanged in the near future, while the Council majority thresholds are likely to come under revision.

Apart from detailed theoretical and empirical findings on the state of the Union there is little knowledge about the effects following from enlarging the Union. The major problem is how to conceive the future interests of EU legislative actors, be they either member states or accession countries. In applying our approach to the topic of upcoming enlargement and institutional reform we must accordingly make a number of simplifications to analyse the complex interactions between these actors and voting rules.

To introduce our analytical concept, consider a Council with five member states that have substantially different interests in policy outcomes. Assume that actors' interests in policy outcomes can be conceived as 'ideal points' in a two-dimensional space where policy outcomes are the less attractive the further they are from the actor's ideal point. Such an example for actors' preferences is shown in Figure 14.1, where the dots represent ideal points of five actors A to E. The outcome is not only determined by the preferences of the individual states but also by the location of status quo under the voting rules. So how will the Council decide? What is the likely outcome?

Let us assume that decisions in the Council are to be taken by qualified majority vote (QMV) of at least 4 actors ($q = 4/5$). If the status quo is located far away from the ideal points of all actors, e.g. somewhere to the left of actor A, policy change of the status quo might be obtained by a move in-between the actors' ideal points. But if the status quo is inside the shaded area, policy change is impossible since at least one actor within any possible $4/5$-coalitions would then be worse off. This is defining the QMV core. In practice there is no policy alternative inside the core that would do better than the status quo. Accordingly, the core (or 'Pareto-set' in the case of unanimity) comprises all status quo points that cannot be beaten by any other alternative.

The introduction of the core concept allows us to make the following two conclusions. First, if the status quo is located outside the core, the legislative outcome will be located within the core – because at least one outcome within the core is superior. Second, if the status quo is located inside the core, policy change is impossible since at least one state in the winning coalition would then be worse off (Ordeshook 1986: 371; Hinich and Munger 1997: 61). Thus, any member state can be assumed to have an interest in remaining within or as near the core as possible in order to avoid exclusion from the winning coalition.

Figure 14.1: Pareto-set and qualified majority core in two dimensions
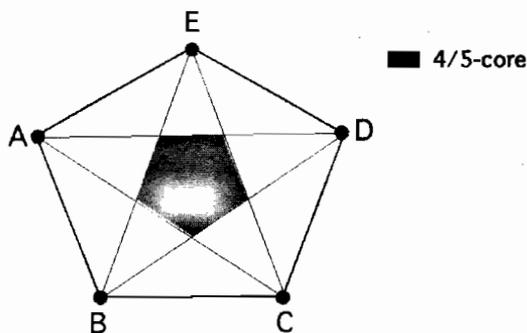
Note: Actors A to E each has a most preferred policy denoted by a dot, the further away any other policy is, the less attractive it is. If the status quo is inside the unanimity core ('Pareto-set,' i.e. the hull of points A to E) no alternative policy will unanimously be approved by all actors. If the status quo is inside the 4/5-core no alterna-tive will be approved by at least 4 actors. The Pareto-set and the 4/5-core thus determine the danger of gridlock under unanimity and 4/5-majority rule.

For the study of the procedural effects on the Union's legislation we use the core concept to outline both the location of legislative outcomes and the risk of legislative gridlock. The gridlock danger is defined as the likelihood that policy change is made impossible. It follows from the assumption that the smaller the core is, the higher is the likelihood that policy change will occur and vice versa. The redistribution danger maybe translated to the likelihood that the outcome shifts the status quo in a certain direction. It follows that the closer an individual state is located to the core, the lower is the risk to get outvoted. Thus, the *size of the core* determines the danger of a gridlock. Changes in its *location* may bring the Union closer to the dangers of over-commitment in terms of redistribution.

Comparing Agricultural and Employment Politics

With regard to different structures and interests of member states, most accession scenarios focus on the economic performance of the applicant countries (Baldwin 1994; Hagen 1997). Though all applicants have been given the status of a formal Accession partnership, the Commission's *Agenda 2000* sets up different criteria for letting them join the club. This admission catalogue not only includes measurements of economic development and a functioning market economy. It also requires a quantifiable level of social protection, control over public debt and inflation, open economy, a modern fiscal system and administrative capacity to implement EU legislation (Baldwin 1994: 155). From today's perspective, the accession of all applicants would increase the Union's population by around 30 per cent but its GDP would rise by only 4 per cent.

Considering the Union's budget, the structural funds and the Common Agricultural Policies (hereafter CAP) may cause considerable costs of enlargement when the process is completed. Currently members set off 1.27 per cent of GDP to the common budget of the EU (Streit and Voigt 1997). The EU's agricultural sector and its poorer regions receive about 80 per cent of all EU spending. Since the Eastern applicants are populous, poor and agricultural, an unaltered framework of the CAP would increase the Union's budget by nearly 40 billion euro. Moreover, applying the structural funds would raise the annual costs by 26 billion euro (Baldwin 1995: 477). Tax raising, however, seems to be unfeasible to cope with these deficits. Any further enlargement of the Union would probably have to be accompanied by budget cuts. For this reason the opinion on eastward enlargement is less favourable in the Southern, poor and agricultural member states, while Northern incumbents expect some gains from deepened trade relations (Michalsky and Wallace 1992: 54).

To analyse the likely effects of enlargement for EU agricultural politics, we will have to consider two indicators. First, the importance of the agricultural sector for the national economies (measured by agriculture as a share of gross domestic product) and second, their wealth (by gross domestic product (GDP) per capita). Supposedly, the higher a member state's dependency is on the agri-

cultural sector, the more it will favour EU budget contributions to CAP, while the higher the GDP per capita is, the less a state will prefer an increase of the total EU budget. Combining these indicators should provide us with a reasonable picture of potential conflicts over EU legislation.

As regards the funding of the EU budget, the member states' contributions based on their GDP are the most important of the four types of sources that make

Table 14.1: Basic data of EU-15 and 12 applicant countries

States		Weighting in Council		GDP p.c.[a]	Agricultural share[b]	Unemployment rate[c]
		actual	new			
EU-15						
France	FRA	10	23	20200	2.5	12.3
Germany	GER	10	23	22600	1.0	11.1
Italy	ITA	10	23	14250	2.9	12.3
United Kingdom	UK	10	23	14410	1.6	8.2
Spain	SPA	8	18	10920	3.7	20.8
Belgium	BEL	5	10	20310	1.7	9.6
Greece	GRE	5	10	8360	14.7	10.0
Netherlands	NET	5	10	19570	3.6	6.6
Portugal	POR	5	10	7770	5.1	6.8
Austria	AUS	4	8	22180	2.4	4.4
Sweden	SWE	4	8	19970	2.1	8.0
Denmark	DEN	3	4	25260	3.7	6.9
Finland	FIN	3	4	18720	5.2	14.5
Ireland	IRE	3	4	13740	7.5	10.2
Luxembourg	LUX	2	2	32370	1.5	3.6
EU-20						
Poland	POL	8	18	2360	7.6	11.3
Czech Republic	CZR	5	10	3490	5.2	4.0
Hungary	HUN	5	10	3340	6.2	8.7
Estonia	EST	2	2	1850	8.1	10.0
Slovenia	SLN	2	2	7240	5.0	7.3
EU-27						
Romania	ROM	7	16	1200	20.5	6.0
Bulgaria	BUL	4	8	1180	13.9	13.7
Lithuania	LIT	3	4	930	9.3	5.9
Slovakia	SLK	3	4	2470	6.3	11.6
Cyprus	CYP	2	2	10600	5.4	3.1
Latvia	LAT	2	2	1370	9.9	18.3
Malta	MAL	2	2	6687	2.9	4.4

a. Gross domestic product per capita 1995 (ecu in current market prices).

b. Agricultural share of total gross value added 1995.

c. Unemployment rates 1996 (annual average).

Sources: Commission (1998); Commission (1999); Commission (1997b) (a, b); United Nations/ Commission for Europe (1998) (c)

up the EU's own resources. Currently, they constitute about half of the total budgetary revenue. As the exact GDP rate is determined under the budgetary procedure, this type of resource is an instrument to bring budgetary revenue in balance with expenditure (Nugent 1994: 343).

Table 14.1 shows GDP per capita and the size of the agricultural sector in 1995 for the 15 EU member states and 12 applicant countries. In terms of GDP per capita, there is a rather clear demarcation between EU members and non-members. All present incumbents are wealthier than all applicants with the exception of Cyprus. Economic wealth differs widely even within the Union ranging from 8.360 ecu per capita in Greece to 32.370 ecu per capita in Luxembourg. The size of the agricultural sector also differs between Eastern European and most EU member states. The economies of the former states are much more dependent on the agricultural sector. In this respect Greece is again a notable outsider within the EU; Germany, the United Kingdom and Luxembourg, in contrast, have the lowest primary sector share.

CAP is certainly the most traditional EU policy domain raising many obstacles to enlargement. The other policy domain under scrutiny is employment politics that has become more important with the Amsterdam Treaty's call for social policies. On the other hand the Monetary Union is making it even more important to co-ordinate member states' policies. With the Amsterdam Treaty the Community has been given a new task. Reaching a high level of employment is a 'matter of common concern' (Art. 2, EC Treaty) that is to be taken into account when formulating policies in other Community areas. Although the employment chapter is considered to be of limited importance for the strengthening of the social policy domain, it points towards a stronger social dimension within the EU, involving it in protecting the concerns of citizens (Langrish 1998: 18). We will use figures on the rate of unemployment to analyse the potential conflict over the employment policy domain.

The Commission finds that five accession countries, namely the Czech Republic, Estonia, Hungary, Poland and Slovenia, can already be regarded as functioning market economies, even if important aspects still need to be developed, and a sixth, Slovakia, is approaching this criterion (Commission 1997a; 1997b). Looking at the development of the unemployment rates in 27 European countries, we find a somewhat different picture. Under the present 12 applicant countries there are some with a low unemployment rate (the Czech Republic and Cyprus) as well as some with a rate at the EU-15 mean (like Slovenia) or even quite high rates (like Latvia or Bulgaria). With Luxembourg having the smallest and Spain having the highest unemployment rate, the forthcoming enlargement will merely increase the diversity in the employment area within the EU.

Enlargement Scenarios on Agricultural and Employment Politics

To illustrate the likely effects of enlargement for EU politics, we compare decision-making under unanimous and QMV rule in agricultural and employment politics. Both policy domains refer to the same input-dimension as GDP per capita particularly determines member states' financial contribution to the EU budget. However, both differ with respect to the output-dimension of EU politics because member states and accession countries have different interests in both policy domains. For agricultural politics we assume that member states' policy preferences are determined by the importance of their agricultural sector (as a share of gross domestic product) and their gross domestic product per capita (Figure 14.2). By the latter we refer to the input-side of member states in the EU budget, while the former refers to the output-side in form of CAP.

In Figure 14.2, member states are located by their agricultural sector's percentage of total gross value added (z-scored) and their (z-scored) gross domestic

*Figure 14.2:* EU enlargement: Change in agricultural politics
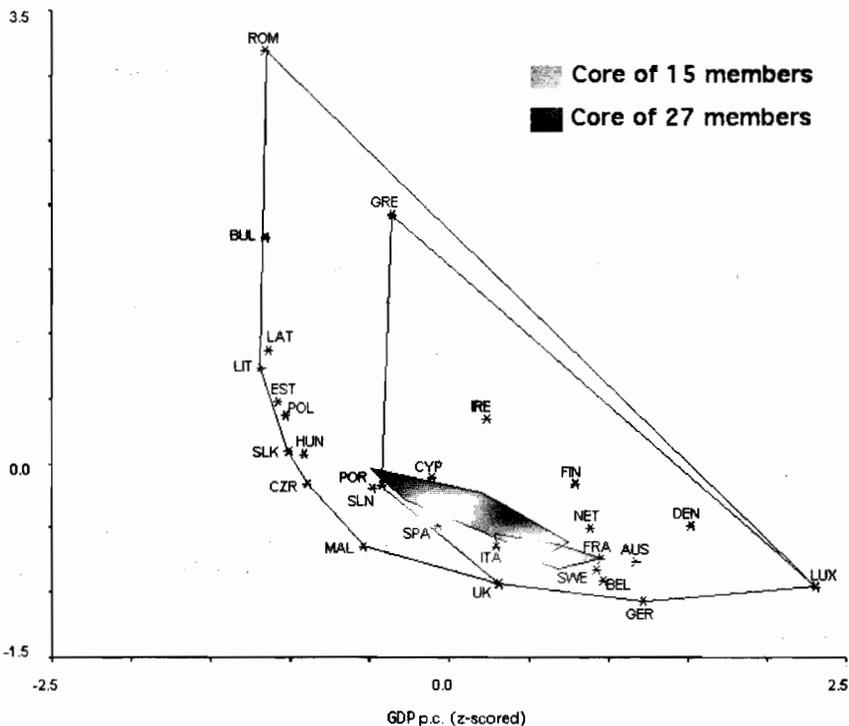
Key: see Table 14.1

product per capita.[1] Due to the extreme location of Greece, the Pareto-set under the present unanimous decision-making is already pretty large in agricultural politics, and will increase substantially with an enlargement. Except for Cyprus, all candidates are outside the present Pareto-set, which will lead to an expansion of the Pareto-set and a higher gridlock danger in agricultural politics under unanimous decision-making. Under the current QMV rule 63 out of 87 votes are required. While the present QMV core only includes Italy and France, the enlarged QMV core of 27 members will shift in favour of the new member states. For both voting rules, the result would be a higher gridlock danger in connection to agricultural politics, which presently encompasses about half of the Union's budget.

While the size of the primary sector is negatively related to wealth, unemployment seems less related to GDP per capita. Figure 14.3 shows the location of the 27 states in comparison concerning unemployment rates and GDP per capita figures. Spain would still have the highest unemployment rate in an enlarged Union, while most accession countries would have below-average unemployment rates. The present Pareto-set under unanimity is therefore made up of Spain, Portugal, Austria and Luxembourg. Unemployment numbers fluctuate widely across

Figure 14.3: EU enlargement: Change in unemployment politics
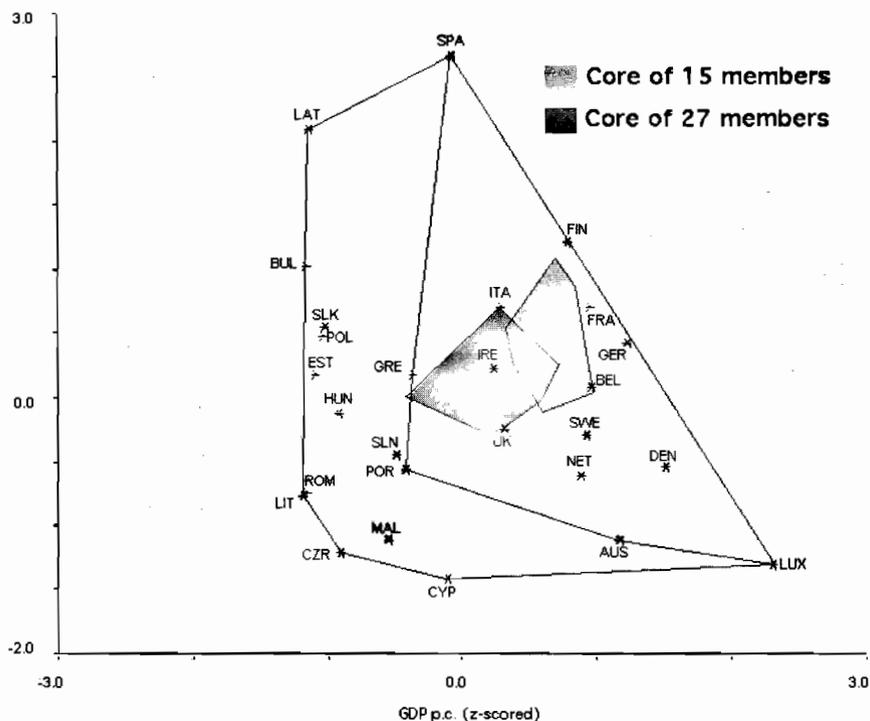
Key: see Table 14.1

accession countries but, above all, the Pareto-set will increase because of the GDP differences of the 27 states. Equally, enlargement would shift the core in favour of the twelve accession states, whereas the GDP per capita would increase only modestly.

In sum, the results confirm both fears associated with a forthcoming enlargement of CAP. The accession will increase both the core under unanimous as well as under QMV decision making, and it will shift the balance between larger and small member states. According to our findings on employment politics, the core will also be increased due to differences in GDP per capita, while the QMV core will only be slightly expanded but put the smaller countries in a more favourable position. For these reasons, any institutional reform has to feature quite different conditions resulting from the embedded differences in preferences within the Union's policy domains. On the one hand, a reform therefore has to diminish the size of the core by decreasing the Council's voting threshold in order to avoid gridlock. On the other hand, a decrease of the Council's voting threshold must take account of the balance between large and small member states which otherwise due to the enlargement is likely to move towards small countries.

Transparency, Decision Probability and Exclusion Risk

Besides the gridlock and redistribution danger, the present variety of legislative procedures and the complexity of regulations are further causing critique of the Union's institutions. The reproach faces lacking transparency resulting from the functional construction that focuses on technocratic feasibility rather than political competitiveness. The events occurring during the Maastricht ratification process like the failure in the Danish referendum have convincingly shown the risk with the EU appearing as a technocracy (König and Hug 2000). As a consequence, the Amsterdam Intergovernmental Conference in 1997 decided to reduce the set of procedural settings. In the future, EU legislation should be based on two procedures, the intergovernmental standard procedure without parliamentary involvement and a (modified) co-decision procedure with the EP as co-legislator. Reduction of complexity, however, may only satisfy the transparency of decision-making, while effectiveness will depend on further reform.

Both developments, the accession of countries and the extension of parliamentary competencies, will modify the legislative effecriveness in a manner that threatens to lead to a gridlock. The additional inclusion of the EP has already increased the gridlock danger in legislation since the Commission's proposals have to avoid veto. The present 71.2 per cent voting threshold of the Council and its unanimity provision in particular are under review because a further enlarged Union would require a coalition of 20 or 27 countries. Hence, the Union's effectiveness would then be endangered by high gridlock. Thus, the question is not whether, but how the Council's threshold should be changed.

In Table 14.2 we apply a simple measure to outline the Union's effectiveness

problems. The gridlock danger is making decision less probable. Technically speaking, the probability for decision should be interpreted as the relation between the number of winning coalitions and all possible winning coalitions.[2] Comparing with previous enlargements, the gridlock danger has increased enormously and is likely to continue to rise in connection to further accessions. Under unanimity, formal decision probability has decreased by about 99 per cent between 1958 and 1986. The twelve member states managed to raise decision probability by approximately 400 per cent when the qualified majority rule was introduced in 1986. Compared to the value of 1986, QMV decision probability has decreased by about 20 per cent since the accession of Austria, Finland and Sweden in 1995. It can be predicted that it will go down an additional 29 per cent compared to the 1986 level if 27 countries would join the Union. It is likely that already a first accession consisting of, for instance, Poland, Hungary, the Czech Republic, Estonia and Slovenia will make the probability for decision drop 47 per cent compared to 1986 under QMV. A second wave including, for instance, Romania, Bulgaria, Lithuania, Slovakia, Cyprus, Latvia and Malta would according to the same estimation make the decision probability drop another 29 per cent. This development is, of course, even more problematic if unanimity is required.

Regarding the Union's effectiveness under (modified) co-decision procedure (Art. 251), we find a lower decision probability than under the old provisions (ex-Art. 189b). Compared to the QMV standard procedure, the modified co-decision procedure will loose effectiveness. This effect is due to the weakening of the Council. Previously the Council could adopt its original proposal under unanimity if the conciliation committee could not work out a compromise between Council and EP. In spite of this modification, the new co-decision procedure cannot solve the Union's effectiveness problems. They will increase enormously with further accessions. This would certainly raise pressures for reform of the major institutions and strengthen the case for lowering the Council's threshold as one condition for reform.

The likely development of the Union's effectiveness shows that the Union has to lower the Council's threshold in order to avoid gridlock. However, lowering the threshold may also in its turn affect the balance between large and small mem-

Table 14.2: Change of decision probability $(P(v)/P(v_{base}))$

|	1986 – 95	1995 –	First wave	Second wave
	(EU-12)	(EU-15)	(EU-20)	(EU-27)
Consultation (Council QMV)	1.00	0.79	0.47	0.29
Consultation (Council Unanimity)	0.002	0.0003	0.00001	0.0000001
Co-decision/Cooperation (Council QMV)*	0.63	0.50	0.30	0.18
Modified co-decision (Council QMV)	–	0.79	0.47	0.29

* Identical for both procedures

Note: v_{base} is Consultation with Council QMV in EU-12.

ber states (König and Bräuninger 1998). In particular, forthcoming enlargements by Eastern and Southern countries may allow coalition-building without large member states. In response, two proposals have been discussed in the course of the 1997 Amsterdam Intergovernmental Conference: the French delegation has proposed to redistribute voting weights with 25 votes for large members and three votes for the smallest countries thereby maintaining the present QMV threshold at 71.2 per cent. Germany favoured the additional criterion that at least 60 per cent of the Union's population must agree on changing the status quo by QMV. Neither one of the proposals is convincing in terms of effectiveness, since neither the French nor the German proposal would significantly modify the present QMV conditions.

However, both proposals reveal the problem of institutional reform: member states must accept a higher risk of being excluded in order to avoid legislative gridlock. However, particularly large members try to safeguard their position in the EU that would be threatened by the lowering of the threshold in the Council. The decisive question is whether it is feasible to decrease the gridlock danger and secure the balance between large and small member states at the same time. In Figure 14.4, the likely effects of a reform are compared to the present QMV rule

Figure 14.4: Consequences of reform options on member states' inclusiveness
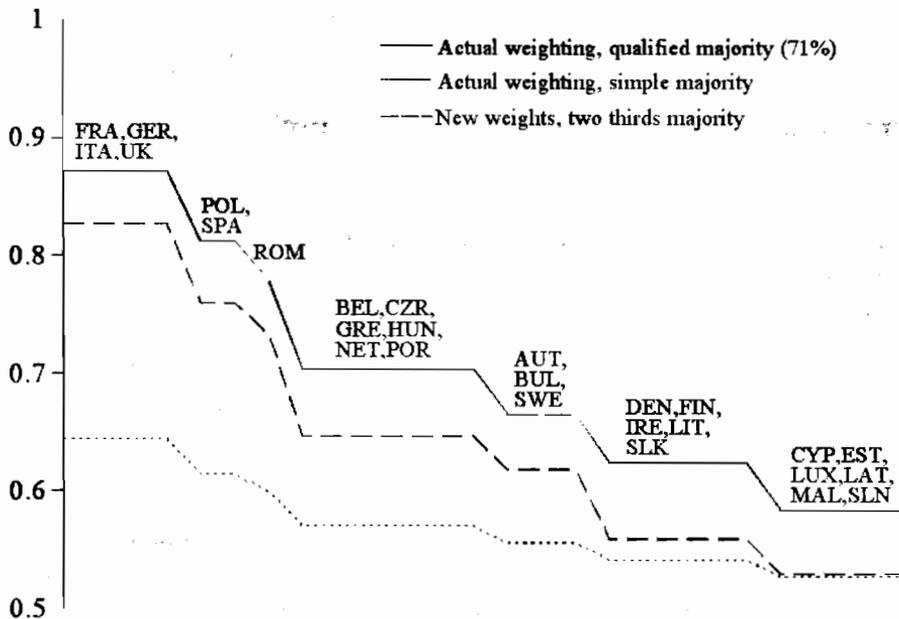
Key: see Table 14.1

Note: Member states have an individual risk of being disregarded in decision-making. The probability of inclu-sion thus ranges from 0.5 (being included by luck, only) to 1.0 (having the right to veto) depending on both member states' voting weights and the voting threshold.

and an absolute majority rule with regard to the individual exclusion risk of member states.[3]

The present threshold at 71.2 per cent has successfully secured the balance between large and small member states. By contrast, the introduction of the absolute majority requirement would dilute the differences between large and small member states in terms of getting excluded from any winning coalition. One solution may be obtained by maintaining the 2/3 threshold and by redistributing votes (see Table 14.2). With 27 countries within the Union votes may be redistributed in the following way according to our solution. Germany, France, Italy and the United Kingdom would receive 23 votes, Poland and Spain 18 votes, Romania 16 votes, Belgium, the Czech Republic, Greece, Hungary, the Netherlands and Portugal 10 votes, Austria, Bulgaria and Sweden 8 votes, Denmark, Finland, Ireland, Lithuania, and Slovakia 4 votes, Cyprus, Estonia, Latvia, Luxembourg, Malta and Slovenia 2 votes.

Comparing the curves of all three scenarios, the exclusion risk will remain the same under the present 71.2 per cent threshold and the proposed two-thirds threshold since the difference between large and small countries would be 0.3. Since small states would still have an exclusion value of 0.53, their position is not subject to luck. Finally, this solution would have a decision probability of 90 per cent of the value of 1986. In our view, this modification is a feasible solution for the Union's institutional reform. However, the question remains how a lowering of the Council threshold and the redistribution of voting weights would affect the political direction of EU legislation.

The Outlook: Estimating the Reform Effects on Agricultural and Employment Politics

Our formal analyses shows that there are some solutions to the problem of effectiveness and the risk for exclusion of member states. Due to the quite justified criticism on transparency, however, we argue that such a reform would have to apply to all policy domains. An increase of the procedural variety would only lead to less transparency. For this reason, the reform solution may affect the coalition structure different depending on how the preferences of individual governments are shifting in various issues. How our reform solution fulfils the criteria is revealed in Figures 14.5 and 14.6 by comparing the effects of our proposal on the agricultural and employment policy domains.

The comparative analysis of the CAP indicates that our solution would fulfil both criteria in the agricultural policy sector. The decrease of the Council's threshold to 66 per cent and the redistribution of member state voting weights will not only diminish the size of the core in agricultural policies. It would also shift the location of the core towards the larger member states. Similar findings are shown by Figure 14.6, showing the core in employment politics.

Like in agricultural politics, the reform solution would diminish the core in

employment policy and shift it closer to the preferences of the larger member states. Compared to unanimous decision-making, the decreased size of the core indicates that the gridlock danger can be avoided by applying QMV, especially by demanding two-third majority voting with the redistribution of votes as presented here. In both policy domains, an application of the present QMV provisions cannot prevent a gridlock or a change of the existing balance between large and small member states. Our solution promises the proper functioning and maintenance of the current equilibrium. For this reason, the solution presents a feasible response to the continuous debate on institutional reform triggered by any forthcoming enlargement of the Union.

For Europe, enlargement is certainly an historic opportunity to end its artificial division, and therefore it is interesting to look for strategies that may appropriately serve the cause of institutional reform for future EU legislation. A major topic of the 1997 Amsterdam Intergovernmental Conference was to prepare the Union for further enlargements. Despite the quite positive echo heard from officials, the Amsterdam Treaty is primarily concerned with employment and stability problems of the present fifteen member states, but postpones the issues of institutional reform. Originally developed by the six founding states to regulate

Figure 14.5: EU institutional reform: Change in agricultural politics
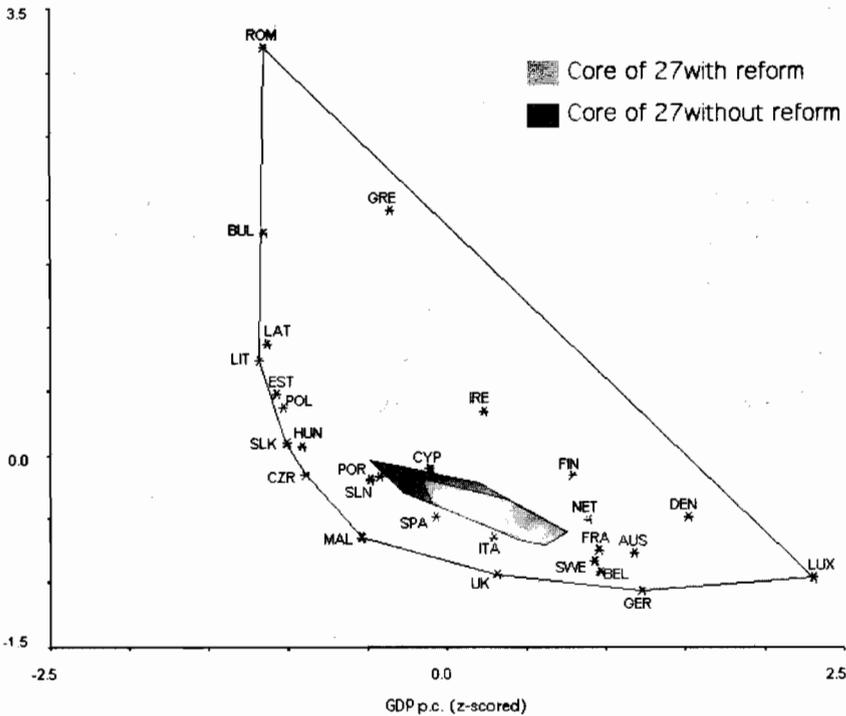
Key: see Table 14.1

Figure 14.6: EU institutional reform: Change in unemployment politics
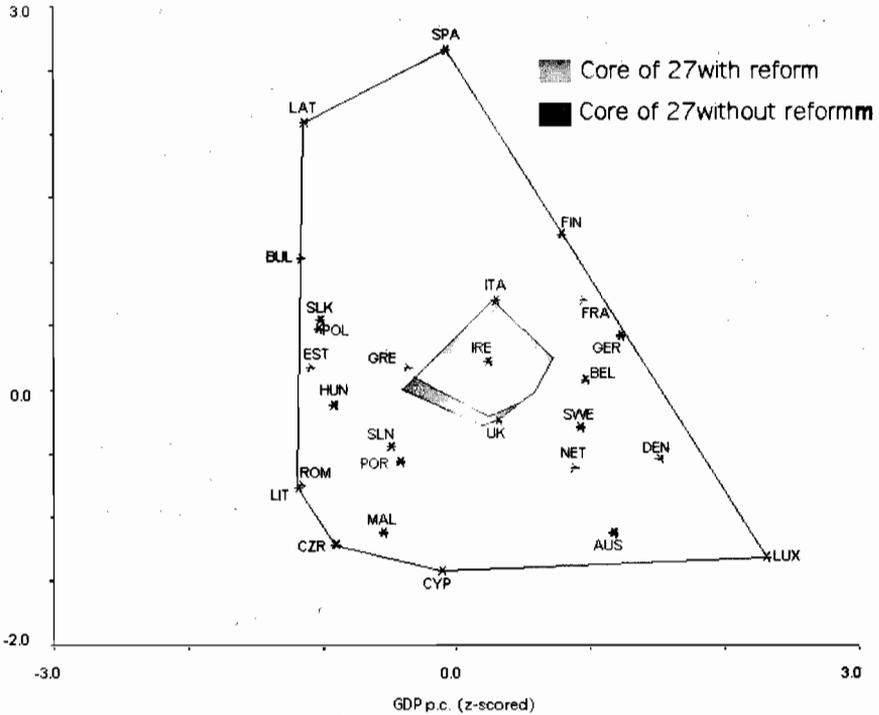
Key: see Table 14.1

policies as positive-sum games, new accessions are considered to threaten the functioning of the Union's legislative processes. Today's member states are look-ing for procedural settings to preserve the proper functioning with respect to both the Union's capacity to act and their influence on European decision-making.

Conclusion

This chapter has analysed both aspects of the Union's institutional reform. We argued that a feasible institutional reform has to fulfil at least two criteria, dimin-ishing the size of the core despite an increasing number of members and the preservation of its current location by protecting the status of the larger countries. Our analyses show that there is an institutional solution satisfying these require-ments. From our perspective, the analyses are powerful when it comes to choos-ing rules given knowledge about the preferences of actors. Moreover, they outline coalition opportunities since both contain the likely outcomes of coalition-build-ing. What is hard to know is, of course, how the preferences of actors might change. We have assumed that institutional reform can be traced by voting power

analyses taking into account both decision probability and the risk of exclusion of member states.

The analyses have shown that enlargement will affect legislative decision-making in the domains of CAP and employment policy. The share of the primary sector and GDP per capita helps us to determine the likely preferences of the newcomers that wants to join the Union. Since most of the applicants have a large primary sector, it widens the coalition in favour of subsidies in that area while the comparably low GDP per capita of the applicants helps us to predict the expansion of employment politics. QMV under the present provisions would increase the size of the core and shift its location in both policy domains. This means that any forthcoming enlargement will not only raise the gridlock danger in agricultural and employment politics but also change the balance between large and small member states in favour of the latter. This development, however, can be brought to a halt by decreasing the Council's threshold to two-thirds majority voting and by redistributing votes among member states according to the solution we have presented. Naturally, there are other ways to solve the Union's institutional dilemma when facing a forthcoming enlargement. However, our proposal provides at least one optional solution for how to manage the situation.

Notes

[1] Z-scored values of a variable x are defined by $z_i=(x_i-m)/s$ where m denotes the mean and s the standard deviation of x.

[2] We consider the simple game v of n actors $N=\{1,...,n\}$ with Yes- and No-votes, where $v(S)=1$ if the coalition S is winning, and $v(S)=0$ else. According to Coleman (1971: 278) the decision probability is

[3] Formally, we define the inclusiveness $wi(v)$ of actor i in the game v as (Bräuninger 1996: 41): i.e. as the number of times an entity participates in winning coalitions in relation to the number of all feasible winning coalitions.

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