

## DECISION-MAKING IN THE EU'S COUNCIL OF MINISTERS: WHY 'QUALIFIED MAJORITY VOTING' MATTERS

Despite a shift away from national vetoes in the European Union's (EU) top decision-making body, the Council of Ministers, many decisions are passed unanimously. This might imply that the replacement of national vetoes with 'qualified majority voting' in many areas of policy as a result of the Single European Act had little practical effect, even though this shift was hotly contested at the time.

New research by Professor **Daniel Seidmann**, published in the January 2008 issue of *The Economic Journal*, shows that even if a decision made under a system of qualified majority voting was approved unanimously, the same measure may not have been passed if one country was able to veto it. This is because outsiders such as national pressure groups, which cannot observe how a country votes, can infer voting behaviour of one country from the overall decision of the Council.

The Single European Act allowed the EU's Council of Ministers to change policy without agreeing unanimously. The size of the requisite majorities (the 'quota') has subsequently been reduced, and qualified majorities are now allowed in more areas of policy. These changes have been strongly contested, with UK governments repeatedly resisting diminution of unanimity rule in order to protect national interests.

The Act was passed after a long decline in the number of agreements, and reversed the trend. This evidence is consistent with the conventional view that reducing the quota can only be effective by preventing the committee from gridlocking on a given proposal.

Having said this, the Council characteristically votes unanimously, even if a qualified majority would suffice. The proposals would then pass if the quota were raised: which suggests that the quota is irrelevant. What has all the fuss been about?

Professor Seidmann explains why private committees like the Council vote unanimously, irrespective of the quota. He argues that varying the requisite majority changes the policies that such committees agree to. This runs counter to conventional wisdom, which implicitly assumes that there is a single possible alternative to the status quo.

Quota variations are effective in private committees because they change outsiders' inferences from unexpected committee decisions. For example, if unanimity is required, then the failure to pass a resolution means that an outsider (national pressure groups) knows that at least one country must have dissented. In contrast, failure to agree a simple majority implies that most countries disagreed with a proposal.

A private committee can therefore choose a quota that induces it to reach policies in its members' collective interest. Specifically, if the committee would never agree to a policy worse than the status quo then the policy that the committee reaches improves as smaller majorities are allowed for. The best quota for the committee is then a simple majority, which, ironically, is exactly the conventional recommendation.

Although the shift to qualified majority voting is demonstrably superior for the committee as a group, it may still be undesirable for particular members of that committee. Professor Seidmann notes that the UK's opposition to qualified majority voting may be rational as unanimity can help protect national interests.

ENDS

**Notes for editors:** 'Optimal Quotas in Private Committees' by Daniel Seidmann is published in the January 2008 issue of *The Economic Journal*.

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