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One Europe, One Vote?

The political economy of European Union
representation in international organizations

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Since the Treaty of Rome, many proponents of European integration have hoped that a single Europe would speak with more authority – and more influence – in the international arena. This was certainly true in the 1950s and 1960s, as a reconstructed Europe attempted to affect international politics in a world of super-powers to which it was subordinate. It has been given added urgency, in the minds of many, with the rise of a post-Cold War world dominated by a single superpower, the United States. Whether to temper or to counter American demands, recent European experience has heightened the view that one Europe would be more influential if it had one foreign policy voice.

The same calculation has been applied to other areas of Europe's international relations, including in the economic realm. A common European representation in the International Monetary Fund/World Bank system would have *more* votes than the United States – and thus a veto. At the Bank for International Settlements, the Group of 8, the World Trade Organization, and other international economic institutions, there is a widespread view that a *pooled* European presence would increase Europe's influence. This is particularly clear in international monetary affairs, where there already *is* a common European institution, the European Central Bank, that is the natural representative of the euro zone at least.¹

But a common European international representation is more complicated than may appear at first glance. A collective European voice requires a collectively agreed upon policy and bargaining position, which means that it requires compromise among EU members. In this sense, adopting a common

¹ See, on this, McNamara and Meunier 2002.

international EU policy is analogous to adopting a common internal EU policy: it requires that member states weigh the potential benefits of a common policy against the potential costs of a policy that is not to their liking. And just as with other EU policies – such as the general focus on subsidiarity – there is a clear tradeoff between the advantages of scale and the disadvantages of overriding heterogeneous preferences.

To better understand the impact, and the likelihood, of shared EU representation in international institutions, I make use of simple tools of spatial analysis. This allows me to present some of the political constraints that the European Union, its member states, and groups within the member states, face in considering whether in fact it is desirable and feasible to unify Europe's international presence. My goal is not a welfare analysis – for this is effectively impossible without a clear baseline, which we do not have – but rather an understanding of the choices faced by Europeans as they consider their international role.²

We can think about the issue in a more positive mode by asking what factors make it more or less likely that the EU will pool its presence in international institutions. Already, EU representation varies among international organizations. In some cases, this is for obvious reasons, such as in trade: it is hard to imagine a single market with 15 different trade policies.³ But, just as the principle of subsidiarity has been applied in ways that lead some EU policies to be decided at the EU level, while others remain national, so too is it the case –

² The “constitutional” choices discussed here are analogous to those considered in Berglöf et al. 2003, and the analytical approach is also similar.

³ See, on European trade representation, Meunier 2000 and Meunier and Nicolaidis 1999.

and is it likely to continue to be the case – that the EU's international presence will vary among issue areas and institutions. The discussion here helps us understand why.

A spatial model of pooled representation

To analyze the choices available to the European Union's member states, I make use of simple spatial models.⁴ I make a series of assumptions for the sake of clarity of presentation; all of them can be abandoned or made more complex without altering the general points of the discussion. One assumption is that policy can be mapped onto a single dimension. This is a heroic assumption in general, as it rules out much of the bargaining across issue areas that characterizes most of domestic and international politics. It is somewhat less heroic of an over-simplification for my purposes, inasmuch as most international institutions have limited scope: EU positions in the IMF are not inherently related to EU positions in the World Health Organization. However, the unidimensionality of the spatial models I use does eliminate two possibilities of potential relevance. First, the EU might in fact "cut deals" across institutions – conceding something *to* the United States at the IMF in return for something *from* the United States at the WHO. Second, even within institutions, policies are rarely purely unidimensional: the IMF is confronted with decisions both about enormous financial rescues of troubled commercial debtors (Mexico, East Asia, Russia, Argentina) and about programs that are effectively foreign aid to extremely poor nations without access to commercial lending. Nonetheless, the

⁴ Hug and König 2002, and Rodden 2002, consider other aspects of EU politics with similar tools.

assumption of a single dimension helps simplify analysis significantly, and in this instance it is close enough to reality to be defensible.

I assume also a series of voting rules. To start with, let us say that both the EU and the international institutions operate on the principle of one country, one vote, with simple majority rule. Many international organizations do operate on this principle, and it is a reasonable starting point. I further assume that EU members can decide, by unanimity rule, to pool their votes to equal the number of member states; the new common policy is binding and is made by majority rule. It is realistic to assume that creating a common international representative would require the consent of all EU members; it is also reasonable that once such a joint agent were in place, the EU's position would be by something less than unanimity. In any event, these assumptions are not essential, and I relax them later.

An example helps illustrate the point. For simplicity's sake, think of an international organization (IO) with five member countries, and an EU of three member countries. One distribution of country preferences is represented in Figure 1. The ideal points of the countries are indicated by points **a**, **b**...**e**; for simplicity I refer to the ideal points in lower case (**a**) and the countries in upper case (**A**). The ideal points of the three European countries **A**, **B**, and **C** are on the center and left of the dimension, with the other two on the right. The policy in question could be any one of a number, such as:

- **financial regulation**, where movement leftward implies less support for stringent prudential regulation and supervision of national banks

- **macroeconomic policy**, where movement leftward implies more support for stimulative fiscal or monetary policies

- **IMF conditionality**, where movement leftward implies less support for restrictive IMF conditions

- **trade policy**, where movement leftward implies more support for trade liberalization – perhaps in a particular area, such as agriculture or services

For the purposes of this essay, in order to avoid too much concentration on the specifics of any one economic policy arena, I use examples drawn from outside the economic realm. The examples all involve **the Iraq war**, mapped so that movement leftward implies less support for the United States position, and based on the obvious fiction that some international institution was essential to the conduct of military operations in Iraq. The example is useful in large part because the positions of both EU and non-EU governments are well known and relatively easy to map onto a single dimension.

In any event, it is plain that without pooling, the equilibrium policy is that of the median country-voter, country **C**; this is indicated by the up-arrow at point **c**. However, if the three EU members pool their votes, they first arrive at a common policy by majority rule – that of the median EU country-voter, country **B**. By virtue of the EU's three pooled votes, this common EU policy, point **b**, then becomes the majority-rule outcome, as indicated by the down-arrow. The result makes the EU better off – point **b** is closer to the ideal points of more EU member states than point **c**. So pooling has improved the outcome from the standpoint of the EU as a whole. In the Iraq war example, with the United States

as country **E**, an international organization of this type *without* a pooled EU representative would have taken a position closer to that of the United States than one *with* a common EU delegation.

However, this is unlikely to come to pass, for country **C** would not agree to it. Pooling shifts the equilibrium outcome from **c** to **b**, so it makes country **C** worse off – in the Iraqi case, assuming that the UK is **C**, pooling would have shifted the outcome away from Britain’s preferred position, towards a less bellicose military stance. One can imagine circumstances in which country **C** might go along anyway – as part of a trade across issue areas, for example – but this simple example indicates an important point:

Observation 1. Member states whose preferences are farther from the EU median than they are from the international median are more likely to oppose pooling representation, while those whose preferences are closer to the EU median than to the international median are more likely to support it.

The reason is that the closer a member state’s preference is to the EU’s expected collective preference, the better off it will be with pooling. After all, the more similar are the policy views of a government (or group or individual) to those of the EU, the more it would like the EU’s views to prevail. This helps explain in general, for example, why France and Germany, whose foreign policy views tend to be closer to the EU median, are more interested in a common foreign policy than the United Kingdom, which tends to be an outlier.⁵ The

⁵ This is somewhat misleading; the observation is stated more accurately. Only preference outliers that deviate *toward* the international median will oppose pooling. In the example, country

observation is analogous to similar observations about other EU-wide policies, in which preference outliers tend to oppose centralization while those toward the center of the preference distribution support it, such as when Scandinavians worry that EU-level social policies will be less generous than their own national policies.⁶

But this example is an unrepresentative one. For one thing, EU members are a simple majority in the example, which is rarely likely to be the case; for another, pooling does not affect the EU's bargaining power. So now let us consider, in Figure 2, an international institution with seven members, of which there are three EU members (voting rules are as above). With all states voting individually, the outcome is that of the median state-voter, state **D**. Even if all three EU votes are pooled, there is no impact on the outcome – all that a common representation does is stack EU votes at a common point, and with majority rule there is no consequential effect. This simple observation illustrates a broader point, that the degree to which joint EU representation affects outcomes is sensitive to many features of the international environment: the number of countries in question, the distribution of their preferences, and so on. One can imagine many instances in which pooling would have an impact – such as if the common EU representative were pivotal – but

A is also a preference outlier but supports pooling, for pulling the outcome closer to the EU median pulls it closer to **a**. In what follows, I refer to preference outliers generically, meaning to restrict them to those on the EU extreme and closer to the international median. This seems empirically reasonable (not to speak of more tractable), as most of the instances of note involve a subset of EU members with views closer to that of the United States than to that of the rest of the EU, which is the case of country **C** in the example.

⁶ For a more general statement of this point, and others related to the treatment here, see Crémer and Palfrey 1999.

Observation 2. In and of itself, pooling representation does not necessarily increase EU influence over bargained outcomes.

This highlights an aspect of the discussion of Europe's international role that is often disregarded: the expectation that a united Europe is greater than the sum of its parts. Most proponents and analysts regard the advantage of pooling to be more than simply additive: that is, there must be something more to pooling EU representation than putting together national votes, otherwise it could be done by way of voting coalitions. And there are reasons to think that a more formal shared representation could in fact have an *added* impact on EU bargaining power. For one thing, in many issue areas a joint stance improves the EU's outside option (that is, the alternative to a bargained outcome). In negotiations over financial regulations, for example, a country's bargaining power is a function of how costly it would be for the country not to conform to the agreed-upon regulations. And in this context, it is likely that an EU with a common European regulatory framework – which it could implement on its own if negotiations with the US and Japan broke down – would be much more powerful than 15 EU member states each with a different regulatory framework. Whatever the reason, there is typically expected to be some value added from a joint representative beyond that of the member states' own votes. Analytically, we can think of some issue areas and IOs in which pooling is more likely to increase EU bargaining power than in other issue areas and IOs. Common EU positions on trade or financial regulation – where outside options, thus bargaining power,

are related to size – are likely to be greater than the sum of their parts, while a common EU position on Amazonian biodiversity may not be.

This situation, in which pooled IO membership improves the EU's bargaining power, can be represented as follows. Take the same setup as above, with three EU states out of a seven-member IO. Now assume that pooling – by improving the EU's outside option, or for whatever reason – increases EU bargaining power such that it has two additional votes, for a total of five (see Figure 3). By construction, then, the outcome will be determined by the EU's collectively defined preference, at point **b**, as indicated by the down arrow. This indicates that increasing the EU's bargaining power can have a substantial impact on outcomes. It can also be seen from Figure 3 that in this instance, the outcome makes all EU member states better off (or at least leaves them the same). As indicated in Figure 4, even for member state **C**, which is a preference outlier in the EU, the costs of preference divergence are counter-balanced by the benefits of the EU's increased influence over outcomes. Of course, if preferences were differently distributed – so that, for example, **c** was closer to **b** than to **d** – pooling would make *all* member states *better off*, not just indifferent. Indeed, the closer EU member state preferences are to one another, and the farther they are from those of other members of the IO, the greater the benefits and the lower the costs of a common position. In this case, this distribution of preferences would have led even the United Kingdom to support a common EU position on Iraq – the outcome would have been at least as close to the UK's views as that without a common EU stance.

It is also the case, however, that a different distribution of preferences within the EU can make the outcome with a pooled representative *less* appealing to some EU members. In Figure 5, country **C**'s ideal point is closer to that of non-EU member country **D** than it is to its fellow Europeans. Since country **D** would be the median country-voter in the original arrangement, without a common EU representative, country **C** would prefer *not* to pool EU positions.⁷ The gain in the EU's international bargaining power, in this instance, is more than offset by the intra-EU conflict of interests. This may be closer to the reality in the Iraq example: it is likely that Britain's position was in fact closer to that of the United States than it was to the median EU member – so that Britain would *not* have supported a common stance. This illustrates another fundamental point about the way in which EU positions are developed and expressed in the international arena:

Observation 3. There is a tradeoff between the added bargaining power of a common EU representative, on the one hand, and the need to override heterogeneous preferences, on the other.

This point is analogous to that in the literature on other government functions, such as on European subsidiarity, currency unions, or the size of nations. There are scale economies to the aggregation of government functions, such as

⁷ The story does not stop here. In fact, other EU members could offer a policy to country **C** that is equal to **cd** but in the opposite direction, making **C** indifferent between the pooled position and **d**. If, however, pooling is by unanimity rule and position-taking by majority rule, it does not seem plausible that the commitment to this class of offers over time would be credible.

diplomacy; but there are costs to forcing heterogeneous actors to adopt a common policy position.⁸

It might be useful to give some illustrative examples. Starting with the first observation, it stands to reason that countries whose views are more like those of other nations than they are like those of their fellow EU members would be unlikely to want to increase the EU's international influence. A country with views on macroeconomic policy coordination, or financial regulation, or foreign aid, or IMF policy very similar to those of the United States and very different from those of other EU members, would be foolish to do anything to increase the EU's relative influence and diminish that of the United States.

The second observation is in a sense related to the first. Even an EU preference outlier would care little about the choice of common or distinct EU voting if this were unlikely to have little impact on international policy outcomes. And it is not hard to think of instances in which a joint and common delegation would not necessarily increase the EU's bargaining power – the General Assembly of the United Nations, perhaps – and so the change in European representation would be of little import.

The third observation, about the tradeoff between increased bargaining power and the need for a common EU position, is perhaps the most important and richest in implications and applications. Just as similar propositions provide a way of thinking about the choices facing EU members considering centralizing authority at the European level, it fixes ideas about the positive *political economy*

⁸ See, as important examples, Alesina and Spolaore 1997, Bolton and Roland 1997, and Casella 1992. A similar tradeoff between risk-sharing and redistribution is identified in Persson and Tabellini 1996.

of – rather than the normative opinions or journalistic punditry relating to – European international representation. Every individual country, this says, must weigh the impact of a greater international role of the Europe of which they are a part against the compromises they will have to make to arrive at a common European position. The comparative static properties of this observation are simple and important and can be applied to policy areas, or international institutions, in which there is variation in EU bargaining power and member state preferences. They can be applied to analyses of individual member-state views on a common international representation, or on the overall likelihood of such a common representation emerging. This discussion implies, for example, that all else equal, the more pooling increases the EU's international bargaining power, the more likely it is. All else equal, the greater the divergence of views among EU member states, the less likely is the EU to agree on a common international voice. All else equal, countries that anticipate very serious compromises – that whose policy positions are far from those of their EU partners – are less likely to support pooling. And all else equal, countries with positions similar to those of their European partners are likely to be most favorable to common representatives.

Extensions and applications

Even this rudimentary discussion reveals some of the complexity of the political economy of a common European international voice. If the discussion is made more realistic, the implications are more complex still. There are two areas in which our assumptions were particularly simplistic: the distribution of

preferences, and the voting rules both inside the EU and internationally. In addition, we ignored the *domestic* politics of these issues.

The distribution of preferences. For ease of exposition, preferences in the examples given above were distributed so that EU members were bunched with each other, and clearly differentiated from non-EU members. Without providing details – the reader can simple reshuffle positions in the figures – it is clear that virtually any outcome is possible if government preferences are differently arranged. The relationship among member state views, and between member state views and those of non-EU countries, defines the range of feasible coalitions, and the range of possible outcomes. It is thus a fundamental determinant of constraints on EU decision-making. While this makes actual analysis more complex, it does not reduce the usefulness of the exercise. Coming up with a realistic sense of government preferences is central to understanding the likely outcome of inter-governmental bargaining.

Voting rules. The impact of different voting rules on outcomes is also crucial, especially in the international arena, where majority rule is quite rare. Indeed, it is also rare in the European Union itself. So we need to consider how intra-EU voting rules, and the voting rules of the international organizations of which the EU is a member, might affect outcomes.

We can start with an extreme case, which is actually quite common both internationally and in the EU: unanimity, which gives each country a veto. The fact that with unanimity rule each EU member state has a veto would normally provide no reason for any EU member to want to move toward a common

representation, as this implies giving up its veto. Moving from a situation in which EU member states have 15 vetoes to one in which they have only one collective veto *might* make most EU members better off, if the countries losing the veto were far from the EU median, but it would not be accepted by countries that would lose out as a result. And in many (if not most) reasonable preference distributions, pooling in a unit-veto system would make the EU worse off.

Figures 6 and 7 illustrate international bargaining with a unit-veto system. The main change to the setup here is the addition of the reversion point, also called the point of no-agreement or the status quo, indicated here by **SQ**. This is the situation that will prevail should the members of the IO not reach an agreement – the previously agreed upon policy, the absence of policy, whatever may be the case. In a unit-veto (consensus) system, the outcome must dominate the status quo for all players, else they will not agree to the change. In Figure 6, with each of the three EU states having an independent veto, the biggest possible change is from **SQ** to point **b**, indicated by the up arrow, which leaves state **A** indifferent between **b** and the status quo. In Figure 7, the three EU states pool their votes, so that they have a collective veto – at the median, point **b**, indicated by the up arrow. [If the EU's collective veto were itself decided upon by unanimity, there would be no difference from independent EU delegations.] Then the outcome that leaves the pooled EU delegation indifferent, point **d**, indicated by the down arrow, is the outcome. In this instance, two of the three EU members are worse off and the third is no better off. This illustrates the more general point that the EU would not, on its own merits, be likely to give up

its members' vetoes for a collective veto (unless, of course, it received something else in exchange).

The more general point is that voting rules change bargaining outcomes, in predictable if hardly simple ways. And voting rules in international institutions can themselves be highly complex. The European Union uses a combination of unanimity, simple majority, and qualified majority voting; and, depending on the issue area, one would have also to include the roles of the European Commission, the European Parliament, and the European Central Bank. International organizations also have a wide variety of voting rules, including the IMF's quota-based weighted-voting system, with weights that have changed over time. Without going into detail on the matter, suffice it to say, once more, that an analysis of the institutional causes and consequences of the EU's international presence is sensitive to intra-EU and international voting rules.

Domestic politics. One last observation is worth making, about the domestic politics of the EU's international role. Just as governments of member states formulate their views on a common EU position based on how close it is likely to be to their own, so too can groups within countries. An interest group closer to the EU median than to its national median will prefer that policy be made at the European, rather than the national level, and vice versa. So in Figure 8, I show two broad groups within country **C**, one on its left (c_L) and one on its right (c_R). Because the domestic Left is closer to the European median, it will prefer a common European representative (whose views will be closer to its own than to those of its national government), while the interests of the

domestic Right are opposite. This relationship – which applies, of course, to European policies more generally, such as when the Left in a left-wing country prefers national to European social policies – helps explain some of the partisan characteristics of debates over Europe’s international role. Many on the British Left prefer a European foreign policy to a more moderate independent British foreign policy; many on the Swedish Left prefer an independent Swedish foreign policy to a more moderate European foreign policy.

Concluding remarks

The discussion in this essay leads to few unambiguous conclusions. But that is one of its points: the implications of a common European international position depend in very important ways on circumstance. The distribution of preferences within and outside the EU, along with the voting rules used by the EU and the international institutions, have a profound effect on the ways in which Europe’s member states would aggregate their views up into a common position, and on the impact of that common position on international affairs.

But all is not lost to scholarly indecisiveness. There are several implications of general note. Most generally, the aggregation of European Union representatives into one EU-wide joint and common representative brings into play a fundamental tradeoff, between the benefits of increased bargaining power and the costs of compromise among heterogeneous interests. This, in turn, has significant implications. European governments with more extreme views (compared to the rest of the EU) will be less likely to support a common international position. The greater the added bargaining power associated with a

pooled representation, the more likely EU member states are to support it.

Domestic groups will support national or joint representation based on whether their own positions are closer to the national view or to the EU-wide view. These considerations are hardly trivial, and they will play an important role as Europe moves toward a more federal form of representation in international politics.

Figure 1: Pooling can affect outcomes

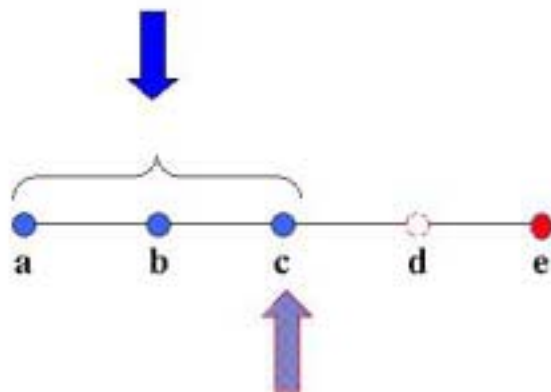


Figure 2: Pooling without an effect on bargaining power may not alter outcomes

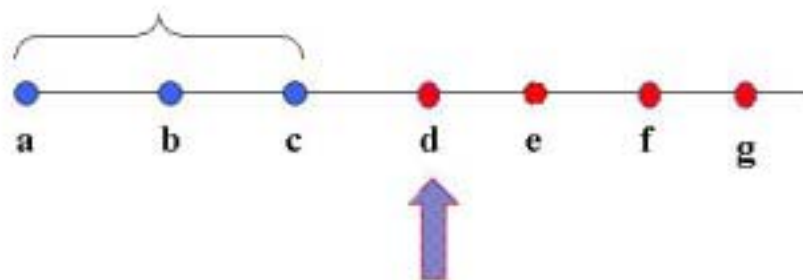


Figure 3: Pooling with an effect on bargaining power can alter outcomes

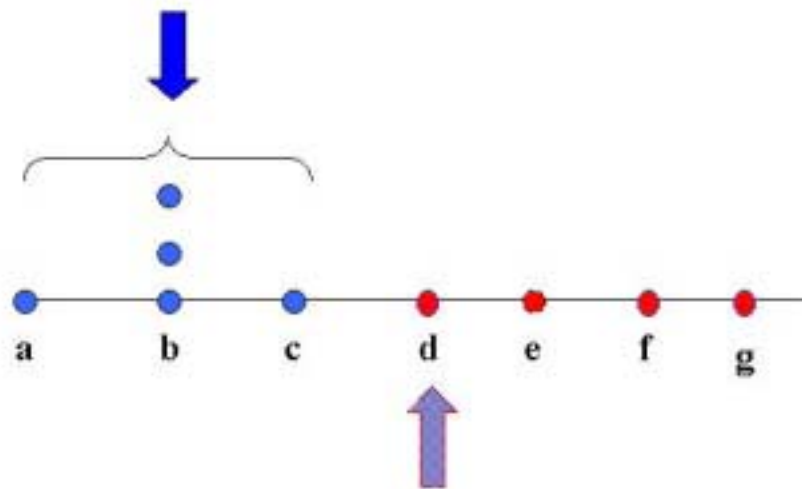


Figure 4: Pooling with increased bargaining power may lead to outcomes that are more desirable for all EU member states

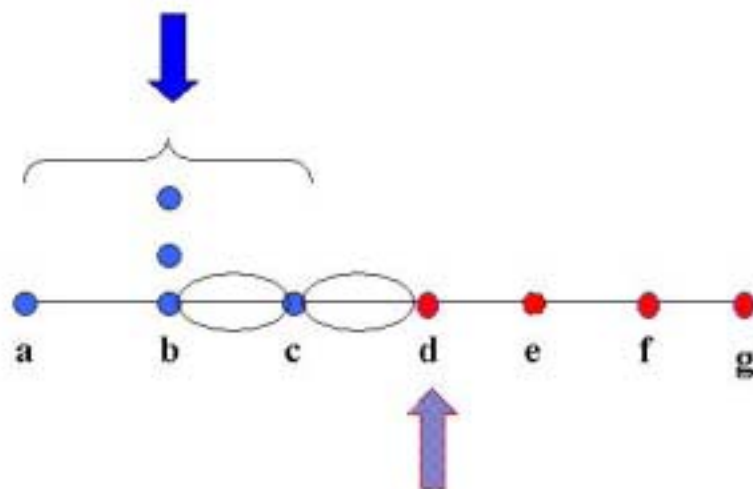


Figure 5: Pooling with increased bargaining power may **not** lead to outcomes that are more desirable for all EU member states

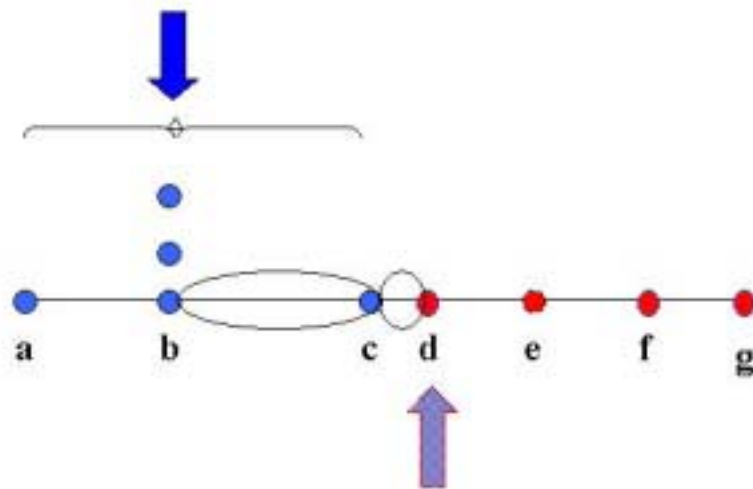


Figure 6: Unanimity rule with independent EU votes

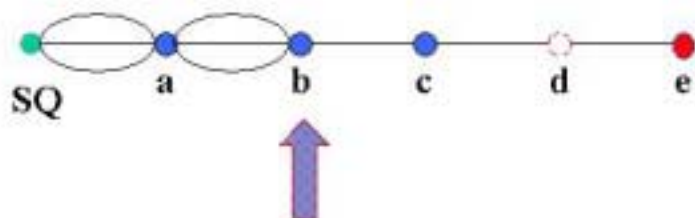


Figure 7: Unanimity rule with pooled EU votes

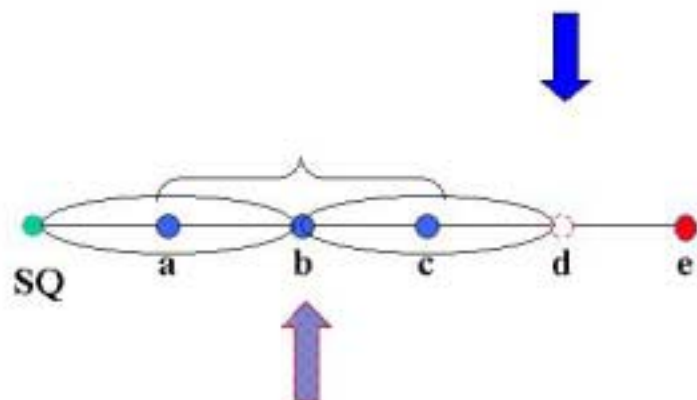
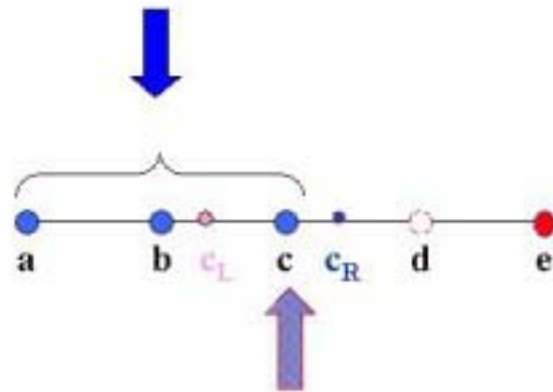


Figure 8: The domestic politics of Europe's international presence



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