

# Chapter 1

## Maximizing Influence by Leading the Council: Smart State Strategies for Small State Presidencies

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### Introduction

How does a small state maximize their influence when leading the Council? This chapter argues that small states need to prioritize goals and means, network and accept their relative lack of power as the point of departure for their diplomatic efforts if they are to maximize influence when holding the Council presidency.

A small state lacks relative and absolute capabilities and is by definition “the weaker part in an asymmetric relationship, which is unable to change the nature or functioning of the relationship on its own”.<sup>1</sup> Small states “are *not* in command of power resources sufficient to pursue dominant power politics”.<sup>2</sup> Consequently small states rely on diplomatic means of influence and persuasion.<sup>3</sup> They seek to affect or change events or policies in their external environment by use of diplomatic tools for achieving political objectives.<sup>4</sup>

For this reason, international institutions play a key role in most small states efforts to maximize influence on international affairs. International institutions delimit the action space of the great powers by subjecting all their member states to the same rules and to the same sanctions, if they break the rules. International institutions do not negate power politics, and the most powerful member states may use their power to secure special treatment or continue to circumvent or break the rules, they have agreed to. Yet, institutionalization increases the cost for them to do so. The use (and abuse) of power is more visible with formal rules, and the strongest states need to argue why deviating from agreed norms and rules is legitimate.<sup>5</sup> Consequently, international institutions allow small states to reduce their dependence on individual great powers and to increase their action space,<sup>6</sup>

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<sup>1</sup> Wivel, A. *et al.* (2014) p. 9. “Smallness is, in this conception, a comparative and not an absolute idea” bringing to our attention a particular set of policy problems and policy dilemmas. Hanf, K. and Soetendorp, B. (1998) p. 4. Thus, studying small states allow us to explore “the experience of power disparity and the manner of coping with it” Knudsen, O.F. (1996) p. 5; cf. Wivel (2005), p. 395.

<sup>2</sup> Kelstrup, M. (1993) p. 162.

<sup>3</sup> Keohane, R. (1969).

<sup>4</sup> Thompson, A. (2009) p. 17.

<sup>5</sup> Neumann and Gstöhl (2006) p. 20.

<sup>6</sup> Toje, A. (2011).

and for this reason, “small states generally prefer multilateralism as both a path to influence and a means to restrain larger states”.<sup>7</sup>

Small states find no better place to do this than in the Euro-Atlantic area, where the fundamental problematic of small EU and NATO members has been transformed from a “survival problem” to an “influence problem”.<sup>8</sup> Their most important international challenge is no longer the threat of military attack from nearby great powers, but political marginalization in a complex network of European and Euro-Atlantic institutions. For this reason, small states have a strong incentive to seek influence in the highly institutionalized European political space. No other organization offers as broad a package of policies (from low politics areas such as culture and education over health, transport and trade to foreign and security policy), as deep a level of cooperation (combining intergovernmentalism with supranationalism) and as diverse a combination of norms (like consensus decision-making) and formal institutions (like the Commission, Council and Parliament) as the European Union (EU). By providing a shelter against external shocks as well as intra-European great power rivalry and a platform for influence within and beyond Europe, the EU is central for any small European state seeking influence.

This chapter zooms in on one aspect of small state influence seeking via the EU by discussing how small states may use the Council presidency to maximize influence on the development of the EU. The remaining part of the argument proceeds in three steps. First, I briefly outline the role of the Council presidency in small state EU policy-making. Second, I discuss the challenges of small states seeking influence in the EU, when holding the presidency. Third, I argue that that by pursuing so-called smart state strategies, small states may enhance their chance of agenda-setting when holding the presidency. Finally, I conclude the analysis.

### **The Council Presidency and small EU member states**

The balance of power between the main institutions of the EU reflects a fundamental compromise between big and small EU member states. This compromise was initiated in the Paris Treaty of 1951 and reproduced in the Treaty of Rome, which served as the baseline for all subsequent revisions and produced a system combining weighted votes in the Council of Ministers, the independence of supranational institutions and avoidance of a permanent presidency.<sup>9</sup> A series of enlargements gradually shifted the balance in favour of the small states despite changes to the voting weights in connection with the enlargements. Accordingly, the question of “small vs.

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<sup>7</sup> Steinsson, S. and Thorhallsson, B. (2017).

<sup>8</sup> Løvold, A. (2004).

<sup>9</sup> Magnette, P. and Nicolaïdis, K. (2004) pp. 3-6.

large states” remained high on the agenda in the debate on the future institutional design of the EU.<sup>10</sup>

The Treaty of Nice (which entered into force on 1<sup>st</sup> February 2003), and The Treaty of Lisbon (which entered into force on 1<sup>st</sup> December 2009) were attempts at re-balancing the power of large and small member states in the EU. The two treaties also reflected the dual aim of reconciling concerns of democracy with institutional efficiency and avoiding on the one side the dominance of a few EU great powers over the majority of the member states and on the other side the “tyranny of the tiny” allowing a majority of small states to entrap big member states in policy developments that only the big would have the capacity to implement. Thus, even though Germany has 96 seats out of 751 (12.8%) seat in the European Parliament and Cyprus, Estonia, Luxemburg and Malta only have 6 seats each (0.8%), there is one German seat in the Parliament for each 840,625 Germans, but one Maltese seat for each 69,572 Maltese citizens. In the Council, the Treaty of Lisbon mandated a change in voting rules from 1<sup>st</sup> November, 2014, which abolished the previous voting weights and replaced them with a system where most decisions are taken by double majority qualified majority voting demanding each decision to be backed by at least 55% of member states (15 member states in the current EU) representing at least 65% of the EU’s population.

The Treaty of Lisbon brought important changes to the Council presidency. The introduction of a European Council President to lead the work of the Council and represent the EU internationally in foreign and security policy reduced the importance of the rotating presidency as did the creation of a “High Representative of the Union for Foreign Affairs and Security Policy” merging the Commission and Council expertise on the issue of foreign affairs. Also, the treaty formalized trio presidencies with close coordination among three consecutive presidencies and the Commission on presidency programmes. Historically, the EU presidency was not an integral part of the bargain between small and large EU member states. In contrast, “when the presidency was established in the 1950s it had been a complete afterthought – its creators having little more in mind than to share out the responsibility for chairing Council meetings in some orderly fashion”.<sup>11</sup> However, it gradually came to be seen by small EU member states as a rare chance to agenda-set core priorities and showcase political and administrative competencies and therefore also to increase international influence and prestige and solidify domestic support for continued membership. As noted by Bengtsson, Elgström and Tallberg, the presidency can be “translated into normative power through the opportunity to launch and promote novel policy ideas or ideational frameworks and can thus be claimed to be a tool especially well-suited to

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<sup>10</sup> Bunse, S. (2009); Magnette, P. and Nicolaïdis, K. (2004); Moberg, A. (2002); Panke, D. (2015); Thorhallsson, B. and Wivel, A. (2006); Thorhallsson, B. and Wivel, A. (2018).

<sup>11</sup> Bunse, S. (2009) p. 2.

smaller states [...] which lack traditional power resources”.<sup>12</sup> In sum, the presidency of the Council of the EU historically developed from a practical solution to coordination and Council meeting management to a platform for small states to voice their priorities for the future development of the EU. Developments of the role and influence of the presidency should be seen in the light of the EU’s institutional balance in general, the balance between in the influence of small and large member states and the increased complexity and diversity within the EU following from the widening and deepening of EU integration. In this context, the most recent changes in the role of the presidency can be understood as “a Solomonic decision. It probably satisfied both the preference of the big Member States for more stable leadership in the Council and the wish of the small Member States to maintain the Presidency function as a vehicle for influence.”<sup>13</sup>

### **Challenges: Is the presidency making small states even smaller?**

Small states seeking to maximize influence when holding the Council presidency face three clusters of challenges. The first cluster is related to the nature of the presidency itself and includes six related challenges to small state holding the presidency. First, the presidency is short-term. Six months is a very brief period of time to influence anything in an organization as big and complex as the EU, in particular for a member state with only limited resources. Second, agenda-setting opportunities were limited by the changes to the Council presidency in the Treaty of Lisbon leaving the presidency with mainly low politics issues. Even though, it may be argued that this had limited effect on small states as they were routinely ignored by bigger member states when it came to the high politics of foreign and security policy anyway,<sup>14</sup> the presidency did at least hold a formal opportunity for influence before the changes. Third, holding the presidency demands administrative capacity and competencies that put a strain on many small states, in particular those states that are relative newcomers and therefore only have limited experience with the EU system.

Fourth, while the lack of administrative capacity has to some extent been countered by the introduction of the trio presidencies, the introduction of the trios has simultaneously exacerbated another challenge for small states holding the presidency: the member state holding the presidency is only one among a number of potential agenda-setters. Agenda-setting for the six-month presidency is a collaborative endeavor with the two other states in the troikas well as the Commission and other member state governments. Fifth, the presidency is costly in terms of staff and costs related to meetings and other presidency-related activities. All things equal, holding the presidency takes out a bigger chunk of small member state budgets than of big member

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<sup>12</sup> Bengtsson, R.; Elgström, O. and Tallberg, J. (2004) p. 314.

<sup>13</sup> Jensen and Nedergaard (2014) p. 1037.

<sup>14</sup> See the discussions in Wivel, A. (2005) and Duke, S. (2001).

states budget. Sixth, the combination of high costs and limited ability to influence the agenda of the presidency entails the risk that holding the presidency may backfire in domestic politics as well as in influencing international affairs. The presidency is often sold to domestic audiences as a unique chance to pitch the values and interests of the small state to European and international society, but if it is seen as inconsequential, national electorates may view it as simply a waste of money or even an embarrassing failure and attribute the lack of success to the government.

These challenges are related to a second cluster of challenges related to EU decision-making in general. As noted in a recent analysis on small states in EU decision-making, “[s]maller states have not only fewer votes in the Council, but also considerably fewer financial, staff and administrative resources [...] Size is an advantage in EU negotiations, since bigger states are simply in a position to do more”.<sup>15</sup> In this context, the presidency may risk exacerbating existing structural disadvantages in the EU decision-making system. Small states may appear even smaller, when their weaknesses and limited influence are exhibited by the strains of holding the presidency, and they are often marginalized in times of crisis. For instance, in 2001 after the terrorist attacks on New York and Washington on 11<sup>th</sup> September 2001, the UK, France and Germany held a mini-summit coordinating military support to the US without inviting other member states or the Belgian Presidency,<sup>16</sup> and during the economic crisis in Europe from 2008, a series of small state presidencies were sidestepped by Germany, which took a leading role in defining the roots of the crisis and the remedies to ameliorate its consequences.<sup>17</sup>

Finally, a third cluster of challenges centres around the recent developments of the EU. Over the past decade the EU has experienced a crisis which is unprecedented in its existential, multi-dimensional nature linking economic crisis with a crisis over migration and the continued implementation of the Schengen agreement, a political crisis of the EU following from the British Brexit decision, and increasing security challenges in the Eastern and Southern vicinities of the EU, “where any attempts to mitigate a particular crisis causes further crises”.<sup>18</sup> These crises exacerbates the effect of a longer period of increasing acceptance of intergovernmentalism in the EU since the early 1990s. This has created a larger and more legitimate room for informal great power cooperation and delimited the influence of the Commission, which has typically been viewed as the small states’ “best friend”, because of its role as an independent, technocratic and supranational counterweight to

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<sup>15</sup> Panke, D. (2015) p. 62, 69.

<sup>16</sup> The Belgian presidency was invited for a follow-up dinner in addition to the leaders of Italy, Spain and the Netherlands joining the three leading powers, but only after political pressure, see Wivel, A. (2005), p. 403.

<sup>17</sup> See the analysis of Germany’s role as agenda-setter in Nedergaard, P. and Snaith, H. (2015).

<sup>18</sup> Dinan, D.; Nugent, N. and Paterson, W.E. (2017), p. 361.

the power politics of the member states.<sup>19</sup> This development has also challenged the typical grand strategy of small states in Europe working towards a still more effective binding of the European great powers through institutionalization and formal safeguards against the abuse of power among European states.<sup>20</sup>

### **Opportunities: Prioritization, networking and being small with a purpose**

How should small states meet these challenges and make the most of their EU presidencies? One answer is by use of a so-called smart state strategy.<sup>21</sup> A smart state strategy has three fundamental characteristics. First, small states need to *prioritize* goals and means and rank their policy priorities. What is the main aim of the presidency? What are the means to achieve this aim? What are the secondary aims? Are there any red lines/policy bastions that designate defensive aims, i.e. policy developments that should be avoided by use of the presidency? Small states must prioritize their resources and signal their willingness to negotiate and compromise on issues that are not deemed to be of vital importance. They lack the resources and competencies to pursue a broad political agenda with many different goals.

Second, if you lack capabilities, you need friends. In military affairs, a distinction is often made between internal balancing (arms build-up) and external balancing (alliance formation). In diplomatic affairs, we can make a similar distinction between building capacity and competencies in a particular issue area and building a coalition. In diplomatic affairs, as in military affairs, the two are not mutually exclusive but most effective when used in combination, and in diplomatic affairs, like in military affairs, small states are particularly dependent on cooperation with others as their capabilities and competencies may be used effectively in a *network* but will rarely be sufficient to stand alone. Any goals of the presidency must be in accordance with the goals of the Union as a whole or at least a sizeable coalition within it, and avoid conflict with existing EU initiatives or political proposals from any of the big EU member states. Small states should not waste resources on picking fights that they cannot win. Instead, they need to identify the niches where they have special competencies and may contribute solutions to the general challenges of the EU. Fortunately, these niches will often coincide with small state interests as they build competencies in the issue areas, which are most important to domestic political actors and economic growth. Small states holding the presidency will need some common understanding with the two other members of the presidency trio in

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<sup>19</sup> Geurts, C. (1998).

<sup>20</sup> Wallace, W. (1999).

<sup>21</sup> On smart state strategies for small states, see e.g. Joenniemi, P. (1998) Arter, D. (2000) and Grøn, C. and Wivel, A. (2011).

order to build a workable coalition for their presidency agenda but they will need to build a strong network among likeminded states including some of the big member states if they are to succeed and effectively offset some of the challenges related to the lack of capacity and agenda-setting ability as well as increasing inter-governmentalism.

Finally, holding the Council presidency is an opportunity for small states to take advantage of the agenda-setting powers not otherwise at their disposal. Small states may be in a particularly advantageous position to take on the role of mediator in negotiations. As noted in the introduction of this chapter, small states lack the capabilities for pursuing dominant power politics and must therefore rely on non-coercive diplomatic tools. Small states are structurally disadvantaged by their absolute and relative lack of capabilities, even in a highly institutionalized environment such as the EU, but they are privileged by the non-threatening international posture following from their lack of power, i.e. the soft power following from small state status. As argued by Nye, “soft power – getting others to want the outcomes you want – co-opts people rather than coerces them”.<sup>22</sup> In that sense, a small state strategy turns the binding strategy on its head. Rather than seeking “damage control” by limiting the action space of the great powers by binding them to institutional regulations and thereby seeking to curb the negative consequences stemming from small states’ lack of hard power capabilities, small states should aim to *unleash the soft power stemming from being the weaker part in an asymmetric relationship*. They will best do this in policy areas, where they have already built a strong forerunner reputation thereby underpinning their position as competent mediators and offsetting the challenges stemming from the short six-month period of holding the presidency.

## Conclusion

As argued by Helen Wallace, “[i]t is a core objective of all member governments to exercise influence in support of their preferences within the EU system.”<sup>23</sup> For small EU member states, the Council presidency offers a good chance for maximizing influence despite the challenges following from the nature of the presidency and the general developments of the EU. Rather than focusing on how to change the institutional set-up of the presidency, small states should focus on how to make the most out of it in its current form. In a highly institutionalized environment such as the EU knowing how to play the game may be almost as important as the cards you are dealt. A smart state strategy emphasizing prioritization, networking and taking advantage of the soft power stemming from being a small state will help

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<sup>22</sup> Nye, J. (2004) p. 5.

<sup>23</sup> Wallace, H. (2005) p. 36.

small states to take advantage of the Council presidency, maximizing their influence.

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