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State Power within European Integration

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Germany is widely perceived to be calling the shots in Europe's sovereign debt crisis management, and maybe in the EU in general. But a state's influence in the union is complex and also contextual. Clearly, though, state power seems to have regained prominence in the European debate. How much power have member states retained, or perhaps even won, in the process of integration—and what does power in the Union look like? Five theses on power in today's European Union.

When in June 1984 Margret Thatcher secured a substantial rebate on Britain's contribution to the EU budget, it was widely viewed as a shrewd expression of the power member states could still wield within the framework of European integration. The Fontainebleau Agreement seemed a clear case of horse-trading, initiated with the British prime minister's now famous goal: "I want my money back!" Her government aimed to receive a total refund on the UK's net payments into the EU budget, based on the lower benefits Britain enjoyed from the Common Agricultural Policy. Eventually she managed to raise the rebate the UK had been granted when it joined the European Community from 50 percent to 66 percent. The outcome was a classic European compromise. It gave to the UK a substantial discount on its membership fees (these were to go on the tab of other member states), but it also locked the EU into an already ageing policy scheme. The compromise forestalled reform of agricultural policies, which to this day remain largely untouched. It also led other member states to demand their own reductions in membership fees. Instead of using the budget leverage to drive reforms, the UK leveraged its power toward unilateral advantage. This lesson of Fontainebleau was brought to mind again the other week in the debates surrounding the costs of Baroness Thatcher's funeral. Foreign Secretary William Hague argued that, in light of the 75 billion pounds her efforts had saved Britain since 1984, the UK government "can afford to contribute to a funeral."

To be sure, Thatcher's approach at Fontainebleau was in no way an exception in EU policymaking. It brings to mind Charles De Gaulle's policy of the "empty chair" in the 1960s, which was solved by another power-preserving agreement, the Luxembourg Compromise of 1966. To reconcile the gradual introduction of majority voting in the Council of Ministers with member state interests, the compromise stated: "Where, in the case of decisions which may be taken by majority vote on a proposal of the Commission, very important interests of one or more partners are at stake, the members of the council will endeavor, within a reasonable time, to reach solutions which can be adopted by all the members of the council while respecting their mutual interests and those of the Community." A similar accord was reached at Ioannina in 1994 to preserve the veto power of 23 votes in light of EU enlargement. As the EU grew, frustrations over a dilution of voting power also drove the controversial vote-weighting negotiations at Nice and continued to be a major issue in the debates over the Lisbon Treaty. Member states large and small, integrationist and integration-skeptic, have used their veto options, and the past 15 years have seen vetoes becoming more frequent.[1]

In light of the current debate within the European Union, all of the above appears trivial. In the eyes of many Europeans, the EU today is run by Germany. The block's largest economy is perceived to be calling the shots in the sovereign debt crisis management in a manner that many see as primarily driven by its own national interests and domestic debates. Indeed, a rough attribution of power indicators to a select number of EU member states supports the thesis of German hegemony. Power, however, is at least as much a contextual resource as it is a matter of size and numbers.

This raises the question of what power member states have actually retained or won in the process of integration. What are a state's resources in a supra-national environment, and how does it play out at the negotiating tables in Brussels? According to its classic definition, power is the ability of A to get B to do X, which B would otherwise not have done. What does this look like inside the EU? In terms of integration, is power the ability to get what you want? Or is it the ability to get things done?

Here are five theses seeking to map power in today's European Union.

Thesis 1: Sovereign power did not wither away in the EU.

From its beginnings, European integration has been both an instrument of member state interest and status and a post-national model of pooling and sharing sovereignty. In an "ever deeper" union, the former would—so it was assumed—give way to the latter. After decades of functional spillover of integration from one policy area to others, that might have been the case if membership had not more than quadrupled and if the wall dividing Berlin, Germany, and Europe had remained standing. All of the EU's strong supranational projects either date back to 1989 or had essentially been formulated before then. Since this watershed in modern European history, intergovernmental cooperation—or disagreement—defines the pace of the European project. And with it, the power of member states has grown, bringing back the asymmetries of size and weight as a structuring feature of political bargaining.

Thesis 2: Size matters.

Differences in economic strength, demographics, foreign policy influence, and international status have more impact now than they did in the earlier days of integration. The community of six was composed of three large member states and three smaller ones. France was the strongest among them because it pursued the most independent foreign policy, but it was a committed and indispensable player in building European integration. West Germany's economic strength was balanced by its foreign policy limitations. Its strong pro-integration stance made it both an essential partner for France and for the Benelux countries, which by and large shared most West German preferences on economic and trade policies. Northern Italy, as it grew dynamically, was mostly focused on the German market.

France and Germany were the key brokers of agreement within that original community. Their differences represented the cleavages among the six, and their determination to come to terms (which marked the true strength of the Franco-German partnership) represented the community spirit.

The current European Union is light years away from those days. Though it now has many more small and smaller members than it once did (or maybe because of this), gravity has shifted to the large member states instead of putting the smaller states—who are in the majority—in the lead. Treaty changes have been made to maintain at least in part the blocking position of large member states under the rules of Qualified Majority Voting (QMV) in the Council of Ministers, but QMV application has seen a growing number of large member state interventions to prevent a vote against their explicit preferences. Since the early 1990s, the number of opt-outs from treaty obligations or EU policies has risen significantly, as some member states are unwilling to see their sovereignty constrained. Three clusters of member state power have emerged.

The first cluster is made up of the Integration Builders—i. e., those member states actively pursuing an integration agenda and engaged in defining outcomes. The most powerful of among these—France, Germany, Italy, sometimes Spain, and recently also Poland—are those states who are indispensable to achieving a relevant consensus and a voting weight that could bring others around.

The second cluster consists of Coalition Builders—i. e., the member states that define their own political position explicitly as being in the center of bargaining. This group usually but not always consists of the member states in the first group—the Integration Builders—plus a number of smaller and small member states, which prefer joint solutions. Large member states usually need to be part of any successful coalition. Germany and France would regularly have to be in. The Benelux countries used to be classic members of this group, highly engaged in coalition building and the development of compromise among interests. A significant source of power for these actors was derived from their experience and credibility. Often, it was their engagement that helped resolve conflicts of interest among large member states..

The third cluster is made up of the Veto Players—i. e., those member states that pursue their interests primarily by denying agreement or preventing deepening of integration. Among them, the UK certainly carries the biggest weight. This also applies to blocking coalitions; if they wanted to prevail, the UK had to be in. On the other hand, this power to veto has been and still is used by many smaller and small member states. Instead of engaging in compromise building (which would also commit them to the proposed deal), they tend to stand on the margins of the negotiations and wait for the moment in which the "builders" seek their consent. Then they seek concessions in their favor in return for accepting the compromise. Logrolling across dossiers and package deals are the result of such power politics inside the EU. The number and sometimes dysfunctional effect of Veto Players are indicative of the continuing relevance of member state sovereignty. Spain and Greece both have practiced this role extensively; Poland and others among the new member states have tried it out as well; a few member states, notably Greece, have used unanimity requirements to veto most EU initiatives regarding Turkey and Turkish accession, as well as to exert influence on the Cyprus issue.

Thesis 3: Veto power has outgrown coalition power.

The previous thesis illustrates the role of coalition building in the process of integration. In fact, whatever the spillover impact of sectorial integration has been, it needed coalitions among member states to turn the impulse into treaty language and practice. The more stable and comprehensive these coalitions have been, the more defining power they could apply. Successful coalitions would seek to integrate the ambitions of large member states to give them incentives to engage. The ambiguous or utilitarian positions of other member states reinforced the role of coalitions, as they could control the centrifugal tendencies of an enlarging European Union.

Eastern enlargement has changed that. The much larger number of member states has lead to a growing heterogeneity, which limits coalition options. The traditional "builders' coalition" centered around Germany, France, and Benelux has not benefitted from enlargement so far—with the notable exception of Poland under the Tusk government. The number of demandeurs on EU-funded support has clearly grown, but internal divisions and competition among member states in the East and South mitigates its impact. Meanwhile, due to massive shifts in the party structures of some of the old member states, the founding members have ceased to play a powerful role. Italy drifted off during the Berlusconi years; Belgium has been preoccupied with its internal frictions; recent Dutch governments have all been less integrationist than their predecessors. These changes could well have been fueled by more "normal" behavior on the part of Germany as a large member state—i. e., by a German position centered on the country's immediate national interests with less emphasis on preserving a responsive milieu within the EU. This has been mirrored to some degree by similar behavior on the part of the French.

The category of power that has grown in relative terms is thus the power to say "no." Unilateral steps on Schengen by France, Italy, and Denmark,

driven by domestic debates; the British claim for renegotiation of the treaties in order to repatriate powers assigned to the EU; the German delays on measures to manage the sovereign debt crisis; the net payers' insistence on the EU's multi-annual financial framework. All of these signal a trend toward the articulation of negative power.

Thesis 4: Current integration marginalizes smaller and peripheral member states.

It may appear counterintuitive, and it proves wrong many predictions of the last treaty reform/enlargement rounds, but the power position of smaller member states has not improved with enlargement to the East, as many of the new members are resource-weak and rely on transfers from Brussels. The interaction among them is not strong and not structured. In order to shape outcomes, they need to either become part of a shaping coalition (the terms of which will largely be defined by the large member states present in the coalition) or join a veto group, which again would have to include the UK or another large member states in order to prevail.

A decisive factor of member state power has been the introduction of variable geometry. While there have not been strong cases of reinforced cooperation under the treaties, the impact of flexibility has mostly been felt in the European Monetary Union (EMU) and in the Schengen regime. Reinforced by the sovereign debt crisis, the EMU has in effect created a membership class of its own, limiting the ability of non-Euro states to shape EMU development, even by separate agreement such as the Fiscal Compact if need be. Both Eurogroup and the European Council formation of the Eurozone have established their own presidencies, which has significance for top-level positions in the EU at large. Schengen is a prime example of the formative power of member states. Launched as an intergovernmental agreement among a core group of large and smaller member states, it de facto defined the future EU regime on the free movement of people and related legal, criminal, and consular issues.

The Lisbon Treaty has been another factor in limiting the power of smaller states. It has marginalized the rotating presidency of the Council of the European Union, which still exists but has less impact on EU policymaking than it used to, due to shifting weights in favor of the European Council, the European Commission, and the European Parliament. Future QMV rules as of 2014 and 2017 will to a certain degree reestablish the strength of builders' coalitions centered around three or four large member states and respectively limit blocking minorities. Also, the budget will become subject to QMV, taking another albeit mostly theoretical veto power away from smaller member states. A significant change has come with the introduction of permanent chairs for the European Council and the Foreign Affairs Council. These presidencies take away the broker's role played in the past by smaller and highly experienced countries. Notably, the Benelux countries but also member states such as Austria, Sweden, and Finland have lost opportunities to win credit and recognition through successful conflict management among large members or between diverging groups of member states. Nowadays, the president of the European Council and the high representative take these roles.

Thesis 5: Intergovernmentalism wins over supranationalism

Finally, a review of the past two decades reveals a shift in the paradigm of integration. The trend of a gradual strengthening of the supranational layers of the European Union has come to a standstill—if not a reversal. True, integration always walked on one intergovernmental leg, but the supranational one was clearly growing. The single market probably marked the peak of this trend. Not that there have been no projects of supranational quality since then, but the difference lies in the management. EMU and Schengen, after its integration into the treaties, or the strengthening of the EU's foreign and security policy and its defense policy, are essentially managed by the member states with a supporting function of the European Commission and a sideline role for the European Parliament. The "Union Method," as Chancellor Angela Merkel called it in her Bruges speech, has put the "meth-

ode Monnet" in second place, and with it limited the power of the Monnet institution, the European Commission.

At the same time, the challenges of EU policymaking—be it sovereign debt, refugees and welfare migration, or Libya—make clear how hard it is to run these projects of deeper integration by committee. Rather, such crises have reinforced the perception of power asymmetries among member states and burdened the management with mistrust. Power matters greatly, but no single actor could really shape events other than by the threat of blocking decision making.

In summary, the power argument is a difficult case to make. Power in EU policymaking exists and is applied, but its measure is more complex within an integration environment such as the EU compared to the broader realm of international relations. Member state power in the EU is more than the chance to win a vote (which could be calculated mathematically, also including clusters of preference and choice.)[2] Its essence lies in anticipation, in the perception of strength, preference, options, and partners of one actor in the eyes of others. This is where the importance of leadership comes in—a rather volatile category, since it depends on personality, coincidence, domestic factors and, not least, the electoral cycle.

An objective measure of power hardly exists. In its absence, the table below tries to approximate the impact of some member states within the EU policy process through a mix of quantitative and qualitative arguments. Not surprisingly, Germany emerges as the member state with the most power resources, though it is not really in a class of its own. The table suggests that others could easily match the German leverage were they to join forces. A positioning in the political center of the EU amplifies member power assets; a stance on the margins of integration shows the reverse effect. This is what led Spain in the later years of Felipe Gonzales' government to explicitly move into the center of EU policymaking. The pattern was followed by Poland under Donald Tusk two decades later.

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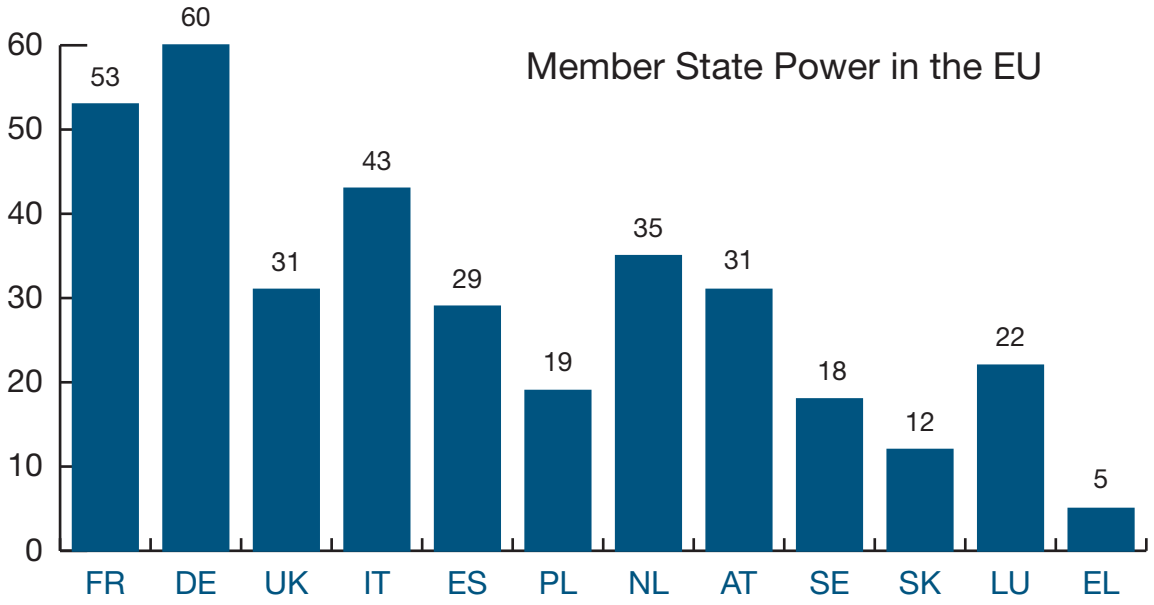
Notes

1 For a systematic analysis see the study by Jonathan B. Slapin, Veto Power: Institutional Design in the European Union, 2011.

2 See for example Jason Barr and Francesco Passarelli, "Who has the power in the EU?," in: Mathematical Social Sciences 3/2009, pp. 339–66.



Power Calculator

The table is meant to visualize the power differentials among EU member states, combing a set of quantitative and qualitative variables. The calculator attempts to find the balance between the equality of member states as sovereign states and "masters of the treaties" on the one hand, and their obvious asymmetries in size, strength, and political influence. It should be read as an indicator only because of the fluid and contextual nature of power and influence in a framework as dense, treaty-based, and process-rich as the current European Union.

All values assigned for the criteria used are rounded. The calculator uses the size of population and the member states' contribution to the EU budget as its principle determinants. In political interactions power is not generally quantified. Often, demographic and economic weight is used as a "currency of power," particularly in the European context, in which the population ratios are seen as a fair indicator of the power differentials. The calculator uses the share of a member state population, divided by 2, and adds 1 point to avoid numbers smaller than one. As for economic strength, the calculator looks at a member state's share in the EU budget because it reflects a) the relative size of member state GDP, and b) the rebate arrangements. The resulting number is divided by 2, with values below 0.5 being set to 0 points in the table.

Two additional qualitative criteria are used in the first section of the calculator, which refer to more general aspects of power: military strength and status in international affairs. The judgments for both criteria are somewhat subjective judgements. Military strength is assessed on factors such as the size of the armed forces, its operational capabilities, possession of Weapons of Mass Destruction (WMD), force projection capabilities, and its overall relevance to an EU defense posture. To keep military strength in perspective, the highest score in this segment is set to 5 points (would the EU pursue fully fledged defense integration, the highest score would have to be set to 8 points, corresponding to the score for euro participation). International status is measured by the role and status of member states in UN system, membership of G-8 & G-20, and their relevance in international relations, with a maximum score of 5 points.

A fifth general aspect of power can be found in the geographic location of member states within the

EU. The density of cross border interaction, which Karl W. Deutsch described as a key indicator for integration many years ago, serves as the defining factor. Member states with many EU neighbors by and large use the EU more strongly to manage these interactions. The value of center/periphery location is determined rather simplistically by counting the number of immediate EU neighbors, an then dividing this by two.

Net Contribution Position

A relevant factor in EU policy making has been the net contribution position of member states. The main reason for this would be the continued debates about adjustments payments through rebates. Looking at net positions (contributions to, minus transfers from, the EU budget), any rebate to one member state will have to be paid for primarily by the net-payers. Large net positions are strong arguments in budget debates, not least because they sell well among one's own population. The calculator takes the net payment figures in billion euro, divided by 2, adding 1 point if the result is positive (net-payer position), subtracting 1 point if the result is negative (net-receiving position).

Opt-outs

Since the ratification of the Maastricht Treaty, opt-outs have become an important feature of member state engagement in the EU. Opt-outs mean non-participation in a given field of EU policy, abstention from respective debates, negotiations and decisions, which combined, limits the role and influence of the member state opting out. The calculator uses the currently agreed opt-out as of spring 2013, disregarding the announcement of the UK government to opt out of all crime and policing laws in 2014. Opt-out areas covered here are: Schengen, EMU, Charta of fundamental rights, and areas of freedom, security and justice. States are scored -1 point per opt-out used (Sweden is counted here as -1, although, strictly speaking, Sweden has not opted out from the euro but fails to implement its treaty obligation). Neutrality could be seen as another field for opting out. It has less meaning today since both Sweden and Austria have found a way to cooperate under CFSP or ESDP. It does however limit their leverage in the NATO / EU context. States are scored -1 point when they have neutrality clauses drawn up with regard to CFSP and/or ESDP.

Good Governance

Domestic reforms have assumed greater relevance in the course of the sovereign debt crisis; their impact on EU policy-making, however, goes back to the Lisbon Strategy. Modern and efficient governance of public affairs and social policy, economic competitiveness, good performance on education and R&D are summed up into the Europe 2020 targets. The calculator uses the competitiveness assessment regularly carried out by the World Economic Forum (WEF), breaking down its ranking table into groups of five (1-5 = 5 points, 6-10= 4 points, … 20-25= 1 point), minus 1 point (max. score = 4 points).

Schengen and EMU

Schengen membership essentially represented an opt-in by member states before it became part of the treaties. It is a good case of coalition power within the EU, because the participating member states effectively defined the outcome, which later became the basis for EU policy. The scoring is 2 points for each member state participating in Schengen. Full participation in EMU surely is of higher significance for the power position of member states, not least because of the special processes and bodies that govern EMU. Since EMU has been signed by all member states, all are subject to the general provisions, but those not using the euro clearly have less weight. Full membership is rated at 4 points, doubled if the member state is indispensable to the existence and continuation of the single currency. Member states currently under support schemes lose 4 points if they are under an umbrella agreement (such as Greece), and 2 points if under a partial support agreement (such as Spain).

Capacity for Coalition Building

The means to build and sustain majority coalitions has to be considered one of the essential power resources of member states in the EU. It is rather difficult to measure considering the many dossiers and policy areas of European integration and the varying performance of member states over time. The calculator's assessment reflects my best judgment of the "sum" the member states' records over a longer period of time with no empirical backup. Values are assigned in two brackets: 4 points if a member state is essential to majority coalitions and 2 points if they are only deemed important, adding 4 points or 2 points respectively for a strong or weak coalition record.

Public Opinion

Finally, the general attitude of domestic public opinion is considered. If drawn from Eurobarometer findings, one would have to look for the long-term pattern and not just current figures. The assessment here applies a rule of thumb using a rather basic spread of EU-bias from very positive (3 points) to very negative (-3 points). The number assigned to the countries in question could be debated; the calculator assigns +3 points only to Luxembourg, the lowest mark, given to the UK, is -1 point.

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