

Stefan Napel — Mika Widgrén
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Appointment, Preferences and
Institutional Relations**

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ABSTRACT

The paper analyzes the appointment of the European Commission as a strategic game between members of the European Parliament and the Council. The focal equilibrium results in Commissioners that duplicate policy preferences of national Council representatives. Different internal decision rules still prevent the Commission from being a Council clone in aggregate. Rather, it is predicted a priori that Commission policies are on average more in accord with the aggregate position of the Parliament. Empirical analysis suggests that the Council is, in fact, significantly more conservative than Parliament and Commission; the latter two are significantly closer to each other than Council and Commission.

JEL Classification: C70, D71, H77

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1 Introduction

The European Commission is the chief executive body of the European Union (EU). It also plays a key role in all EU legislation and represents the EU externally, e.g., in the WTO or enlargement negotiations. Selection and appointment of the Commission used to be a purely intergovernmental affair. It involved the Council of Ministers in the composition of national heads of government or state, and purportedly good wine and cigars. The Council's decision had to be unanimous, creating a balance of veto powers that left individual members practically unrestricted. They could send to Brussels whichever candidate was domestically opportune.

In 1993 and 1999, the Treaties of Maastricht and Amsterdam then granted the European Parliament a formal say in the investiture procedure: it needs to approve first the nominated Commission President and then again the full college of Commissioners before it can be appointed. And in 2003, the Treaty of Nice replaced the unanimity requirement by a qualified majority rule, in principle allowing enough Council members to prevent a nominee without derailing the whole process. In view of these legal changes (see Section 2 for more details), one might expect the composition of the current Barroso Commission to significantly differ in qualitative terms from, say, the first Delors Commission appointed 20 years earlier.

A first puzzle is that such a qualitative difference is not obvious, to say the least. Admittedly, the currently 25 Commissioners had an on average higher profile when they were appointed: while the Delors Commission was dominated by senior civil servants and former party officials, the Barroso Commission comprises three former prime ministers, five former foreign ministers, and four former finance ministers; only four present Commissioners have not been members of a national government at some point. The snag is that most of the respective domestic careers seem adequately described as past their peak. Appointments such as that of Peter Mandelson have been received as an unpersuasive plot (by Tony Blair) to reward a trusted friend that can no longer be useful at home with an influential and decently paid job in Brussels – as in jolly old times.¹

As we show in this paper, the possible impression that nothing much has changed is quite easily explained by a persisting strategic impotence of the European Parliament. The latter may be hard to infer directly from reading the Treaty, but follows rather straightforwardly from game-theoretic analysis of the investiture procedure. The model investigated in Section 3 involves common idealizing assumptions (e.g., spatial preferences and dimension-by-dimension decisions after the appointment) and otherwise very closely reflects Art. 214 of the post-Nice version of the EC Treaty. It turns out that heads of state or government can propose whom they like and, crucially, these choices will be accepted in equilibrium. So the treaty reforms formally gave the European Parliament teeth, but a

¹The original Italian and Latvian nominees for the Barroso Commission were replaced after severe criticisms. László Kovács and Neelie Kroes were also widely considered unsuitable candidates, but with a little delay managed to land the designated job (in Kovács' case involving a portfolio change).

big wooden block remains stuck in between them.

This leads to a second puzzle: Anecdotal evidence as well as the few related empirical studies (see König et al. 2004 and Rasmusen 2003) suggest that Commission and Parliament get along very well – and, in fact, seemingly better than Commission and Council. This was a common impression even before the mentioned legal changes, particularly regarding the issue of integration and pursuit of “an ever closer union among the peoples of Europe” as set out in the preamble of the founding Treaty of Rome. Can the Council’s domination of the Commission’s appointment be reconciled with this?

When federal interests clash with national ones, Commissioner’s loyalties might plausibly be shifting after they have assumed office. In fact, their preferences could change also in other dimensions. An inconclusive debate on whether this happens in practice or should happen in theory is surveyed by Egeberg (1999). To us, a contagious Thomas-Becket effect (or perhaps systematic ‘Brussels brainwashing’) is an at most partially convincing hypothesis. In our view the chief explanation lies in *institutional rules*. They – together with the confidentiality to which the ‘principle of collective responsibility’ obliges all Commission members – can create the appearance of a preference change where there really is none.

To see this in a nutshell, suppose that the appointed Commissioners are indeed perfectly duplicating the respective Council members’ preferences and that neither’s preferences change. The Commission then clones the Council at the individual level during its entire term. Still the Commission *in aggregate* need not do so at any point in time. The key is that both institutions use different internal decision quotas: simple majority in the Commission and a qualified majority in the Council. This hands power to different preference types within Council and Commission. At least in the absence of cross-issue wheeling and dealing, the Council’s restrictive majority rule makes its collective ideal points on isolated questions coincide with those of an issue-specific *conservative* member. In contrast, the Commission’s ideal point under the duplication assumption corresponds to that of its median, i.e., a clone of a *moderate* member of the Council. Since Parliament also uses simple majority, its pivotal member tends to be a like-minded political moderate.

Section 4 investigates this point in more detail and Section 5 provides new empirical evidence on institutional relations between Commission, Council, and Parliament. Our analysis of data gathered by expert interviews on 162 decisions made under the Consultation and Codecision procedures between 1999 and 2002 confirms that the Commission is on average closer to the Parliament than to the Council. We point to alternative explanations of this observation, before Section 6 concludes.

2 Related Literature and Legal Background

Legislative processes of the EU have received considerable analytical attention during the last decade. The literature typically takes preferences of the respective stake-holders to be either exogenous and independent of each other or it does not explicitly assume preferences at all. Contributions of the former kind include Tsebelis (1994), Tsebelis and Garrett (1997), Steunenbergh and Selck (2002), and Franchino (2005); instances of the latter are

Laruelle and Widgrén (1998), Baldwin et al. (2001), and Felsenthal and Machover (2004), amongst others. In either type of analysis, the dependency between the Commission’s policy ideals and those of Council or Parliament which is the topic of this paper is ignored (see the corresponding criticism by Hug 2003).

Hix (1997) and Crombez (1997) are notable exceptions, and most closely relate to our analysis. Hix investigates the investiture of the Commission President. He argues that because MEP candidates are primarily determined by national parties, whose views are represented by national governments, the Parliament’s approval can almost be taken for granted after the Council has internally agreed on a candidate. Consequently, he finds “little practical difference between the original Commission President selection process, where the EP did not have a say, and the procedure established by the Maastricht and Amsterdam Treaties” (Hix 1997, p. 5). Crombez looks at the full Commission’s investiture and its post-appointment interaction with Council and Parliament. He criticizes the common wisdom that the Commission is an independent pro-integrationist actor in the EU. Though he takes more liberty with the (then pre-Amsterdam) Treaty rules² and does not predict any specific preference configuration for the Commission, the first part of our paper is quite similar to his analysis. In particular, Crombez models appointment of the Commission as a strategic game. He then looks at those preferences that the Commission might conceivably translate into actual policy, and argues that the investigated version of the appointment procedure considerably limited the Commission’s freedom to promote an independent agenda. The post-Nice version imposes fewer constraints but keeps the fundamental dependency.³ Crombez’ view contrasts with that expressed by Tsebelis and Garrett (2000). The latter argue that already before Nice the appointment process involved internal filters sufficient to have a well-balanced, high-profile and therefore independent new Commission ready when the preceding one’s 5-year term expires.

The Commission currently comprises 25 members – one from each EU member state. It unilaterally decides on many day-to-day issues, e.g., in competition policy along the so-called *administrative route*, and makes any first proposal in the EU’s various legislative processes (the *legislative route*).⁴ The Commission has some discretion in selecting between the administrative and legislative routes, but in any case both confer significant power to it.⁵

Commissioners have individual portfolios and thus in practice exert asymmetric influence on EU policy. Formally, however, they act as a team or *college* chaired by its President. If there is no consensus on delegating a given issue to a Commissioner or staff

²For example, Crombez assumes that the whole investiture procedure ends in failure after a candidate proposed for the position of the Commission President has been rejected. Or, supposedly, the designated President can nominate other Commission members after rejecting the respective Council member’s proposal. See the criticism by Hug (1997).

³See Crombez and Hix (2004) on this, and the related contribution by Hix et al. (2004).

⁴The Commission can be prompted to initiate legislation, i.e., it has no formal gate-keeping power.

⁵For general discussions of the Commission’s role in the EU see Pollack (1997) and Matlár (1997).

member,⁶ the college acts by a *simple majority* of its members (Art. 219, EC Treaty). This and also the European Parliament's right to remove a Commission through a motion of censure have been unchanged since the Treaty of Rome in 1957 (then referring to the Assembly instead of the European Parliament).

Otherwise, rules regarding the appointment, composition and work of the Commission have been modified many times – and will again after the next EU enlargement or if the Constitutional Treaty gets ratified. Before 1993, the Council of Ministers (CM) selected the next Commission by unanimous agreement or *accord commun*. Then, the Treaty of Maastricht (Title II, 43.) gave the European Parliament (EP) the right to be consulted on the governments' nominee for Commission President, and required an explicit approving vote by EP on the complete college of Commissioners (as a single closed list).

The Treaty of Amsterdam, coming into force in 1999, replaced EP's consultation on the President's investiture by a separate formal vote and gave the nominated President a veto on the remaining Commissioners. Then the Treaty of Nice in 2003 removed the unanimity requirement for CM: the Commission President and later the full college only need to be endorsed by a qualified majority. Moreover, the Treaty of Nice changed the composition of the Commission to one Commissioner from each member state – hitherto, large member countries could have two Commissioners. And in response to the crisis of the Santer Commission between 1998 and 1999,⁷ individual Commissioners can now be asked to resign by their President. In 2004, the Accession Treaty (or Act Concerning the Conditions of Accession) gave Commission seats to the 10 new EU members, but determined that there shall be less than 27 Commissioners after Bulgaria and Romania join the Union (presumably in 2007 or 2008); the actual number is still to be determined by the Council. The Constitutional Treaty currently seems very unlikely to come into force, but in this event would call for one proper seat for each EU member in the first Commission and thereafter voting Commissioners from only two thirds of the member states with non-voting Commission members from the others on the basis of equal rotation (Art. I-26).⁸

In the following, we focus on current rules for appointment as specified by Art. 214ff of the EC Treaty, last amended by the Treaty of Nice and the Accession Treaty. The provisions leave open a number of details. Where possible, we base our interpretation of the Treaty provisions on what could publicly be observed during recent Commission appointments as well as semi-official sources.

The appointment process can be divided into five stages and summarized as follows:

⁶Particularly in ordinary press coverage, the term 'Commission' is used not only for the college of Commissioners but also their about 25,000 staff in the Brussels head offices, the Luxembourg offices and elsewhere (for comparison: the city of Helsinki employs about 39,000 civil servants). We concentrate on the former and disregard decisions that are consensually delegated.

⁷See Topan (2002) for an interesting account.

⁸The European Convention's draft constitution did not have extra provisions for the first post-ratification Commission. In contrast, it was more specific on the selection process for Commissioners (e.g., each country was to submit a list of three candidates including both genders).

1. CM, meeting in the composition of heads of government or state,⁹ nominates a person it intends to appoint as Commission President by qualified majority.
2. EP either approves the nominated candidate (by absolute majority of votes cast – see Art. 198) or rejects him or her, leading back to stage 1.
3. CM members submit national candidates for the remaining Commission positions, with the exception of the one already providing the nominated President. The designated President composes a list with one Commissioner from every member state from the proposals. This list is either approved by CM by a qualified majority, or stage 3 is repeated.
4. EP either approves the entire nominated Commission by absolute majority or rejects the entire college, leading back to stage 3.¹⁰
5. CM formally appoints the new Commission by qualified majority.

If during the five years of their appointment, individual Commissioners resign, die, or are retired, then CM decides on a replacement by qualified majority without explicit role for EP or the Commission President (Art. 215). The Commission President can ask individual members of the Commission to resign. The Code of Conduct for Commissioners (2004) obliges them to comply with such a request. In cases of serious misconduct, the Council can apply to the European Court of Justice to compulsorily retire individual Commissioners (Art. 216). Moreover, EP can force the entire college of Commissioners to resign by a two-thirds majority of votes (cast by at least half of all MEPs; Art. 201).¹¹

3 Model and Ex Post Analysis

This section constructs a game-theoretic model of the appointment procedure and analyzes it *ex post*, i.e., for arbitrary but given spatial preferences of the involved agents. Several stages of the procedure involve a potentially unbounded number of iterations. This makes the procedure too complex for fully detailed game-theoretic analysis (specifying the course of action after all possible histories of play). But one can identify the path of play in the arguably most focal equilibrium. Its implications from an *ex ante* or *a priori* perspective which tries to identify general institutional biases by averaging over all possible ideal point profiles will be investigated in Section 4.

⁹Whether an EU member sends its head of state or its head of government is left to its own discretion.

¹⁰The Treaty is not explicit on what happens if EP has formally rejected the proposed college of Commissioners: is the Council bound by its earlier EP-approved choice of Commission President or may it restart the entire procedure? We assume the former.

¹¹The Council can by unanimous agreement alter the number of members of the Commission (Art. 213). It is not specified whether this could, in theory, be used to effect a reduction of the *current* Commission and lead to the dismissal of current Commissioners.

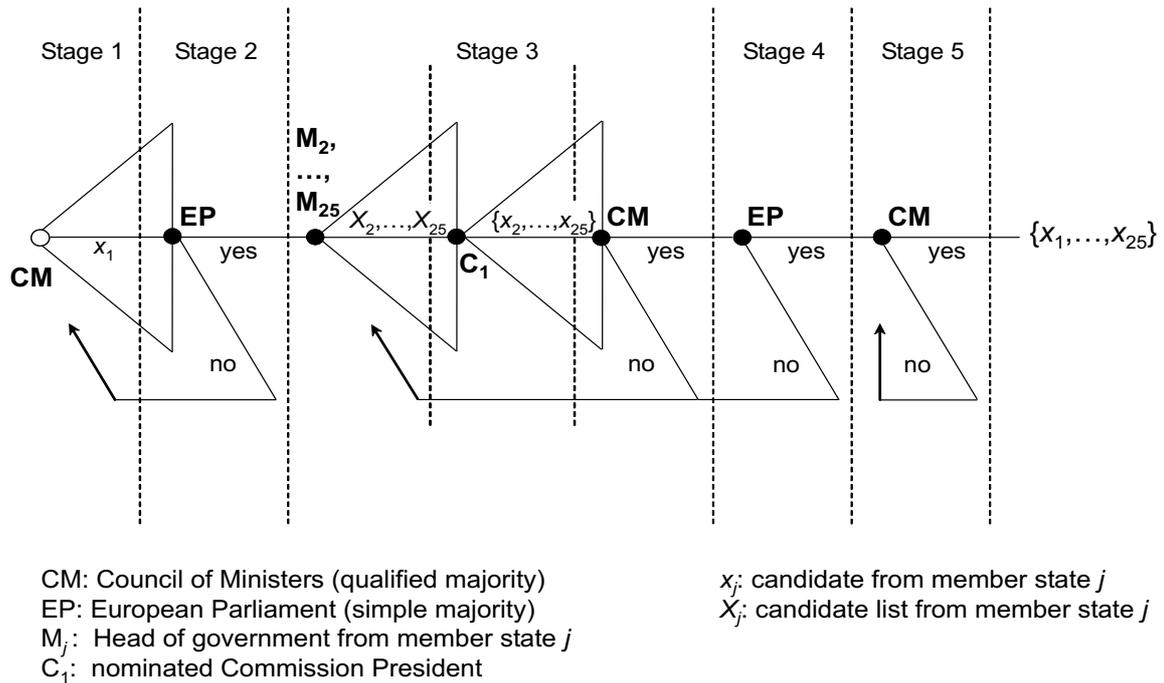


Figure 1: Stylized appointment game tree

3.1 Stylized appointment game

The sequential nature of moves during the appointment process (and also the Commission's business thereafter) suggests a *non-cooperative appointment game in extensive form* which involves Council members, MEPs, and – interim – the designated new Commission President. In the game's description and analysis, one faces a trade-off between formal rigor and the immense complexity that results from the scope for an unbounded number of iterations of and within the described stages 1 and 3. We confine ourselves to a stylized game which, e.g., treats the multilateral negotiations on which country provides the Commission President as a black box. Its sequence of moves is illustrated in Figure 1.

Analysis of our stylized game tree requires a number of assumptions about players' preferences and their respective sets of feasible actions. Not all of them are equally compelling but in our view represent a reasonable compromise between realism and analytical tractability:

- (POL) Potential candidates differ regarding their policy preferences, not their competence.
- (SPA) All players have spatial preferences, characterized by an individual ideal point λ in the convex policy space $X \subset \mathbb{R}^k$ and the utility function

$$u(x; \lambda) = -d_1(x, \lambda) = -\sum_{i=1}^k |x_i - \lambda_i|,$$

and time preferences characterized by a common discount factor $\delta \in (0, 1)$. Preferences are common knowledge.

- (ABU) Suitable candidates for a Commission job are abundant for any position $\lambda \in X$.
- (DIM) The legislative *status quo* $q \in X$ can only be changed dimension-by-dimension (or issue-by-issue). All k issues arrive randomly on the post-appointment agenda with equal probability, which w.l.o.g. is taken to be 1.
- (IND) With an interim probability $p > 0$ that is independent of the appointed Commission and constant across issues, post-appointment legislative decisions either implement the Commission's ideal policy x_i^C or are (locally) insensitive to it.
- (MED) The Commission's policy position is decided by a simple majority of its members (Art. 219) and corresponds to the position of the median Commissioner in the respective dimension.
- (LAM) The old Commission becomes a 'lame duck' when the appointment process starts; keeping it forever is the worst outcome for sufficiently many members of CM and EP.

The main (albeit standard) limitation follows from assumptions (DIM) and (MED): they break down a complex, multi-dimensional and potentially indeterminate decision-making problem into a sequence of one-dimensional ones with straightforward solutions. The critical part of (IND) is not so much the dichotomy of outcomes, i.e., implementation of either the Commission's ideal policy or an outcome fully determined by other players – this naturally arises on the administrative route and is consistent with game-theoretic predictions for both the Consultation and the Consultation procedures.¹² Rather the frequency of either case will in practice depend on the appointed Commission. Accounting for the link is complicated by uncertainty at the time of the investiture, e.g., regarding the future composition of CM, but forward-looking members of CM or EP should strictly speaking treat p as an endogenous variable rather than an independent constant. The qualitative findings below will, however, be robust to the extent that a more sophisticated treatment of post-appointment decision making or other variations of the assumptions do not affect the following lemma (see Appendix for a proof):

Lemma 1 *All MEPs and members of CM seek to install a Commission whose dimension-by-dimension median position is as close to their respective own position as possible.*

¹²The subgame perfect equilibrium for the Consultation procedure results in either x_i^C , the policy closest to x_i^C which makes the pivotal Council member indifferent to the status quo, some policy that the Council unanimously agrees without Commission influence, or simply the status quo. In contrast, x_i^C plays no role under the Codecision procedure – its predicted outcome is determined primarily by CM (cf. Napel and Widgrén 2006; also see Napel and Widgrén 2004 on outcome sensitivity and decision power more generally).

3.2 Analysis of the appointment game

Delay at *stage 5* brings no advantage to Council members. In particular, the stationarity of preferences formalized by (SPA) implies that any interest in delaying the decision by one period must persist in the subsequent period, i.e., would necessarily translate into a preference for perpetual delay. (LAM) rules this out. So every member of CM has at least a weak preference for appointing the nominees. Anticipating that a qualified majority of other CM members will vote for the appointment (or a blocking minority against), an individual Council member actually is indifferent. However, we will throughout the analysis break such ties in favor of the candidate(s). So CM appoints the nominated Commission unanimously.

At *stage 4*, each MEP will vote for CM's proposal if this gives no less utility than continuation of the game at stage 3. In particular, after a rejection by EP the nominated Commission President and CM make another proposal which could be the *same* as the rejected one (possibly involving new faces, but with the same preferences). This means that a coalition comprising the nominated President and (a qualified majority of) CM plays a *monopolistic-offer bargaining game* with EP or, more precisely, the MEP singled out to receive the median utility from the offer.

This bargaining game – essentially an iterated version of the so-called *ultimatum game* – in abstract terms involves two players, 1 and 2, who interact as follows:

1. Player 1 offers a share $y \in [0, 1]$ of a possible joint surplus to player 2.
2. Player 2 accepts or rejects y .
3. If player 2 accepts, payoffs are $(1 - y, y)$. Otherwise, the game moves back to 1. with next stage's payoffs discounted by factor $\delta \in (0, 1)$.

It is a subgame perfect equilibrium for player 1 to propose $y = 0$ after any history of play and for player 2 to accept any offer $y \geq 0$. Using arguments similar to Rubinstein (1982), one can show that immediate agreement on $y = 0$ is, in fact, the *unique* subgame perfect equilibrium outcome (see, e.g., Muthoo 1999, sec. 7.2.2).

This equilibrium prediction may seem somewhat extreme in practice – EP might, e.g., extract at least some appointment rent by threatening a damaging media campaign if the proposal is too CM-biased.¹³ Keeping things simple, we will nevertheless use it. It then follows that EP will accept any Commission that is better than a perpetual lame duck at stage 4, i.e., the nominated President and (a qualified majority of) CM get whatever candidates they agree on in the previous stage.

During *stage 3* the respective heads of government or state propose national candidates to their fellow Council members and the nominated President. This amounts to 24

¹³The prediction also rests on the assumption of complete information. Temporary impasses such as during the Barroso Commission's nomination, when the original Italian and Latvian nominees were grudgingly replaced after their parliamentary interviews, indicate that CM in reality has only *incomplete information* about MEPs' median reservation utility.

monopolistic-offer bargaining games with heads of government or state as proposers. The responders – the respective 24 other heads and the nominated President – can only delay an agreement but not make any counter-proposals.¹⁴ Moreover, it is generally incredible for the nominated President to threaten to ask undesired Commission members to resign later: first, even though Art. 215 is not explicit on this, it seems that the respective head of government or state would again be the one to propose a new candidate. Second, a qualified majority of CM has to agree on the replacement before a resigned Commissioner actually leaves the college; however, without great coincidence or coordinated collusion, there is a blocking simple majority against replacements affecting the median positions of the Commission. So, in effect, heads of government or state face no constraints in selecting ‘their’ national Commissioner due to (LAM), i.e., the Maastricht reform of the Commission’s investiture mainly constituted a cosmetic change.¹⁵

In what we refer to as the *truth-telling equilibrium* every country j will nominate a Commission member with ideal point $\gamma^j = \mu^j$, i.e., a person duplicating the respective head of government or state’s preferences. This is not the only equilibrium of the subgame starting in stage 3, but clearly the *focal* one since all other equilibria are either outcome-equivalent (heads of government or state misrepresent their ideal point in dimensions in which they are not decisive in the college anyway) or involve *collusion* between some Council members against others. Such equilibria can be described as follows: a dimension- i misrepresentation of country j ’s ideal point by Δx_i has an effect if that member j is the unique median on issue i . In this case, j is actually hurt by its own misrepresentation – but 12 others are benefitting from it. For high enough dimensionality of the policy space it is then possible to build a ‘cartel’ of, say, 23 members who each misrepresent their issue-specific ideal points in such a way that the two ‘outsiders’ are always amongst the 13 losers. This implies that ‘insiders’ win more often than they lose and, in summary, benefit from the deal. Whilst such options may be good to exist in principle (think of national elections producing a rogue head of government who can thus be kept in check),¹⁶ their exercise is surely in violation with the EU’s ‘principle of equality’ (see Art. 4 of the Accession Treaty). Moreover, it requires coordination and potential punishment of free-

¹⁴Credible threats to reject a bad offer and then to respond with a counter-offer, i.e., to turn the table, drive the more symmetric outcome in Rubinstein’s (1982) bargaining game. – Note that it does not matter if Council members and nominated President accept or reject the entire list or individual candidates as long as rejected candidates can be proposed again (or new faces that are policy-wise equivalent).

¹⁵Note that EP’s passage of a motion of censure simply restarts the CM-dominated appointment procedure. So this oldest instrument of parliamentary power has always been blunt; it cannot bring about different policies unless CM wants them (possibly having a new composition).

¹⁶Collusion against only one member would be a credible punishment but is not strictly profitable: any one-dimensional manipulation of a small given size Δx results in a total welfare loss of Δu because 12 members gain Δu and 13 members lose Δu . Manipulating in such a way that one member loses in all, say r , manipulated dimensions implies a utility loss of $r \Delta u$ for this member. Since this is equal to the total change in welfare, other members cannot all be better off; but they may have the same utility as before.

riders. Truth-telling, in contrast, constitutes an equitable equilibrium in simple, frugal, and transparent strategies.

Analogous reasoning applies to *stages 2 and 1*. By (MED) there is no special benefit from providing the Commission President at least in our stylized game. CM can hence select an arbitrary country j to nominate the President, e.g., one for which a particularly high-profile candidate attractive to the respective national government is available.¹⁷ Anticipating truth-telling equilibrium strategies of the other Council members, country j 's representative will optimally propose a candidate with $\gamma^j = \mu^j$, who is then endorsed by CM and approved by EP. In summary, we predict that in equilibrium $\gamma^k = \mu^k$ for $k = 1, \dots, 25$, i.e., every Commissioner replicates the respective national Council member's own preferences.

It is not hard to think of real-world counter-examples. For instance, the former social democratic Finnish finance minister Erkki Liikanen was selected to be Finland's first Commissioner in 1994 by a center-right coalition, joining a left-wing German trade union representative, Monika Wulf-Matthies, appointed by right-wing chancellor Kohl. More recently, former German chancellor Schröder suggested a Commission job for his key opponent in the 2002 national elections (and at the time possibly again in 2006). Other examples could be added.¹⁸ They may have led Tsebelis and Garrett (2000) to hold that Commissioners' appointments are primarily merit-based, with national governments generally seeking to send important and independent personalities to Brussels. In any case recall that heads of government or state in the truth-telling equilibrium *strictly* prefer to not misrepresent their preferences only if they are CM's issue-specific median. Truth-telling is a focal strategy but real politics offers interesting alternatives for breaking a big number of ties.

4 A priori Implications for Institutional Relations

Above analysis implies that heads of government or state can propose and with EP's help approve the Commissioners they like best: clones of themselves. This finding leads to more questions. If the Commission is a clone of the Council, why would the EU need it? Perhaps it is a federalist fig leaf, covering a primarily intergovernmental and economic project never meant to result in genuine political integration. Or may the Commission's role be simply to serve as a high-powered secretariat to the Council, so that legislation according to, e.g., the Consultation procedure is really about writing down and rubber-stamping Council policy? The answer to the latter question is "no", even if one takes preferences of Commissioners to perfectly coincide with those of the heads of government or state who selected them. One practical reason is that the Council typically does not meet in the composition of heads of government or state, but rather of specialist ministers with possibly incongruent interests.¹⁹

¹⁷José Manuel Barroso was himself the Portuguese prime minister when he was nominated as the next Commission President.

¹⁸See MacMullen (1997) for a comprehensive account of Commissioners' characteristics, dating back to Jean Monnet. He notes "reallocation of domestic political patronage" as the prime reason if single-term Commissioners were denied renomination.

In our view the main reason, however, are different internal rules for reaching decisions and thereby for aggregating preferences. Even if Commissioners *individually* duplicate CM members, the Commission in aggregate need not and typically will not.

In particular, the *simple majority rule* applied by the Commission makes its median in any given dimension the focal prediction for the corresponding aggregate policy position (see (MED)). By the previous section’s analysis, the Commission’s ideal policy therefore can be expected to coincide with the issue-specific *Council median*. However, this will very rarely coincide with the aggregate position of CM. The latter position is determined by a rather complex *qualified majority rule*: supporters of a Council motion regarding carbon emission levels, the speed of electricity deregulation, or the fat contents of chocolate etc. have to constitute a majority in three ways. In particular, there have to be at least 232 votes out of 321 ($\approx 72.2\%$) in favor of a proposal.²⁰

It is worthwhile to illustrate the effect of the respective majority rule on policy relations by a few ‘back of the envelope’ computations. They are not meant to give a realistic picture of current institutional relations (see Section 5), but to show the *a priori bias* towards cooperation between Commission and EP (rather than CM) built into institutional rules. The same tendencies will obtain also for other assumptions, e.g., about individual ideal points.

Consider an unweighted 72% rule (18 out of 25 equal votes) as a first approximation of the Council’s internal decision rule. Given ordered ideal points $\mu_i^{(1)} \leq \mu_i^{(2)} \leq \dots \leq \mu_i^{(25)}$ of CM’s members on issue i and an issue-specific status quo $q_i \in [0, 1]$, CM’s aggregate position is restricted to

$$x_i^{CM} \in \begin{cases} \left[\mu_i^{(8)}, \min \{2\mu_i^{(8)} - q, \mu_i^{(18)}\} \right] & \text{if } q < \mu_i^{(8)}, \\ \{q\} & \text{if } \mu_i^{(8)} \leq q \leq \mu_i^{(18)}, \\ \left[\max \{2\mu_i^{(18)} - q, \mu_i^{(8)}\}, \mu_i^{(18)} \right] & \text{if } q > \mu_i^{(18)}. \end{cases} \quad (1)$$

Only positions x_i^{CM} satisfying (1) would be supported by a qualified Council majority and could not be successfully replaced by another internal policy proposal.

Similarly, denoting the issue-specific ordered ideal points of the currently 732 MEP by $\pi_i^{(1)} \leq \dots \leq \pi_i^{(732)}$, the possible aggregate position of Parliament must be

$$x_i^{EP} \in \begin{cases} \left[\pi_i^{(366)}, \min \{2\pi_i^{(366)} - q, \pi_i^{(367)}\} \right] & \text{if } q < \pi_i^{(366)}, \\ \{q\} & \text{if } \pi_i^{(366)} \leq q \leq \pi_i^{(367)}, \\ \left[\max \{2\pi_i^{(367)} - q, \pi_i^{(366)}\}, \pi_i^{(367)} \right] & \text{if } q > \pi_i^{(367)}. \end{cases} \quad (2)$$

¹⁹See Henning (2004) for an investigation of systematic differences between the position of, e.g., national ministers of agriculture and their superiors.

²⁰We refer to the Treaty of Nice as amended by the Accession Treaty for details. ‘Yes’-votes currently also have to represent 62% of total EU population and a simple majority of member states.

The issue-specific position of the Commission is simply

$$x_i^C = \gamma_i^{(m)} = \mu_i^{(13)}. \quad (3)$$

Any continuous a priori distribution of the ideal points of members of CM and EP implies with (3) that the Commission's a priori *propensity for change* is

$$\Pr(\gamma_i^{(13)} \neq q_i) = 1.$$

The corresponding numbers for CM and EP depend on the actual distribution. But the more demanding majority rule in CM robustly makes its propensity for change smaller than that of EP. If, as a common a priori benchmark, one assumes that all ideal points as well as the status quo are independently and uniformly distributed on $[0, 1]$, one obtains

$$1 - \Pr(\pi_i^{(8)} \leq q \leq \pi_i^{(18)}) = 1 - (18/26 - 8/26) \approx 0.6154$$

for CM's propensity for change in comparison to

$$1 - \Pr(\pi_i^{(366)} \leq q \leq \pi_i^{(367)}) = 1 - (367/733 - 366/733) \approx 0.9987$$

for EP. A similar difference would prevail also for other (more realistically: non-identical) distributions: institutional rules a priori make the Commission the European Union's most dynamic player, the Council its most conservative institution, and the Parliament lies somewhere in between. Hence, EP and Commission are more likely to agree on a need for change than CM and Commission are.

When CM and Commission do agree on change, their preference dependence lets them automatically agree on the direction. This is not the case for EP and Commission. However, the former almost always want to go quite different distances, in contrast to often similarly central ideal points of EP and Commission. Average distances are therefore smaller between Commission and EP than between Commission and CM under various distributional assumptions.

For a numerical illustration, again let individual ideal points and status quo be independently uniformly distributed on $[0, 1]$. A priori take the Parliament's position to be $\pi_i^{(366)}$, which results in only little loss of precision relative to (2) because of the small distance between $\pi_i^{(366)}$ and $\pi_i^{(367)}$ (in expectation $1/377 \approx 0.001$). One can then calculate²¹

$$\mathbf{E}(|x_i^{EP} - x_i^C|) = \mathbf{E}(|\pi_i^{(366)} - \mu_i^{(13)}|) \approx 0.07885$$

as average distance between EP and Commission. Moreover, avoiding a more complex while still ad hoc model of intra-Council bargaining, assume that the Council's actual policy position, x_i^{CM} , for given realizations of $\mu_i^{(8)}$ and $\mu_i^{(18)}$ is a priori uniformly distributed

²¹ $\pi_i^{(366)}$ and $\mu_i^{(13)}$ are beta distributed with parameters (366, 367) and (13, 13), respectively.

on the respective interval of stable CM positions defined by (1) (if it is not q).²² One then obtains

$$\mathbf{E}(|x_i^{CM} - x_i^C|) \approx 0.1197,$$

i.e., CM and Commission are on average significantly farther apart than Commission and EP.²³ CM would have smaller distance to the Commission if, e.g., the *entire* Parliament acted as a single unitary actor with uniformly distributed ideal point. In this sense, greater closeness between Commission and EP depends on distributional assumptions. Still, one can conclude that CM and Commission will rarely hold especially similar positions a priori.

In our view, this is the key to why the EU has a role for Commissioners who clone national Council members: Loosely speaking the *same players* sit in CM and Commission. But internal rules allocate decision power to a *different member* in each institution. Its simple majority rule lets the Commission speak for an issue-specific moderate member state. In contrast, CM speaks for a conservative one. One could say that the Commission protects member states against excessive Council inertia; while the Council provides a safeguard against the dynamism of simple majority rule in EP and Commission.

5 Empirical analysis

Above results regarding the distinct degrees of conservatism of Council, Parliament, and Commission and average distances between their policy positions are derived entirely a priori. We made preference assumptions that were unrelated to any empirical observations and interpreted Treaty provisions in a stylized and legalistic way, especially regarding the use of simple majority rule by the Commission. In this section we conduct a sort of robustness check and confront the predictions with data.

Quantitative information on stake-holders' preferences in EU legislation is still rather scarce. König, Hörl, and Pohlmeier (2004) analyze data on 73 cases that reached the conciliation stage of the Codecision procedure between May 1999 and July 2002. According to the experts interviewed for their study, the Commission's support for EP on a [0,100]-scale on which 0 denotes maximal support was 50 or less in 64 cases, in contrast to similar support for CM in only 39 cases. This relative closeness of Commission and EP is supported by anecdotal evidence. In her analysis of the Codecision procedure, Rasmusen (2003, sec. 5.2) quotes, for instance, an interviewed MEP as saying "... the Commission expects that the Parliament will help it to get more [than the original proposal] ..." and a Commissioner as noting "Often we can use the parliamentarians to pass certain messages, because they have a right to say what they like ... there is a very good co-operation."

In the following, we analyze a unique data set covering 66 multi-issue legislative proposals that were made before or in 2000 and concluded between May 1999 and February 2002. The data was collected by an international group of researchers.²⁴ Reports in

²²If one *always* identifies the Council with $\mu_i^{(8)}$ (or, equivalently, always with $\mu_i^{(18)}$), it is straightforward to compute $\mathbf{E}(|x_i^{CM} - x_i^C|) = \mathbf{E}(\mu_i^{(13)}) - \mathbf{E}(\mu_i^{(8)}) = \frac{13}{26} - \frac{8}{26} \approx 0.1923 > \mathbf{E}(|x_i^{EP} - x_i^C|)$.

²³The number was obtained by Monte Carlo simulation. Similarly, $\mathbf{E}(|x_i^{CM} - x_i^{EP}|) \approx 0.1248$.

Agence Europe, the main independent daily news service on EU affairs, were used to select issues of general political importance and with at least a minimum level of controversy. Then, interviews with altogether 125 experts were carried out. Most of these were affiliated with the permanent representations of the member states in Brussels. These experts were usually desk officers responsible for representing their state in Council negotiations. Others were affiliated with the Commission, European Parliament, Council Secretariat and interest groups. These experts provided estimates on actors' policy positions on a $[-100, 100]$ -scale, the status quo point, issue salience, and actual outcome on a total of 162 controversial issues. The corresponding dossiers cover a wide range of policy domains: the internal market, agriculture, fisheries, ECOFIN, justice and home affairs, general, culture, development, employment, energy, industry, social affairs and transport. Specific examples are a directive on company law concerning takeover bids and a regulation on the common organization of the market in milk and milk products. We only use information about players' preferences – not policy outcomes.

We deduced the Council's aggregate position from the estimated policy positions of its 15 members plus the pre-Nice weight assignment and decision quota. 15 issues had to be removed because too many preference values were missing. Of the remaining 147 issues, 83 had been decided using the Consultation procedure and 64 using the Codecision procedure. When we tested for differences in the degree of conservatism, accurate information on the status quo was needed. This led to the exclusion of another 34 issues, with 56 of the remaining issues pertaining to Codecision and 57 to Consultation.²⁵

The ideal points attributed to the three institutions fail to be approximately normally distributed, so that we could not perform a paired *t*-test. We resorted to non-parametric statistical methods, in particular the *Wilcoxon signed-ranks test* (see Wilcoxon 1945 or, e.g., Siegel and Castellan 1988 for a textbook presentation). This test disregards the level of, say, the Commission's conservatism as picked up by its distance to the status quo, $|x_i^C - q_i|$, and similarly the Council's conservatism but assumes that there is information in the sign and magnitude of the *difference* between these two status quo distances for any given issue *i*.²⁶

We first considered the following three null hypotheses:

Hypothesis 1 *Conservatism of CM (i.e., the inverse of distance between issue-specific*

²⁴For details see Thompson, Stokman, Achen, and König (2006) and the special issue of *European Union Politics* 5(1), 2004.

²⁵When testing Hypothesis 4 below, CM's pivot for these 34 issues was deduced using the modal status quo in the data, $q = 0$. – Note that we obtain distinct distance observations from different issues of any given dossier. If instead we ignore obvious comparability problems and look at aggregate *dossier-wise* distances, CM is the most conservative institution and also has greater distance to the Commission than EP. Latter finding is, however, not significant for aggregate distances.

²⁶The related *Fisher sign test* only exploits the sign. The corresponding *p*-values are only slightly larger for our data.

status quo and ideal point of CM) is not greater than that of EP,²⁷ i.e.,

$$H_0: |x_i^{CM} - q_i| \geq |x_i^{EP} - q_i|.$$

Hypothesis 2 *Conservatism of CM is not greater than that of the Commission, i.e.,*

$$H_0: |x_i^{CM} - q_i| \geq |x_i^C - q_i|.$$

Hypothesis 3 *Conservatism of EP is not greater than that of the Commission, i.e.,*

$$H_0: |x_i^{EP} - q_i| \geq |x_i^C - q_i|.$$

The first three diagrams in Figure 2 illustrate the empirical cumulative distribution functions of the respective two distance variables.²⁸ Table 1 provides some descriptive statistics and the test results. The Wilcoxon test statistic Z_w asymptotically has a standard normal distribution, i.e., we can for instance reject the first null hypothesis with 97.5%-confidence if $Z_w < -1.96$, and then conclude that, in fact, $|x_i^{CM} - q_i| < |x_i^{EP} - q_i|$. It turns out that

1. CM is significantly more conservative than EP,
2. CM is significantly more conservative than the Commission, and
3. Commission and EP do not exhibit any significant difference in their conservatism.²⁹

These results are very much in accord with the predictions. A high number of ties between EP and the pivotal Council member is, however, worth noting. It indicates that our a priori assumption of independent ideal points with an identical continuous distribution is a major idealization.

We finally tested the following null hypothesis:

Hypothesis 4 *Closeness between CM and the Commission (i.e., the inverse of distance between issue-specific ideal points) is not smaller than that between EP and Commission, i.e.,*

$$H_0: |x_i^{CM} - x_i^C| \leq |x_i^{EP} - x_i^C|.$$

As indicated in Table 1, this hypothesis can be rejected, and we conclude

²⁷The comparisons refer to *first degree stochastic dominance*, i.e., more formally we assume comparability based on Figure 2 and test $H_0: F_{|X^{CM}-Q|}(y) \leq F_{|X^{EP}-Q|}(y)$ for all y vs. $H_1: F_{|X^{CM}-Q|}(y) \geq F_{|X^{EP}-Q|}(y)$ with strict inequality for at least some y .

²⁸Theoretically, the $[-100, 100]$ -scale would have allowed for distances ranging from 0 to 200. For most issues the status quo point was in fact $q = 0$ and all actors' ideal points lay in the interval $[0, 100]$. For the remaining issues, *distances* between Council pivot, EP, and Commission turned out to range only between 0 and 100, too.

²⁹This is confirmed by testing $H'_0: |x_i^{EP} - q_i| \leq |x_i^C - q_i|$.

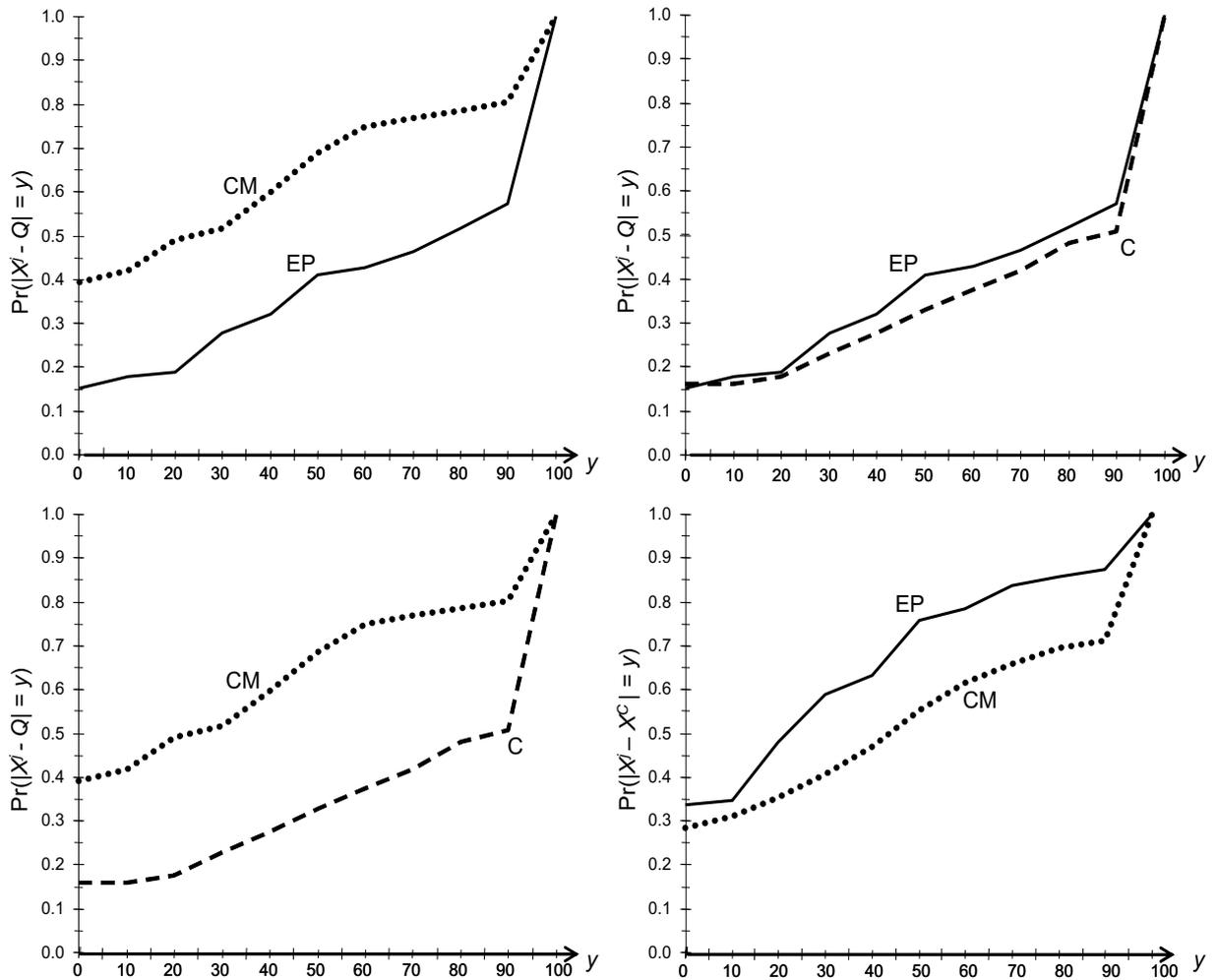


Figure 2: C.d.f. of EP's, CM's and Commission's distance to status quo and of EP's and CM's distance to Commission

Hypothesis 1	$n = 113$
Parliament is more conservative than Council	4
Council is more conservative than Parliament	56
Ties	53
Z_w	-6.219^{***}
Asymptotic p -value (one-tailed)	.000
Hypothesis 2	$n = 113$
Commission is more conservative than Council	24
Council is more conservative than Commission	73
Ties	16
Z_w	-4.412^{***}
Asymptotic p -value (one-tailed)	.000
Hypothesis 3	$n = 113$
Commission is more conservative than Parliament	46
Parliament is more conservative than Commission	49
Ties	18
Z_w	0.704
Asymptotic p -value (one-tailed)	.241
Hypothesis 4	$n = 147$
Commission is closer to Council	37
Commission is closer to Parliament	61
Ties	49
Z_w	-2.774^{**}
Asymptotic p -value (one-tailed)	.003

Table 1: Tests of Hypotheses 1–4 (**/***: significant at 99%/99.9%)

4. EP and the Commission are significantly closer than CM and the Commission.

As mentioned, the data set contains issues from both main EU decision procedures. They differ in particular regarding EP's role: the Parliament has neither veto power nor any binding say under the Consultation procedure, while it has both under the Codecision procedure specified in Art. 251.³⁰ The Consultation procedure pertains particularly to common agricultural policy, but also competition, taxation and approximation of laws. Restricting attention to it, Hypotheses 1, 2 and 4 were rejected at the same levels of significance as before, while Hypothesis 3 could again not be rejected.

The Codecision procedure is most widely used for regulations and directives concerning the internal market, but also transport, public health, education and research, the environment, and the Regional Development Fund. Restricting attention to it we could reject Hypothesis 1 at the old 99.9%-level of significance and Hypothesis 2 at 90% ($Z_w = -1.557^*$, asympt. $p = 0.060$). In contrast to the pooled data, Hypothesis 4 cannot be rejected for Codecision alone ($Z_w = -1.247$, asympt. $p = 0.106$). However, Hypothesis 3 can be rejected for only Codecision issues at the 90%-level ($Z_w = -1.407^*$, asympt. $p = 0.080$), i.e., EP is significantly more conservative than the Commission in the corresponding policy dimensions. This may in particular reflect EP's reluctance to liberalize the internal market.

Of course, there exist other possible reasons than internal voting rules for the overall finding that the Commission's policy positions are closer to those of the Parliament than of the Council. We already pointed to the Thomas-Beckett effect, named after the close friend of English king Henry II who was appointed by Henry as archbishop of Canterbury and then sided with the church in Rome, actually becoming Henry's key opponent (see, e.g., Hillman 2003, sec. 3.3.4). Commissioners might similarly take up their job with national government-aligned preferences and, say, scepticism towards an ever closer union but then their opinions quickly converge to a federalist 'Brussels consensus' shared with a majority of MEPs (see Egeberg 1999).

Alternatively, Pollack (1997) explains the Commission's independence of Council interests by its informational advantages. It is an agent endowed with agenda-setting and decision powers by its principals, CM and EP, which is allowing for a great degree of self-motivated political entrepreneurship (also see Franchino 2000, 2004). In fact, newly appointed Commissioners might demonstratively abandon the policy positions of their former patrons as a means to prove their independence and gain leverage inside the EU bureaucracy (akin to central bankers seeking to establish 'credibility'). Moreover, as pointed out by Dowding (2000), Commission and EP respectively conserve the political map of Europe for five years at about the same point of time.³¹ Uncoordinated elections of national

³⁰Even under the Codecision procedure EP is significantly less powerful than CM (see Napel and Widgrén 2006).

³¹Parliamentary elections and the Commission's appointment have been pretty much synchronized since 1994. The Treaty is not explicit here but http://europa.eu.int/institutions/comm/index_en.htm (consulted in May 2006) holds that "A new Commission is appointed every five years, within six months of the elections to the

governments, in contrast, result in an ever-changing CM. This could explain divergence between CM's and the Commission's preferences, presumably increasing with the latter's time in office. Another complementing view is that the Commission can develop better relations and trust with EP given that both are at least partially Brussels-based and share about 4.5 years of their respective service (see, e.g., Topan 2002). More extensive data that, e.g., allows a distinction between periods of small and great Council turnover may be able to discriminate between these different theories in the future.

6 Concluding Remarks

We should note that the rules for the Commission's appointment and its later work are not exogenous but decided *by the Council*. Whether intentionally or not, it has given the Parliament a formally important role which, however, strategic analysis reveals to be mainly symbolic – possibly bringing about new faces but not policies. In particular, we have argued that national heads of state or government are in equilibrium unrestricted and can pick national Commissioners who share their respective political preferences regardless of the policy ideals in the European Parliament. Key to this conclusion is Council members' monopoly over proposing national candidates, combined with an assumed common interest in having at least *some* new Commission ready when the old one becomes a lame duck.

That this does not imply a close alliance between Council and Commission in their later interaction with the Parliament is due to different rules for aggregating preferences. The Commission's simple majority rule was already part of the Treaty of Rome and survived a considerable number of treaty modifications. Above analysis suggests that a main function of the Commission thus has always been to protect and pursue moderate interests amongst Council members which do not get past the qualified majority or even unanimity hurdles. Under this view the Commission is neither a fig leaf nor a simple secretariat, but an essential part of an institutionalized balance of power between more progressive and conservative, federalist and nationalist, libertarian and interventionist members of the Union.

Given that the European Parliament applies simple majority rule, too, the Commission can a priori be expected to side with the latter more often than with the Council – despite the persisting Council domination of the Commission's investiture. This prediction is clearly based on a number of simplifying assumptions. Most critically we have considered one-dimensional sequential decisions that are independent of each other. We thereby ignored notorious logrolling in reality, particularly in the Council. Despite this abstraction our data exhibits the anticipated dissimilarity of Commission and Council preferences and similarity between Commission and Parliament. We cannot rule out alternative explanations for this observation, but feel that the divergence of interests built into the Commission's and Council's internal voting rules has so far received too little attention.

European Parliament” – implicitly ruling out prolonged periods of impasse in the appointment process. If a Commission is replaced as the result of a motion of censure, the new Commission's term expires at the date originally set for the resigned one (Art. 201).

Appendix

Proof of Lemma 1:

Given (potential) Commissioners with ideal points $\gamma^1, \dots, \gamma^{25}$ denote their dimension- i median ideal point by $\gamma_i^{(m)}$. (SPA), (DIM), (IND) and (MED) then imply that the expected utility to a player with ideal point λ from appointing a Commission $\Gamma = (\gamma^1, \dots, \gamma^{25})$ is

$$\tilde{U}(\Gamma; \lambda) = - \sum_{i=1}^k \left(p \cdot |\lambda_i - \gamma_i^{(m)}| + \bar{U}_i(\lambda) \right)$$

where $\bar{U}_i(\lambda)$ is a constant unaffected by the selected Commission. Since p is assumed to be independent of Γ and λ is fixed, any given agent's maximization of $\tilde{U}(\cdot)$ is equivalent to maximization of

$$U(\Gamma; \lambda) = - \sum_{i=1}^k |\lambda_i - \gamma_i^{(m)}| = u(\gamma^{(m)}; \lambda).$$

■

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