Decision Making in Europe: Were Spain and Poland Right to Stop the Constitution in December 2003?

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Abstract

This paper explores commonly stated reasons for Spain’s and Poland’s opposition to the Draft Constitution in December 2003. The author finds that the decline in power – measured by a power index – arising for Spain and Poland when going from the Nice Treaty to the Draft Constitution cannot explain their veto. While the two countries lose power when shifting from Nice to the Draft Constitution other countries’ power shrinks even more. Other measures - passage probability, blocking leverage and fairness - cannot explain the two countries’ opposition either.

Furthermore, this paper provides an analysis of reasonable alternative voting schemes and finds that Spain and Poland would not have been better off in any of these cases and worse off in most; under the voting rules agreed upon under the Irish presidency in June 2004 the two countries are weaker than under the Draft Constitution.

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Introduction

Facing the enlargement of the European Union by ten and more states the members of the EU started looking for new ways to take decisions in the EU at the Intergovernmental Conference (IGC) in 1996. The new rules should sustain the community’s ability to act and be fair at the same time. As they failed to agree the topic was postponed to the IGC 2000. This conference proposed different sets of rules – but again, none of them was acceptable to all members. In the last minute the French who had the presidency at that time proposed a new system and convinced all national delegations to agree. This set of rules has since been known as the Nice Treaty. Studying the Nice rules thoroughly EU leaders realized they would make things worse – especially by making it extremely difficult to take decisions in the enlarged EU. Knowing the difficulties of finding rules that are acceptable to all member states, a constitutional convention headed by former French President Valérie Giscard d’Estaing was called to finally
solve the problem. And again, this time at the EU summit in Rome in December 2003, there would be countries disagreeing with the rules: Now, Spain and Poland.

This paper provides insights that transcend the mere analysis of Spain’s and Poland’s behavior. It gives intuition to policy makers in unions of states on what factors can be finally relevant when it comes to taking decisions. Finally, the paper provides a motivating idea for thinking about reforms to the process in which the EU leaders take important decisions: What about a time span in which countries can revoke their veto? With the change in government in Spain and Poland this might have saved the draft constitution as it was proposed by the constitutional convention.

The decision making process in the EU15 and in the EU25+

The range of topics the EU is entitled to take decisions on was defined in the Treaty of Rome and in following amendments. The main areas of responsibility are: agriculture, fisheries, international trade, transport, environmental protection, consumer protection, public health, research and development, economic and social cohesion, and development co-operation (McGiffin 2001, p26).

The European Union uses three different types of “law”: the directive, the regulation and the decision. A directive formulates a policy objective that has to be implemented into national law in each member country, thus providing the national legislature with some leeway for interpretation. The regulation applies immediately everywhere in the Union. The decision applies directly and immediately but only to the entity to which it is addressed (e.g. one member state, a private company, a single person).

Then there are three legislative procedures for everyday decision making: consultation, cooperation, and assent. While most features of these procedures are not important for this paper there are several characteristics that are relevant to the distribution of power and decision making efficiency. Proposals for new “laws” always start their way in the Commission (except for laws on external relations, justice and interior policy) thus providing this institution with the function of an agenda setter. Once the Commission has decided about the final form of the proposal it has to pass the Council of Ministers and –in many cases - the European Parliament (EP), giving those two players veto power.

For a detailed analysis on why the Convention lead by Giscard d’Estaing was installed see Baldwin (2006).
With respect to decision making reform a main focus in recent research has been on the Council of Ministers as it has historically been most difficult to approve legislation here due to high thresholds in qualified majority voting (QMV) or even the requirement for unanimity. Even more important: It is the only intergovernmental institution of the three – i.e. its members represent national interests. The EP and the Commission are supranational bodies with members required to decide in the interest of the whole Union. This paper will thus limit its analysis mainly to the reforms in the Council of Ministers.

In the EU15 a so called weighted voting was in place for those decisions requiring QMV. How did it work? In the Council there were a total of 87 votes of which 62 were required for a qualified majority. This implied a majority threshold of 71.26%. The distribution of the votes partly reflected differences in population – granting bigger states more power than smaller ones. There was no certain formula to convert size into votes. E.g. equal weights were given to the “big four” (Germany, the United Kingdom, France, and Italy) despite of population differences of up to 20 million people.

Under the Nice Treaty, the criterion for establishing a winning majority is threefold. It has to represent
- 232 of 321 votes (or about 72.27%) in the EU25 and
- 50% of the member states and
- 62% of the EU population.

In fact these rules are much easier than they look at first glance. In the EU27 (i.e. EU25 plus Bulgaria and Romania) under the Nice Treaty there are about 2.7 million possible winning coalitions\(^3\) of which only 23 fail because of the population or member states criteria (Baldwin et al. 2003a, p.4). This is since the threshold of about 72% of all votes (combined with the distribution of votes amongst the 27 countries) provides that the other two criteria are fulfilled in all – except 23 – cases.

Let’s look at the Convention’s draft constitution now. Here, the rules are quite simple and do not require an allocation of votes. To form a winning coalition its proponents must represent 50% of the member states and 60% of the population. As the draft constitution was stopped in December 2003 new rules had to be found. In June 2005 under the Irish presidency the

\(^3\) The concept of a “winning coalition” will be discussed in the next chapter.
leading politicians of the EU changed the draft constitution so that now a winning coalition has to represent 55% of the member states and 65% of the population. Furthermore a blocking coalition must have at least four members. This is thought as a constraint on the blocking power of the biggest countries.

Figure 1: Different weighted voting in EU15 and EU25

Sources: Baldwin et al (2003) and author’s calculations

Notes:
- Membership equivalent population is defined as: Total population divided by total number of countries.
- The status quo+ is defined so that all EU15 members keep their votes and the number of votes for the acceding countries is obtained by interpolation.
- D = Germany, UK = United Kingdom, F = France, I = Italy, E = Spain, PL = Poland, NL = Netherlands, GR = Greece, CZ = Czech Republic, B = Belgium, H = Hungary, P = Portugal, S = Sweden, A = Austria, SLK = Slovak Republic, DK = Denmark, Fin = Finland, Ire = Ireland, Lit = Lithuania, Lat = Latvia, Slo = Slovenia, Est = Estonia, Cyp = Cyprus, L = Luxembourg, M = Malta.

When considering the change of rules described above a question comes quickly to mind:
Why all this effort? The common perception is that decision making in the EU has become more difficult with each enlargement. This is obvious for those policy fields where unanimity is required but it is likely to be true as well for those fields where to Council of Ministers
decides with a qualified majority. How this can be quantified will be discussed in the next section.

**Measuring ability to act and power**

**Measuring ability to act**

In the literature using voting power the Coleman Collectivity Index (CCI) has been popular to measure ability to act: The It divides the number of winning coalitions by the total number of coalitions. The number of total possible coalitions can be described as $2^n$ since every voter can vote yes or no and there are $n$ voters. E.g. in EU27 there are $2^{27}$ or about 134 million possible coalitions. The total number of winning coalitions depends on the rules for forming a winning coalition and on the number of voters. Of course, this index is merely a simple tool that relies on some assumptions that are probably not satisfied - at least in the short run. E.g. it assumes that all coalitions are equally likely and that all voters take their decision completely independently of each other. This seems unlikely in the short run but when we apply the law of large numbers – i.e. if we consider this index in a long run setting – it does not seem improbable. We cannot predict all future topics and it is likely that coalitions will change over time. There might also be a downward bias in this index as it does not account for possible bargaining as for example in the “today I vote for you if you vote for me tomorrow” game which improves passage probability. Overall, when we interpret this index we should not see it as a perfect predictor that tells us that e.g. 14,5% of all proposals will pass but rather as an indicator telling us that it will be easier to pass legislation when its number is high than when its number is low.

Patéron and Silarsky (2003) propose another way to measure passage probability that is more complicated and – to my knowledge – has not been used by other scholars so far. Nonetheless it is worthy to think about its assumptions as it questions the reasons for changing the Council’s decision making process. The CCI index is based on a binomial distribution of votes that implies that there are more votes in the middle of the distribution. This means it is more likely that an about even number of voters is in favor and against each proposal. If the electorate grows the relative variance around the mean (i.e. 50% in favor) decreases. Paterson et al. doubt whether this is a reasonable assumption. They argue that their model (henceforth: PS model) is more in line with reality. It assumes that there is an equal probability that a number of $n$ members is in favor of any proposal. This means it is equally likely that e.g. only
one member is in favor, that 13 members are in favor or that all members are in favor.

Applying this basic idea, probabilities for each coalition can be calculated by an easy formula:

\[ \text{Probability of a single coalition} = \frac{\text{Probability of n states in favor}}{\text{number of combination of (N-n) states out of N}} \]

Or more formally:

\[ P = \frac{1/n+1}{C(N, N-n)} \]

To demonstrate how this works, take the simple example of the probability that e.g. only Luxembourg (in EU25) is against a proposal. \( P = \frac{1/26 \text{ i.e. probability that 24 states are in favor}}{\text{number of combinations of 24 of 25 states in favors C(25, 24)}} = \frac{1/26}{25}. \)

In the PS model efficiency is then defined as the sum of the probabilities of all winning coalitions.

The assumptions of this modeling cause several problems when we think about its relevance for reality. First: Is it safe to assume that every number of members in favor (i.e. from 0 to 25) is equally likely? Let’s take e.g. the case that all members are in favor. To obtain this result – daily observation of politics implies – difficult compromises have to be forged. These compromises tend to implement an intended policy in a complicated and probably inefficient way. Further taking into account that the Commission and not the Council drafts the proposals and assuming that the Commission as supranational institution is interested in an efficient development of the union it is highly unlikely that proposals will pass with unanimity in the Council. If unanimity is not required it is just not necessary for the Commission to please all countries, so why should it at a high cost?

Furthermore, if we think about a more theoretical property we come to the conclusion that PS modeling leads to high passage probabilities even in very complicated systems. Due to the assumption that each number of members in favor of any proposal is equally likely, I argue that high passage probabilities are created by the following mechanism. In all systems legislation will pass if all are in favor. This is obvious – but in most systems (for 25 or more members) legislation will also pass if one, two, three, or four are against. And even for bigger numbers of opponents (totaling less than 50%), their relative chance of blocking is small – how small depending from the actual threshold and the distribution pattern of votes.

Considering this, it is clear that in every voting scheme - even in a complicated one providing lots of possibilities to block legislation - a relatively high efficiency is assured by the statistic
properties of the PS modeling. Let’s see if this works for the Nice treaty\(^4\) in EU25 where CCI proposes a passage probability of 3.59\%. The smallest possible coalition that can break a winning coalition needs at least 90 out of the 321 votes. Such a coalition must be made up of at least four members. So we know for sure that all coalitions of 25, 24, and 23 members win. By the definition of the PS modeling the probability that this is true already sums up to 3 x \(\frac{1}{26} = 11.54\%\). If we consider now that also many of the cases of 4 or more opponents will pass we get to a relatively high passage probability. Paterson et al. calculate this probability as 29.17\% compared to 3.59\% using CCI.

For the reasoning of the last paragraphs this paper uses only the CCI to measure passage probability. CCI seems to be also in accordance with the common perception that decision making has become more difficult with each enlargement. This is reflected by a decrease in the CCI but not in PS modeling as the number of members increases.

**Measuring Power**

In the literature on power of certain players in voting games two indices have been used most frequently. The Shapely-Shubik index was developed first by Lloyd Shapley and Martin Shubik (Shapley and Shubik 1954). John Banzhaf proposed his way to measure power in 1965.

**What is voting power?**

At a first glance, one would assume that a person’s voting power is equal to the weight of the person’s vote. Let’s consider a simple example of an electorate of four. The votes are weighted and distributed as follows: 2, 2, 2, 1. A winning coalition must represent at least four votes. Applying our first glance idea we would assume that the last voter has a power of \(\frac{1}{7}\) since he has one of seven votes. At a closer look his vote is worth nothing. Why? A winning coalition must represent at least two of the 2-votes members. Whether the last voter joins a non-winning coalition or leaves a winning coalition never makes a difference. His power is zero.

Power indices use the concept of swing to measure how much influence a voter has: Can she break a winning coalition or help a losing one win.

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\(^4\) For this analysis we only consider the votes threshold, why we do this: see p. 6.
**The Shapley-Shubik index**
This index is based on all possible voter permutations. It counts the number of all permutations in which voter i can break the winning coalition and sets this number in relation to the number of permutations where any voter is pivotal.

**The Banzhaf index**
In the recent literature the (normalized) Banzhaf index (Banzhaf 1965) has been more popular than the Shapley-Shubik Index. From its conceptual idea it is easier and more intuitive. This paper will use this index in its further analysis.

Like the Shapley-Shubik index the normalized Banzhaf index (NBI) is based on the concept of swing. In opposition to the former, the NBI considers each coalition only once – it is based on voter combinations instead of permutations. The NBI is thus calculated as the number of swings of voter $i$ divided by the total number swings for all voters. It gives voters $i$'s percentage of all swings.

**Fairness in the distribution of power: The square root idea**
Once we know how much power a voter has under a certain set of rules one question directly comes to our minds: Is that fair? At first glance, there is an easy answer to this question from a democratic perspective. Every voter should have the same power – but applying this answer to the case of the EU, or if we generalize, to any federal union, is not an easy task.

The European Union is two unions at the same time. A union of people and a union of states. Clearly, in a union of people our voter would be the individual citizen, and thus all citizens should have the same power. On the other hand - if we see the EU as a union of states – each country should have the same power.

It is up to the citizens of the EU to decide which type of union they favor but – at least under John Rawls’s veil of ignorance assumption – it seems plausible that they would support the union of people idea. Arguing the veil of ignorance in a profit maximizing economic setting also works: If I do not know in which state of the world I live, I would like to assure that my power is independent of this condition. This must hold as long as agents are risk averse which is a reasonable assumption.
How does a voting scheme have to look like in the EU council of ministers so that we can assure equal power of citizens? Thinking about this question might lead to a first answer: Give each state voting power that is equivalent to the size its of population. Unfortunately this answer is too easy. It neglects the fact that each citizen’s power in the council results from a two stage process with special properties. First a citizen votes for her national government and then her government votes in the council. One would assume that a citizen’s power in determining her government declines linearly with the size of the electorate. This is true but only if we consider an isolated winning coalition. The problem is that as the size of the electorate increases also the number of winning coalitions increases. Applying the rules of combinatorics we finally get to the solution: To ensure equal power for each citizen, the power share of each country in the council of ministers should increase with the square root of the national population. For an in depth explanation of the mathematical reasoning for this rule see Penrose (1946). Hence the power of country $i$ should be:

$$p_i = \frac{\sqrt{\text{pop}_i}}{\sum_{j=1}^{n} \sqrt{\text{pop}_j}}$$

One can also extend Penrose’s argument as follows: Assume that we see the EU as both an union of people and as an union of states. And let’s say as we cannot decide which type of union we like more we assume that it should be 50% a union of states and 50% a union of people. Let’s further assume that in a union of states each state would have one vote and in a union of people each state would have – in accordance with Penrose – as many votes as the square root of the number of its inhabitants. In order to determine the power each country should have, we combine those two votes by taking the mean. The arithmetic mean leads us a result that is essentially equal to just taking the square rooted population criterion. Thus we have to take the geometric mean. We then get as appropriate power share:

$$p_i = \frac{\sqrt[4]{\text{pop}_i} \cdot 1}{\sum_{j=1}^{n} \sqrt[4]{\text{pop}_j} \cdot 1} \quad \text{or} \quad p_i = \frac{\text{pop}_i^{\frac{1}{4}}}{\sum_{j=1}^{n} \text{pop}_j^{\frac{1}{4}}}$$

I will will refer to this rule for power distribution as the double union rule. We will see in the next sections what kind of values we get if we apply these different rules for a variation of proposed voting systems.

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5 To my knowledge this rule has not been used by other author’s before.
The theory applied: What Coleman, Banzhaf & Co. tell us about Europe in change

EU’s ability to act is changing

The common perception that the EU’s ability to act has decreased with each accession of new member states is reflected by the quantitative findings of the Coleman Collectivity Index. The five leftmost columns of Figure 2 depict historical abilities to act while the one on the right shows what efficiency would be like under different voting schemes in an enlarged EU with 27 member states. Baldwin et al. (2004a) do an in-depth analysis of passage probabilities for different versions of the double majority rule.

Figure 2: Passage probabilities from EU6 to EU27

<table>
<thead>
<tr>
<th></th>
<th>Historical</th>
<th>Nice Treaty</th>
<th>Giscard</th>
<th>55-65</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU6</td>
<td>21,90%</td>
<td>14,70%</td>
<td>8,20%</td>
<td>21,90%</td>
</tr>
<tr>
<td>EU9</td>
<td>14,70%</td>
<td>13,70%</td>
<td>13,70%</td>
<td>12,90%</td>
</tr>
<tr>
<td>EU10</td>
<td>13,70%</td>
<td>9,80%</td>
<td>21,90%</td>
<td></td>
</tr>
<tr>
<td>EU12</td>
<td>9,80%</td>
<td>7,80%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU15</td>
<td>7,80%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU27</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Baldwin et al. (2003, 2004a, 2004b) and author’s calculations
Notes: ‘Giscard’ stands for the draft constitution requiring 50% of population and 60% of countries and 65-55 stands for the decision rule requiring 55% of population and 65% of countries.

Changes in power

For the analysis of this paper the power changes between the Nice Treaty and Giscard’s proposal (50% of member states and 60% of population) are probably the most interesting. Figure 3 depicts the power shares under the Nice Treaty, under the draft constitution and under the Irish proposal (55% of member states and 65% of population). Figure 4 shows which countries would gain if the EU moved from the Nice rules to the draft constitution or to the Irish proposal. When comparing the draft constitution to Nice, the big four (D-F-UK-I) and the smallest six countries win. The power distribution under the Irish proposal is very
close to the distribution under Giscard. Also the winners and losers compared to Nice are the same even though the magnitude of the gains and losses is slightly different.

Figure 3: Power shares under the Nice Treaty, the draft constitution 50-60 and the revised constitution 55-65

Source: Baldwin et al (2003, 2004) and author’s calculations

Figure 4: Power changes: Who profits from the Constitution and from 55-55?

Changes are percentage point changes of power.
Source: Baldwin et al (2004) and author’s calculations
How “fair” is Europe?

In order to evaluate the fairness of different voting rules in the European Union I apply the square root rule and the measure for a union that is both a union of states and a union of people (double union rule). To test how well a certain power distribution complies with these rules I use a simple regression of the form:

\[
\text{realpower} = \beta (\text{power by square root rule}) \quad \text{and} \quad \text{realpower} = \beta (\text{power by double union rule})
\]

See Table 6 in the appendix for the power distribution according to the square root and the double union rule.

Table 1: How well do square root and the double union rule fit the proposals?

<table>
<thead>
<tr>
<th>Reform plan</th>
<th>square root rule coefficient</th>
<th>double union rule coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nice Treaty</td>
<td>0.98 (0.021 / 0.96)</td>
<td>1.09 (0.053 / 0.79)</td>
</tr>
<tr>
<td>50-60</td>
<td>1.05 (0.037 / 0.92)</td>
<td>1.12 (0.091 / 0.62)</td>
</tr>
<tr>
<td>55-65</td>
<td>1.02 (0.030 / 0.97)</td>
<td>1.10 (0.079 / 0.88)</td>
</tr>
</tbody>
</table>

Note: standard error / $R^2$ in parenthesis
Source: author’s calculations

If the European citizens were concerned about equal voting power for each individual they would chose the Nice Treaty or the 55-65 rules. With a coefficient of 0.98 and 1.02 they come very close to unity – which would be required for absolute fairness by the square root rule. Furthermore the optimal square root power distribution explains 96% and 97% in the variation of the power allocated by Nice. This value is a little bit less for the draft constitution (92%). Considering that the coefficient for the Constitution is also very close to one and that its $R^2$ is still very high, Giscard’s idea should be acceptable to proponents of the square root idea as well.

What about the idea that the EU should be – in terms of power – a union of people and a union of states at the same time? Here all rules fare worse while the Nice Treaty and the 55-65 rule -again- do a better job than the draft constitution. A more significant difference can be observed in the power to explain variation. Here, there is a huge gap between the value for the 55-65 rule, which comes closest to one, Nice and the draft constitution.
Considering these results one might suggest that the writers of the Constitution and of the Nice Treaty were rather concerned about union of people fairness than about the double union idea. It is further interesting to note that there exist variations of the constitutional rules that come close to the idea of the double union, e.g. the 55-55 rule.

**What was in Spain’s and Poland’s minds?**

Now we get to the main analysis of this paper: Spain and Poland were the two countries that stopped the constitution in the Intergovernmental Conference in late 2003. According to international news media (e.g. The Economist December 20th 2003, pa. 71) their main reason was the distribution of power – thus the voting rules of the proposed constitution. This section tries to apply the results of the quantitative analysis presented above and further reasoning to understand why Spain and Poland perceived the situation as unacceptable.

*Passage Probability*

Spain has been the biggest net recipient of EU money over the past years. In 2002 Spain received 8,87 billion Euros or 1.29% of its Gross National Income in transfers from the EU. Poland is the biggest of the acceding countries and is one of the poorest of EU 25 with a GNP per capita of $4,240 (2002). Spain attained $14,860 in the same year (Europäisches Informationszentrum Niedersachen 2003; Die Welt 2003). One of the biggest struggles in the enlarged EU will be the relative distribution of money in a time where the EU budget is unlikely to grow at large scale. Thus, decisions on the allocation of money will more or less look like zero sum games. In this context it is obvious that if need based measures were applied to all countries of the enlarged union the pre-enlargement net recipients of EU funds would lose substantially. Hence, for Spain as the largest net recipient in the pre-enlargement state, there was much at stake. For Poland, one of the main beneficiaries of a need based redistribution of funds, there was a lot at stake as well.

Considering that legislation has to be passed to change the status quo, Spain has a large interest that this becomes as difficult as possible. Poland has exactly the opposite interest. It needs new legislation to pass as to receive a bigger portion of the cake. Applying this reasoning to the framework of passage probability we find that Spain should be interested in voting rules that make decision-making difficult while Poland would be in favor of efficient procedures. If we look now at the values of the passage probability measure for Nice and for the proposed Constitution, we find that our reasoning complies with Spain’s decision to veto
but not with Poland’s. The passage probability for EU27 is 2.1% under Nice and 21.9% under the draft Constitution.

Concluding we can retain that the change in passage probability from Nice to the draft constitution helps explain Spain’s veto while it leaves us confused about Poland’s reasons.

**Power Shifts**

Let’s get to the supposedly main argument for the Polish and the Spanish veto: The perception that these two countries’ power shares are lower under the Constitution than under Nice. As can be seen in Figure 4 both lose about one percentage point. There are several other countries that incur losses in the one percentage point range: Greece, the Czech Republic, Belgium, Hungary, and Portugal. None of those vetoed the constitution. Even more astonishing is that these countries are all smaller than Spain and Poland and that one percentage point loss is relatively bigger for them. While the relative power of Spain and Poland decrease in the range of 14% there are several countries whose loss is around twice as big: Greece, the Czech Republic, Belgium, Hungary, and Portugal. And a couple of other countries experience bigger or similar losses as Spain or Poland and didn’t veto the constitution either. While this analysis provides some rationale for why Spain and Poland stopped the draft it leaves us puzzled why none of the other states incurring much bigger losses were

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**Figure 5: Relative losses/gains: draft constitution vs. Nice in EU27**

Source: author’s calculations

Note: calculated as percentage point differential/percentage point base (Nice)
willing to join Spain and Poland in their opposition. For example Portugal: As a poor member country of the current EU15 it – as Spain – receives lots of money from the EU and should thus be interested in a low passage probability; and it is the biggest looser of the proposed constitution.

**Fairness**

Maybe the decision about adopting the proposed constitution was a question of conscience for the two vetoing countries: The long term structure of the EU should be as fair as possible. Might this have been a reason? Let’s look at our two measures of fairness: the square root rule and the double union rule. Here in both cases there are no significant differences between Nice and the proposed constitution. Nice is always 0,03 (see Table 1) closer than the draft constitution. This does not seem to be an important distinction at values close to one. Thus we can conclude that different levels of fairness according to the square root rule couldn’t be the reason for the veto. If we assume that Poland and Spain believed into an Europe that is both a union of people and an union of states there are no significant differences between the constitution and Nice either: again the constitution is 0,03 farther away from 1 than Nice - but both set of rules fare less well than under the square root rule. If we now assume that Spain and Poland hoped that when blocking the constitution a different set of rules (like the 55-55) fitting better to the double union rule might be adopted in the future this might provide some rationale for the veto. When considering that Nice and the draft constitution are not very far away from unity for the double union rule either and taking into account that Poland and Spain could not be certain that future rules might better comply with this criterion, the fairness analysis does not provide further reasons for the veto.

**Blocking leverage – a different way of power**

When thinking about power in this paper I have used so far the Normalized Banzhaf Index. This measure comprises the veil of ignorance assumption that all coalitions are equally likely. This is a useful assumption when thinking about power in a long term and abstract way. Furthermore it is very difficult to predict all possible topics and the likelihood of possible coalitions in a real world environment. If this was possible one could use other power indices. However, we can identify – at least for the short run – a couple of plausible coalitions in very important topics: The level of EU spending (rich vs. poor), the distribution of spending (also rich vs. poor but more important: old vs. new). And then there is a third interesting coalition to consider: Today’s poor countries against the acceding countries. As new – even poorer –
members join today’s poor are likely to lose big parts of their funding. Looking at these possible coalitions and power shifts of Spain and Poland in them might yield reasons for the veto.

Who are the coalitions? In the EU15 there were four members who were net recipients: Spain, Greece, Portugal and Ireland. They form the coalition that this paper defines as “old poor” As all new members they will be net recipients after the enlargement as well. Let’s call this combined group “poor” and define all remaining countries as “rich”. The definition of the group of the “new” countries is easy. It comprises all members acceding in 2004 and eventually Rumania and Bulgaria that will join later.

Figures 6, 7, 8, and 9 and depict the vote, membership and population share of the three types of coalition of poor countries. Table 2, 3, and 4 show whether Poland and Spain are pivotal in any of these coalitions under the different voting schedules. A ‘yes’ is assigned to a situation where the country can either brake a blocking coalition or is crucial to forming a blocking coalition.

Figure 6&7: Votes of different sets of poor countries under Nice in EU25 and in EU27

Source: author’s calculations
Note: The majority threshold that this paper uses for EU27 is 255 out of the 345 votes. The protocols of the Nice treaty are not consistent and allow for three different interpretations: 254, 255and 258. For a detailed discussion of this problem see Baldwin et al. (2004) and Sinn (2000). For the results of this paper it makes no difference which of the three is used. For illustrative reasons we use 255 from now on as it is the value used by the several of the Eu’s official websites (among others: http://europa.eu.int/scadplus/nice_treaty/council_en.htm).
Figure 8&9: Votes of different sets of poor countries under the draft constitution in EU25 and EU27

Notes: Remember that the constitutional threshold for passing legislation is 50% of the states and 60% of the population, one country has 4% member share in EU25 and 3.7% in EU27. Spain and Poland have each around 8.6% population share in EU25 and around 8.0% in EU27.

Source: author’s calculations

Table 2: Spain’s and Poland’s individual swing for three types of poor coalitions in EU25

<table>
<thead>
<tr>
<th>EU25</th>
<th>Nice</th>
<th>Draft constitution by population criterion</th>
<th>Draft constitution by membership criterion</th>
<th>55-65 rule by population criterion</th>
<th>55-65 rule by membership criterion</th>
</tr>
</thead>
<tbody>
<tr>
<td>“poor”</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>“new”</td>
<td>yes (only Spain)</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>“old poor”</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
</tbody>
</table>

Table 3: Spain’s and Poland’s individual swing for three types of poor coalitions in EU27

<table>
<thead>
<tr>
<th>EU27</th>
<th>Nice</th>
<th>Draft constitution by population criterion</th>
<th>Draft constitution by membership criterion</th>
<th>55-65 rule by population criterion</th>
<th>55-65 rule by membership criterion</th>
</tr>
</thead>
<tbody>
<tr>
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<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>“new”</td>
<td>yes (only Poland)</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes (only Spain)</td>
</tr>
<tr>
<td>“old poor”</td>
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<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
</tbody>
</table>
Table 4: Spain’s and Poland’s collective swing for three types of poor coalitions in EU25

<table>
<thead>
<tr>
<th>EU25</th>
<th>Nice</th>
<th>Draft constitution by population</th>
<th>Draft constitution by membership</th>
<th>55-65 rule by population</th>
<th>55-65 rule by membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>“poor”</td>
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<td>no</td>
</tr>
<tr>
<td>“new”</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>“old poor”</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
</tbody>
</table>

Table 5: Spain’s and Poland’s collective swing for three types of poor coalitions in EU27

<table>
<thead>
<tr>
<th>EU27</th>
<th>Nice</th>
<th>Draft constitution by population</th>
<th>Draft constitution by membership</th>
<th>55-65 rule by population</th>
<th>55-65 rule by membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>“poor”</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>“new”</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>“old poor”</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
</tbody>
</table>

Note: the underlined ‘yes’ in Table 4 and Table 5 mark cases in which the two countries are pivotal only when they coordinate their voting.

Looking at these figures and tables we can observe a couple of interesting results when comparing Nice and the draft constitution:

1. In no case under the draft constitution does Spain or Poland have a swing when acting independently.
2. When coordinating their voting behavior under the draft constitution, they can turn a loosing coalition of the “rich” countries into a winning one by leaving the “poor” group in EU25. This is the only swing they have under the draft constitution.
3. Under Nice, Spain can help the “new” countries block in EU25 and Poland can break a blocking coalition of the “new” countries in EU27.
4. When coordinating votes under Nice they gain a swing in the same situation as under the draft constitution and keep their individual swings.
5. The coalition of the “old poor” is under all voting scenarios far away from being able to form a blocking coalition and thus provides no reasons for opposing the constitution.

Interpreting these results with respect to the central question of this paper is not straightforward. While it is obvious that Spain and Poland have more influence under Nice.

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6 This possibility is considered in this paper as Spain and Poland had been part of the U.S. lead “coalition of the willing” and of the so called New Europe when the IGC decided over the new constitution in December 2003. It seemed plausible at this time that these two countries together with the UK and several others would form a block in the EU that would tend to assume common positions on a variety of topics in the future.
than under the draft constitution the extent of this power difference does not seem to be very important. This is since some of the swings only appear in EU25 or in EU27, and all – if they do not join forces - appear only to one of the countries, and the overall increase of swing compared to the constitution is very limited: one for Poland and one for Spain plus one in EU25 if they act jointly. Furthermore there are both under the draft constitution and under Nice cases where Spain and Poland are close to being pivotal: cases where they would have to convince one or two further states.

It might be interesting to look at this data from a different perspective: How do the draft constitution and Nice comply with Spain’s and Poland’s interests if all countries vote in accordance with the poorness group they belong to? The “poor” group can block under Nice and the constitution in EU25 and EU27 – no advantage for Nice. The “new” group can block under Nice only in EU27 and never under the draft constitution. This should increase Poland’s interest in Nice while it should decrease Spain’s (old-new cleavage). The “old poor” group is never relevant and should leave Spain unmoved from this perspective.

Summing up, this analysis does not provide compelling arguments for the veto of the two considered countries. Furthermore its value is limited due to the very limited number of possible coalitions that were considered. It does show though that there is some loss in power for them when going from Nice to the constitution but it does not seem much bigger than the loss taken account for when the Banzhaf power indices were calculated.

**Opinion polls**
To determine whether the public opinion on the European Constitution differed in Spain and Poland from the rest of the EU25 this paper looks at public opinion polls conducted by EOS Gallup Europe for the European Union. They appeared in the *Eurobarometer* opinion poll series of the European Commission.

In the October survey EOS Gallup found among others the following results. The knowledge about the work of the European convention is limited throughout EU25. 39% of the EU25 population says that they have heard of the convention. 29% of the European citizens know that the convention elaborated a constitutional treaty. When told about the constitution, 47% say that they want to read the constitution or a summarized version of it. Considering the low level of knowledge implied by these numbers it is questionable whether the draft constitution was a politically hot topic on national level at all. Of course media coverage close to the EU
summit in December should have improved the familiarity. Low knowledge has the advantage for the government that it gives it a lot of leeway in interpretation and possibilities for instrumentalization. Another Eurobarometer survey conducted in January 2004 asked a different question; here 72% say that there were ‘badly’ informed about questions regarding the draft constitution.

In October 2003 29% of the EU25 citizens were very/rather satisfied with the results of the work of the convention. In EU15 this was true for 29% and in the 10 acceding countries for 27%. Poland is with 27% exactly on the mean of the acceding countries and about in the middle of the country distribution with 14 countries with higher and 10 countries with lower satisfaction rates. Spain is at the end of the distribution with only 17% satisfied. Solely two countries show lower rates: Austria and Sweden. This data partially supports our earlier argumentation that opposing the constitution was a promising position for the upcoming Spanish elections. Only partially because only 16% of the Spaniards were rather unsatisfied or not satisfied at all compared to 17% who were satisfied. The remaining part of the population was undecided or couldn’t answer. With respect to Poland this data shows that the Poles were satisfied by relative majority: 27% were satisfied, 16% were not, the rest undecided.

Another question asked by EOS Gallup might give further intuition on the two countries appreciation of the draft constitution. 67% in EU25 do rather agree on the creation of a constitution for the European Union. Interestingly the Spaniards are even more in favor of constitution 79% do rather agree. The Poles on the other side only agree with 42%, solely the Swedish are less in favor. But still the Polish 42% represent a strong relative majority. Only 17% do rather disagree, the rest being undecided.

Summarizing the Eurobarometer results we can say that the Spanish and the Polish citizens in October 2003 were rather normal Europeans with a little lower appreciation of the work of the convention in the case of Spain and little lower/higher general interest in a constitution in general for the case of Poland/Spain. This analysis leads to no further argumentation why exactly Spain and Poland vetoed.

**Why Poland and Spain? Conclusion and Hypothesis**

So far our analysis has yielded reasons for why Spain and Poland were likely to oppose the constitution but all these reasons could have been applied to a couple of other countries as
well. This section develops a hypothesis on why these two countries finally decided to stop the constitution in December 2003.

Poland’s Prime Minister Leszek Miller presided a minority government at home in Poland when he came to the final talks about the constitution in late 2003. The public support of his government was below 20% (The Economist, April 13th 2004). High unemployment, a high budget deficit and unpopular reforms plans plus several political scandals (The Economist, January 24th 2004) had weakened his position. With the accession to the EU seen critically by many Poles because of several reasons including agricultural reform pushed by the EU, playing tough on European partners seemed a good treat for regaining support at home. Furthermore, the popular opposition pressed for stopping the constitution. Concluding, when coming to Brussels for the final talks about the constitution, Miller was trapped in a political cul-de-sac. Only by accepting a further depreciation of his reputation at a yet dangerously low level he could have agreed on the constitution. Other political interests such as a rapprochement with Germany which had pushed the Polish cause in enlargement talks against opposition from other EU countries had to stand behind. Ironically the veto on the constitution only gave Miller short breathing time: He resigned on May 2nd 2004 as Prime Minister after the support for his government hit the single digits in 2004 due to continuing domestic problems.

Taking account for this instability in the Polish government may – in combination with its power losses – explain why Poland could not agree on the constitution.

The Spanish government faced a different but less severe situation. It had elections in March 2004 ahead. Not that it lacked support – actually José Maria Aznar, the Spanish Prime Minister in 2003 could hope that his party would regain the election. Nonetheless there had been difficult topics for the Spanish government in the month prior to the summit in Brussels: its support of a war in Iraq that was opposed by a majority of the population, struggling about welfare state reforms, discontent with the involvement of the government in Spanish media, problems in the educational sector and finally the governments poor handling of an environmental catastrophe. Exploiting the vote on the constitution to show that its government could stand firm against threats of power and financial losses supposedly
advocated by Germany, France and Italy seemed an easy topic assuring re-election\(^7\). This argumentation for the Spanish veto is less compelling than the Polish cause. Nonetheless I hypothesize that it can still explain why Spain was different from other power-losing countries.

This leads to the hypothesis that Spain and Poland’s veto is the result of a combination of – compared to other countries – average losses of power from Nice to the draft constitution and the domestic weakness of the government in Poland’s case and the need for a reelection topic for in Spain’s case. Of course, this hypothesis needs further testing and thus provides a starting point for further research.

In the context of this hypothesis it has to be admitted that if Spain and Poland had not announced their intent to veto other countries might have been inclined to do so. As Spain and Poland would veto anyway – so their possible consideration – they could have their desired outcome while not having to incur the costs of opposing which might have been imposed by supporting countries in different ways\(^8\). However, the negotiations in EU summits usually end in early morning hours and sudden compromises are not rare (Economist December 13\(^{th}\) 2003, p 52). Had Spain and Poland agreed in the last minute, it would have been very difficult for other opposing countries to suddenly cry “Veto!”

Taking a look at Britain’s position shows that there were other reasons to oppose the constitution. Britain was against the double majority and the inclusion of tax, defense, foreign policy, social security, and EU financing issues in qualified majority voting (Economist Dec 13\(^{th}\) p 45). So Britain settled with the supporters of the constitution by accepting the voting scheme in exchange for keeping the unanimity rule on these issues.

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\(^7\) After the terrorist attacks of March 11, 2004 in Madrid, the Spanish Partido Popoular lost the election on March 14 to the Spanish socialist party that now fosters realignment with France and Germany and supports the revised form of the constitution that was agreed on under the Irish presidency in June 2004.

\(^8\) A few days after the constitution had failed a coalition of net contributors to the EU stated that they were not willing to let the EU’s budget increase to more than 1% of GDP. Some considered this as punishment of the net recipient countries Poland and Spain.
Was it a good idea to veto? An analysis of Nice’s alternatives

This section asks whether it was a wise decision of Spain and Poland to veto. For this analysis we compare how a government maximizing the its country’s power would have supposedly decided with how the Spanish and the Polish government actually decided.

When stopping the draft constitution Aznar and Miller must have been able to anticipate that Nice would not stay forever. It was just because of the discontentedness of most EU member countries with Nice that they called for Giscard and his fellows to prepare a draft constitutional treaty (Baldwin 2006, p. 10). Since this had failed now there would be other approaches to change the outcome of Nice. When taking their decision to stop the draft constitution, Spain and Poland should have anticipated possible future outcomes of changes to the institutional setting of the union.

What alternatives could Spain and Poland expect to come into power? This was of course a difficult question back in December 2003. Nonetheless at that point in time there existed at least two different plausible settings. A third alternative, a fair power distribution, can hold as point of reference.

1. A Europe of two (or several) speeds. In some countries of the EU15 disillusion has come up about the enlarged union. They perceive that it will be difficult to advance integration their desired speed under Nice. These countries might take the EU as it is after Nice and form a new core to push forward integration within. This group is usually described as some form of the founding countries of the European Union.

   What would that mean for Spain and Poland? Due to the skepticism of the Miller and Aznar government to further integration (i.e. not accepting the constitution) they would definitely - given an unchanged Spanish and Polish policy - not be a member of this group. The group – comprising mainly rich countries – would cut back or at least not increase their financial support of the bigger union and thus hitting Spain’s and Poland’s interest as main beneficiaries of EU financial support.

2. A variation of the double majority rule. The double majority rule proposed by the draft constitution of 50% of the countries and 60% (called 50-60 from now on) of the population can be modified in lots of different ways. Richard Baldwin and Mika Widrgén discuss power shifts for different variations of the rule for all EU members in
their paper published in April 2004. They find that in all double majority schemes that they evaluated (50-50, 50-60, 50-70, 55-55, 60-60, 60-50, and 70-50) Spain and Poland would lose compared to Nice. Compared to the draft constitution Spain and Poland would lose in all cases except for 50-70 which was not very likely to become reality one day due to its mediocre passage probability and Germany’s extremely high power. In this paper I have included in the analysis the case of 55-65 which has become the rule in the revised draft of the constitutional treaty under the Irish presidency in June 2004. In this case as well Spain and Poland lose compared to the draft constitution.

3. Power distribution according to the square root rule - or the threat of a referendum.

Adopting a constitution is an important decision that influences policy outcomes for decades. There are several good reasons for letting the citizens of Europe decide themselves – and in all countries – how their constitution should look like. Of course it is very difficult to think about what set of rule might be acceptable to citizens in all countries. Let us assume they are democrats and accept that in a union of states all can only agree if the distribution of power is somewhat fair. Then the power distribution of a voting scheme should come close to the power measured by the square root rule or by the double union rule. See table 6 in the appendix for the exact numbers for these schemes. If we assume that the European people will adopt a weighting scheme that produces exactly the power distribution suggested by the square root rule, Spain will lose 0,75 percentage point and Poland 0,88 compared to Nice. These are very close to the loss of one and 1,1 percentage points when comparing Nice to the constitution. When assuming that the European people would prefer the idea of a double union it would look even worse for Spain and Poland. Here they would lose 2,15 and 2,20 percentage points compared to Nice – a loss of about one percentage point more than implied in the constitution.

When summing up the analysis on possible alternatives to Nice and to the draft constitution presented here, we find that none of them looks substantially better than the draft constitution for Spain and Poland while most alternatives grant less power to the two countries and can thus be considered as worse for Spain and Poland than the draft treaty. Concluding I find that Spain’s and Poland’s veto was not rational when taking into account likely future agreements replacing Nice.

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As shown in this paper Spain’s and Poland’s power is smaller under the Irish proposal (55-65). The Spanish electorate has already agreed on the revised draft constitution that comprises the 55-65 rule.
## Appendix

Table 6: Power shifts when moving from Nice and the draft constitution to the square root rule and the double union rule

<table>
<thead>
<tr>
<th>Country</th>
<th>power by the square root rule</th>
<th>power by the double union rule</th>
<th>power by the NBI for Nice</th>
<th>power by the NBI for the constitution (50-60)</th>
<th>power change when going from Nice to square root</th>
<th>power change when going from Nice to double union</th>
<th>power change when going from Nice to the constitution</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>9.53%</td>
<td>6.28%</td>
<td>7.80%</td>
<td>12.80%</td>
<td>1.73%</td>
<td>-1.52%</td>
<td>5.00%</td>
</tr>
<tr>
<td>UK</td>
<td>8.13%</td>
<td>5.80%</td>
<td>7.80%</td>
<td>9.10%</td>
<td>0.33%</td>
<td>-2.00%</td>
<td>1.30%</td>
</tr>
<tr>
<td>F</td>
<td>8.07%</td>
<td>5.78%</td>
<td>7.80%</td>
<td>9.10%</td>
<td>0.27%</td>
<td>-2.02%</td>
<td>1.30%</td>
</tr>
<tr>
<td>I</td>
<td>7.98%</td>
<td>5.75%</td>
<td>7.80%</td>
<td>8.90%</td>
<td>0.18%</td>
<td>-2.05%</td>
<td>1.10%</td>
</tr>
<tr>
<td>E</td>
<td>6.65%</td>
<td>5.25%</td>
<td>7.40%</td>
<td>6.40%</td>
<td>-0.75%</td>
<td>-2.15%</td>
<td>-1.00%</td>
</tr>
<tr>
<td>PL</td>
<td>6.52%</td>
<td>5.20%</td>
<td>7.40%</td>
<td>6.30%</td>
<td>-0.88%</td>
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</tr>
<tr>
<td>R</td>
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<td>4.54%</td>
<td>4.30%</td>
<td>4.20%</td>
<td>0.67%</td>
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</tr>
<tr>
<td>NL</td>
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<td>4.00%</td>
<td>3.30%</td>
<td>0.20%</td>
<td>0.17%</td>
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<td>3.76%</td>
<td>3.70%</td>
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<td>-0.28%</td>
<td>0.06%</td>
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<tr>
<td>CZ</td>
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<td>3.73%</td>
<td>3.70%</td>
<td>2.70%</td>
<td>-0.33%</td>
<td>0.03%</td>
<td>-1.00%</td>
</tr>
<tr>
<td>B</td>
<td>3.37%</td>
<td>3.73%</td>
<td>3.70%</td>
<td>2.70%</td>
<td>-0.33%</td>
<td>0.03%</td>
<td>-1.00%</td>
</tr>
<tr>
<td>H</td>
<td>3.37%</td>
<td>3.73%</td>
<td>3.70%</td>
<td>2.70%</td>
<td>-0.33%</td>
<td>0.03%</td>
<td>-1.00%</td>
</tr>
<tr>
<td>P</td>
<td>3.37%</td>
<td>3.73%</td>
<td>3.70%</td>
<td>2.60%</td>
<td>-0.33%</td>
<td>0.03%</td>
<td>-1.10%</td>
</tr>
<tr>
<td>S</td>
<td>3.13%</td>
<td>3.60%</td>
<td>3.10%</td>
<td>2.50%</td>
<td>0.03%</td>
<td>0.50%</td>
<td>-0.60%</td>
</tr>
<tr>
<td>BU</td>
<td>2.99%</td>
<td>3.52%</td>
<td>3.10%</td>
<td>2.40%</td>
<td>-0.11%</td>
<td>0.42%</td>
<td>-0.70%</td>
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<tr>
<td>A</td>
<td>2.99%</td>
<td>3.52%</td>
<td>3.10%</td>
<td>2.40%</td>
<td>-0.11%</td>
<td>0.42%</td>
<td>-0.70%</td>
</tr>
<tr>
<td>SL</td>
<td>2.44%</td>
<td>3.18%</td>
<td>2.20%</td>
<td>2.10%</td>
<td>0.24%</td>
<td>0.98%</td>
<td>-0.10%</td>
</tr>
<tr>
<td>DK</td>
<td>2.42%</td>
<td>3.16%</td>
<td>2.20%</td>
<td>2.10%</td>
<td>0.22%</td>
<td>0.96%</td>
<td>-0.10%</td>
</tr>
<tr>
<td>FI</td>
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<td>3.15%</td>
<td>2.20%</td>
<td>2.00%</td>
<td>0.19%</td>
<td>0.95%</td>
<td>-0.20%</td>
</tr>
<tr>
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<td>2.91%</td>
<td>2.20%</td>
<td>1.90%</td>
<td>-0.15%</td>
<td>0.71%</td>
<td>-0.30%</td>
</tr>
<tr>
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<td>2.89%</td>
<td>2.20%</td>
<td>1.90%</td>
<td>-0.18%</td>
<td>0.69%</td>
<td>-0.30%</td>
</tr>
<tr>
<td>LAT</td>
<td>1.63%</td>
<td>2.59%</td>
<td>1.30%</td>
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Source: author’s calculations
References


The economist, London: Various issues.