

## The Kind of Institutional Reforms the EU Needs

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The aim of this article is to give you food for thought about what kind of institutional reforms the European Union needs to decide on during the Inter-governmental Conference taking place this year.

Perhaps it is interesting to note that the official landing at Porto Novo in Brazil by a fleet of small ships commanded by Pedro Álvares Cabral just 500 years ago marked a significant turning point in the history of European trade development. As I see things, the European Union has reached an equally significant turning point in *its* development. And the decision which road to take may be absolutely crucial.

Much has been achieved in the 50 years since Jean Monnet inspired Robert Schumann to start the process that eventually led to the signing of the Treaty of Rome. Following their vision took time, patience and persistence. Now, however, in the name of the need to make progress with the admission of new members, two or three of the larger countries in the Union are recognizably putting pressure on the smaller nations to agree to new reforms in a hurry, without giving enough time to review of other, inherent, concerns.

This, I submit, would be a great mistake for all concerned, including those several 'first wave' countries, like Poland, who legitimately call for their admission process not to be set back.

Please don't get me wrong, I speak as the Devil's Advocate, in the Christian sense of the same, and as an economist who favours the advent of a Greater Europe.

Saying that I speak as an economist may give some readers the kind of shudders that used to affect President Eisenhower, who, when still General Eisenhower,

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came to speak to us at our college shortly after World War II. Fixing us with a mild glare, he started: «Gentlemen, if all the economists in the United States were placed head to toe along the railroad track, they would stretch from New York to Chicago. And it would be a good thing.... (pause)... and it would be a good thing if they remained in that position.»

Be that as it may, as an economist I visualize that the new, expanding, Europe can and has to be made to succeed. Without this success, there will be no way the various countries across the continent can look forward to an adequate degree of economic independence, peaceful cohesion or security. Perhaps it will have to be a Federation of Sovereign States, which, by virtue of principles of autonomy in subordinate areas, will be *happy* to cooperate with one another. The secret probably lies there. They must be happy to cooperate – not coerced by partidocracies and bureaucracies working remote from, and often ignorant of, local regional concerns, as would happen, for instance, in the kind of federation envisaged by Joschka Fischer in his speech at Humbolt University last Friday, 12<sup>th</sup> May.

The most likely cause for sovereign states to feel happy working in unison is the subliminally felt need for economic harmony; a need that is almost atavistic. Europeans know how many battles and wars have been fought for economic reasons, whatever the plausible reasons their rulers have given them to fight. They also inherently recognize that only when *there is* a measure of economic harmony can there be those kinds of cultural and social exchanges which bring about mutual understanding and, as a result, true and lasting cooperation between the peoples involved.

Respectfully, I submit to you that this is what the whole game of reforming Europe's institutions is all about: making sure that the union's member nations can collaborate for coherent development and, at the same time, ensure their future ability to live in security and peace.

All very beautiful, I can hear you thinking, but *how* is this ideal going to be made to materialize?

The ideal isn't so impracticable, ladies and gentlemen. It merely takes two things: hard work and the kind of patience that the people who worked out the treaties of Maastricht and Amsterdam were not permitted to have. Patience, which, again, this year, the people trying to work out the necessary institutional reforms are not being allowed to have – all in the name of letting the European Commission and the Council of Ministers have a new treaty ready in time for the French Presidency's

December Summit. This, again, for fear that failure to have it ready in time *might*, and I say might advisedly, delay the entry of the first new group of members into the Union.

My point in saying this is precisely because this is what lies at the crux of the needed reform process: the requirement for it to be well enough worked out to make it possible to accelerate the overall process of expansion.

To do this, the justifiable aspirations of the smaller nations have to be taken *fully* into consideration – and to the same extent as the easily recognizable desires of the bigger boys around the Euro-block – the ones with more muscle. Because this is what a coherent, cooperative, caring community entails: the constant respect of the majority for the interests of the minority.

To these ends I would like to put forward a model for reforms in two of the primary areas, namely:

1. The number of commissioner posts that might be allocated to each of the various member nations, and
2. The number of decision-making votes to be allocated to each member nation in the Council of Ministers, in the, say, 80-85% of cases where unanimity is unanimously agreed as no longer essential.

The first area – based on the reluctance to contemplate an undue number of commissioners – is perhaps the one about which it should be easier to reach agreement. Nevertheless, we have to recognize that we have to concede that there are many people who fear that there will be insufficient portfolios for an endless influx of new commissioners and that too many will also make this administrative body too unwieldy to handle.

It is here, therefore, that probably the principle of the size of population of each country should play the determining role. Of course, there is bound to be a lot of bickering as each country defends its own corner to the utmost of its wheeling and dealing power. Nevertheless, if there is any real desire to work out a compromise, it is possible that the size of population may be allowed to be the conclusive factor. Given that the five bigger countries (those with populations over 38 million) have just over 75% of the population of the EU Fifteen, it seems justifiable that the five bigger countries should each be entitled to two commissioners and, by contrast, the ten smaller nations should only be entitled to one commissioner each.

As you will find if you consult the first page of a 'Global Statistics' internet table of the countries with the largest populations in the world, the bigger countries of the European Union are, with the exception of Germany at n° 12, rank only 20<sup>th</sup>, 21<sup>st</sup>, 22<sup>nd</sup>, 29<sup>th</sup> & 30<sup>th</sup>. I mention this simply to highlight the fact that, compared to the top ten nations, the last of which is Nigeria with a population close to 114 million, the productive potential of the Union could easily be overshadowed by that of many other countries. And, when, rather than if, this begins to come to pass, Europe, as a productive economic power, will need all the muscle it can muster.

The implication I draw from this evidence is that the European Union, as it stands, needs the countries of Central and Eastern Europe to merge with it every bit as much as the candidate countries need to form part of and have the economic protection of a powerful, united, highly productive trade bloc.

With regard to the possibly unwieldy number of commissioners that there could be if, for instance, the EU expands to having, say, 30 member countries, one wonders whether raising the matter isn't a somewhat specious, red herring kind of objection to granting at least one commissioner to every member country, and two to those with populations larger than 38 million. Because the maximum end result would only be a 'cabinet' for the President of 33 commissioners.

Surely, it isn't beyond the bounds of even minimal planning that there would be roles for this many commissioners, when dealing with the affairs of approximately 625 million souls? Might there not be an 'inner circle' of 'supra-commissioners', to whom the 'supra-vision' of wide policy areas would be delegated?

The President of the Commission doesn't always meet with all his colleagues. The number of them called to confer with him will normally be on an ad hoc basis and related to the task, problem *or crisis* to be dealt with. Yes, there will be crises from time to time and, on such occasions, the availability of commissioners who can be temporarily detached from their routine roles will prove invaluable. Presumably their directors-general will be able to deputize for them and the Commission's business might even run more smoothly than usual. Bureaucracies often work like that, don't they?

Moving on to the second issue that I would review, may I assure you that I'm under no illusion that the model I put forward is likely to be accepted as it is. The idea, though, is to suggest that thought be given to having the weighting of decision-making votes follow some similar kind of pattern. Of course, if all the parties involved should turn out to desist from the normal confrontational wheeling

and dealing for advantage that is the norm, then agreement on an equitable reform of the voting rules might well be reached in time for the December 2000 IGC summit.

Meanwhile, for the sake of promoting sufficient debate of its merits, let me ask you to take a detailed look at the 'Weighted Decision Making Model' I have drawn up for your consideration. The model has been designed to illustrate:

1. Firstly the relative population sizes of EU countries and those of the European nations who are, at present, outside but not excluded from joining the Union at some stage or other. I have included figures for the Russian Federation, not because I expect it to wish to join, but because I believe consideration of its interests has to be endemic to any economic development plans that an expanding EU to promote.
2. Next you may notice the geometric progression of band widths of population sizes. Each band width covers a larger range. The range for the larger nations covers one of 40 million. For nations in this range I postulate that 5 votes should be allocated, although possibly, for Germany it might be reasonable to allocate 6 votes. For the next, 30 million range, I postulate 4 votes. For nations in the third, 20 million wide range, 3 votes. For the fourth, 10 million range, 2 votes, and in the final, smallest countries range, 1 vote.
3. Finally, I show the distribution of commissioners and decision making votes that *could* be allocated, not only to the existing Fifteen EU countries, but also to the non-EU nations as and when they join.

The object of the model is to show how one could ensure that, the bigger five countries (six after Poland enters), with 22 (26) votes, will require the support of at least 2 middle sized countries in order to obtain a 70.1% majority.\*

[\*Before the first wave of six countries enters, the big guys need 27 out of 38 votes to obtain a 70.1% majority. Joined by Poland they will then require 35 votes out of a total of 49, if we assume, for instance, that the Czech Republic, Hungary, Slovenia, Estonia and Cyprus or Malta are the other five new entrants.]

In both scenarios, there would be the remote possibility that the three biggest countries could be outvoted by a 70.1% majority consisting of all the others. This, surely, has to be acceptable, in a democratic institution, for those occasions when the three countries might wish to maintain or impose something contrary to the will of all the others, specifically because the three biggest countries contain 48.67%, i.e. less than 50% of the EU's total population.

### Weighted Decision Making Model

#### *Larger Countries*

E.U. Major Countries	Population	Non – E.U. Country	Population*
Germany	82.0 Million	Russian Federation	146.4 million
United Kingdom	59.1 Million	Turkey	65.6 million
France	59.0 Million		
Italy	57.5 Million	Ukraine	49.8 million
Spain	39.2 Million	Poland	38.6 million

\* Source: «World Factbook 1999»

#### *Weighted Decision-Making Principle*

Geometrically Progressive Band Width of Population Range	Width of Range	No. of Votes
Between 48 million and 87.9 million	40 million	5
Between 38 million and 67.9 million	30 million	4
Between 18 million and 37.9 million	20 million	3
Between 8 million and 17.9 million	10 million	2
Between 3 million and 7.9 million	7.6 million	1

*All Countries in Europe*

Votes	Commissioners	E.U. Country	Population <sup>a</sup>	Non – E. U. Country	Population <sup>a</sup>
6	Two	Germany	82.0 million	Russian Federation	146,4 million
4	Two	United Kingdom	59.1 million	Turkey	65.6 million
4	Two	France	59.0 million		
4	Two	Italy	57.5 million	Ukraine	49.8 million
4	Two	Spain	39.2 million	Poland	38.6 million
		Sub- Total	296.8 million	Sub-total	300.4 million
2	One	Netherlands	15.6 million	Romania	22.5 million
2	One	Belgium	10.2 million	Yugoslavia	10.6 million
2	One	Greece	10.6 million	Belorussia	10.3 million
2	One	Portugal	9.9 million	Czech Republic	10.3 million
2	One	Sweden	8.9 million	Hungary	10.1 million
2	One	Austria	8.1 million	Bulgaria	8.6 million
1	One	Denmark	5.3 million	Switzerland	7.3 million
1	One	Finland	5.2 million	Slovakia	5.4 million
1	One	Ireland	3.7 million	Croatia	4.5 million
1	One	Luxembourg	.42 million	Norway	4.4 million
				Slovenia	2.0 million
				Estonia	1.5 million
		Sub- Totals	51.2 million	Sub- Totals	97.5 million
		Grand Totals	374.2 million		397.9 million

<sup>a</sup> Estimated Population figures as of July 1999. Source: Global Statistics.