

5. INSTITUTIONS AND DECISION MAKING AT THE SUPRANATIONAL LEVEL

5.1 The unique institutional structure of the EU

This chapter looks at the EU's decision making process at the supranational or common level, including the policy process, the individual institutions, and the involvement of interest groups and member states. The first part of the chapter discusses the policy process, while the second part includes basic details of the three main institutions and representation within them. The role of interest groups and member states is also considered. Appendix A provides a further discussion of issues related to the three main institutions and the policy-making process, and gives details of other relevant common institutions, including the European Court of Justice (ECJ), the Court of Auditors, the Economic and Social Committee (ESC), the Committee of the Regions (COR), and the 'Molitor' Committee.

The EU's decision making system includes supranational institutions, member states, governments and political parties, and interest groups. It is essentially a bargaining system between member states in which each member state's influence is determined mainly by its size and voting power, its community of interest with other member states and ability to form bargains with them, its representation in the Commission by commissioners and officials, and its Members of the European Parliament (MEPs).

The EU has a complex two-tier system of decision making in terms of its common policies and institutions. A third tier exists in the sense of Germany's federal political structure. A distinction can be made between three main types of decision making in the EU. The first and most important is the negotiation on an intergovernmental basis of what are in effect major constitutional changes by the heads of government of the member states, either at European Council summit meetings or at special negotiating sessions. The SEA and the Maastricht Treaty on European Union are major examples of such constitutional changes to the EC/EU framework.¹

¹ Peterson (1995, p. 72) describes these as 'history-making decisions' as opposed to those that are just policy-shaping. Ross (1995, p. 170) describes the shift from discussion in the Commission to intergovernmental bargaining in the initial stages of agreement on the Maastricht Treaty as 'Crunch time', when 'the field would be occupied by the elephants', and goes on to say that 'What the Commission could do, barring last-minute manoeuvring, had already been done. And all the last-minute manoeuvring would be done by Delors himself.'

A second type of EU decision making consists of the intergovernmental negotiations of the heads of government of the member states with respect to the two intergovernmental 'pillars' created by the Maastricht Treaty, the CFSP and interior policy. Prior to Maastricht, these were outside the notional scope of EC policies, although intergovernmental arrangements had already become well established for foreign policy cooperation under European Political Cooperation (EPC). Much important business in the areas of foreign policy, defence, police and immigration, is hence conducted on an intergovernmental basis by the heads of government of the member states and not through the EU's common or supranational political institutions.

The third type of decision making consists of the day to day EU business undertaken within the framework provided by existing Treaties and agreements, with respect to common policies such as the CAP. The Commission and the EP are key parts of this decision-making framework. However, where major changes to the system are being undertaken, such as the negotiation of important reforms to the CAP, the decision-making process may have to be referred back to the European Council of heads of government of the member states.

A fourth type of decision making also arises as a result of the rulings of the ECJ and the Court of First Instance, often with respect to the issue of whether EC/EU legislation is being correctly applied at the member states level.

Prior to the SEA and the Maastricht Treaty, CAP affairs took up over half of the EC's political and decision making activity and budget: the CAP was *the* policy rather than *a* policy. The other major pre-SEA policies, regional policy and social policy, involved relatively little EC political and decision-making system activity, since they required little more than the approval and rubber-stamping of lists of projects to be aided which individual member states had put forward for assistance within the context of the existing rules.

The CAP has hence involved a great deal of EC/EU institutional activity. At the highest level, the European Council was involved in the negotiation of the major agricultural policy reforms discussed in chapter two. The highest Council of Ministers, that of the foreign ministers of the member states, was involved in resolving less sensitive parts of the 'Stabilisers' reform agreement. The Council of agriculture ministers has had regular annual tasks with respect to the setting of support prices, from which import levies are derived, as well as a multitude of irregular tasks with respect to minor changes to the agricultural support system and its operation. COREPER, which is discussed in appendix A, has allowed CAP changes to which all member states agreed to be passed without discussion by the Council. In the Commission the largest directorate-general, DG VI, is occupied with the minutiae of the CAP and with schemes to change or improve the system. The EP was, until the SEA, also much occupied

with the discussion of CAP matters, and its agriculture committee is the most important of its committees.

The EU has three main supranational institutions, the Council, the European Commission,² and the EP. In addition to this a number of smaller bodies play a role: the most important of these is the ECJ. However, only in certain specific policy areas, for example agricultural price support of commodities covered by the CAP, has power been mostly or entirely devolved from the EU member states to the supranational EU institutions. Even here, however, the actual implementation of policy is undertaken by 'intervention agencies', which although operating on behalf of the Commission in Brussels are in practice to a large extent still subsidiary parts of national ministries of agriculture.

The EU's institutions and the legal and political framework within which they operate are the EU's 'overarching structure'. As Easton (1990, p. 280) indicates, the constraints which arise from such an overarching structure 'go to the heart of the degree to which any political system can be reformed or transformed', and their impact can operate to prevent reform in spite of considerable pressure for it. This is demonstrated in the EU by the difficulties involved in removing impediments to future smooth functioning such as the disproportionately large voting weight of small states in the Council of the European Union or Council of Ministers, even though the original rationale for the imbalance has gone and it discourages further enlargement.

The possession of power is known as 'competency' in EU legal terms. The area in which the supranational EU institutions can be most clearly said to have competency is the setting of common standards for goods which may then be traded throughout the Union. Import and export arrangements are also a clear responsibility of the EU institutions. However, this situation has been challenged from time to time by member states, for example when Italy refused to permit the import of pasta not made from durum wheat, and when the Greek government closed the port of Salonika to trade going to or coming from FYROM.

The SEA (agreed upon in 1986, came into force 1987) and the Maastricht Treaty (agreed upon 1991, signed 1992, ratified and came into force 1993) extended the powers of the EU supranational institutions into further areas, and gave the Council responsibilities with respect to intergovernmental arrangements for the CFSP and interior policy or home affairs.

Runge and von Witzke (1987) hypothesized that EC agricultural policy decision making was influenced by the Community's unique institutional structure. Their hypothesis is correct not only for agricultural policy but for every policy area in which the EU has competence. The

² Commonly referred to as the 'Commission'. This is the term which is used throughout the thesis for the European Commission, reflecting the term's wide currency, and for the sake of brevity.

semi-federal or 'intergovernmental' nature of most decision making sets the EU apart from any other political entity. However, while the EU and its political structure are unique, the problems of its decision making system with respect to international agreements may be similar to those of more completely 'federalist' systems, as indicated by Ruppel et al. (1991), in that the agreement of more than one tier of government is required.

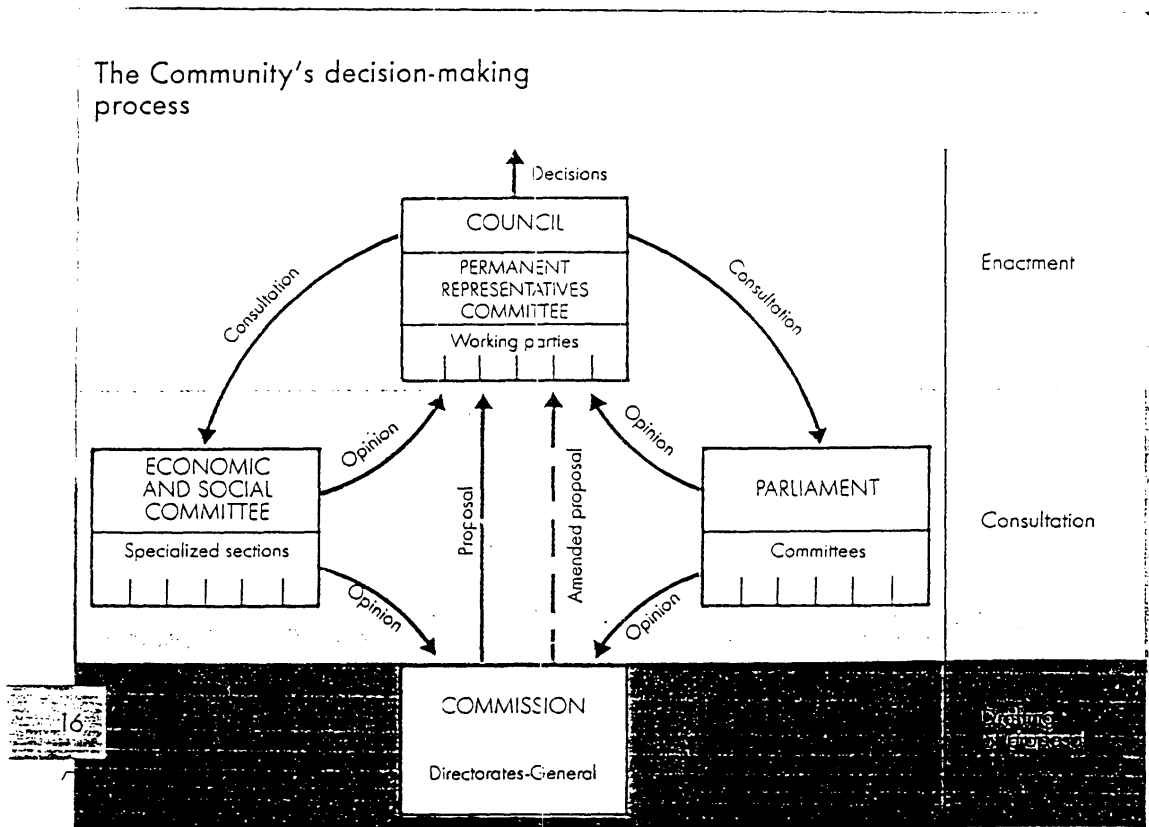
Froehlich (1994) also drew attention to the special institutional nature of the EU, and argued (p. 20) that this special institutional structure makes it even less likely, compared to most other countries, that trade policy will be based on economic rationality and social welfare considerations.

Major features of the EU decision making system compared with that of the US are the existence of supranational institutions, the involvement of fifteen member states in decision making, the greater importance of political parties, and the smaller direct influence of interest groups. There is no 'EU government' equivalent to that of the US or the individual member states.

The basic common policy legislative process is that the Commission puts forward proposals, sometimes at the request of the Council. The Council passes or rejects the legislation, on a unanimous basis or by a majority vote. The legislation then goes to the EP, where it can be approved or passed back to the Commission for amendment and re-presentation to the Council. Prior to the SEA the EP's powers were mainly with respect to the budget, and to express opinions. The SEA increased the EP's powers by extending the requirement of consultation of the EP to one of co-operation, and allowing the EP to request amendments to legislation and in the final analysis to hold up legislation it did not wish to agree to by up to four months. The Maastricht Treaty increased the EP's influence by giving it a power of co-decision in most policy areas which are subject to majority voting in Council, as shown by Figures 5.1 and 5.2. Where the EP, by an absolute majority, proposes amendments to proposals which the Council had adopted only by qualified majority, if a Conciliation Committee fails to obtain the agreement of the Council to the amendments, the EP may reject the proposal and the proposal is not then accepted into EU law. This is described as a 'co-decision' procedure. The Commission retains the right to deliver an opinion on the EP's amendments, but the Council is still free to reject or accept the amendments, regardless of whether the Commission's opinion has been for or against the amendments. If the Council is not prepared to amend the proposals, and a majority of the EP continues to reject the unamended proposals, they are not adopted and do not become law. Where unanimity is still required for legislation, then the role of the EP is still limited to delivering an opinion and 'consultation'.

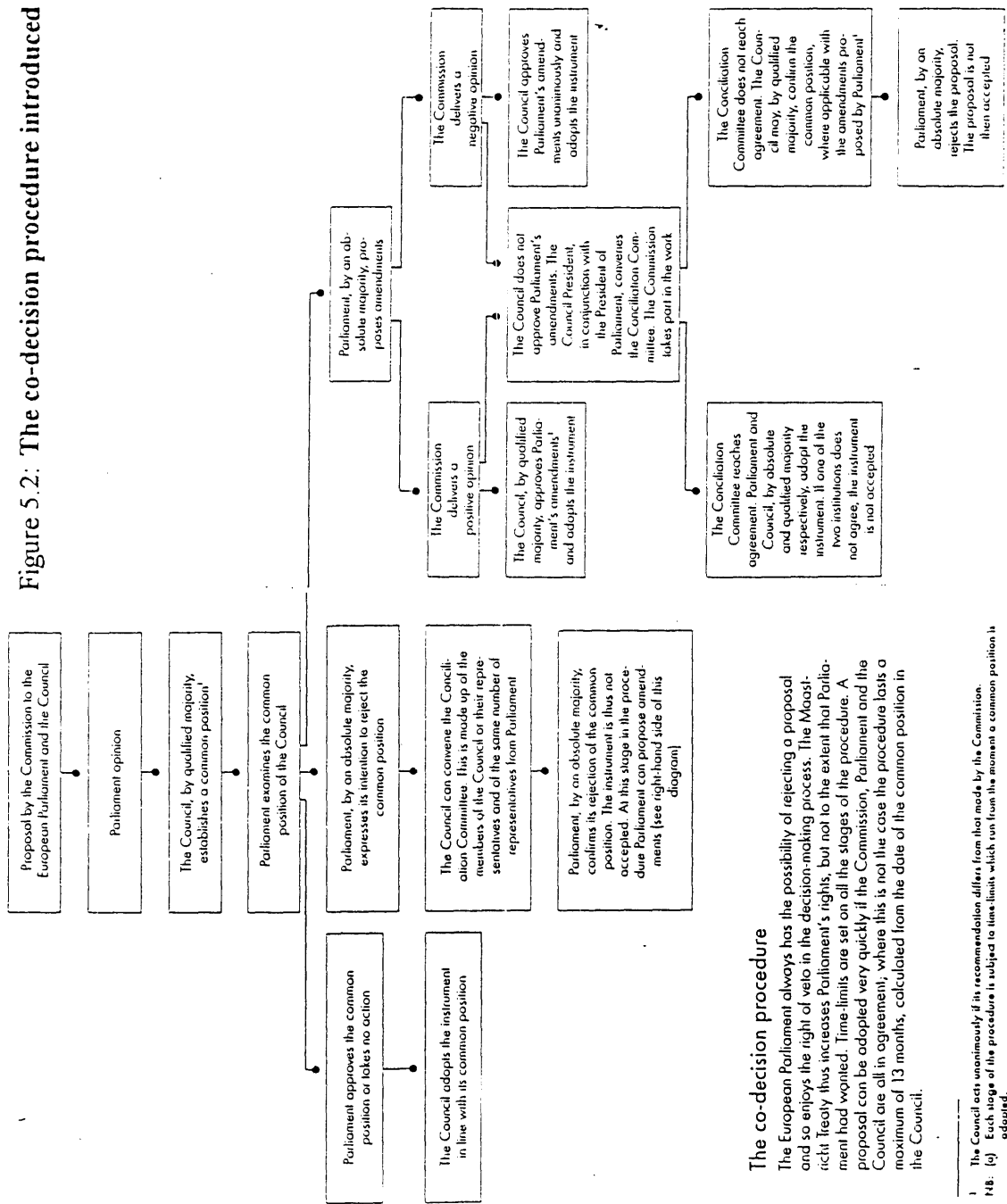
The EU is not as yet a state, rather it is (Murray 1991, p. 23) ‘a developing polity or political system’ with a set of supranational and intergovernmental institutions and common policies. The EU does not have a government in the normal sense of the word. The negative aspect of this is exemplified by observations reportedly made by officials involved in the Uruguay Round of GATT negotiations on multilateral trade reform, that there was no EC ‘command and control centre’, and the lack of a proper government made the EC ‘like a bus with a steering wheel behind every seat in it’ (Garran 1991). The EU may still be said to lack a supranational administration or government entity which can be a ‘rational actor’ and operate to improve overall EU welfare, and consequently there is no EU government ‘preference function’ reflecting desired transfers between groups. The closest the EU comes to having such a function is in the net transfers between member states which are the outcome of the bargaining process between member states and the operation of EU policies. These are not specifically calculated, chosen or fixed, and they can change over time.

Figure 5.1: The decision making procedure after the Single European Act



Source: Fontaine (1991, p. 16).

Figure 5.2: The co-decision procedure introduced by the Maastricht Treaty



The co-decision procedure

The European Parliament always has the possibility of rejecting a proposal and so enjoys the right of veto in the decision-making process. The Maastricht Treaty thus increases Parliament's rights, but not to the extent that Parliament had wanted. Time-limits are set on all the stages of the procedure. A proposal can be adopted very quickly if the Commission, Parliament and the Council are all in agreement; where this is not the case the procedure lasts a maximum of 13 months, calculated from the date of the common position in the Council.

¹ The Council acts unanimously if its recommendation differs from that made by the Commission.
 NB: (a) Each stage of the procedure is subject to time limits which run from the moment a common position is adopted.
 (b) In addition to the co-decision procedure (Article 189b) there is also the cooperation procedure (Article 189c), which is similar but does not involve conciliation.

Source: Commission of the European Communities (1992, pp. 24-25).

The consequences of the absence of a central body able to operate in the interests of the EU were exemplified by French ability to prevent the EC/EU from implementing the 'Blair House' agreement reached in the Uruguay Round without it being modified to suit the demands of the new French government. Even though an agreement had been unanimously agreed to by member states, a change of government in one member state was able to force through changes to the original agreement before its implementation. Changes in EU policy positions can reflect changes in member state positions and objectives, of which domestic political change is a major cause.

The Maastricht Treaty committed the EU to the principle of subsidiarity, with the following wording (Zogbaum 1993, p. 47):

In areas which do not fall within its exclusive competence, the Community shall take action only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the member states and can therefore, by reason of the scale or effects of the proposed action, be better achieved by the Community.

In practice this is likely to mean little, unless the COR, which has been partly established in pursuit of the objective of subsidiarity, is able to obtain more power, because many policy areas are already within the exclusive competence of the EU.

The EU's supranational institutions differ from the governments of most nation states both in their multi-country membership and in the limitations of their powers or 'competency' to certain policies and areas. For example, foreign policy co-operation was undertaken entirely on an intergovernmental basis through EPC prior to the Maastricht Treaty, and similarly co-operation on defence and security issues took place mainly through the North Atlantic Treaty Organisation (NATO) and to a small extent through the European intergovernmental arrangement Western European Union (WEU). The Maastricht Treaty brought these policies under an EU 'roof' as a 'separate pillar' of the EU, with the new combined title of Common Foreign and Security Policy (CFSP). However, the operation of CFSP is still very much intergovernmental, with the aid of a secretariat but outside EU supranational institutions, and in the case of WEU not all EU countries are members.

The EU provides a complex example of Allison's (1971) theory of bureaucratic politics, which asserts that not only governments and countries struggle amongst themselves for greater power and resources, but also agencies of government and components of these agencies, down to the level of the single individual. In the EU the greater and lesser supranational institutions jockey between themselves for power, and compete with intergovernmental bodies and the Council's secretariat. Within the Commission the twenty-four directorates-general compete over policy areas. For example, a splitting of the external relations portfolio, formerly held by

Frans Andriessen, into three components, resulted in considerable competition between commissioners.³

The member states themselves compete for power and influence, often through the formation of coalitions in the Council. Political parties compete within the EP and within the member states. The EP competes for power with other EU supranational institutions on the one hand, and national parliaments on the other. For example, in 1993 the EP voted to provide funds for 50 anti-fraud inspectors and has been withstanding the attempts of other EU institutions to allocate the recruits to different tasks (Watson 1994a).

Regional governments compete for power amongst themselves, with national governments, and with supranational institutions through the as yet very weak COR and through MEPs representing regional parties. Interest groups seek to influence the Commission and the EP at the supranational level, and national governments at the member state level. The ESC could allow recognised employer and employee and other interest groups to compete at the supranational level if its powers and influence were not so restricted.

5.2 The European Council and the Council of the European Union

The 'Council' of the EU is in effect two different bodies, the 'European Council' of heads of government (in France's case, the head of state), and the Council of the European Union or Council of Ministers. The first body is intergovernmental in nature, although it was accorded some recognition as an EU institution by the Maastricht Treaty. The second is supranational, though intergovernmental in the sense that it is made up of representatives of member states, and it is still effectively the most important EU supranational institution.

5.2.a The European Council

The European Council did not begin life as a formal EU supranational institution, but as an intergovernmental device through which major problems and policy blockages could be solved. During the 1960s there was little academic attention given to EC summit meetings, partly because it did not fit with the prevailing theories of EC political integration,

³ Under the new arrangements Hans van den Broek became responsible for enlargement negotiations and the political side of external relations, and Manuel Marin for development, and there was in consequence conflict over who should speak for the EU on external affairs and who should meet visiting foreign dignitaries (The Economist 1993a). The situation was resolved through agreement on an expansion of the powers and staffing of Hans van den Broek's area of responsibility, resulting in it becoming something like a foreign ministry. One aspect of the agreement very illustrative of bureaucratic politics in action is that it included the establishment of a series of country desks covering world affairs, duplicating the foreign trade directorate's country desks (The Economist 1993b).

neofunctionalism and federalism (Bulmer and Wessels 1987, p. 37). Regular summit meetings date from 1969 and the Hague meeting of the six EC government heads, at which a re-launching of integration was agreed upon. The European Council was given a formal existence in 1974: meeting twice a year at least in theory, it was to act as a guide and driving force. The Maastricht Treaty gives it (Commission of the European Communities 1993, p. 4): 'certain operational responsibilities in relation to foreign and security policy and economic and monetary union'. Its meetings have become more frequent.⁴

The summit meetings of the European Council represent the highest level of 'intergovernmental' decision making in the EU, and a regular vehicle through which major conflicts are settled and decisions made. The national leaders in the European Council negotiated and signed the SEA and the Maastricht Treaty, and have the power to make further decisions on political integration at the 1996 intergovernmental conference. They control interior policy and the CFSP. The powers which heads of government have to resist major changes are indicated by the ability of John Major, the UK prime minister, to reject proposals put forward in mid-1995 by German Chancellor Helmut Kohl for majority voting on the CFSP.⁵

5.2.b The Council of the European Union

Since the Maastricht Treaty, the Council of Ministers has been known as the Council of the European Union. It is composed of the relevant ministers of the individual member states, but the meetings of the Council of foreign ministers represent the highest level of decision making within the EU's supranational institutions. The agriculture Council has had considerable importance because of the predominance of the CAP in the policies actually implemented by the EEC/EC/EU. The finance and economy ministers have also played an important role in policy making.

Each member state has a number of votes in the Council, as illustrated in Table 5.1. The four largest member states have fewer votes (ten, or 11.5 per cent of the total, each) than would be due to them on the basis of their share of EU population, and the smaller member states more. For example, although Portugal, Denmark, Ireland, Austria, Sweden, Finland and Luxembourg have only 2.7, 1.4, 1.0, 2.2, 2.4, 1.4 and 0.1 per cent of EU population respectively, their respective shares of Council votes are 5.7, 3.4, 3.4, 4.6, 4.6, 3.4 and 3.0 per

⁴ In 1995 meetings on 9 June in Paris and 26 and 27 June in Cannes were followed by a September meeting in the Balearic Islands and a scheduled December meeting in Madrid (The Economist 1995b).

⁵ The proposals were a result of consultations between the Chancellor and his centre-right CDU/CSU party coalition (Smart and Watson 1995). Agreement on majority voting on the CFSP now would only imply majority voting on foreign policy, but within a few years it could also mean majority voting on deployment of an EU defence force.

Table 5.1: Council votes and the distribution of population (1995)

<i>Country</i>	<i>Number of votes</i>	<i>% of total</i>	<i>Population 000' (1995)</i>	<i>% of EU population</i>	<i>% excess Votes/population</i>
Belgium	5	5.7	10 131	2.7	111
Denmark	3	3.4	5 216	1.4	143
Germany	10	11.5	81 552	22.0	- 48
Greece	5	5.7	10 442	2.8	104
Spain	8	9.2	39 170	10.5	-14
France	10	11.5	58 027	15.6	-26
Ireland	3	3.4	3 577	1.0	194
Italy	10	11.5	57 247	15.7	-26
Luxembourg	2	2.3	407	0.1	2 200
Netherlands	5	5.7	15 423	4.2	36
Austria	4	4.6	8 040	2.2	117
Portugal	5	5.7	9 912	2.7	111
Finland	3	3.4	5 099	1.4	142
Sweden	4	4.6	8 816	2.4	92
United Kingdom	10	11.5	58 276	15.7	-27
TOTAL	87	100	371 485	100	

Notes: The population figures are based on provisional data. The UK population figure is for 1993. The Italian figure is for the resident population. Percentage column totals may not add to 100 due to rounding. The Eurostat total of 371 485 000 for population in 1995 is higher than the total of the country figures, which is 371 335 000, because it puts all national data on the same basis.

Source: EC Background (1993), Annex III, p. 14, The European (1994), Agra Europe (1995), and Frontier-free Europe Supplement (1995).

cent. With less than 12 per cent of EU population collectively, they hold over a quarter of Council votes. Prior to the 1995 enlargement, all the smaller member states except Belgium were net EU budget recipients, so that the distribution of votes served to increase support for budgetary and CAP expenditures. Upon accession to the EU Austria and Sweden each received four votes in the Council, and Finland three votes, with the twelve earlier member states retaining the same number (EC Background 1993, p. 16). Hence the 1995 enlargement has increased the imbalance in voting power relative to population. A post-enlargement minimum threshold of 26 for blocking a qualified majority vote was agreed to, instead of the previous threshold of 23 which the UK and Spain had wished to retain. However, it was also agreed that where a vote of 24 or 25 votes against the proposal concerned is received, there would be further discussion of the proposal. The post-enlargement blocking minority of 26 means that where the largest member states wish to block a measure, it can take votes equivalent to 53 per cent of EU population to do so. Conversely, the eight smallest member states can block a measure in spite of having only 12 per cent of EU population.

The disproportionate voting weight of the smaller EU member states was introduced in order to prevent too easy a dominance by the larger member states, and this situation has been continued with the prospective new members. One consideration was also that Germany should not outweigh France in its voting power (European Community Survey 1992).⁶

The strength of the tendency to favour small countries in the system of voting weights in the Council is demonstrated by the failure to increase the number of votes of Germany from ten, the same as the other three large member states, in spite of unification and an increase in population to a level some 40 per cent higher than that of the next most populous member state. Only in the EP has there been some compensation for unification, and the percentage of German officials in the Commission will also tend to increase over time.

Rumours that the Commission was considering changing the imbalance in the distribution of votes instead of widening it upon enlargement, which were denounced as lies by then Commission president Jacques Delors, are considered to have encouraged the initial Danish rejection of the Maastricht Treaty in the June 2, 1992, referendum (The Economist 1992). The extension of a disproportionate influence to new members will create yet stronger opposition to any attempt to rectify the situation in the future, and diminish the extent to which the EU's institutions are democratic and representative.

The Maastricht Treaty expanded the policy areas over which the EU, and hence the Council, has competence, and to which majority voting in the Council applies, to include a more active role in consumer protection, public health, visa policy, education and culture, and greater involvement in industry through trans-European networks (cross-border road, rail, telecommunications and energy links) and structural and retraining measures. It also increased the powers of the EP at the expense of the Council. The Council has a Brussels based secretariat with a staff of some 2150, and the secretariat for the intergovernmental CFSP is attached to this.

5.2.c Decision rules

The decision rules adopted for voting in the Council have been important in determining outcomes, and the gains and losses of individual member states. The acceptance of major reforms in most cases requires the agreement of all fifteen EU member states, although the SEA

⁶ Hosli (1993, p. 633) however states that Council votes 'seem to be' distributed in accordance with population size, with smaller populations gaining a greater weighting, and cites factors such as historical precedent and economic power as influencing the allocation. She cites a statement by Zamora (1980, p. 583) in support of this: 'the allocation of votes appears to result from a combination of population, economic power, historical precedent, and political reality'. One consequence of this misunderstanding of the basis of distribution is that her estimates of the post-enlargement voting distribution gave only 3 votes in the first instance to Austria.

and the Maastricht Treaty have led to greater use of majority voting. No member state will readily accept proposals unless it is sure that it will not lose from them or at least be compensated for any loss, regardless of their benefits for the EU as a whole, but where majority voting applies a member state's objections may be futile unless it can obtain support in the form of enough votes from other member states to form a blocking minority.

As Kirschke (1983) demonstrated with regard to agricultural price policy, there is a divergence between national and supranational (EC/EU) interests. When a conflict arises, the main objective of the national ministers and national administrations who make European laws is to defend the national interest and not the European one (Lamassoure 1991). For example, during the early 1980s dairy support was a major EC budgetary drain, and a source of inefficiency as prices were being supported at twice the world level, but several member state governments subsidised their dairy production because CAP financing made it profitable for them to do so (Winters 1987, p. 290).

The Treaty of Rome had intended that voting by majority vote for decisions on the broad line of policy already established would be introduced in three stages (Camps 1964). De Gaulle's 'empty chair' policy of French withdrawal from Community institutions for the period 30 June 1965 to the end of the year succeeded in obtaining what is known as the 'Luxembourg Compromise' of January 1966 (Kitzinger 1967). This involved acceptance of the principle that where very important interests were at stake, discussion would continue until unanimity was reached in the Council of Ministers.

In practice there has been at least one instance of a member state not being permitted to use its veto. In 1982 the UK government opposed the price increases for agricultural products from 1982-83 which the other member states had agreed upon. When vital national interest was invoked, namely budgetary cost, the chair (supported by the Commission) overruled the attempted veto (Nicoll 1984, p. 40). Since 1985, when Germany prevented the Council from adopting an agreement on cereal prices, annual agricultural price decisions which involved reform packages have been held up on two occasions by a member state invoking 'vital national interest' (Hendriks 1991, p. 108). In 1986 Ireland held up a Council decision on beef market reform until certain concessions were granted to Irish beef producers. In 1988 Greece held up annual price decisions in order to obtain a larger devaluation of its 'green' or agricultural exchange rate, and hence higher prices for its farmers in drachma.

The SEA, which was adopted by the Community in 1985 and ratified by all the member states by 1987, led to greater use of majority voting, but with many exceptions (Weidenfeld 1986). It finalised the use of majority voting on proposals which had as their objective the establishment and functioning of the single EC market (Colchester and Buchan 1990, p. 44).

The Maastricht Treaty included an extension of common policies and majority voting to new areas, limiting the ability of individual member states to block decisions with the use of a veto on grounds of vital national interest. Whereas prior to the 1995 enlargement a qualified majority vote required 54 votes out of 76, it now requires 62 out of 87.

The unanimity rule has led to longer deliberations, in which each country has been able to pursue and enforce its material interests. Runge and von Witzke (1987) argued that the unanimity requirement led to more evenly distributed benefits at higher overall cost.

Table 5.2: The use of the veto in recent years

<i>Country</i>	<i>Year</i>	<i>Issue</i>
UK	1995	Immigration (threatened)
	1994	Part-time workers' rights
	1994	Jean-Luc Dehaene's presidential nomination
	1989	Tax on investment income
France	1994	GATT ratification (threatened)
Greece	1995	Customs union with Turkey
	1994	Aid to Turkey
Italy	1992	Budget reform
Spain	1994	Accession of new members (threatened)
	1991	External-border convention

Source: The Economist (1995a), p. 56.

In recent years the veto has been used, or there has been a threatened use of it, by the UK, France, Greece, Italy and Spain, as shown in Table 5.2. The member states using the veto or threatening to use it have done so either for reasons of perceived national interest, as in the case of Spain's demands for extra funding in return for approval of enlargement, or from a foreign policy point of view, as with Greece's veto of customs union and aid arrangements for Turkey in the hope of obtaining leverage over Turkey's occupation of northern Cyprus.

5.2.d The presidency of the EU

The member states of the EU hold its presidency in turns on a six monthly rotating basis, with each calendar year being divided into two six-monthly turns. Prior to the Maastricht Treaty, the presidency was handed in alphabetical order according to the name by which each country calls itself, hence Belgie/Belgique (Belgium) was followed by Danmark, then Deutschland (Germany), Ellas (Greece), Espana (Spain) and so on. At Maastricht it was agreed to invert each of the pairs, with the presidency consequently going to Greece for the first half of

1994, and to Germany for the second half (The Economist 1993d). In 1995 the presidency has been held firstly by France and then by Spain, and will be held as follows to the year 2003: Italy, Ireland, Netherlands, Luxembourg, UK, Austria, Norway, Germany, Finland, Portugal, France, Sweden, Belgium, Spain, Denmark, Greece (EC Background 1993, pp. 15-16).

In order to avoid disruptions to EU decision making and external relations, and to provide some compensatory 'weight' and resources when the presidency is held by a small country, the three countries holding the past, present and future presidencies over an eighteen month period operate together as a 'troika' to spread the administrative burden. However, the country which holds the presidency remains pre-eminent.

Holding the EU presidency confers important powers to small countries, relative to their usual weight in the decision making process. However, it can also prove a drain on national resources and it may be difficult for substantial headway to be made over EU issues when a small member state holds the presidency. The country holding the presidency can try to use it to focus discussion and action on areas of interest to it, and it can be very difficult for a member state to persuade the Council of Ministers to take a decision which goes against the wishes of the presidency (Johnston 1994, p. 25). Ross (1995) indicates that the lack of strength of a small country's presidency team can increase the power of the Council's secretariat, the administrative rival of the Commission.⁷

5.3 The European Commission

5.3.a The powers and functions of the Commission

The Commission is the EU's 'civil service' at the supranational level, but its powers go far beyond those of national civil services, and it has its own political agenda of furthering integration and its own powers.⁸ It has the right to make proposals for EU legislation, and it administers existing regimes. The member states appoint commissioners, each of whom has power over one and in some cases two directorates-general and areas of the Commission's

⁷ The example he gives is that of the Luxembourg presidency in 1991, which he reports (Ross 1995, p. 90) as '... having endowed the Council Secretariat ... with greater power than anyone on the Delors team was happy to see.'

⁸ Charles Grant, author of *Delors – Inside the House that Jacques Built*, describes the Commission as follows (Smart 1995a):

'The Commission is a political civil service with its own agenda. That agenda has been, and probably always will be, broadly federalist, since the Commission would benefit from a more unified Europe.'

work. Larger member states appoint two commissioners, others one, as shown in Table 5.3. Appointees are usually politicians.

The Commission is located mainly in Brussels, and employs some 2500 senior civil servants and over 14 000 additional staff members. It is divided administratively into twenty-four directorates-general (DGs), each responsible for a different policy area: these are usually referred to by the initials DG and their Roman numerals. DG VI is the most important, dealing with the CAP. DG I deals with trade and other foreign policy issues coming within the EU's competence, but not development which has its own DG. The actual running of the individual DGs comes under career public servants who are appointed as their heads.

Table 5.3: The distribution of commissioners by member state

<i>Country</i>	<i>Number of members</i>	<i>Country</i>	<i>Number of members</i>
Belgium	1	Luxembourg	1
Denmark	1	Netherlands	1
Germany	2	Austria	1
Greece	1	Portugal	1
Spain	2	Finland	1
France	2	Sweden	1
Ireland	1	United Kingdom	1
Italy	2		
		TOTAL	20

Source: EC Background (1993), Annex III, p. 14.

The Maastricht Treaty extended the powers of the Commission over new common policy areas. It also extended the powers of the EP with respect to the Commission, giving it the right to approve the appointment of the president of the Commission and the twenty commissioners (Eur-op News 1994, p. 3).

5.3.b The presidency of the Commission

The presidency of the Commission is the most powerful position that an individual can hold within the EU's supranational institutions. The present incumbent is Jacques Santer, from Luxembourg: the controversy and disagreement which were associated with his choice as Commission president are described in appendix A. The degree of controversy over the appointment reflects the importance of the position, the ability of the incumbent to favour the interests of his own country or other allegiances, and a new avoidance of appointing a commission president from the large member states.

The previous incumbent, Frenchman Jacques Delors, strongly directed the Commission towards goals of centralisation in the French manner, and expansion of the EU's powers. The president of the Commission, like other Commission staff members, should be neutral to the interests of specific member states. However, in reality the president may strongly favour the interests of his member state. Delors prevented a successful November 1992 completion of Uruguay Round negotiations between the commissioner for agriculture and rural development, Ray MacSharry, and his US counterpart, by informing the US State Department that he would reject any agreement made. In doing so he was acting on behalf of French national political interests, reflecting opposition from French farmers to any agreement and the high value placed on the marginal and swinging farm vote in France, especially in view of the low level of support for the then Socialist government among the electorate.⁹ Ross' (1995) biography of Delors depicts his cabinet in the the Commission as being strongly staffed by Frenchmen, and in touch with French interests.¹⁰ Delors and his cabinet made maximum use of the power they had, for example using their control over the production of the minutes of internal meetings to 'shape things up in the President's favour' (Ross, p. 75).¹¹

5.3.c The nationality of Commission officials

As shown earlier in this chapter, Council voting arrangements accord a greater influence to smaller member states than they would receive on the basis of population size. As is indicated in chapter six, since this increases the input into decision making of countries which are net recipients through the CAP and the EU budget, it has operated in favour of a high level of agricultural protection. As shown later in this chapter, and as discussed in chapter six, the distribution of seats in the EP also favours smaller countries and hence net recipients through the EU budget and the CAP, while Germany still has to receive the full allocation of seats to which it has been entitled, on strictly democratic grounds, since unification. While these situations are well known and often discussed in the literature on EU institutions and decision making, the imbalance in the distribution of Commission officials by nationality is only infrequently acknowledged, and no significant discussion of its consequences for EC/EU policy

⁹ Delors was considered to be a strong potential Socialist candidate for the French presidency in the 1995 elections, but decided to retire instead of standing for election.

¹⁰ Delors' efforts to assist European electronics companies, and the development of HDTV in Europe, by means of subsidies or other protectionist measures, are shown by Ross as being strongly linked to the desire to assist the then state-owned French company Thomson, which was having a difficult time.

¹¹ On one occasion a meeting was timed to have a late start on a Friday, and was still going at midnight, facilitating agreement to the proposals of the Delors team.

making or the CAP could be found in the wide range of relevant literature surveyed as part of the work undertaken for this thesis.

The absence of such a discussion can be partly understood from the point of view that the Council and the EP are representative bodies, hence the degree to which individual member states are represented necessarily affects their input into the decision making process, while Commissioners and Commission officials in principle forswear national allegiances when they join the Commission. As Commission of the European Communities (1993, p. 5) states:

In carrying out their duties, members of the Commission are obliged to be completely independent of their national governments and act only in the interests of the Community.

However, as indicated in chapter three, the nationality of officials can be important, in spite of the principle that Commission officials are supposedly servants of the EU and not their own member states. There is a convincing body of evidence that in practice member state interests often seek to gain advantages through 'their' Commissioners and Commission staff.¹² Peterson (1995, p. 75) quotes an unnamed Commission official to show that networking with officials of the same nationality can be an important channel of influence, but for southern European member states rather than northern ones or for the UK:

Links between national governments and their nationals in the (Commission's) services are very close, especially for the southern states ... The northern states lack a 'network culture'. The Brits think that if you put forward a good argument, that's all you have to do.

The extent to which officials are open to lobbying tends to vary according to nationality, and more effective lobbying results can often be obtained by interests contacting officials of their own nationality (Donnelly 1993). National identities are still important, at least where small member states are concerned (Greenwood and Ronit 1994, p. 42).

There is also a widely held view that French commissioners and officials, rather than just southern European ones, use their positions to favour their national interest. Thiess (1991, p. 27) asked which principles should be used in selecting candidates for EC top jobs, whether the French had an advantage in this area, and whether there was a threat of the Commission being too partial towards France in the administration of the EC. Muenster (1991) argued that the Commission had never devised a policy that interfered with French interests, and had not been enthusiastic to make progress in the Uruguay Round's trade negotiations. Froehlich (1994, p. 22) describes the French as having a 'traditionally strong influence' on the EC bureaucracy. Baring (1994, p. 10) states that the Brussels bureaucracy has been 'predominantly an agency for

¹² It was presumably just such a belief in the willingness of officials to support their countries' interests in the Commission that led to the directorate-general for fisheries attempting to recruit Italian and Spanish civil servants to such a degree that the ECJ overruled the appointments in March 1993, on the grounds that they had been recruited primarily because of their nationality (d'Aubert 1995).

French influence'. Zogbaum (1993, p. 46) describes President Mitterrand as having 'stacked the Brussels bureaucracy with his own men, who rally to the defence of *La France* when called upon'. A supporter of the candidacy of Edith Cresson, a former French prime minister, for appointment as a commissioner in Brussels, implied that her ability to protect French interests was a desirable quality (Moutet 1994). Beloff (1995) argues that French commissioners sent to Brussels are instructed to carry on defending French interests when in their new location, and contrasts this with the expectation and actuality that British commissioners and officials employed in Brussels will take a 'community' view rather than seeking to defend UK national interest.

In 1994, in view of the prospective northwards and eastwards (to include Austria) enlargement, consideration was given to a scheme to give 'golden handshakes' to several hundred senior Commission officials, at a cost of US\$18 million (Watson 1994b), in order to allow the prospective new member states to be represented. This indicates that countries do attach importance to obtaining a 'reasonable' share of Commission posts for their nationals.

Hence, where the proportion of a member state's nationals among Commission officials is significantly lower than its proportion of the total EC/EU population, especially at higher levels, the influence of that member state on EC/EU policies and decision may be effectively reduced. Given that officials from northern member states other than France tend to do less networking on a same nationality basis than those from southern member states, the effect of such an imbalance would be expected to be greater for a northern member state, with the exception of France.

In practice such an imbalance has been most evident with respect to the UK's representation in the Commission. As at 1990 the breakdown by nationality of officials in the Commission was 16.4 per cent French, 14.5 per cent German, 13.2 per cent Italian, and only 11.6 per cent British. The imbalance has been even more acute at the higher administrative levels below that of heads of directorates-general. At the end of 1988 there were 322 British A grades, compared with 458 French, 394 Germans and 373 Italians. In key A3 posts, typically those of head of division, there were only 39 UK representatives compared to 51 Germans, 51 French, and 47 Italians. At A4 there were only 72 British compared to 141 Germans, 133 French, 137 Italians, and even 73 Belgians (Dickson 1989). The imbalance, combined with the lower level of networking undertaken in the national interest by UK officials compared with those from southern Europe and the CAP, appears likely to have been important in reducing the UK's influence on EC/EU and CAP policy making, and increasing that of France. Given that the UK has been the main source of opposition to high levels of CAP support, it is therefore a significant factor in CAP politics and decision making, and one which has been neglected by other analysts. While it might be expected that official EU literature would ignore such a

situation, the neglect by other analysts is more difficult to understand. There are several possible explanations. One is that information on the situation is much less readily available than that on representation in the Council and the EP. Another is that French and German analysts have wished to avoid drawing attention to their national advantage in this respect, while UK analysts have been in the 'idealist' rather than 'realist' camp where European integration has been concerned, and more anxious to show its benefits than to acknowledge national disadvantages.

The reasons for the imbalance are discussed in appendix A, as is the low representation of women at higher levels of the Commission. One factor may have been the influence of Emile Noel, who as secretary-general was the Commission's top official for thirty years, from its commencement in 1958 to his retirement in 1987. A Frenchman, he was criticised as being too accommodating to his country's interests and pulling the Commission's policies in the direction in which France wished them to go (The Economist 1996). Appendix A also discusses the Commission's relations with interest groups, the extent to which it is motivated by 'bureaucratic politics', and various criticisms which have been made.

5.4 The European Parliament (EP)

5.4.a The structure and location of the EP

The EP is the supranational assembly or parliament of the EU. From 1 January 1995 it has consisted of 626 members, the number of members having been increased by 57 to allow for enlargement. Prior to June 1994 the parliament of the '12' consisted of 518 members, but was increased to 567 seats in 1994 to belatedly partly compensate for the expansion of the FRG to include the former GDR in 1990, and to allow for a fairer distribution of seats. Following the 1994 increase in the number of seats Germany has 99 members, France, the UK and Italy 87 each, Spain 64, the Netherlands 31, Belgium, Greece and Portugal 25 each, Denmark 16, Ireland 15 and Luxembourg 6 (Commission of the European Communities 1993). Since their accession to the EU Sweden, Austria and Finland have 21, 20, and 16 seats respectively.

Prior to June 1994 the EP had had 518 members since the admission of Spain and Portugal in 1986, with Germany having only the same number, 81, as the other three major member states, in spite of its larger population and its extension to include the former GDR.¹³

¹³ The decision to increase Germany's seats and allow it a predominant share was made at the Edinburgh European Council meeting on 12 December 1992. France had previously maintained that it should have equal representation with Germany, but in the event German agreement on funding issues, enlargement, and

The distribution of seats in the EP between countries is hence not strictly democratic, even after the increase in the number of seats allocated to Germany. As shown in Table 5.4, the 'value' of the vote of a Luxembourg citizen is worth twelve times that of a citizen of Germany. However, the imbalance in favour of small countries is much smaller than that in the Council. This imbalance and the constituency system can combine to result in major differences in representation, with the smallest London constituency, London South West, having an electorate of 479 246 and returning only one member to the EP, while the Grand Duchy of Luxembourg, with an electorate of 212 740, returns six members (Blackmun 1994). The EP's voting arrangements are hence not strictly 'democratic', but the desire to restrain German influence in it may be seen as a justification for some of the variability of representation.

Table 5.4: Member state populations and representation in the EP

<i>Country</i>	<i>Population (millions)</i>	<i>Number of seats From January 1995*</i>	<i>Number of seats prior to June 1994</i>	<i>Population per Euro-MP (000), 1995</i>
Luxembourg	0.4	6	6	68.0
Ireland	3.6	15	15	238.5
Denmark	5.2	16	16	326.0
Portugal	9.9	25	24	396.5
Belgium	10.1	25	24	405.2
Greece	10.4	25	24	417.7
Netherlands	15.4	31	25	497.5
Spain	39.2	64	60	612.0
Italy	57.2	87	81	658.0
France	58.0	87	81	667.0
Britain	58.3	87	81	669.8
Germany	81.6	99	81	823.8
Sweden*	8.8	21	-	419.8
Finland*	5.1	16	-	318.7
Austria*	8.0	20	-	402.0
	TOTAL	626*	518	

* Following accession of the three new member states.

Source: EC Background (1993), Annex III, p. 14, The Economist (1994), and Frontier-free Europe Supplement (1995).

The seat of the EP is in Strasbourg, but it also meets in Luxembourg. The EP's committees meet in Brussels. However, in spite of this the EP has contracted itself to rent a huge building in Brussels with an 800-seat debating chamber, at considerable expense, with the

concessions to the Danes, was considered more important than taking an entrenched position on representation (Lippert, Stevens-Stroehmann, Guenther, Viertel and Woolcock 1993, p. 37)

option of purchasing the building after 20 years. This might be considered financial profligacy, or an expensive ‘bureaucratic politics’ attempt to force the member states to allow it meet in Brussels and perhaps move its seat there. The lack of a Brussels location limits the ability of MEPs to network with the Commission, other EU institutions, member states’ representatives, and lobbyists, and hence exercise greater power ‘behind the scenes’.

5.4.b The importance and powers of the EP

The EP is the third most important decision making body of the EU, after the Council and the Commission. As shown in Table 5.5, its powers have been increasing. In 1967 the EP was still considered a strictly advisory body, but its powers could now be said to exceed those of the

Table 5.5: **Developments affecting the EP and its powers**

<i>Year</i>	<i>Development</i>	<i>Effect</i>
1958	Treaty of Rome establishes European Parliament (EP).	
1979	First direct elections for EP.	EP obtains more legitimacy.
1985	Single European Act (SEA) adopted.	Powers of EP increased.
1991	Maastricht Summit.	Agreement to extend powers of EP as part of European Political Union (EPU).
1992	Danes vote against ratification of Maastricht Treaty.	Delay in the application of the Treaty and the extension of the EP’s powers.
1993	Danes vote to ratify Treaty.	Maastricht Treaty ratified. EP gains power of co-decision over legislation passed by majority vote in the Council.
1994	Number of seats increased.	Now 567 members, of which Germany has 99.
1995	Number of seats increased.	Now 624, due to addition of new member states.

Commission. Before the adoption of the SEA in 1985, consultation of the EP was usually required before the Council could enact Community legislation, but it was not always required. In any event, the Parliament’s views were not binding, and they hardly ever had more than a marginal impact (Coombes 1977, pp. 285-286). Its main powers concerned the Community budget, and were derived from the financing of the budget from the own resources of the Community, which include agricultural duties and levies and a percentage of VAT receipts. These powers were granted under the Treaty of 22 April 1970 and extended under that of 22

July 1975 (Lodge 1983, p. 63). They included the power to reject the budget, and the power to modify the rate of non-compulsory expenditure.

The SEA changed the wording of the Treaties from 'and after consulting the Assembly' to 'and in co-operation with the European Parliament'. The main effective change was that the EP was given three months in which to take a decision on a proposal adopted by qualified majority in the Council: it could delay its adoption by three months, or four months by mutual agreement. If the EP failed to take a decision in this period, then the Council could adopt the Act in question. Alternatively the EP could, with an absolute majority, propose amendments to the Council's position or reject it. If the EP rejected it, unanimity was required in the Council for it to adopt the legislation. If the EP made amendments, then the Commission was to re-examine the proposal and consider the amendments before putting to the Council again. The Council could then adopt amendments made by the EP but not accepted by the Commission, but only on a unanimous basis. If the Council did not adopt the revised Commission proposal within three months (or four months by agreement with the EP) it was deemed not to have been adopted (Commission of the European Communities 1986, p. 9). The SEA also made further enlargement of the Community a matter requiring consultation of the Council with the Commission, and the assent of an absolute majority of MEPs, instead of being a matter for the member states with the Commission as their negotiator (Commission of the European Communities 1986, p. 10).

The SEA strengthened the overall position of the EP. Weidenfeld (1986, p. 380) argues that it would have gone further had it not been for the insistence on restraint by the UK and Greece and the refusal of Denmark to accept the prospect of political union.

The EP has always had the power to dismiss the Commissioners by a two-thirds majority vote on a censure motion. However, it would obtain little by doing so, as it has no say in the appointment of replacements, who might be the same people (George 1985, p. 3). The Rome Treaty states that the Commission is to be responsible to the EP and the EP alone (Kitzinger 1967, p. 98). However, as the commissioners are nominated by national governments they do have other loyalties.

The Maastricht Treaty has given the EP greater powers of co-decision, strengthening its powers over EU law making relative to those of the Council, as outlined earlier. *The Economist* (1993c) described this as a 'virtual veto power' over new European law in many areas, and argued that it will probably lead to more unrealistic and costly legislation in areas such as the environment and labour rights.

The EP now has the right to amend or veto legislation in fourteen policy areas, including free movement of workers, the Single Market, consumer protection, transport and social policy,

vocational training, research, environment and overseas development. These are areas in which legislation can be passed by the Council through a qualified majority vote. The Maastricht Treaty strengthened the EP's powers with respect to the budget. It also gave the EP power to establish committees of inquiry which will allow MEPs to question national officials, and allowed the EP to appoint an ombudsman to investigate complaints against EC supranational bodies (Watson 1993).

While the EP has still not been given the right to initiate legislation, the Maastricht Treaty gave it the power to request the Commission to make legislative proposals on specified issues (The Economist 1994, p. 24). The increase in the powers of the EP and in the 'professional' nature of MEPs has led to closer links between MEPs and the Commission, as indicated in Boyce (1995, p. 152). This trend could be seen as consistent with the expectations of neofunctionalist theory. Appendix A provides details of the EP's electoral and party systems, lack of party discipline, and relations with interest groups.

5.5 Interest groups at the supranational level

There has been a growth in interest group activities and influence at the supranational level, as discussed in appendixes A and F, though this has been in new policy sectors rather than agriculture, for which details are provided in chapter six. Due to the continuing primacy of the member states, the main influence exerted by interest groups has been at the member state level, and this has often been limited or influenced by political parties. Interest groups have been less influential than they themselves and some of the researchers who have relied on interviews with them claim, on the basis of the author's professional experience and the over-emphasis on interest groups evidenced in some of the studies discussed in the previous chapter. However, the growth in their lobbying activities has led to concerns that the EU's political system is becoming more like that of the US, as shown in appendix A and chapter eight. A different point of view is that interest group theory does not support such a conclusion, and that what is taking place is simply a transfer of interest group lobbying and pressures from the national to the supranational level.¹⁴ The EP's recent attempts to get European content television broadcasting quotas imposed on a mandatory basis suggest that it is more protectionist in ideology and more

¹⁴ As Examiner C of the original version of the thesis indicated, the move to multi-layered government and diffused decision making power tends to raise the cost of lobbying for interest groups. However, further political integration in the EU will tend, at least in the long run, to lead to decision making being focused and concentrated at the supranational level, and within the EP, countering the increased lobbying costs which have resulted from the development of different layers of decision making and a diffused structure, during the early part of the integration process. For example, the costs of lobbying a single powerful EP could be lower than those of lobbying fifteen national parliaments.

responsive to interest groups than the Council, at least at present. However, Petit et al (1987, p. 123) considered that the extent to which the EP defended agricultural interests was related to its relative lack of power, with a more powerful EP hence being less responsive to them.

5.6 The member states and the EU decision making system

The second tier of the EU decision making system consists of the fifteen member states, who are represented in the Council, through the MEPs elected to the Parliament, and on an informal basis by commissioners and officials in the Commission and other common institutions. However, influence can only be exerted on MEPs by national governments to a limited extent, though more strongly where they are also members of the national parliament as are some French MEPs.

The EU bargaining system operates in the manner anticipated by neorealists such as Moravcsik (1993) and Cornett and Caporaso (1992). Moravcsik argues (pp. 486-487) that in a bargaining system like that of the EC/EU, the costs and benefits of policy co-ordination are not equally distributed, making conflict between international and domestic winners and losers virtually inevitable. Cornett and Caporaso describe how in neorealist theory states worry that (p. 229) 'the division of possible gains arising from cooperation may benefit others more than themselves'. Examples of such concerns and related actions abound in the EU. A well known and often discussed one was the pressure from the UK in the early 1980s for a rebate to limit its growing net budgetary contributions, and later to restrain CAP expenditures and hence the growth in budgetary outlays. Another was French insistence on revisions to the Blair House Agreement on multilateral trade liberalisation under the GATT. However, the neorealist emphasis on states as the main actors only captures a part of the EU decision making system, since the EU's common institutions also play an important and expanding role.

The neorealist perspective provides a much more understandable and convincing perspective of EC/EU decision making than the 'idealist' perspective, from which it would be argued that former UK prime minister Margaret Thatcher was not justified in defending the UK's budgetary interests at the cost of creating friction with the German and French leaders. For example, George (1990) sees other leaders of major countries quietly supporting Mrs Thatcher's stand for budgetary restraint, since they accepted its desirability but could not publicly support it for fear of the political consequences at home.

There is no effective third layer to the EU decision making system other than the weak and effectively insignificant roles of the ESC and the COR. However, there is in some member states a layer below that of the national government. The most important example is that of the German states or *Laender*, of which there are sixteen following unification. Their consent as

members of the second chamber of the *Bundestag* is required for ratification of international agreements, including the Maastricht Treaty. Pressures from the *Laender* at the time of the Maastricht Treaty negotiations were instrumental in the agreement to establish the COR.

The positions of the member states themselves are determined by such factors as the parties in power, national gains and losses from different policies, and the influence of interest groups which stand to gain or to lose from EU policies or actions. However, the EU supranational and intergovernmental policy spectrum is wide; and losses or gains in one area are often balanced by gains or losses in an entirely different policy area. The agreement of individual governments to policy initiatives to which they are opposed or indifferent may sometimes be bought through assistance with policy measures or financial transfers in another area.

5.7 The nature of EU supranational decision making

While Wallace (1990, p. 157) saw the EC decision making process as being 'open and transparent', Higgott (1991, p. 258) commented that its lack of transparency, unfathomable nature and complexity created frustrations for those trying to influence it, including Australian and US interests. The differences in perception could be ascribed to the geographical location of the authors at the time of writing: Wallace being in the UK, Higgott in Australia. Bagehot (1991, p. 65) expressed unhappiness and unease with Maastricht as a way of doing business, and with summit meetings in general as a 'disturbing symbol of the EC's elitism'. Haller (1994, p. 254) refers to 'the high degree of informality and confidentiality of EC politics' and 'the frequent substitution of public political discussion and action by administrative decisions', and sees citizens' interest in European politics being restricted to the national level as a result.

There was a recent initiative from Sweden, backed by Denmark and the Netherlands, to open up EU decision making a little and make public the final drafts of legislation which is to be presented to the Council for approval (Watson 1995); Denmark also asked for publication of the minutes of the Council meetings and of the voting records of the ministers. These moves were strongly opposed by France, Germany, Belgium and Luxembourg. However, the Council of foreign ministers has agreed upon the adoption of a code of conduct, whereby minutes of its meetings will be made publicly available 'save in exceptional circumstances', and the use of minuted declarations or unpublished statements which are attached to EU legislation in the Council and modify its application will be limited (Buonadonna 1995). While this is a move towards openness, an attempt by environment commissioner Ritt Bjerregaard to publish *Diary of a Commissioner*, a candid diary of her first few months in Brussels, resulted in her giving way

to pressures from above to stop publication, even though extracts had already appeared in a Danish newspaper (Smart 1995b).

5.8 Conclusions

The primacy of the Council has meant that it is national governments and the parties represented in these which have been the source of power in the EC/EU, especially the four main member states and Germany. The disproportionate voting power of smaller member states has increased the level of support for the CAP, since most of them are net beneficiaries from it. The access member states have had to the veto has raised the cost of passing legislation, including reforming the CAP.

The influence of individual member states is also exercised through MEPs in the EP, and commissioners and officials in the Commission, although this is not on a formal basis, and varies according to the member state involved. Both the Commission and the EP play 'bureaucratic politics' and seek to extend their influence. However, the EP's power-seeking could also be seen as consistent with realist and neo-realist theories of relations between states, if it is viewed as the potential or incipient government of a state-in-the-making.

A significant and original finding is that the imbalance in the distribution of Commission positions, especially at higher levels, has operated to reduce the influence of the UK and enhance that of France, when the implications of network theory and observations on the networking activities of officials are taken into account.

The influence of interest groups at the supranational level has been restrained by the continuing power of the Council, at least with respect to agriculture. However, lobbying and interest group influence is growing. While there have been suggestions and indications that the EU's political system could develop on the pattern of the interest group dominated US one, interest group theory does not necessarily support this, and it has been argued that as the EP's power grows, it will become more responsible and impartial rather than responsive to interest group pressures. The party list system on the one hand, and the first-past-the-post electoral system used in the UK on the other, serve to restrict the growth of interest group influence, but may not prevent it.

The decision making system is essentially a bargaining system between the member states, but one into which the Commission and the EP increasingly have an input. As Moravcsik (1993) suggests, the system is a conflictual one because the costs and benefits of the policy co-ordination bargaining system are not evenly distributed. However, many considerations are

involved in the assessment of countries' gains and losses, some of which are very difficult to quantify.

The unique structure of the EU's decision making results in policy outcomes which are different from those of more 'normal' states. The need to obtain the agreement of all member states has made policy making and policy reform slow and more difficult compared to the process in single states. Weber (1994, p. 106) concludes that the varying interests of EU countries and the composite nature of the EU entity have made it more difficult to design and implement policies, and have served as a constraint in trade negotiations. It is clear from the evidence presented here and in supporting appendixes that the structure of the EC/EU decision making system has influenced policy outcomes.

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6. THE INPUT AND IMPACT OF AGRICULTURAL INTERESTS

6.1 The success of agricultural interests

Agricultural interests have influenced EC/EU decision making through political parties, the governments of individual countries, producer and other interest groups, and supranational institutions. The political processes of member states, especially those of the key member states of Germany and France, and of the supranational EU institutions, play a major role in determining the strength and impact of this influence.

At the time of the Treaty of Rome in 1957 agriculture was a very important employer of labour, with one third of the EEC population working or being dependent on the land in the 1950s. Incomes in agriculture were only two-thirds of equivalent urban incomes. Agriculture and the rural sector were major sources of votes and electoral support. As population fell in the countryside, the agricultural vote decreased, but remained important due to the swinging nature of the vote, which it was able to offer to the highest bidder (Gourevitch 1989).

Agricultural interests were successful in imposing the CAP and in sustaining it as the major EC policy for over three decades. The CAP was a major part of the Franco-German 'initial compromise' (Ahrens 1986). This allowed the EEC to be founded, on the basis that German industry was to benefit from access to French and other EC markets, while French agriculture was to benefit from being a supplier of food to Germany (Michelmann and Storey 1990). The percentage of the EU budget which is taken up by the CAP is one indicator of the importance of agricultural support in the decision making system.

Between 1967 and 1987 agriculture accounted for between a third and a fifth of Council meetings, the same or slightly more than general and foreign affairs did (Wessels 1991). The proportion of Council meetings devoted to it decreased as the number of meetings overall rose from 20 to 81 per year, but it remained the most important single policy.

Over the longer term the agricultural population and vote has declined. At the beginning of the 1990s the proportion of the labour force in agriculture was 6 per cent in France, 5 per cent in the FRG and 2 per cent in the UK.

As shown in chapter two, the strength of agricultural interests in the EU has been such as ensure that, while reforms have operated to change the nature of the instruments used, and to reduce inefficiencies resulting from the holding of large stocks of products and from

environmental damage, they have not operated to reduce producers' incomes. Where quotas have been imposed, producers have gained from the creation of a new and valuable asset in terms of their allocations of the production quota. Where there have been substantial cuts in support prices, as in the 1992 reforms, producers have received income compensation. While there have been changes in the nature of the CAP to reduce its negative ecological impact, these have been largely in the form of additional financial benefits to farmers for adopting less damaging practices. While set-aside requirements were included in the 1992 reforms for environmental as well as market management purposes, they have been reduced in response to improved market conditions, which benefits producers' incomes but increases the load upon the environment. Agricultural interests were hence able to ensure that the 1992 reforms did not have a significant negative impact on producers. The reforms are now considered to be providing only a short-lived respite for the CAP, and a recent assessment of their various environmental impacts suggested that none of these have been large (Hine 1996).

6.2 Policy making at the EU level

6.2.a A policy making model

The CAP and EC/EU decision making system is a complex bargaining system in which countries, supranational institutions, parties and regions participate and determine outcomes rather than producers, consumers and taxpayers as such. Interest groups operate mainly through national governments and their importance is determined partly by their relationship to parties. A number of basic principles lie behind the system:

- (i) improving national economic welfare can be a goal for member states, and in this respect they can be 'rational actors';
- (ii) political goals and considerations are also important, for example meeting the demands of coalition parties, and courting marginal voters;
- (iii) national systems vary, and political and economic changes in member states can have substantial effects on goals;
- (iv) due to its economic and demographic size, and its position as the most important financier and support of the CAP, Germany has a greater importance in EC/EU decision-making than other member states: this was the case prior to unification, and is even more the case now: France is of secondary importance;
- (v) the proportion and rank of a country's nationals in the European Commission, and the extent to which officials and commissioners prioritise national as opposed to EU goals, can influence the level of support for the CAP;

- (vi) where MEPs follow a different line with respect to the CAP from their home countries or national parties, this can detract from the ability of these countries and parties to influence the CAP; the main example of this has been with respect to UK MEPs who have been more pro-CAP than the government or major parties; and
- (v) the system changes over time due to factors such as changes in the bargaining situation of individual countries, often as a result of domestic political change; increases in the power of the EP; changes in the relative representation of countries at different levels of the European Commission; and changes due to enlargement.

As shown in Table 6.1, major goals and outcomes of the bargaining system include the system of net transfers to and from member states through the EU budget, and to regions and groups within member states. Differences in the weights accorded to countries reflect bargaining ability or success, with these being related to domestic member state political considerations, voting power in the Council, representation in the Commission and the EP, and community of interest with other member states, coalition building and 'horse-trading' capacity, and the impact of decision rules. Key political and economic motivations underlie goals and outcomes for individual member states.

Table 6.1: Trends and changes in EC/EU and CAP bargaining

<i>Year</i>	<i>Change</i>	<i>Effect</i>
from 1958	Transfers from Germany to France and Netherlands via agriculture.	EEC able to be established through this 'initial compromise'.
1966	'Luxembourg Compromise' ensures veto available on agricultural issues.	Increases political weight of the smaller member states in the policy preference function.
1973	Enlargement of EC to include UK, Ireland and Denmark.	Additional transfers to Ireland and Denmark add to political weighting of agricultural protection in preference function, especially for livestock products.
1980	In the 1980s France becomes a substantial net contributor to EC budget. Socialist President from 1981, Socialist government most of 1980s.	French interest in the development of policies outside agriculture, from which France would benefit.
1981	Greece joins EC: establishment of IMPs ^a .	An additional net CAP and EU budget beneficiary.
1982	FDP leaves SPD/FDP coalition, forms coalition with CDU/CSU. Agriculture 60% EC budget.	More government support for cereal producers due to CSU now being in governing coalition.
1984	Agreement on the introduction of dairy quotas.	Partly reflects increased influence of small, part-time farmers as opposed to larger ones.

Table 6.1 continued

1985	Agriculture increased its EC budget share to 1980s peak 70% level: henceforth decreases.	Increased importance of agriculture as the source of net budgetary transfers and political interest.
1986	Accession of Spain and Portugal: expansion of IMPs, and structural expenditure. UK gets budget rebate arrangement.	Growth in demands for industrial and structural expenditure and for less support for northern agricultural products. Restrains growth in the negative weighting of the UK in the preference function. Reduces UK opposition to larger budget.
1987	Agriculture down to 64% budget.	
1990	German unification. CDU gains outright majority in German elections, CSU becomes less influential, in absolute terms and relative to FDP.	Germany now the predominant state. Influence of cereal producers, and to some extent farm lobby in general, reduced in Germany and hence to some extent in EC preference function.
1991	Maastricht agreement: expansion of policy mix to include industry, infrastructure, and 'cohesion' policies.	Reduces agriculture's share of budget and reduces extent to which EC/EU inter-country bargaining is about transfers based on CAP.
1992	Agriculture down to 55% of budget. CAP reform agreement on price cuts and income support, and environmental measures. Blair House Agreement.	Shift in CAP from price to partial income support and to assistance for environmental measures. Restricts future growth in CAP subsidised exports of major products.
1993	UDF/RPR coalition wins general election and forms government in France. Maastricht Treaty ratified.	Blair House Agreement renegotiated, loosening its future restrictive effects. Expansion of the EU policy mix ensured.
1995	Jacques Chirac, leader of the RPR, becomes president of France. Sweden, Finland and Austria join EU.	Reluctance to accept further CAP reforms except where full income compensation provided. Reduced budgetary problems for a time.
1996-1997-1997-2010	Expansion of other policies. Agriculture projected to fall to 46% of budget. Preparations for eastwards enlargement and end of any transition period set for agriculture to allow enlargement.	Pressures for growth in industrial, infrastructure and social expenditure. Major changes to the CAP, involving either winding down, transfer to income support for existing producers, and/or renationalisation.

a) IMPs (Integrated Mediterranean Programmes) provide assistance on a broad front to southern member states.

The process of agricultural policy making has operated at a number of different levels, involving the EU's common institutions, and parties, governments and interest groups within member states. Cram (1995) identifies 'day-to-day' politics and decision making on the one hand, and decisions which are at the 'history making' or 'constitutional' level and involve major institutional change on the other hand. At the highest level agricultural policy making has involved bargaining in the European Council, over issues which involved major changes to the system, such as the 'Stabilisers' reforms, the 1992 CAP reforms, and the provisions of the

Maastricht Treaty. These changes have included the 'Blair House' Uruguay Round agreement, but this also involved the highest levels of the Commission. The decision as to whether major changes will be made to the CAP to make it compatible with eastwards enlargement of the EU will also be decided at this level.

The negotiation of trade agreements is one of the competencies of the EU's institutions, and the 'Blair House' Agreement involved the commissioner for agriculture and rural development, then Ray MacSharry, acting on behalf of the member states. However, Jacques Delors, commission president, attempted to overrule MacSharry. Since Delors was acting in the interests of France rather than the member states, and attempting to exercise a 'president's prerogative' to which he was not entitled, MacSharry resigned, forcing a climbdown from Delors before he would withdraw his resignation. However, what the Commission negotiates still has to be ratified by the member states, and a change of government in France led to a weakening or 'clarification' of the agreement before the new French government would agree to ratify it.

After the European Council, the Council of the European Union or Council of Ministers is the most powerful body making decisions on agricultural policy, with the highest Council being that of the foreign ministers. It has been called upon to take over from the European Council on agricultural policy issues when agreement has been reached on major issues but some items are still outstanding, as occurred with respect to the 'Stabilisers' agreement, where the arrangements for some products were left to the foreign ministers to negotiate.

More frequently occurring and mundane issues of agricultural policy making such as the annual setting of prices and the operation of agricultural restructuring and environmental improvement schemes are dealt with by the agricultural ministers, meeting as the Council of the European Union. The annual price setting is the most demanding of these. In 1994, for example, a three day marathon session failed to reach agreement on prices and on proposals for improved conditions for animals in transport (European Union News 1994). Where changes are not disputed, they can be agreed upon in COREPER and hence be passed by the Council of the European Union.

The Commission makes agricultural policy proposals, often at the initiative of the Council. It is required to cooperate with the EP in doing so, although the EP has not yet obtained a power of co-decision with respect to agriculture. Interest groups attempt to influence the Commission and the EP, but their main activity where agriculture is concerned is at the member state level, where they attempt to influence political parties and the government.

6.2.b Limitations of available models

There is no fully explanatory model equivalent to that postulated here among those studies and models discussed in chapter four, although many of the latter contain elements of the model presented here. Hendriks (1987, 1989, 1991) set out elements of a bargaining model of CAP and EC policy making for Germany, and Schmitt (1986) and Runge and von Witzke (1987) discussed operational elements at the supranational level. The most satisfactory picture of the EC bargaining model was the snapshot presented by Petit et al. (1987) with respect to the adoption of dairy quotas in 1984, but this is only in the implicit sense, since the study explicitly accords importance to national interest groups rather than intergovernmental bargaining. Colchester and Buchan's (1990) description of the EU level or Council decision making process as horse-trading by ministers behind closed doors is brief but apt.

Lenschow (1995) suggests that the CAP has been 'path dependent', restricting the possibilities for change. She accepts that the structure of policy making has been intergovernmental, but explains recent reforms as being due to power shifts among interest groups, and argues that the reforms arose from the opening up of new 'access points' for change agents, and the emergence of a rural policy coalition. However, she admits (p. 14) that she is unable to explain why the GATT negotiations should have facilitated CAP reform in 1992 but not in earlier years, and notes (p. 29) that there has been little and even negative progress on reforming the CAP and making it more environmental since 1992, but does not explain why.

6.3 Institutional factors

6.3.a Institutional structure

Institutional structure has been very important in creating and sustaining the CAP, at both supranational and member state levels. The basic institutional rules adopted for EC/EU supranational institutions have been able to be exploited by countries and interest groups and those operating on their behalf. This applies to arrangements for voting in the Council, to party arrangements in the EP, and to recruitment arrangements to the Commission. At the member state level, institutional structure has been vital for ensuring a high level of representation by political parties in government.

Key institutional factors which have affected the ability of different member states to influence agricultural policy at the EC/EU level have included the level and nature of their representation in the Council, the EP, and the Commission.

The consequences of Council voting arrangements which give a disproportionately large weighting to small member states have been similar in practice to those of the enhanced

representation of rural populations described by Veeman (1990) with respect to Alberta and British Columbia and by Field (1987) with respect to Japan. In the EC/EU they have served to increase the voting power of CAP beneficiary countries.

The recruitment and promotions system in the European Commission has been constructed and operated in such a way as to result in a much more pro-CAP Commission than would have been likely to result from a less biased system. The disproportionately high proportion of French officials and disproportionately low proportion of UK officials, with the imbalance being much greater at higher levels, has supported France's objectives in maintaining agricultural support and hampered the UK's efforts for CAP reform. Differences in the extent to which Commission officials allow themselves to be influenced by the interests of their countries of origin have also led to increased support for agriculture. French commissioners and officials are considered to have continued to support French interests, and hence the CAP, while their British counterparts have been allowed, and expected, to be influenced more by overall EC/EU than national interests. The UK government fought strongly to obtain a reduced budget contribution, but did little to question the Commission's recruitments and promotions system and insist on it becoming fairer and more equitable. It is difficult to estimate the impact of the disproportionately low proportion of officials of UK nationality on the UK's situation and on support for the CAP, but it could be substantial.

The commissioner for agriculture and rural development has considerable influence over the shaping of agricultural policy and policy reform, even if the member states have the last say. Where the commissioner is from a member state with a heavy reliance on agriculture and on net transfers through the EU budget, and/or is himself a farmer, he can be expected to be sympathetic to the CAP.¹ The present incumbent, Franz Fischler, has a four hectare farm in the Tyrol in Austria (Watson 1995). He has been heavily influenced by Austrian values which emphasise small scale, ecologically friendly farming.² He has supported moves to make the CAP more ecologically friendly, and has been keen to preserve support for small farmers. He has stressed that the CAP should not be sacrificed in order to make eastwards enlargement possible,³ saying that (Coman 1995): 'The goal of enlargement to the east cannot reside in killing off the CAP'.

¹ The masculine personal pronoun is used here, since there has not been a female agriculture commissioner as yet.

² Examiner B.

³ This issue is discussed further in appendix C.

Previous agriculture commissioners have included Ray MacSharry of Ireland and Frans Andriessen of Denmark, both from agricultural exporting countries and net budget beneficiaries through the CAP.

Partiality towards French interests in supporting the CAP has extended to the highest levels. Jacques Delors was not known for being unresponsive to the need of his native France for the continuation of CAP support, and during his decade as president of the Commission he assisted French agricultural interests by giving them a direct line to Brussels.⁴ However, preserving these interests has at times had to take second place to more important EC/EU objectives and business, such as the SEA, the Maastricht Treaty, and the 1995 enlargement.

The Commission has become increasingly aware of the need to be seen to be promoting environmental issues, rather than allowing its management of the CAP to assist in the degradation of the environment, in order to increase its popularity with the EU's population.⁵ Environmental objectives have hence become an important part of its CAP management goals, as was demonstrated by the proposals and measures adopted as part of the 1992 CAP reforms.

6.3.b The influence of agriculture in the EP

Small countries benefit from greater representation in the EP than they would obtain on a strictly proportional basis, but to lesser extent than they do in the Council. The system of direct election of MEPs has in some cases led to them supporting objectives different from those of their national governments and home parties.

The influence of agricultural interests in the EP has been increased by a number of factors. One has been the poor attendance of a majority of MEPs, which has in some cases been due to them also being members of national parliaments. Supporters of agricultural protection have tended to be more regular attenders, and hence able to influence votes on issues. A further means of influence has been through membership of the agriculture committee: the members have tended to be farmers, or from constituencies with strong interests in agriculture.

Regardless of which party has been in power, the UK government has been a strong opponent of the CAP, due to its high budgetary costs and its effects in raising the price of food to consumers. UK MEPs have not necessarily operated in support of this objective, and have in some cases opposed it, reflecting their agricultural interests or those of their constituencies. Of

⁴ For example, in Ross' (1995) biography of Delors, he describes (p. 60) Jean-Luc Demarty, the agriculture specialist in Delors cabinet, taking a call from the president of the French farmers' union while he (Ross) was in Demarty's office.

⁵ Examiner B.

the seven UK MEPs who were members of the EP's agriculture committee in 1989, four were farmers and the remaining three had important agricultural interests in their constituencies (Westlake 1994). Sir Henry Plumb, a former president of the EP, was previously president of the UK NFU for nine years, and a farmer. The Scottish Nationalist Party MEP, Winifred Ewing, was active in support of the substantial farming interests in her constituency. Eluned Morgan, a new arrival from the UK after the 1994 elections, and the youngest member of the EP, became a member of the agriculture committee (Mistiaen 1994). She represents Mid and West Wales, a region with major agricultural interests. Her adoption of a pro-CAP stance in supporting the region's interests conflicts with the cheap food policies of the UK Labour Party for which she stood as a candidate and was elected.

The adoption by UK MEPs of more pro-CAP positions than their UK home parties in the UK support illustrates the inability of national parties to influence the actions of their MEPs. Even though the powers of the EP have been very limited, and are still weak compared to those of national governments and the Council, it is possible to see here how the EP has operated to give more support to a specific policy, in this case the CAP, than would have been given by national governments in intergovernmental decision making.

This ability of MEPs from the UK to adopt a line on agriculture different from the UK government one, even when from the party in government, is evidence that a simple 'realist' perspective of EU decision making as being a struggle between states is no longer an adequate characterisation.⁶

The limited powers of the EP have restricted the impact of the strong pro-agriculture forces within it to prevent reform of the CAP. However, the EP has been seeking to have the co-decision procedure enlarged to include agriculture. Given that the EP has tended to support higher prices than those approved by the Council,⁷ such a move could reverse CAP reforms and create new budgetary difficulties.

⁶ There has also been a substantial divergence of views between the UK government and UK Labour MEP Pauline Green, leader of the Socialist group of MEPs, the largest group in the EP, over labour market regulation. However, this divergence of views is consistent with party politics, while that between Conservative MEPs who have strongly supported the CAP and the policy of their national government and home party is more striking.

⁷ For example, Fearn (1988, p. 11) shows that the EP's opinion on the Commission's agricultural price proposals in the 1970s and the first half of the 1980s was in favour of greater price increases than those being proposed by the Commission, except for the agricultural years 1973-74, 1978-79, and 1980-81, when the opinion of the EP supported the increase proposed by the Commission, and the years 1969-71, 1974-76, and 1984-85, when no opinion was given.

6.4 Crucial bargains at the EU level

6.4.a Key bargains between countries

Agricultural policy making in the EU has developed within a framework of crucial bargains between member states. These bargains have reflected the objectives of different member states and their relative strengths in the policy making system, and have changed over time. The initial Franco-German bargain which founded the EEC and established the CAP has already been described. The UK has failed to have an equivalent input into bargaining over the CAP compared to that of France and Germany, due to its late entry into the Community in 1973, the smallness of its agricultural sector, and its lack of community of interest with either the wealthy north or poor south.

The enlargement of the EC to include Greece in 1981 and Spain and Portugal in 1986 resulted in France's former net benefit through the EC budget becoming a net payment. The CAP has been to some extent a means of transferring funds from wealthier to poorer member states, but there have major exceptions to this, with wealthy Denmark being a net recipient and the average-income UK having to make substantial net financial contributions.

In the EU inter-country bargaining system individual member states typically have to sacrifice some objectives in order to gain others, some of which may be outside agriculture. In the early 1980s Mrs Thatcher's objectives with regard to the EC included lower agricultural prices (or smaller increases) and a budgetary refund: in the event, the former objective was sacrificed for the latter (Winters 1987, p. 300). As Petit et al. (1987) show, the member states had a variety of individual objectives in the negotiations on the imposition of dairy quotas, but some of these were sacrificed in the course of securing an agreement. Ground had to be given over proposals to impose an oils and fats consumption tax, to open discussions on restricting the import of cereal substitutes, and special concessions for certain member states.

In the 1992 CAP reform agreement, Ireland gave ground on the objective of maintaining support prices for livestock prices, in return for assurances that its net budgetary transfer would be doubled. The UK obtained the removal of provisions which would have prevented large farmers from obtaining direct income aid.

6.4.b Net budgetary transfers

Net budgetary transfers are an important part of the bargain between member states at the EU level. Table 6.2 shows the basic pattern of transfers between member states, which represents the outcome of the bargaining process between countries in the EU. The bargaining process also involves parties, regions and groups within member states. The CAP has been and

remains the major source of budgetary transfers. However, it failed to bring about a single market in agricultural products, at least until very recently, because of differences between 'green' agricultural exchange rates and financial or ECU rates (Bureau and Butault 1992). This has increased the focus on net budgetary transfers as a policy outcome as opposed to the level of agricultural protection.

Table 6.2: Objectives in net budgetary transfers between countries

<i>Objectives in net budgetary transfers between countries</i>	
From:	To:
Germany	Denmark
U.K.	Ireland
France ^a	Greece
Netherlands ^b	Portugal

a) France was a net beneficiary up to 1985.

b) The Netherlands was a net beneficiary until 1993.

The transfers between countries reflect complex factors. They do not represent an attempt to obtain equity. While the relatively poor and peripheral countries of Greece, Ireland and Portugal are net beneficiaries, so are relatively affluent Denmark and the Netherlands.

Table 6.3 gives details of transfers during the second half of the 1980s. Details of net transfers are available in the annual report of the Court of Auditors, and are sometimes given out by member state authorities, but only on a somewhat out-of-date basis. Transfers have increased over time, due to the enlargement of the EC/EU and the widening of its policy mix. While Germany and the UK have remained net contributors over many years, France was a substantial net beneficiary up to the mid-1980s, since when she has been a significant net contributor. The Netherlands' situation changed in 1993 from that of net beneficiary to net contributor of over a billion ECU. As a result there has been a shift in the Netherlands from strong support of the EU's policies to a much more critical approach, now that it has become one of the biggest net contributors on a per head basis (The Economist 1996). In 1995 the Dutch parliament was unable to adopt the EU's Own Resources Decision, already two years overdue, because of opposition to the increase in the Dutch contribution (Kerremans 1996, p. 15). The importance of net budgetary transfer situations is also demonstrated the UK's push in the early 1980s for its rebate arrangement.

New policies agreed on at Maastricht, and moves towards reform, have reflected at least in part the desire of member states to maintain their net budgetary transfer positions where these are favourable, and to change them where they are not.

Table 6.3: Net budgetary transfers

	'000 million ECU (actual) % GDP				'000 million ECU (actual)		Population as at 1.1.1993 thousands
	1983	1984	1985	1988	1989	1993*	
Germany	- 2.4	- 3.4	- 3.5	- 0.5	-6.5	-11.8	80 614
UK	- 1.2	- 0.8	- 1.0	- 0.2	-3.4	-3.1	57 959
Belgium	+0.4	+0.7	+0.4	- 0.6	+1.1	+0.1	10 068
Luxembourg a	a	+0.3	n.s.	- 1.0	n.s.	+0.2	395
France	- 0.3	- 0.8	0.0	- 0.1	-2.9	-1.0	57 526
Denmark	+0.3	+0.5	+0.3	+0.5	+0.2	+0.4	5 180
Portugal				+1.6	+0.5	+2.5	9 850
Italy	+1.1	+1.5	+0.8	+0.1	-1.4	-1.5	56 932
Ireland	+0.8	+0.9	+1.1	+4.4	+1.3	+2.4	3 556
Nether-lands	+0.3	+0.3	+0.4	+0.8	+1.1	-1.3	15 238
Greece	+0.9	+1.0	+1.3	+3.4	+2.0	+4.1	10 320
Spain				+0.6	n.s.	+3.0	39 114
Unattributable ^b					10.4	n.a.	
Total					44.3		346 357

Notes:

* 1993 figures are not adjusted, therefore not strictly comparable with earlier years. Also, they include receipts for administration, which affect in particular the figures for Belgium and Luxembourg.

a) Prior to 1985 figures for Luxembourg are included in the figure for Belgium. Spain and Portugal became members of the EC in 1986.

b) This figure represents the costs of collection and disbursement, the EC foreign aid budget, and may include the UK budgetary rebate figure, which reduces the net UK payment. Total contributions and expenditure amounted to ECU 44 329 million in 1989, with agriculture accounting for ECU 24 403 million of expenditure.

n.s. = not significant

n.a. = not available

Source: Nicoll (1988), and calculated from data of the European Court of Auditors, and OECD, cited in *The Economist* (1990), and Gardner and Bruce (1991). Figures for 1993 are from Wennerlund (1995). Population figures are from Eurostat.

Member states may be said to be acting as 'rational actors' where they seek to maintain or improve national welfare in terms of their net EU budgetary position. Where they have sustained major net losses, the compensations of EU membership may still be of greater value than the net transfers. Where domestic political considerations have led to larger transfers than would otherwise have been acceptable, the member state has not been a 'rational actor' seeking to maximise national welfare. It could be argued that Germany, the UK and (currently) France are not rational actors since they are allowing national welfare to be reduced through net budgetary transfers, without obvious compensatory benefits such as Belgium and Luxembourg

receive from hosting EU institutions. However, as shown by the industrial market, international influence and country unification benefits which Germany has obtained at least partly by being the main net contributor to the EU and the CAP, a net contributor situation may still represent rational national welfare maximising behaviour if the transfers are compensated by actual or anticipated gains in other areas.

Reliance on net transfers from the EU and through the CAP can lead to unwillingness on the part of the member state to oppose any EU policies, so long as they do not affect net financial transfers. Ireland, Greece and Portugal come into this category. Net budgetary transfers from the EU to Ireland, Portugal and Greece accounted for around 6, 4 and 7 per cent of GDP respectively in 1993 (Wennerlund 1995). Over the six years beginning 1994 these countries will benefit heavily from the ECU141 billion (US\$183 billion) in structural funding available to regions with output worth 75 per cent or less than the Union average, and from the ECU15.5 billion cohesion fund set up under the Maastricht Treaty (The Economist 1993). As can be seen from Table 6.4, these three countries have a high proportion of their populations employed in agriculture compared to other EU countries. They also have low levels of agricultural productivity, and Portugal in particular is heavily dependent on imports of agricultural products.

Table 6.4: Percentage share of agriculture in EC economies in 1988

<i>Country</i>	<i>GDP % value of agriculture</i>	<i>Labour force: % employed in agriculture</i>	<i>Agricultural Imports as % total imports</i>	<i>Agricultural exports as % total exports</i>
Belgium	2.0	2.8	9.4	3.8
Denmark	3.7	5.8	10.1	22.7
France	3.3	6.8	10.5	12.1
Germany	1.6	4.0	10.1	3.3
Greece	14.4	26.6	12.4	22.1
Ireland ^a	9.6	15.4	9.6	22.9
Italy	3.6	9.9	12.3 ^a	5.2 ^a
Luxembourg	2.3	3.4	9.4 ^b	3.8 ^b
Netherlands	4.0	4.8	16.4	18.2
Portugal	7.4 ^c	20.7	24.3	8.6
Spain	5.3	14.4	14.2	14.6
United Kingdom	1.2	2.3	8.0	5.8

a) 1987 instead of 1988. b) Belgium and Luxembourg. c) 1986 instead of 1988.

Source: OECD (1991)

In 1990 an estimated 57.4 per cent of the EC budget was taken up by direct agricultural price support expenditure (OECD 1991), hence the CAP is a major source of budgetary transfers. EU budget projections for the five years 1992-97 include an overall increase from

ECU66.5 billion to ECU87.5 thousand million, in constant values. The proportion going to agriculture would be reduced from 55 to 46 per cent, but the total amount would increase by over 10 per cent in real terms. Expenditures on the CAP are anticipated to total ECU37 billion in 1995 (The European 1995a).

Net budgetary transfers through the CAP arise from budgetary contributions on the one hand and CAP expenditure on the other. The latter includes purchases and storage of surplus products, export subsidies, consumption and processing subsidies, and payment for environmental measures. The greater the importance of agricultural production and exports in the economy of a member state, in general the more it will benefit from the CAP, as indicated by Koester (1977) and Kirschke (1983).

The need for the agreement of all member states to increases in the total EU budget has in the past led to attempts to modify the CAP, for example through the introduction of dairy quotas and the 'Stabilisers' agreement. Further CAP reforms could be required to obtain agreement on an increase in the EU budgetary base. As shown in chapter one and appendix D, maintenance of the CAP is not easily compatible with eastwards enlargement. Concerns over the budgetary consequences of further integration and eastwards enlargement have led to reduced enthusiasm for these.⁸

6.5 Bargains within member states

6.5.a The growth in the political importance of the CAP

Once the CAP had been firmly established, it and the overall EC budget became the means whereby German governments obtained benefits for their rural supporters, and stayed in power, and French governments wooed the crucial support of the swinging farm vote. Table 6.2 illustrates some of the regional and sectoral financial flows involved. The importance of

⁸ In a report of an interview with the Netherlands' minister for European affairs, Michiel Patijn, Smart (1995) describes how, when the issue of budget contributions is mentioned, 'Dutch enthusiasm for Europe seems to dim very rapidly', and it is recognised that eastwards enlargement will increase costs.

Concerns about rising budgetary costs led some politicians in Germany to call in 1993 for a slower pace of European integration, with Edmund Stoiber, the premier of Bavaria and a member of the CSU, criticising European integration on these grounds. A report from the German *Bundesbank* drew attention to the increasing cost of Germany's net contribution to the EU budget, which is estimated to increase from US\$13.2 billion (Dm22.4 billion) in 1992 to US\$17.7 billion (DM30 billion) in 1997. The bank argued that (Schuelenberg 1993) 'This (net budgetary transfer) position was justified until German unification by the fact that Germany was in second place, behind Luxembourg, in the prosperity league. Since then, however, united Germany has fallen back to sixth place, measured in terms of purchasing power.'

agriculture and the parties, regions and groups associated with it is indicated by the proportion of the EC/EU budget devoted to agriculture.

While the strength and unity of the farm interest group can have a strong influence on national policies towards agriculture, it does not necessarily determine the position of the national government with respect to the CAP. In both Germany and the UK there are strong major farm representative bodies, these being the *Deutscher Bauernverband* (DBV) or German Farmers' Union and the NFU respectively, yet Germany has supported high prices for farm products and the UK has opposed them. This becomes more explicable with reference to Bulmer and Paterson's (1987, p. 73) comment that, with respect to the strong influence of the DVB in Germany, 'The impact would be different if there were other interested parties which could act as a counterweight to the agricultural lobby'. In the UK there has been a much stronger counterweight to agricultural interests than in Germany, in the form of food industry organisations, importer groups, exporting countries outside the EU, and attention given to consumer concerns, which helps to explain why the NFU was not able to make the UK government's policy more pro-CAP. Although the French farm interest group is fragmented and lacks unity, the French government has been strongly in favour of CAP price support increases. Hence although farm groups can be highly influential, other considerations may in some cases determine national positions with respect to the CAP.

Table 6.5: CAP objectives and outcomes at the regional and sectoral level

<i>Transfers between regions and sectors^a</i>	
From:	To:
Industrial German <i>Laender</i> or states (eg North Rhine-Westphalia)	More rural German <i>Laender</i> or States (eg Bavaria, Schleswig-Holstein)
Paris conurbation, and industry	Rural France
Rotterdam-Hague conurbation, and industry	Rural Netherlands, especially the South
Athens-Thessalonika conurbations	Rural and island Greece

^a Additional major transfers do take place, but these are results of the system rather than aims of the EC/EU member state bargaining system.

Farm interests have been able to exert undue influence on the EC/EU and the CAP through their influence on national politics, for example through competition for the marginal and swinging farm vote in France. The CAP has also been sustained by the undue influence given to net CAP beneficiary countries by the imbalance in the Council voting system, and through the at least notional availability of the right to veto legislation.

6.5.b Member state institutional structures

The member states have been the driving political force in the EU through their membership on the Council. However, in the 1990s, due to the increases in the powers of the EP which have resulted from the SEA and Maastricht, and Maastricht's transfer of power over more policy areas to the EU's institutions, they are no longer the only key players.

Institutional factors which have determined the objectives and actions of member states have been crucial in initiating and sustaining the CAP. These have included the nature of political parties and their presence or otherwise in government, which is to some extent dependent on electoral systems, and the influence of interest groups. Political parties and interest groups are the main agencies through which agricultural producers and other individuals and groups are able to exercise influence in member states. It is votes which are the main currency of value to political parties, especially in marginal electorates, or where parties govern by a narrow margin or need one to take up their seats in parliament. Financial resources are a secondary issue.

As Scharpf (1988, p. 256) observed, it is national politicians and parties in government who reap the political benefits of the CAP. He saw the EC as bearing the full costs of the CAP without being able to capture any of its political benefits. However, the support of countries such as Ireland and Greece for further integration has to a large extent been purchased by the net financial transfers which they enjoy through the CAP.⁹ It is not MEPs who gain political benefits from these transfers, but the national parties in government which have obtained the transfers. The transfers and price support effected through the CAP have helped to keep the minority FDP and CSU parties in government in Germany as junior coalition partners. The majority CDU was able to return to government in 1982, when the FDP deserted its former Socialist coalition partner and formed a government with the CDU, partly because of expectations that it would support a continued high level of CAP assistance to German producers. In France the CAP has been a significant factor in the success of Jacques Chirac's 1995 presidential bid, and in the election success of the RPR/UDF coalition in the 1993 general election.

⁹ For example, Collins and Louloudis (1995, p. 107) describe the attitude of all political parties in Greece, with the exception of the Communist Party, as having 'changed dramatically in favour of the Community over the last decade'. This is partly if not mostly due to the major net financial transfers which Greece has received through the EU budget, mainly because of the CAP.

6.5.c Differences between member states

Political institutions, actors and processes vary considerably between member states, as do their outcomes. The differences most relevant to the CAP and agricultural protection include the nature of the domestic electoral system, the importance of coalition parties, the interests represented by coalition parties, and the extent to which there is an important swinging marginal vote associated with farm interests.

Apparent differences between national interests and party positions have sometimes been reduced in practice by the choice of incumbents for political appointments. For example, while the policy aim of the UK and its governing Conservative party has been to contain and wind back the CAP, three UK agriculture ministers in succession, MacGregor, Gummer and Shepherd, came from constituencies in East Anglia with intensive arable farming. This succession was broken with the appointment of William Waldegrave in 1994, but he was a Somerset tenant farmer (Grant 1995).

6.5.d Coalition governments

Where an agricultural party must be included in a coalition so that the majority party can govern, this increases the importance and influence of the farm vote relative to its size. The majority party must take on board the interests of the coalition party, even though these may conflict with the interests of its own supporters, or lose power. The ability of minority coalition parties to dictate agricultural policy in Germany is an example of this.

An electoral system based on proportional representation, as in Germany, greatly increases the representation and power of minority parties, leading to coalition governments. Conversely, the first past the post electoral system of the UK tends to result in large government majorities and the consequent ability of governments to pursue national rather than minority interests.

Table 6.6 shows how the policy objectives of the major member states and the Netherlands, Belgium and Ireland can be related to political and economic domestic institutional factors. In both France and Germany minority party members of the ruling coalition have strong connections with agriculture and a political objective of maintaining agricultural support. However, this is a situation which has changed with election results and the party or parties in power. When the CDU had a large enough majority after the 1990 elections to rule without the support of minority parties, it was supportive of CAP reforms and a GATT agreement which covered agricultural trade, although pressures from external trading partners and business and industry were also important in this change. When the Socialists held both the presidency and

the government in France, they negotiated the Maastricht Treaty, which gave benefits to infrastructure and industry in France, but not agriculture.

Table 6.6: **Political and economic factors and member state objectives, 1995**

Political factors^a

<i>Member State</i>	<i>Type of government</i>	<i>Agricultural parties</i>	<i>Change in parties/objectives</i>
Germany	Coalition, of 1 large 2 small parties.	CSU and to a lesser extent FDP.	Need for CSU and FDP support has varied.
France	A coalition of RPR/UDF: RPR holds presidency and parliamentary majority. Recent years saw 'cohabitation', and also Socialist government.	RPR is strongly in favour of farm support. Farm vote is 20% and swings – highly influential.	Major parties support CAP but could seek industry gains. Replacement of Socialists by coalition has increased support for CAP. RPR holds presidency.
UK	Not a coalition: first past post system usually ensures coalition not necessary.	No. Farm vote supports Conservatives but has little influence.	Some potential changes in event of Labour party government, but not towards higher CAP support.
Italy	Coalition of several parties, except when caretaker government.	Small ones.	Frequent change, but may be superficial.
Spain	Coalition of Socialists and regional parties. If Socialists lose power, centre/right coalition possible. ^b	Not at present.	Centre/right coalition more likely to support CAP than Socialists.
Netherlands	Coalition government.	Protestant and Catholic parties but Christian Democrats represent farm interest.	Change in composition of government could change emphasis.
Belgium	Coalition of 4 parties, acts like coalition of 2 but now a federal state.	No.	Change could be on a regional rather than national basis.
Ireland	Coalition at most times.	Majority Fianna Fail and Fine Gael parties, minority Progressive Democrats and Labour.	No – both major parties support CAP.

a) Only the situation at the time of writing is given: historical differences are given in Table 6.8.

b) Socialist coalition now replaced, as at 1996, by centre-right/regional coalition.

Table 6.6 continued

Economic factors

<i>Member State</i>	<i>Agricultural interests</i>	<i>Farm characteristics</i>	<i>Other interests</i>
Germany	Northern products: cereals less important 1990-94.	Small, part-time.	Industrial, EU enlargement.
France ^a	Northern and Mediterranean products, cereals, dairy, wine and beef.	Many small farms, but a major large farm sector.	EU support for industry. Socialists obtained this from Maastricht Treaty.
UK	Lower prices and budget payments.	Many large farms, but small farms in in less favoured areas ^a	Free trade, lower EU budget.
Italy	Mediterranean products, income and structural support.	Many small farms.	Regional, structural and social funding.
Spain	Mediterranean products, landless labourers, structural support.	A major large farm sector, and landless agricultural workforce.	Cohesion, structural, regional and social funding. PER unemployment scheme assistance.
Netherlands	Intensive livestock (pigs, dairy), feed substitutes.	Not large, but modern and high output.	Trade: handling and food processing.
Belgium	Sugar, intensive livestock.	Average.	Location of EU institutions.
Ireland	Dairy, beef – pasture-based livestock.	Many small farms, low productivity.	Structural and income support. Maintain budgetary transfers.

a) Less favoured areas are specially designated disadvantaged agricultural areas, in many cases hilly or mountainous.

6.5.e Governments with narrow majorities and a swinging farm vote

Where the ruling party governs by a narrow majority and the farm vote is of a swinging and uncommitted nature, the influence of the latter can be greatly increased relative to its size. The farm interest vote can also be increased by the rural connections and sympathies of the urban population. In France, for example, the farm interest vote is equivalent to almost a fifth of the total, yet working farmers represent only 4 per cent of the electorate (The Economist 1991).

6.5.f The effect of a change in the party in government

In some member states the objectives with regard to the CAP and the EU change when different parties come to power, but in others the objectives remain the same regardless of the party in power. The impact of changes in the parties in government in Germany and France, or in the size of their majorities, is discussed below.

6.6 Germany and France

6.6.a The importance of Germany and France

Germany and France are the two key EU member states with respect to the CAP. Germany is the most important single member state in terms of population and economy and also the major net contributor to the EU budget, and until 1990, a mainstay of the CAP. Germany was already the largest member state in terms of population and economy, by a modest margin, prior to unification in 1990. Following unification Germany now has a population roughly 40 per cent larger than that of any other member state and accounts for over a quarter of EU GNP and internal and external trade. France was the main instigator of the CAP, and until the 1980s the major beneficiary of CAP-related transfers through the EC budget. The UK has been fighting a rearguard action to control and contain the CAP and its mounting costs ever since accession to the EC in 1973, while for Italy the CAP has not been a major cost or cause for concern. The other member states are mostly net CAP recipients, and not key players in terms of their input into major policy changes.

Agricultural interests were influential in achieving the establishment of a protectionist CAP as a basic agreement or initial compromise crucial to the establishment of the EEC in 1958 (Ahrens 1986). France was fearful of 'the more powerful and efficient German industry' (Wistrich 1994, p. 61), and hence insisted upon a balancing benefit in the agricultural sector. The ECSC established by the 'Six' in 1952 had allowed Germany to retain at least indirectly some control over its coal and steel resources, and removed potential objections to the restoration of the Saarland to Germany. Germany was therefore able to feel confident that the benefits of the EEC would outweigh the costs which the CAP and other common policies were likely to impose.

In recent years agriculture accounted for less than 2 per cent of West German GDP, and less than 4 per cent of employment. This suggests that it would have been difficult for Germany to benefit greatly from her expenditure on the CAP, as receipts from the CAP have reflected agricultural production and imports and exports.

France is less influential than Germany in political and economic terms, but of particular importance to the CAP as its main instigator and main beneficiary until the 1980s. Even when German political conditions have been such as to permit CAP reform, France has limited the extent to which reform has been achieved.

6.6.b Germany

Germany's initial support of the CAP was a relatively small price to pay for the prospect of integration into a larger entity, which meant 'a leap from opprobrium and impotence, to respectability and equal rights' (Hoffman 1968, p. 211). The reasons for Germany's continuing support of the CAP, in spite of the transfers through the EC/EU budget which this led to, can be found in domestic political actors and processes. There are two majority parties, the CDU and the opposition SPD. However, the single member proportional list nature of the electoral system has resulted in the major parties having difficulty in obtaining overall majorities, and relying on the support of minority coalition parties in order to govern. The two minority parties of importance are the CSU, which is regarded as a sister party or wing of the CDU, and the FDP.

There is some disagreement on the part of researchers as to the importance of the minority parties in determining German agricultural and CAP policy, and the extent to which government support for the CAP has been due to the influence of the main agricultural interest group, the DVB, rather than the political parties. The issue is complicated by the fact that ministers of agriculture have tended to be representatives of either the FDP or CSU, until recently, but also members of the DVB, leading Bulmer and Paterson (1987, p. 154) to comment that with respect to the then newly-appointed CSU minister of agriculture, Ignaz Kiechle, they found it 'very hard to decide whether his policy is being affected by the DBV or the CSU since their positions are so similar'.

The ministry's employees often have strong connections with both the DVB and either the CSU or FDP or the majority CDU. There has also been a strong regional factor, in that ministers of agriculture also tended to come from Bavaria, a strongly agricultural state, until recently. There has been fierce competition between the FDP and the CSU for agricultural votes in Bavaria (Nedergaard 1994, p. 98).

Bulmer and Paterson took the view that (p. 155) 'the impact of the political parties on European policy, although difficult to separate out, is comparatively slight'. They also argued that (pp. 158-159) 'on agricultural policy the CDU/CSU and FDP tend to reflect the views of the agricultural interest ... However this is not to say that they have a great impact since routine policy largely arises out of the interaction between the Agriculture Ministry and the DVB'.

However, while they stress that the impact of the parties on routine policy issues is small, they do admit to some important influence from the CSU in the matter of CAP price changes, as indicated below. They are particularly critical of the importance accorded by some other studies to the FDP and its ministry of agriculture Josef Ertl in terms of responsibility for the SPD's pro-CAP policy. They acknowledge that many scholars have stressed this importance, (p. 159) 'particularly those writing outside Germany'.

Andriik (1981), Fitzmaurice (1983), Neville-Rolfe (1984), Hendriks (1987, 1989 and 1991), Petit et al. (1987), Swinbank (1989), and Ulbricht (1989), show how the minority parties have been able to extract high levels of agricultural support as the price of their willingness to participate in coalition governments. The work of some of these authors would come into the category of 'writing outside Germany', and Andriik (1981) and Neville-Rolfe (1984) were considered by Bulmer and Paterson in their study. However, the work of Hendriks (1987, 1989 and 1991) has been undertaken to a large extent within Germany, and more recently than that of Bulmer and Paterson. She is a specialist on German politics and the CAP, and her book on Germany, European integration and the CAP (Hendriks 1991) constitutes the major work on the topic, and one which was produced after years of specialised research and earlier articles on this area. While Bulmer and Paterson's (1987) book also deals with Germany and the European Community, it does not focus mainly on the CAP, and their expertise as specialists is related to Germany as a whole rather than the CAP and the connections between agriculture and politics. As indicated by the discussion below, Hendriks accords considerable importance to the influence of the FDP on German policy, at least between 1969 and 1990, unlike Bulmer and Paterson. She also views the DVB as (1991, p. 144) 'one of the most powerful interest groups in West Germany', and states that it has determined crucial decisions taken by the German government and influenced Germany's position in CAP decision making

Bulmer and Paterson themselves acknowledge the influence which a minority party had on Germany's CAP policies on one occasion, when they state that Kiechle, when agriculture minister (p. 159) 'came under very clear pressure from the CSU, the party which he was representing in government, to veto EC cereal price cuts'. They also argue that with respect to this issue of cereal prices (p. 163) 'Chancellor Kohl ... allowed sectoral pressure funnelled through party channels to overrule general European policy goals'. In a later book produced by Paterson jointly with another author (Paterson and Southern 1991) it is acknowledged that (p. 195) 'The maintenance of the CAP and of high agricultural prices has therefore been a key CSU policy', but there is no discussion as to the relative influence and importance of the CSU in achieving these goals.

While the DVB has been able to exert a strong influence on agricultural policy in Germany, this has been possible because the political environment allowed this to happen,

something which is necessarily related to the importance of the farm vote to each of the CDU, CSU and FDP, and to the influence that the two smaller parties were able to wield through their place in governing coalitions. It is also important to note that although the DVB has remained important and powerful, its influence has declined since the Bulmer and Paterson study due to the costs of unification and the high levels of unemployment which have followed this, and reductions in the importance of the agricultural population, at least up to unification. Bulmer and Paterson spoke of (p. 157) 'a very beneficent mass and elite opinion' towards farmers, and of (p. 159) 'a general consensus in the Federal Republic in favour of supporting agriculture'. Writing some nine years later and with respect to the EU as a whole, Maraveyas (1996, p. 128) suggests as part of his 'working hypotheses' that 'it seems that farmers as a social group have ceased to be considered by society as a group which requires protection'. While farmers have still been able to manipulate reforms so that these do not result in reduced incomes, it is nevertheless the case that they are not able to wield as great a political influence in Germany as formerly.

The two minority parties have somewhat different support bases. The CSU is associated with Roman Catholic Bavaria, and small and part-time dairy and cereal producers, and is in ideology to the right of the CDU. The FDP is more representative of Protestant northern farmers and small business, and sugar beet, coarse grains and dairy, and is more left-wing than the CDU in some respects. Larger farms in both the north and Bavaria vote for it (Hendriks 1987). The CDU has had some support from Protestant farmers in the centre and north (Averyt 1977, Neville-Rolfe 1984). Nearly 80 per cent of farmers vote for the CDU/CSU combined (Keeler 1996, p. 141). However, the farm vote has often been of crucial importance to the FDP in helping it to clear the 5 per cent threshold and hence take up its seats in the parliament (Petit et al 1987, p. 57). The FDP has had a 'continual struggle to secure enough votes to be represented in parliament' (Hendriks 1991, p. 118).

Although the aim has been price support for domestic German producers, transfers have been achieved through the CAP. As the CAP applied to the whole of the EC, and for example French wheat production is roughly three times that of Germany, domestic German pressures for high support prices sustained an expansion of production throughout the Community.

German desires to reduce net German payments to other EC members have been frustrated by domestic concerns (Hendriks 1989). The introduction of the MCA system in 1969, and the existence of special 'green' agricultural exchange rates, provided a limited amount of insulation and additional support for German agriculture. Since the MCAs did not apply to inputs such as fertiliser and machinery, or to cereal substitute feeds with GATT-bound tariffs, they operated as a net subsidy on German agricultural production.

In Germany the political system differs from the one-dimensional left-right Downsian model due to the existence of the CSU and FDP as small but important parties, both of which have agriculture as a key interest and are in the governing coalition. The vote-maximising politicians of these minority parties and of the majority CDU have been the CAP's beneficiaries, rather than the EC as an entity (Scharpf 1988, p. 256). The political situation has in the past enhanced the political power and influence of the farm vote, since a majority party required the support of at least one of the minority parties in order to form a government. The CAP and the EC/EU budget have been used for transfers to minority party supporters and regions, with transfers between the *Laender* or individual states of Germany being more difficult to achieve at the national level.

The combined single member proportional list system has allowed minority farm interest parties to benefit from list votes or preferences, so that for example the FDP was able to benefit from unsuccessful votes for the CDU/CSU coalition (Feld 1979, p. 351). The CDU/CSU coalition had an absolute majority of over 50 per cent of votes and seats in the *Bundestag* during the period 1957-61 (Frey and Schneider 1980, p. 49), and again 1990-94.

An FDP nominee and Bavarian from a farming background, Josef Ertl, remained minister of agriculture from October 1969 until March 1983, despite the fall of the SDP/FDP coalition government in October 1982 (Swinbank 1989). He was replaced by a CSU nominee, Ignaz Kiechle, a dairy farmer from Bavaria. In 1964 the CDU/CSU coalition, which had been in power for over a decade, agreed to lower cereal prices in Germany as part of the arrangements for the establishment of the CAP (Neville-Rolfe 1984). During this period Germany's political weight in the EC was comparatively low, which limited its ability to pursue its perceived national interests (Hendriks 1989).

There was considerable dissatisfaction among farmers at the price reduction. The formation of a 'grand coalition' government from 1966 to 1969 greatly weakened the influence of the farm vote, as the support of the minority parties was not essential. The coalition government was able to reduce the compensation which farmers were to be paid from federal funds to compensate for lower prices due to the CAP (Neville-Rolfe 1984). One response by farmers to the 'grand coalition' was to vote for the extreme right wing National Democratic Party (NDP), but in 1969 this party failed to get the necessary 5 per cent of the vote to take up seats in the *Bundestag*.

From 1969 to 1982 the SPD formed a government with the help of the FDP: in 1982 the FDP left the coalition and became the third party in a governing CDU/CSU/FDP coalition. From 1969 to 1990 the delicate balance of political parties in Germany gave the FDP 'an almost unique power and influence' (Hendriks 1987, p. 40). The influence of the minority parties, and

of the farm vote in the FDP/CDU/CSU coalition, is illustrated by the more protectionist CAP situation pursued by Germany after 1982. In the 1970s Germany had refused to sacrifice domestic agricultural interests to European solidarity, but from the early 1980s the approach became clearly aggressive (Hendriks, p. 87). From 1982 EC wheat prices remained at high levels in spite of continued increases in yields, and production and exports were maintained at higher levels than in the 1970s. Fulton and Storey (1990, p. 205) identify 1982-83 as 'a pivotal point in US/EC relations over agriculture' because it was when the EC shifted to becoming a net exporter of grains. Such reforms as were agreed upon had clear political costs: in the 1984 EP elections, which were held two and half months after the decision to introduce milk quotas, the CSU lost 708 000 votes (Hendriks 1991).

In the 1987 general election, which followed a period of financial restraint and institutional price freeze, the CDU lost 254 000 votes, of which 100 000 were in rural areas (Hendriks). The CDU polled only 34.5 per cent of the vote compared with the 37 per cent of the SPD, and hence required the support of at least the CSU (and the FDP not to be in an opposition coalition with the SPD) to govern. In the post-unification 1990 elections the CDU polled more than the SPD and hence could have formed a government on its own. It was no longer essential to form a coalition with the CSU. Further, the CSU as a party of the right could not contemplate an alliance with the SPD. The FDP's influence increased relative to that of the CSU, but, so long as it did not join an opposing coalition, its support was not required for the CDU to form a government.

Following the 1990 general election, elections for *Land* governments in Baden-Wuerttemberg and Schleswig-Holstein showed a decline in support for the CDU of 9.4 per cent in the former and an increase of 0.5 per cent in the latter, and a slight increase in the share of the Greens in both cases. However, the major change was an increase in support for right wing extremist parties, with the Republicans going from 1 per cent to 10.9 per cent of the vote in Baden-Wuerttemberg and the German People's Party from 0.6 to 6.3 per cent of the vote in Schleswig-Holstein (The Economist 1992a). These trends resulted in pressure for the CDU to maintain agricultural protection in order to prevent farm voters from defecting to right-wing extremist parties. The results of the *Land* elections increased the confidence of the CSU, so that it exerted pressure to try to obtain the foreign affairs portfolio from the FDP, following the resignation of the incumbent, Hans-Dietrich Genscher (McCathie 1992), but did not succeed.

The electoral strength of the CDU following the 1990 general election assisted it in being able to agree to CAP reforms. The heavy transfer payments which had to be made to the east after unification in 1990 made the government less willing to agree to the continued blowout of CAP costs. The minister of agriculture, Kiechle, resigned in 1993, having found himself uncomfortable with the new positions he was having to defend (Keeler 1996, p. 144). A new

Table 6.7: Domestic political change and policy change in Germany and the EC/EU

<i>Year</i>	<i>Domestic political change</i>	<i>Policy decision</i>
1949-57	Foundation of FRG. Coalition of CDU/CSU with FDP and other small parties.	High level of support for agriculture.
1958-61	Coalition of CDU/CSU with DP ^a .	
1962-66	CDU/CSU coalition, including FDP at times, and other small parties.	
1966-69	'Grand coalition' of parties, CDU/CSU and SPD but excluding FDP.	Compensation to farmers for lower CAP prices reduced.
1969-82	SDP/FDP coalition.	More vigorous support for German producers' interests in EC CAP. MCA system and green currencies introduced to allow higher real support level in Germany than in rest of EC.
1982	FDP deserts SDP, new FDP/CDU/CSU coalition government.	Even more vigorous support for agriculture and cereals. EC cereal price reductions opposed especially, EC production and exports increase.
1990	Unification. CDU wins clear own majority. FDP increases its share of the vote.	Support for a GATT agreement and for CAP reform, including cereal price cuts. Reduced willingness to agree to increases in CAP costs.
1992	Increase in support for right wing extremist parties.	CAP reform agreement.
1993	Kiechle resigns. New minister of agriculture appointed from CDU, has farming background but is not from Bavaria.	Influence of CDU on agriculture and CAP increased. Easier implementation of reforms.
1994	CDU loses clear majority.	Influence of FDP and CSU increases.
1996	Eastwards enlargement of EU has become a German objective.	German foreign minister stresses need to reform CAP to allow eastwards enlargement of EU.

a) DP= Deutsche Partei

minister of agriculture, Jochen Borchert, was appointed. Although Borchert had a farming background, he was a CDU nominee, and not from Bavaria. This meant that his independence in CAP negotiations has been more restricted than that of his predecessors, facilitating the implementation of the CAP reforms agreed upon in 1992, and the conclusion of a Uruguay Round agreement. Keeler describes him as being 'more supportive of liberal CAP reforms' than his predecessor.

External pressures from the US and other countries were also important in achieving a GATT settlement. They aroused business interests and industrial exporters in the EU, including in Germany and France, to press for an agreement and acceptance of the agricultural reforms necessary to achieve this (Keeler, p. 143).

Germany became a prime mover behind attempts to obtain an acceptable EC offer in the Uruguay Round of multilateral trade negotiations, and in the 1992 reforms which shifted the CAP more in an environmental and income support direction, as shown in Table 6.7. The largest cuts agreed upon were for cereals, reflecting the reduced influence especially of the CSU, as well as strong pressures from the the US for an agreement on cereals.

The 1994 German general election changed the domestic political situation once again, making the CDU reliant on the support of its minority coalition parties, reducing the seats of the FDP, and bringing the Greens back into the *Bundestag*. The alternative to the existing coalition of the formation of a 'grand coalition' of the CDU (and possibly CSU) and SPD, such as that in power 1966-69 (Economist 1992b, p. 54), remains a possibility but is unlikely.

Between 1970 and 1992 the proportion of the EC12 population employed in agriculture declined from 13.5 per cent to 5.8 per cent, in the FRG from 8.6 to 3.2 per cent, and in France from 12.8 to 5.2 per cent (European Commission 1994, p. T/102). The unification of Germany has slowed the overall decline in the agricultural population, with 10 per cent of the former GDR workforce being in agriculture at the time of unification (Lippert and Stevens-Stroehmann 1993, p. 92). Nevertheless, over the longer term the decline and the related reduction in the agricultural vote will continue.

The impact of the reduction in the agricultural vote, and the importance of new objectives, is indicated by comments made by the German foreign minister, Klaus Kinkel, an FDP representative, on the need for changes so as to allow eastwards expansion of the EU. He said that the EU has no choice other than to undertake a thorough reform of the CAP (New Europe 1996).

One issue with regard to the CAP is whether Germany has been a 'rational actor' in making net budgetary transfers of US\$5 -- 12 billion each year to other member states to support it, and has maximised long term national welfare in spite of these losses. In making the transfers and seeking high CAP prices, the German government was responding partly to farm vote and interest group pressures.¹⁰ However, the development of the EC has allowed Germany

¹⁰ This situation provides a classic real-world example of the theoretical situation described by Rausser and Foster (1990) of an interest group obtaining a PEST (political economic-seeking transfer policy). As such it provides evidence against the view of Tweeten and Coggins (1992) that the PERT (political and economic resource transaction policy) – PEST dichotomy is not transportable to settings outside the US policy arena.

to gain economic and industrial power and relative affluence. Tangermann (1982, p. 21) said that the CAP-induced income transfer from Germany to France was arguably still regarded as 'a fair price' for Germany to pay for being able to participate in the EC, and for France to receive for agreeing to be a member. The unification of Germany and the eastern expansion of EU influence seem set to make Germany the most powerful and influential country in not only the EU but Europe overall. The CAP and net budgetary transfers may have been onerous, but in the long term a price justified for many by the economic and political gains. As Rausser and Foster (1990, p. 643) state:

What may appear to be socially wasteful and incoherent agricultural programs may actually be rationally designed schemes of compensation for larger, longer-term policies which expand societal welfare.

However, it could never have been guaranteed that the German strategy would have paid off in economic and political terms, certainly not in terms of having achieved unification. Further, a net societal welfare improvement has accrued to Germany as an indirect result of support for the CAP, but there has not necessarily been an equivalent gain for the EC/EU, or for the UK, which has assisted in paying for the CAP but has not received benefits such as have accrued to Germany.

6.6.c France

In France, the small majorities of governments, and competition between the Gaullist *Rassemblement pour la République* (RPR) and its *Union pour la Démocratie Française* (UDF) coalition partner for the farm vote in general and presidential elections, have increased the farm vote's influence. The president, Jacques Chirac, has been prime minister and minister of agriculture in earlier RPR/UDF coalition governments, as well as mayor of Paris, and RPR deputy in the assembly for Correze, a mainly agricultural area in the Massif Central (Mather 1995). The RPR or Gaullist party is considered to be strongly linked to the agricultural vote and that of small business owners, while its partner in government, the UDF, is more the party of business and the upper middle classes.

As leader of the RPR Chirac gave renewed impetus to the appearance of close cooperation with producer groups (Culpepper 1993, p. 303). These arrangements may be described as neo-corporatist, at least in appearance. His aim in doing so was to obtain votes for the RPR to help it get into government in coalition with the UDF, if possible as an equal if not dominant partner in the coalition, and in the longer term to secure the presidency of France for himself or a coalition nominee. The agricultural vote assisted both of these aims, more than financial assistance could have done. Table 6.8 illustrates the links between political change and policy change.

Table 6.8: Domestic political change and policy change in France and the EC/EU

<i>Year</i>	<i>Domestic political change</i>	<i>Policy decision</i>
1944-46	Provisional government headed by de Gaulle.	Support for agricultural protection.
1946-58	De Gaulle establishes RPF.	
1958	De Gaulle returned to power Fifth Republic established. Its new constitution gives considerable power to the president.	Support for agricultural protection under Republic and leadership of de Gaulle, but within CAP framework.
1965	Empty chair crisis: France withdraws from participation in EC.	Overcome by Luxembourg compromise, 1966: member states retain veto.
1969	De Gaulle resigns. Pompidou becomes president.	Reduced opposition to eventual membership of EEC for UK, in 1973.
1974	Death of Pompidou. Giscard d'Estaing (non-Gaullist) becomes president. Jacques Chirac (Gaullist) becomes prime minister. RPF becomes RPR.	Continued high level of support for agriculture.
1981-86	Francois Mitterrand and Socialist government in power.	Attempted decorporatisation of FNSEA. 1984 – introduction of dairy quotas.
1986-88	RPR/UDF plus independent rightists and National Front in cohabitation government with Mitterrand. ^a	
1988	Mitterrand wins presidential election, dissolves national assembly. Socialists win election and form government, but without majority.	1988 – budgetary and production stabilisers agreed on.
1991	Maastricht Treaty negotiated.	Widens EU policy spectrum, reduces importance of agriculture.
1992		CAP reform agreement. 22 November: Blair House Agreement.
1993	March: UDF/RPR coalition wins general election.	Blair House Agreement modified: existing EU grain stocks exempted, 1991/92 to be base year for cuts not 1986-89.
1995	Jacques Chirac (RPR) elected president.	

^a Change to proportional representation prevented RPR/UDF from getting clear majority.

Source: Macridis (1990), and other sources listed in this chapter.

There have not been the same opportunities for maintaining farming on a part-time basis in France that there have been in Germany, due mainly to the larger land area and greater centralisation around Paris and a small number of other regional centres.

Agriculture has remained a potent political force in France through a combination of the marginal and swinging nature of the agricultural vote, the ability of agriculture to command around a fifth of the votes, and the special ties of the RPR or Gaullist¹¹ party to agricultural interests. The Socialist party has been anxious to retain the vote of the small farmer, but has not succeeded in doing so in recent years.¹²

Figure 6.1 Scandal of Fortress France



Source: J-P. Cot and R. Corbett (1993, p. 248)

¹¹ The original name of the party was *Rassemblement du Peuple Français* (RPF). It was changed to *Rassemblement Pour la République* by Chirac in 1976.

¹² One reason for this has been a perception that the Socialists were not assisting farmers adequately. For example, one of the farmers in Jacques Chirac's former constituency commented that (Mather 1995): 'Mitterrand hasn't done anything for agriculture for 14 years'. By contrast, he felt that 'Mr Chirac was the best minister of agriculture. He showed fighting spirit on behalf of French farmers in Brussels'. The farmer derived about one-third of his income from subsidies from Brussels under the Less Favoured Areas scheme, for which the area qualifies because of its semi-mountainous nature.

The initial consequence of the political importance of agriculture and the agricultural vote in France was the establishment of the CAP. The cereal support prices agreed upon were higher than those previously applied in France, though lower than those applying in Germany. Agriculture's political importance in France has influenced EC/EU policy decisions. For example, the 1981-82 CAP price review, reached two weeks before the French presidential election, involved relatively high price increases of over 11 per cent in national currencies (Fearne 1988, p. 6).

French concern over the terms of the Blair House Agreement partly reflected the incompatibility, in the French view, of the limitations agreed upon with the changes which would result from the 1992 CAP reforms. Brown (1994, p. 7) argues that these concerns were reasonable, in view of the increase in subsidised exports in the early 1990s, which made reductions of 40 per cent in subsidised exports of wheat, meat and cheese necessary for compliance with the agreement. However, it might also be argued that France wished to leave room for a recovery in agricultural protection.¹³

Figure 6.1 shows how France was angry at the EC's agreement to reduce subsidies in the GATT negotiations in December 1992, while the UK was anxious to secure a GATT agreement and to see a reduction in subsidies.¹⁴ Mitterrand accepted the agreement, but the RPR/UDF coalition government which came to power in 1993 demanded and obtained further concessions.¹⁵

6.7 The role of interest groups

6.7.a Interest groups at the member state level

The role of interest groups varies between member states. In Germany the main farm interest group, the DVB, exercises a major influence on policy, as shown earlier in this chapter. Its political efforts are split between the CSU and the FDP, as well as the majority CDU, and it has achieved representation of its interests in government through all three parties. In France

¹³ For example, through an expansion of special subsidies such as those which are available to some agricultural producers in 'Less Favoured Areas', through manipulation of the green currency system, or other means.

¹⁴ The picture is a cartoon based on a painting by Millet of peasants working in the fields: in the cartoon French president Francois Mitterrand is one of the 'peasants', holding UK prime minister Major by the neck as if threatening to strangle him.

¹⁵ Meunier (1995) argues that the EU's difficulties in obtaining the clear and lasting agreement of all its member states allowed it to obtain more generous terms from the Uruguay Round agreement than would otherwise have been the case, suggesting that the lack of unity in the EU's present decision-making system was a benefit rather than a weakness.

the farm interest group trades its vote between parties, but is closest to the RPR. In the UK the farm vote is for the Conservative party but exerts only limited political influence. In Spain it is politically divided: landless farm workers and poor peasants support the Socialists, while estate owners and more prosperous peasants support the centre-right parties.

In the UK the NFU is able to exert some political influence on the Conservative Party and through individual MPs. Jordan (1991, p. 16) cites a *Sunday Times* report of 18 December 1988 as stating how, even with a deteriorating relationship between the NFU and the Conservative Party, there were still 50 Tory MPs who kept close to their local NFU branches. The NFU is also able to mobilise the members of its 46 county branches to contact their local MPs in support of issues of NFU interest. The NFU's influence was demonstrated in the 1988 'salmonella scare'. Critical comments made by a junior minister at the department of health, Edwina Currie, on the level of salmonella infection in egg production, led to her resignation and to the government granting 20 million pounds sterling to egg producers to improve their salmonella infection situation. However, the NFU's efforts were greatly assisted by those of the British Poultry Federation and of individual companies in the egg production and poultry feed business.¹⁶

Holbeche (1991), a representative of the NFU, sees its influence as limited, and applying mainly to domestic issues. Grant (1989) sees it as having lost political ground. Smith (1990) stresses the NFU's importance, but acknowledges that the food industry, consumer and environmental lobbies are also important. Keeler (1987) also stresses the importance and influence of the NFU, with its membership density of 76 per cent. While the NFU has been of importance in representing producers, other bodies representing food importers and food processors have also been very influential. Over time, due to the application of the CAP and to reductions in imports of commodities such as beef, lamb, butter, and molasses for processing, the influence of these bodies has declined.

The crisis in the EU beef market as a result of concerns over Bovine Spongiform Encephalopathy (BSE) and a suggested link to a new form of the human Creutzfeldt-Jakob disease showed that the UK government was prepared to take very strong action of benefit to the NFU where the interests of the latter were identical with the national interest. The UK government took the step of not cooperating with the EU's institutions for a period, in pursuit

¹⁶ Jordan describes how Dalgety, the owners of the largest selling egg brand, had Sir Peter Carey, retired permanent secretary at the department of trade and industry, as its chairman. J. Bibby and Sons, one of the top four poultry feed producers, had a former leader of the House of Commons as a non-executive director. Unilever, which owned BOCM Silcock, the biggest feed producer, had the former cabinet secretary, Lord Hunt, as an advisory director. Another feed company had made a substantial donation to Conservative Party funds in the previous election year.

of the lifting of a ban imposed on exports of beef and beef by-products from the UK (Field 1996).

Farm interest groups have been less developed and influential in the Mediterranean south of the EU, due to the large number of small farmers involved and the low level of development of effective interest groups (Maraveyas 1996). However, in recent years factors such as changes to the green currency system, the 'renationalisation' of the CAP, tighter controls on CAP fraud, the wider application of tax arrangements to farmers, and the problem in Greece of the indebtedness of agricultural cooperatives to national banks, have led to greater interest group activity and public demonstrations by farmers.¹⁷ In Portugal in 1991 a number of farmers' movements were developed from existing associations, mostly dominated by right-wing parties and protectionist associations (Pinto 1995).

The willingness of the members of farm interest groups, at least in some member states, to protest publicly when agricultural protection appeared to be under threat, has increased their influence. French farmers have held road blocks and destroyed cargoes of lamb from the UK and fruit and vegetables from Italy and Spain. The lack of a visible police response to such breaches of the law has assisted and encouraged them. French farmers have combined with others from the Benelux countries to stage widely publicised protests in Brussels at unfavourable decisions of the farm ministers, and trade agreements. The impact of a change to direct income compensation for green currency changes led to around 2000 farmers protesting in Bonn in October 1995, holding up traffic with their tractors (The European 1995b).

The very visible public protests made by French farmers may be not so much as to achieve change, but to ensure that decisions by the government in their favour are not reversed as a result of public criticism. For example, French farmers held mass nationwide street protests on 21 and 22 June 1996 over the depressing effect of the BSE scare on the beef market, even though the government had already announced a generous EU compensation scheme, in order to keep pressure on the government and strengthen its hand in negotiations in Brussels (Read 1996). Similar actions by non-farm groups in France have been met with a strong police

¹⁷ In Greece tobacco farmers blocked road and rail links between Salonika and Athens at one point in 1994 to protest at low crop prices (The European 1994). In March this year thousands of Greek farmers protested against low prices by burning vegetables, throwing dead lambs into the street, pouring milk into town squares and government offices, and blocking road and rail links, in an attempt to obtain a decrease in the rate of VAT on tractors, and lower prices for fertilisers, petrol and seeds, as well as higher prices for their products (The European 1996a). Later that month around 5000 farmers marched in Athens and presented a petition to parliament: the government responded by saying that it was working on plans to help farms and cooperatives become more competitive (The European 1996b). In Portugal, after economic recession brought to an end the 'golden age' which had been enjoyed since EC entry, there was an increase in violence in the agricultural sector, including the use of highway roadblocks against imported pork (Pinto 1995, p. 123).

response, suggesting that the farmers' demonstrations are viewed more as a government-sanctioned form of 'street theatre' which helps to legitimise policies implemented on electoral grounds than a challenge to the power of the state and the forces of law and order. The lack of action in France against farmers who demonstrate, block traffic, and destroy valuable cargoes of imported produce has resulted in criticism from the European Commission and from Spain, and in the Commission taking action against France in the European Court (Smith 1996).

Interest groups are organised on a regional as well as a national basis. In France regional makers of specialised wine varieties have their own representative groups, such as the *Conseil Interprofessionnel du Vin de Bordeaux*¹⁸ (Voss 1994). Groups may also be organised around special issues: in Spain the *Mesa para la Defensa de la Vina y del Vino*¹⁹ was set up to fight the Commission's proposals for further uprooting of vines (Smith 1994).

6.7.b Corporatist arrangements

Corporatist arrangements, involving the devolution of some powers over agricultural affairs, do exist in some member states, but they have only a limited influence. In Greece PASOK abolished the existing corporatist arrangements for agriculture when it came to power in 1981, since which the relationship has been more one of clientelism (Collins and Louloudis 1995). Ross (1995, p. 60) describes the CAP as a 'quasi-corporatist' organisation, with farmers being well-organised, and the agricultural vote still being critical in a number of member states. However, this 'quasi-corporatism' is at the member state level, where in return for generous CAP benefits the votes of farmers in France and Germany can be relied upon.

Keeler (1987) used the concept of neocorporatism to explain the influence of farmers and agricultural interest groups on agricultural policy-making in France. The approach was adopted to allow for a disaggregated, sectoral approach, rather than the polity-wide corporatist concept implied by Schmitter's (1974) paradigm. Keeler shows how the degree of corporatism can be affected by political change, with reference to the 'divorce' between the French Socialist government and the *Fédération Nationale des Syndicats d'Exploitants Agricoles* (FNSEA) in the early 1980s. The minister of agriculture, Edith Cresson, attempted to break the FNSEA representational monopoly by according official status to three other unions, the Communist dominated *Mouvement de Défense des Exploitants Familiaux* (MODEF), the mainly Socialist *Confédération Nationale Syndicale des Travailleurs-Paysans* (CNSTP), and the highly conservative *Fédération Française de l'Agriculture* (FFA). Union delegates exercised power

¹⁸ Interprofessional Council for Bordeaux Wine.

¹⁹ Association for the Protection of Vine and Wine

through their membership on advisory bodies attached to marketing organisations such as SIBEV²⁰ for meat and Interlait for milk. Cresson's attempts at decorporatisation and the introduction of a new pluralist order and the opposition to these resulted in her being replaced by Michel Rocard as minister of agriculture in November 1983. Rocard followed a course of moderation and retrenchment with respect to his predecessor's changes (Keeler, p. 233).

Culpepper (1993) is critical of Keeler's neocorporatist political model and puts forward instead an interest group model based on muffled competition between groups, all of which participate in collaborative arrangements with the state. The state has the last say as to which groups will have the most influence, and sets the rules. Culpepper reasons that the FNSEA at times found itself in conflict with the government, and reduced its own role, for example by refusing to administer the milk quotas agreed upon in 1984, and by opposing the reforms put forward by the French government in 1986-88.

Keeler's neo-corporatist model has been valid for France except at times when the government in power has been in conflict with the main producer organisation. The strong opposition of the FNSEA to official recognition being given by the Cresson ministry to other groups suggests that state recognition was of value, and hence neo-corporatism was at work here rather than interest group concertation. However, the neocorporatist model seems to have become less useful because of the shift in power and decision making from France and other member states to Brussels.

Keeler sees the German interest intermediation situation, where the *Deutscher Bauernverband* (DVB) has a membership density of around 90 per cent of farmers, as one of (p. 268) 'strong corporatism', and stresses the privileged position of the DVB and its political influence. The DVB has been relatively unchallenged as the representative group for farmers, apart from the formation of a representative body for part-time farmers in the 1970s. Hendriks (1991) and various other sources indicate that agricultural interests have been chiefly aided in Germany by their influence on the CDU and minority parties in coalition governments, but Bulmer and Paterson (1987) and Moyer and Josling (1990) stress the importance of direct DVB influence instead. The churches have also been important in championing agricultural support. Andrlik (1981) earlier indicated the importance of both the political parties and the DVB: He states (p. 111) that the formation of a 'green front' in the *Bundestag* committee on food, agriculture and forestry between members of the CDU/CSU combined party and those of the FDP:

²⁰ The acronym stands for Interprofessional Society for Livestock and Meat in English.

... made it possible for the DVB to refrain from any overt lobbying efforts among members of the Bundestag, while at the same time knowing that its interests within the executive branch would be represented by the Minister of Agriculture ...

However, he also (p. 115) argues that support for the CAP has been due to the 'unique demographic distribution of the agricultural vote in Germany', and the possibility of loss of majority or electoral defeat for coalition governments if agricultural support were weakened, rather than the direct influence of the DVB.

In Italy the Coldiretti have achieved a membership density of 80 per cent (Keeler). While they have political influence, the close involvement of the union with agricultural trading syndicates and credit provision, and the manipulation of votes and electoral fraud, has led to it being described as (Keeler, p. 266) a *grandiosa machina per buggerare i contadini* rather than as a body which represents the interests of the producers or *contadini*. In the 1970s there were steps towards decorporatization, with the Marcora Plan aiming to transfer some of the Coldiretti's control of policy implementation back to the state, but these had only a modest impact.

In pillarised or consociational democracies in Europe divisions in the state are reflected in specific 'pillars', each of which represents the interests of a particular group and to which some powers are devolved. In the Netherlands, the pillarisation system is known as *verzuiling*, and the pillars reflect a division of representational interests into Roman Catholic, Protestant and Others. The state consults with interest groups from agriculture and other sectors for each of the 'pillars'. However, in Belgium the pillarisation of the system was not able to cope with the division between Flemish speakers in the north and French speaking Walloons in the south, resulting in adoption of a more federal system of government.²¹ In a study of pillarisation, neo-corporatism and policy networks in Belgium which also gives some consideration to the Netherlands, Van den Bulck (1992) suggests that the pillarisation of the political system has reduced the influence of corporatist groups because it has split them. This is true of agriculture, where it has resulted in separate representational groups and the lack of a common policy platform. In the Netherlands the need to assist the poorer and less developed Roman Catholic south so as to equal up the pillars has led to firm government backing for CAP support for livestock production. In Belgium, if Van den Bulck's analysis holds true, the new federal system should increase the influence of representational groups and lead to a more neo-corporatist situation, at least in agriculture.

²¹ The issue of whether the EU is a consociational state, and how anticipated changes will alter this, is dealt with later in the thesis.

Smith (1990) found a mediated form of corporatism to be helpful in explaining the UK agricultural policy situation, and a pluralist approach based on interest groups to be inadequate. However, it is also clear from his study that much power over agricultural policy has slipped away to Brussels, and what he is really looking at is the politics of that part of UK agricultural policy over which the national government still has control.

Grant (1991a and 1991b) looked at agricultural and dairy industry support on an international basis. He found meso-corporatist or sectoral models and the policy community models not greatly helpful in explaining rapid and fundamental change, and put forward a negotiated economy model as being more helpful. Much of the policy determination power of individual member states with respect to agriculture has been transferred from meso-corporatist national arenas to the EU level, which is not characterised by corporatism, at least in the agricultural sector.

6.7.c Interest groups at the EU level

Member state agricultural interest groups and hence farmers are represented at the EU level through COPA. This organisation monitors developments at the EU level in agricultural policy so as to inform constituent organisations, and it liaises with the Commission and the EP in order to influence outcomes. The Commission has a legal obligation to consult COPA when arriving at its agricultural proposals (Nedergaard 1994, p. 100). However, it remains only a relatively small representational office, with a full-time staff of 45 (Keeler 1996, p. 134). The wide range of interests which it has to represent, in terms of crops and farm size and structure, limits its ability to have a great influence on agricultural policy. Its influence has diminished since the early 1980s (Nedergaard).

Minc's (1992, p. 196) statement that 'European farmers have ... not made any attempt at regrouping', with the French organisation seeing its German equivalent as a rival rather than a partner, and itself as being in partnership with the French minister of agriculture, whose job is to go to Brussels in search of funding for French farmers, indicates weaknesses within COPA. COPA is a representational body, not a corporatist body, in spite of its right of consultation. It has not had powers devolved to it, although it can and does comment on CAP proposals and any difficulties which these may cause. Its influence is limited by the breadth of the agricultural interests it represents, and because real power still resides essentially with the Council. Member states' positions on issues are adopted at the national level. Farm interest groups operate much less explicitly within the political sphere in the EC than they do in the US (Winters 1987, p. 295). Mazey and Richardson (1992, p. 101) describe COPA as having a quasi-corporatist relationship with the Commission, and acting as gatekeeper between it and agricultural groups,

but this ignores the very much greater power and influence of member states and their representatives in the European Council and Council of the European Union.

Nevertheless, there is significant lobbying by COPA, consumer organisations, industry groups, companies and others at the EU level, mainly of the Commission, of member states' representatives in the Special Committee on Agriculture (SCA) and COREPER, and members and committees of the EP. In addition to COPA, there are 150 or more EU-level interest groups which are involved in defending some aspect of agriculture (Keeler, p. 134). The growing influence of the EP has increased the importance of MEPs in determining agricultural policy, and led to increased interest group activity at the supranational level by commodity producer groups and major commercial interests in agricultural processing and food production. US feed export and veterinary chemical companies and their representatives in the the US chamber of commerce have been active in this growth of lobbying, but they have not always met with success.²²

Member state interest groups also bypass their national governments and join forces with other member states and MEPs in order to obtain objectives which national governments are not prepared to support. The NFU has found itself bypassing the UK MAFF in order to join forces with the French and German governments, the latter being more motivated to support agriculture than the UK government (Dunleavy 1990, p. 108). The representative offices which most national producer groups have in Brussels are mainly used as liaison offices with COPA and 'listening posts' which allow them to ensure that they make appropriate representations to their national governments over any prospective new developments. Networking with Commission officials and representatives of other national producer groups allows information to be obtained. Whether the representation of a country by its nationals in the Commission is proportional to its share of EU population, or otherwise, can hence benefit or disadvantage its producer groups in terms of access to advance information, as well as affecting the extent to which that country's interests are taken into account in Commission decisions.

However, the continued primacy over the CAP of the Council and hence the member states, and the Commission's preference for dealings with 'Eurogroups' rather than national interest groups, limits the extent to which influence can be exerted by national farm interest groups by networking through these channels.

²² For example, the lactation-increasing drug for cows, BST (bovine somatotrophin), has not managed to gain approval for use in the EU, in spite of persistent lobbying over the years, and the present ban on its use was recently extended to 31 December 1999 (Eur-op News 1995).

6.8 Conclusions

This chapter has focused mainly on agricultural interests at the national level, especially with respect to France and Germany. As Keeler (1996, p. 128) argues, this 'level III' of the CAP decision making system 'represents the most important (and most often neglected) piece of a complex puzzle'.

Agricultural interests have been successful in instituting and maintaining the CAP, and ensuring that its negative environmental impact was effectively ignored for many years. These agricultural interests have exerted influence through political parties in member states, with some of the parties entering into coalition governments, and through agricultural interest groups. Through their influence on parties and governments agricultural interests have exerted influence on the European Council of heads of government and the Council of Ministers, as well as the European Commission. They have been able to exert influence in the EP through farm interest MEPs and a president of the EP, as well through national parties and governments. The influence which farm interest groups have exerted on parties and national governments has been due mainly to their ability to influence voter behaviour and to assist with campaigns at election time. The farmers' representative body at the EU level, COPA, has usually enjoyed formal consultations with Commission officials over proposals on agriculture. However, since power has remained mainly with the Council and hence the member states, it is pressure through parties at the member state level which has been most important in sustaining the CAP.

While Lenschow (1995) is unable to explain why CAP reform should have been possible in 1992, but has stagnated since, these situations are at least partly explicable with reference to political changes in key member states. The CDU did not require the support of its minority coalition partners to stay in government 1990-1994, and was hence able to be more open to pressures from industry and business and external pressures from the US, and in 1993 to appoint a minister of agriculture who was from the CDU and hence less able to take an independent line. While the French Socialist government had strong non-agricultural objectives, when the UDF/RPR coalition government came to power in 1993 agriculture regained its importance. Reform has since been made more difficult since the CDU has lost its clear own majority over the opposition SPD, and an RPR politician has become president of France. However, now that eastwards enlargement of the EU has become a German policy objective, pressures for CAP reforms to facilitate this are now more evident.

Agricultural policy in the EC/EU has been mainly determined at the supranational or intergovernmental level since the establishment of the CAP, and there is only limited control over policy which can be devolved by member states to corporatist or neocorporatist bodies. Interest group influence has been felt mostly at the member state level, and depends more on the

ability to deliver votes and continued popular support for governments than the provision of direct financial support for parties. It has been most effective where the objectives of the interest groups have been regarded as identical with the national interests of their respective member states.

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