

Institutions, Policy Communities and EU Enlargement: British, Spanish and Central European Accession Negotiations in the Agricultural Sector

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INTRODUCTION

The last enlargement of the European Union (EU) to the Countries of Central Europe (CCE) is often talked about as different from previous ones, for its political and strategic implications for the fact that the *acquis communautaire* to be adopted by the new members is larger and more complex than ever, for the high threshold marked by the admission criteria announced at the Copenhagen Council in 1993, and for the large number of much poorer applicants.¹ Without denying these particular characteristics, this chapter shows that there are significant similarities with past cases of enlargement, especially with those of Britain (1961-1962 and 1969-1973) and Spain (1978-1986) with regard to the negotiations in the agricultural sector. Their compared analysis provides interesting insights into how EU policies change (or remain stable) to accommodate new members. It also exemplifies how the theoretical framework of historical new institutionalism combined with a policy networks approach can be used to study an international organization's enlargement.

The chapter develops this theoretically informed comparison in two parts. The first one provides a brief history of the Common Agricultural Policy (CAP) and summarizes the main problems that the British, Spanish and Central European accessions to the EC/EU posed in this sector. In the three cases, the costs and benefits of enlargement were most visible in the policy area of agriculture, which has dominated the Community's budget, thus requiring a reform of the CAP and its finances. Such reforms were always kept to a minimum due to the resistance of the European agricultural policy community and to the path-dependent nature of change in this area, explained in the second part.

First, it is explained how enlargement negotiations are 'unpacked' into different chapters corresponding to the various policy areas into which the EC/EU is institutionally divided; each policy area has its own 'local rationality', so the changes required by enlargement are differentiated across sectors and there is a lack of coordination that enhances it. The next section looks at the institutions of the Common Agricultural Policy (CAP), following North's analysis of the role of rules, their hierarchy and linkages, and the way in which they have a 'logic of its own' that favours an incremental, path-dependent, style of policy change.² The last section focuses on the 'actors', i.e. the organizations which operate within the CAP institutional framework. The degree of insulation of the decision-

¹ Christopher Hill (2000), "The Geo-political Implications of Enlargement", EUI Florence, *RSCAS Working Paper RSC n° 2000/30*; Graham Avery and Fraser Cameron (1998), *The Enlargement of the European Union*, Sheffield, Sheffield Academic Press, Contemporary European Series n° 1; Alan Mayhew (2000), "Enlargement of the European Union: an analysis of the negotiations with the Central and Eastern European candidate countries", Sussex European Institute, *SEI Working Paper*, n°39.

² Douglass C. North (1990), *Institutions, Institutional Change and Economic Performance*, Cambridge, Cambridge University Press.

making process from other sectors, membership and exclusion from the policy network, resource dependencies, frequency of interactions and ideological consensus are analyzed. These factors reinforce the institutional rigidities which resist and, to a large extent, condition change brought by the accession of new members to the EC.

I. THE COMMON AGRICULTURAL POLICY AND THE EUROPEAN COMMUNITY /UNION'S ENLARGEMENT TO BRITAIN, SPAIN AND CENTRAL EUROPE

1. Brief history of the Common Agricultural Policy

The CAP was developed during the early years of the EC, when memories of famine and rationing from the Second World War still prevailed. Therefore, it was decided that the policy should aim to increase production, raise farmers' income levels and keep them on the land. This was done mainly through two instruments: price support and structural policy, with the second remaining marginalised for many years.³

Price support operated through a complex system of protection at the border (the principle of Community Preference) and payments from the EC budget which guaranteed the stability of prices and maintained their level well above those in world markets. The system had the virtue of being popular with almost all farmers who have defended it over the years: the most productive and rich gained most, while the poorest and less productive were at least guaranteed a minimum and stable income. It worked fairly well until the early 1970s when the EC became self-sufficient and started accumulating surpluses, which had to be dumped into world markets at additional cost to the EC budget (export subsidies). In 1971, currency instability led to the creation of Monetary Compensatory Amounts (MCAs) to maintain the unity of the EC's agricultural markets, thus adding to the CAP's expenses. In this way, the CAP's costs spiralled out of control and threatened to bankrupt the EC budget by 1979 in such a way that its reform became unavoidable.

The 1980s were marked by constant efforts to reform the CAP, following the steps of the 1960s Masholt plan which had unsuccessfully tried to move towards less price support and more structural policy. Such attempts resulted in minor changes that did not curb spending sufficiently because they were fiercely resisted by the farmers associations' reluctance to give up price support. Therefore, the threshold of member states' contributions to the budget was raised twice (in 1983 and in 1986) to cope with rising costs. Still, one of those apparently minor changes consisted in a redefinition of a part of the CAP with the adoption of the Integrated Mediterranean Programmes, devised to cope with Spain's accession, which linked agriculture to environmental issues and to the structural funds. Although apparently marginal, the IMPs planted the seeds of the more successful 1992 MacSharry Reforms, which continued the shift towards 'rural' (rather than merely 'agricultural') policy. Such linkage has been crucial to 'de-couple' subsidies from levels

³ For the history of the creation of the CAP, see Gisela Hendricks (1999), "The Creation of the Common Agricultural Policy" in Anne Deighton and Alan S. Milward (eds.), *Widening, Deepening and Acceleration: the EEC 1957-1963*, Baden-Baden, Nomos. The following account of the CAP's evolution is based on the works by Michael Tracy (1989), *Government and Agriculture in Western Europe: 1880-1988*, 3rd ed., London, Harvester Wheatsheaf; Rosemary Fennell (1997), *The Common Agricultural Policy: continuity and change*, Oxford, Oxford University Press; and Wyn Grant (1997), *The Common Agricultural Policy*, European Union Series, Basingstoke, Macmillan.

production (the mechanism responsible for the rising costs of the CAP) and replace them with direct income payments associated to other economic activities, like tourism or care for the environment.

Although more successful than its predecessors, the MacSharry reforms were not sufficient, and further reforms became necessary to finance the extension of the CAP to Central Europe at the end of the 1990s. The Commission proposed, in 'Agenda 2000' to deepen the 1992 MacSharry reforms, but once again, these changes were resisted by farmers associations. So, although some cuts were achieved, they stayed very short from what the Commission had proposed in the first place.

In sum, the CAP has been under reform almost since its creation, but changes have always been marginal in the sense that they do not question the basic principles of the policy: the idea that rural populations need to be subsidized and kept on the land remains as alive as ever. Moreover, agriculture still dominates the EU budget: around half of it goes to the CAP plus other headings that go to rural populations through structural measures. However, it cannot be denied that the accumulation of one small change after another has brought the CAP's costs under control. In this long process, enlargement has always been a source of pressure to reform, which is the subject of the following sections, devoted to the cases of British, Spanish and Central European accessions.

2. The challenge of Britain's accession: Prices, Community Preference and the budget

Leaving aside President de Gaulle's vetoes (1963 and 1967), agricultural issues were the most problematic during both rounds of negotiations between Britain and the EC and they absorbed a vast amount of time and energy.⁴ This was because the Six, and the French in particular, were anxious that British entry might undo the still nascent CAP, since Britain's system of support, based on a low-cost food policy and a relatively liberal regime for overseas imports, was radically opposed to Community Preference and its system of price support.⁵

The British government tried to circumvent the agricultural *acquis communautaire* because it implied, first, a sharp increase in food prices at a time when inflation was a threat, and second, the abandonment of its preferential trade with the Commonwealth. The third and major stumbling block surfaced during the second round of negotiations and was Britain's contribution to the Community's budget, a result of the CAP's financial mechanism which the Six had agreed in April 1970. The way in which the Community collected its 'own resources' and spent them meant that Britain was to get a bad deal out of the Community's budget once smoothing transitional periods were finished. Its contribution to the budget was to be larger than the other members' because the 'own resources' were constituted mainly by import levies on third countries' agricultural products, and Britain was by far the largest importer of food in Europe. Given that almost all of the budget's resources were devoted to funding the CAP, Britain would receive a relatively small part, because although its farmers would gain from it, they only represented a small fraction of the population (2%).

⁴ Young, Simon Z., *Terms of Entry: Britain's Negotiations with the European Community, 1970-72*, London, Heinemann, 1973, p. x; De la Serre, 37-40; O'Neill

⁵ Ludlow.

The agro-budgetary issue was contentious because it lay within the realm of redistribution, bringing in notions of justice and equity. The French and the Commission argued that, in their calculations, the British were not taking into account the benefits they would get from the Community in other sectors, like industry, trade and services, and rejected the notion of '*juste retour*'.⁶ Yet, the problem was that such gains were invisible and almost impossible to quantify, let alone predict, while contributions to the budget and CAP spending were much easier to identify and compare with those of other member states.

There could have been three ways of reducing Britain's burden: changing the CAP as envisaged by the Mansholt Plan (which did not happen), changing the funding of the CAP (which the Community had no intention of doing, having just agreed to it), and reducing agricultural support prices (which was impossible given German opposition).⁷ The Commission 1967 Opinion on British entry had been clear on this point: 'This policy is the result of long and difficult negotiations.... Any calling into question of the essential features of this policy upon the accession of new members is therefore ruled out'.⁸ In the absence of CAP reforms, Britain had to 'swallow the lot' of the *acquis* as it was,⁹ and only after accession did it get a partial compensation by changing the pattern of EC spending, with the introduction of the Social and Regional Fund in 1975. Still, the issue got back with Prime Minister Thatcher, who bitterly fought for the budget rebate which she finally obtained in 1984. The British episode, like the Spanish and Central European that were to follow, showed how it was easier to alter the rules of budgetary contributions and to add new headings of spending than to reform the principles of the CAP.

3. The challenge of Spain's accession: Further surpluses, competition and finances

Spain, a country which, from 1977, aspired to quick membership of the EC as a way to support its transition to democracy and economic modernization, had to wait seven years of long negotiations dominated by agricultural issues before joining in 1986. The delay came from the Community's incapacity to present their common position in the agricultural chapter before February 1984, especially because Spain had knocked on their door at a time when the 'wine lake' and the 'butter mountain' were threatening to bankrupt the Community.

As a less developed economy, Spain had a large agricultural sector (world leader for some produce like olive oil) and a high proportion of its population still on the land (30%) with much lower wages. Therefore, the main problem during its accession negotiations was -as it was later on with Central Europe- that budgetary resources were insufficient to subsidize Spanish farmers to the same level of their French and Italian colleagues. Moreover, with lower costs and productivity, Spanish agriculture still offered a lot of room for the expansion of production (which the CAP's high prices would, in turn, stimulate) and

⁶ Commission of the European Communities (CEC) (1967), 'Opinion on the applications for membership received from the United Kingdom, Ireland, Denmark and Norway', *Bulletin of the European Communities Supplement*, 29/9/1967, §§ 90-91 (subsequently quoted as *EC Bulletin*).

⁷ Edmund Neville-Rolfe, *The Politics of Agriculture in the European Community*, London, European Centre for Political Studies, 1984, pp. 87-100.

⁸ CEC, '1967 Opinion', § 53.

⁹ (O'Neill)

this would lead to further surpluses and increases in the EC's budgetary expenditure.¹⁰ So, to make enlargement affordable, the Community had to reduce the CAP's level of subsidy for Mediterranean produce and/or increase contributions to the EC budget.

Internal discussions about the reform of the CAP started with the Commission's proposals of the '1980 May Mandate' and ran 'in parallel' with enlargement talks. In this way, Spain's accession became hijacked by the ongoing fight inside the EC, between those insisting on 'budgetary discipline' (Finance Ministers, notably of Germany and Britain) and those resisting it (Agriculture Ministers, especially from France and Italy) who demanded compensation for Mediterranean farmers who would lose out from increased Spanish competition. It was only at the end of 1984, after the main points of a marginal reform (to the regimes of olive oil, wine and fruits and vegetables) that left Spain worse off, and an increase to budget contributions had been agreed at the Stuttgart summit in June 1983, that the Council could announce its negotiating position on the 'sensitive' products.

The contents of these proposals were described as 'very tough' by Manuel Marín, the Spanish Minister for Relations with the EC and deputy negotiator.¹¹ This was because long transition periods intended to delay for as long as possible the approximation of prices (leaving Spanish producers in a competitive disadvantage), and the opening of the EC market to the products in which Spain was most competitive ('sensitive' products). The reason for trying to delay the introduction of the CAP to Spain was that the reform of the policy, agreed with much difficulty among the Ten between 1981 and 1984, had been insufficient to reduce significantly the costs to the budget that Spanish accession would imply. The raising of the ceiling in national contributions to the budget (also very difficult to agree among the Ten) solved the immediate financial problems of the Community, but did not allow enough margin to offer Spain a 'generous' deal in the agricultural sector.¹² Furthermore, with the introduction of the IMPs, the Commission managed to take the issue of Mediterranean agriculture away from the exclusive control of the agricultural policy community by framing its proposed solutions in 'regional development' terms, rather than merely agricultural ones. This permitted various important things: to obtain funding to pay for the costs of enlargement in the agricultural sector which would now appear in the budget as 'structural policy', to comply with 'budgetary discipline, and to bypass a thorough reform of the CAP itself.

4. The challenge of Central European accession: Surpluses, competition and finances

Like Spain, the CCE sought to join the European Union in order to help consolidate the processes of transition to democracy and to market economies that they underwent since 1990. Like Spain, they had to wait a long time from the sidelines for the EU to agree to a complex reform of the CAP before they were able to start discussions on the substantive chapters of their accession.

The problems of extending the CAP to the CCE were similar to those posed by Spain's accession twenty years before. All the candidates, with the exception of the Czech Republic have much higher levels of people employed in agriculture than the EU average

¹⁰ CEC (1978), 'Opinion on Spain's application for membership', *EC Bulletin Supplement*, 9/1978.

¹¹ *Le Monde*, 12/6/1983.

¹² Lorena Ruano (2001), *Institutions, the Common Agricultural Policy, and the European Community's enlargement to Spain, 1977-1986*, D. Phil Thesis, University of Oxford.

(which in 2000 was 4.8% of the active population). In this respect, Poland, with around 18% of the active population still working in that sector, was the most problematic because of its absolute size, but Lithuania (22.5%) and Latvia (17.8) were close to it. This was aggravated by sharp income and price disparities between the candidates and existing EU members, lower production costs, the much higher contribution of agriculture to their GDP (3 to 4 times those of the EU) and the smaller size of holdings.¹³ Therefore, aligning prices and support measures would have been unaffordable for the EU budget as the CAP stood.¹⁴

In the same way as Spanish entry was to aggravate the Community's olive oil and wine lakes, the CCE's main products were precisely those which were already in surplus and thus responsible for most of CAP expenditure: cereals, milk, meat and sugar. Production was expected to increase further, given the incentives embedded in the CAP, and dumping the new surpluses on world markets was to cause further expenditure in the form of export subsidies, now incompatible with the EU's trade commitments at the Uruguay Round and the World Trade Organization. Also, the quick introduction of EU guaranteed price levels in the CCE would retard structural reform, intended to reduce the number of people working on the land and increase the size and productivity of holdings. And large rural populations are very costly to the budget, especially since the recent reforms to the policy had been geared in the direction of direct income payments. Hence the Commission's insistence on accelerating structural farm reform as part of the pre-accession strategy, which it supported with a transfer of €3.1 billion.¹⁵

The EU dealt with these dilemmas exactly as it did with Spain. First, enlargement was linked to a reform of the main regimes that would cause trouble, in order to curb future expenditure. Second, given that these reforms were insufficient to cope with the consequences of enlargement, the EU's proposed terms of entry consisted of long transition periods for the full adoption of the CAP by the new members. The length of the proposed transition periods, longer in agriculture than in any other sector (except perhaps environmental policy), was justified by the EU in terms of the large differential in price levels between the two sides.¹⁶ But there was also, as there was for Spain, the intention of avoiding a sharp increase in CAP expenditure, over which the EU put a ceiling at the Berlin European Council of 1998. The German situation no longer permitted that country to foot the bill as it did with Spain, making the dispute around the distribution of the costs to the budget more acute than ever.

The Commission's proposals for CAP reform of March 1998 envisaged a reduction of intervention prices of 20% for cereals, 30% for beef and 15% for milk. These reductions were to be compensated by direct income payments of various types, while the milk quotas were to be increased. As soon as they started being discussed inside the Union, the proposed reforms encountered strong opposition on two fronts: first, from some member states, headed by France, and from farmers across the Union; second, the finance ministers of Germany, Britain, the Netherlands and Sweden criticized the increase in budget expenses that direct payments would bring.¹⁷ In this context of internal disagreements, the EU did not

¹³ Alan Mayhew (2000b), "Financial and Budgetary implications of the accession of Central and East European countries to the European Union", Sussex European Institute, *SEI Working Paper*, n°33, p. 8.

¹⁴ See some estimates in Brian Ardy (2000), 'Agriculture and Enlargement' in Jackie Gower and John Redmond (eds.), *Enlarging the European Union: The Way Forward*, Aldershot, Ashgate, p. 93.

¹⁵ Ardy, 'Agriculture and Enlargement', p. 95.

¹⁶ European Commission (EC) (1997), 'Agenda 2000', COM (97) 2000.

¹⁷ *Financial Times*, 23/2/1999; Ardy, 'Agriculture and Enlargement', p. 95.

present a position paper on agriculture to the candidate countries before January 2002, thus delaying the discussions on the agricultural chapter until the very end of accession negotiations.

The initial EU position, outlined in 'Agenda 2000' by the Commission, constituted 'tough' news for the CCE: none of the direct payments were to be extended to them because they were a compensatory measure for the reduction of a guaranteed price level that their farmers never got in the past. The problem, however, was that such a system would put them at a competitive disadvantage with their Western counterparts, and more important, it entailed the creation of a two-tiered CAP. Since this was politically impossible, the EU's position paper presented in January 2002 envisaged a slow introduction of such direct payments over a long transition period of 10 years, reaching 100% by 2013 (CEC, 2002). Still, angry reactions on the part of CCE followed. They argued that such 'second class' treatment was 'unacceptable', which is exactly the same wording used by the Spaniards in 1983.¹⁸ The proposals became particularly problematic in Poland, where the People's Party, based on an agricultural constituency, announced its intention of campaigning against accession in the referendum, thus putting Polish negotiators under pressure to obtain a more generous deal from the EU.¹⁹ Farmers elsewhere in Central Europe also criticized these conditions for putting them at a disadvantage.²⁰ In addition, the proposal was also problematic for those inside the EU who sought further CAP reforms, because a commitment to phase in direct payments to new members would make it more difficult to phase them out for the enlarged Union in the future.

The dispute inside the EU was finally settled on the eve of the Brussels European Council of October 2002, when a Franco-German deal put an upper limit to agricultural budget expenditure between 2003 and 2013 in exchange for a freezing of the CAP reforms between 2004 and 2006. This agreement inside the Union gave the Commission and the Presidency a mandate to finalize enlargement negotiations, but it did not translate into a substantial improvement of the initial EU negotiating position with the candidate countries, and the issue of direct payments lingered on until literally the very last minute of enlargement negotiations at the Copenhagen summit of December 13, 2002. Then, a compromise package, formulated by the Danish Presidency and approved by the member states the night before, proposed to allow the candidate countries to 'top-up' direct payments with national funds up to 30% above the phasing in levels. Up to 40% of these 'top-up' could be co-financed by the EU budget (from their own allocations) until 2007.²¹

In the end, the agricultural package was accepted by the candidate countries in exchange for a budgetary manoeuvre which allowed for the creation of a new 'X' heading in the enlargement budget that provided a €900 million 'cash-flow facility' for Poland in 2004 and 300 million for the other nine acceding countries, as well as their budget rebates. Since in 2004-2006 the EU payments to the candidates would not reach the previously

¹⁸ *El País*, 29/1/2002; 18/02/2002; 5/3/2002.

¹⁹ The deputy Prime Minister and Agriculture Minister Jaroslaw Kalinowki, who as leader of the coalition partner in the government, also the head of the agriculture-based Peasant Party, assumed a crucial position in the talks between Poland and the EU. For the Polish position during the last negotiating sessions see *BBC News*, 3/12/2002 and *European Report*, 14/12/2002.

²⁰ *BBC News*, 4/12/2002.

²¹ EC (2002), 'Enlargement and agriculture: Summit adopts fair and tailor-made package which benefits farmers in accession countries', *CEC Press Release*, IP/02/1882.

designated €40.5 billion, it was agreed that the remainder could go to the new ‘X’ heading.²² In the end, as with Spain, the problem was solved by a budgetary manoeuvre which pours non agricultural funds into agriculture and long transition periods for the acceding countries, while CAP reforms themselves remained limited to what was acceptable to the agricultural policy community. How the latter is constituted is the subject of the following part.

Summing up, the main problem of the Community’s enlargement to Britain, Spain and the CCE has been similar: the extension of the CAP (as it stood) to the new members affected the tight distributional arrangements among existing members and called for a reform of the budget and of the policy itself. Such reforms, in turn, encountered so much resistance that they have been kept to a minimum, thus passing on the costs of enlargement to the applicants in the form of last minute ‘tough’ conditions on agriculture. These difficult terms of entry have been accepted by applicants in return for side-payments in other areas, achieved through changes to the budget: for Britain, the creation of the ESRF in 1975 and a budget rebate in 1984; for Spain, an increase in national contributions to the budget, the assignment of a large chunk of the Structural Funds and other resources coming from the IMP; for the CCE, significant transfers from the Structural Funds, Heading ‘X’ and budget rebates.

It is striking that such similarities have not been pointed out and explained in the past. This is because enlargement cases are normally studied separately and in their own merit, following the intergovernmental approach which has portrayed the disputes inside the community as distributional conflicts *among the member states*, between net contributors and net recipients. Yet, upon closer and comparative analysis, it turns out that the dispute *cut across all states along a sectoral cleavage* which confronted agricultural actors with those in charge of finances and other areas, both at the national and at the EU level. As the next part shows, this can be best understood with the help of an institutionalist/policy networks approach, that allows to ‘unpack the state’ and provides an explanation of the limited, path-dependent way in which the CAP changes.

II. INSTITUTIONS, POLICY COMMUNITIES AND CAP STABILITY

1. Unpacking enlargement: the sectoral division of the EC/EU

Once the decision of accepting a new member has been taken at the highest level, and negotiations get started, the broad objective of enlargement has been ‘unpacked’ into a set of more manageable and concrete issues. The way in which this unpacking has occurred has been determined by the institutional configuration of the EC/EU at the time when the applicants tried to join. Among the various criteria which guide institutional partitioning, the one built around the division of labour and technical/sectoral specialization was among the main features in the functionalist design of EC institutions. The ‘Monnet method’, which sought to depoliticize issues by breaking them down to make them susceptible to rational policy-making, is at the origin of the strong lines which divide the Community’s institutions sectorally. Hence, inside the Commission, Directorate Generals (DG)

²² EU Presidency (2002), ‘Presidency Conclusions: Copenhagen European Council, 12 and 13 December 2002’, SN400/02, Annex 1.

correspond to functional divisions. Even the Council of Ministers, representing the member states (territorial partition) is divided into specialized Councils. The fact that accession negotiations are broken down into different 'chapters' which correspond with such functional divisions inside the EC is an example of how the institutional structures affect the shape of the enlargement process.

By suppressing links across partitions, this division of labour creates areas of 'local rationality' with self contained collections of rules, which evolve independently in different domains.²³ As a result, the nature and contents of the *acquis communautaire* to be adopted by the applicant varies from one policy area to another. In some areas, alignment with Community regulations implies a liberalization or de-regulation, while in others, it requires more assertive actions, like transferring resources, which entail highly visible costs, and mobilize opposition more easily. In this respect, agriculture is substantially different from the other sectors of EC/EU activity, for its high degree of public intervention, protectionism, and funding from the common budget. In the cases of British, Spanish and Central European accessions, adopting the CAP implied a notable rise in the degree of regulation and public intervention in their agricultural regimes which were relatively more liberal before accession. Their entry had clear distributional consequences and mobilized opposition on both sides.

The nature of negotiations also varies from one sector to another depending on whether the changes required by enlargement are only necessary for the new member, or whether they also call for a revision of existing Community rules. At first glance, it would seem that the 'Community method' of enlargement, reflected in the Commission's insistence on the immutable nature of the *acquis*, puts all the burden of change on the new member.²⁴ Successive applicants have been told that they have to adapt to the Community, and not *vice versa*. However, in the redistributive policy areas, like agriculture, new actors cannot be included without some modifications to EC/EU rules. In these areas, negotiations are likely to be more complex, because the existing members have to agree first on the reforms. That is why agriculture has been problematic in these three cases of enlargement, despite the different characteristics of the applicant countries and the various historical contexts and institutional configurations of the EC/EU in which they took place.

Another substantive variation across chapters can also be observed in the number and intensity of 'linkages' they have with other policy areas. In reality, issues are connected to each other, but their deconstruction for processing by a fragmented decision-making structure can end up producing incoherent results. For example, inside the Commission, various aspects of the same issue are processed by separate DGs that follow different procedures and pursue dissimilar -or even conflicting- goals. This has created the problem that each DG has been jealous of its competence and is often reluctant to cooperate with other DGs. The discrepancies in size and political weight of each DG have made some sectors like agriculture disproportionately powerful, with DG VI/DG Agriculture controlling nearly 70% of the Community's budget until 1988.²⁵

²³ See James S. March and Johan P. Olsen (1989), *Rediscovering Institutions: The Organizational Basis of Politics*, New York, Free Press, p. 26.

²⁴ Christopher Preston (1997), *Enlargement and Integration in the European Union*, London, Routledge, pp. 18-22.

²⁵ Helen Wallace (1983), 'Negotiation, Conflict and Compromise: The Elusive Pursuit of Common Policies', In Helen Wallace, William Wallace and Carole Webb (eds.), *Policy-Making in the European Community*, 2nd ed., London, John Wiley & Sons, pp. 59-60.

The strong institutional insulation between sectors is clearer in the Council of Ministers and has allowed agriculture ministers to oppose their own national finance ministers, thus amplifying the coordination gap which is already acute in some member states.²⁶ During both Spanish and Central European negotiations, this interdepartmental division allowed Germany to oppose a reduction of guaranteed prices in the Agriculture Council while, at the same time, it strongly advocated budgetary discipline in the Council of Finance Ministers (CFM).²⁷ The insulation of the Agriculture Council is stronger than in other sectors because of the existence of the Special Committee on Agriculture (SCA), a special bureaucratic body, composed of senior national civil servants who prepare the meetings of the Council of Agriculture Ministers (CAM), a job which, in other policy areas, is done by the *Comité de Représentants Permanents* (COREPER).²⁸ The separation of the SCA from COREPER means that agriculture ministers are not subject to the same pressures as other ministers of having to take into account other interests in the formulation of their positions.

The Community has devised several ways of coping with the problem of interdepartmental coordination. Inside the Commission, there is the role exercised by the Presidency, and the establishment of special groups of Commissioners to handle clusters of related issues. In May 1983, for example, the Council instructed a working party of Directors General to examine the main outstanding problems in the areas of Mediterranean agriculture and its financing to un-block the Iberian negotiations for the Stuttgart European Council of 1983.²⁹

The lack of coordination has a similar effect to what happens inside member states: unsolved problems end up in the highest decision-making instances: the six months rotating Council Presidency and the meetings of the heads of state and government at the European Council. This mechanism was not present when the British were negotiating their accession, so the highest level, where horizontal coordination took place, was at bilateral meetings of the heads of state and government (e. g. Pompidou-Heath summit in 1971). In the Spanish case, the fact that heads of State and government in the European Councils of Stuttgart and Fontainebleau had to discuss the details of agricultural prices and quotas was a symptom of a horizontal lack of coordination at lower levels of the decision-making structure in the Community. In the case of Central European accession, the crucial decisions on agriculture and the budget were taken at European Councils of Berlin in 1998 (limiting budget expenditure) and Brussels in October 2002 (Franco-German deal).

This observation circumscribes the intergovernmentalist view of the state as ‘gate-keeper’ and ‘aggregator of preferences’ which sees the heads of state as coming to the Community bargaining table with a clear agenda where issues and policy goals have previously been established and prioritized at the domestic level.³⁰ The ‘national interest’ is

²⁶ See Vincent Wright (1996), ‘The national co-ordination of European policy-making: negotiating the quagmire’, in Jeremy Richardson, ed., *European Union: Power and Policy-Making*, London, Routledge, p. 152. [Libro de Menon](#)

²⁷ *Agra Europe*, 15/2/1985, P/1. The Economist

²⁸ Elmar Rieger (1996), ‘The Common Agricultural Policy’ in Helen Wallace and William Wallace, *Policy-Making in the European Union*, 3rd ed., Oxford, Oxford University Press, p. 108.

²⁹ *EC Bulletin*, 5/1983, § 2.1.97.

³⁰ Andrew Moravcsik, ‘Negotiating the Single European Act’, in Robert O. Keohane and Stanley Hoffmann, eds., *The New European Community: Decision-making and Institutional Change*, Oxford, Westview Press, 1991. The Choice for Europe...

never so neatly defined. It is not even the case for member states which have centralized foreign policy coordination machineries, like the United Kingdom or France, and it is problematic for more decentralized states like Germany or Belgium, ruled by coalition governments. Therefore, a chapter like agriculture, which requires a high degree of coordination with the budgetary one to avoid inconsistencies, is likely to complicate negotiations and climb up to the higher levels of the decision-making structure, where a *vue d'ensemble* is more likely, though not always possible.

So, having established that different policy areas present differing institutional configurations with their accompanying 'local' or 'bounded' rationalities, which shape the way in which enlargement negotiations unfold, it is now time to turn to the detailed analysis of the rules and norms which guide beliefs and behaviour in the agricultural sector.

2. The institutions of the CAP and path-dependent change

This chapter uses the concept 'institutions' as defined by North, which refers only to rules or 'arenas', and distinguishes them from 'organizations', which are the players or actors that operate within that framework.³¹ The institutions of the CAP were created in a series of negotiations which set out the constraints and opportunities within which agriculture would be subsequently managed at the Community level. North explains that rules are organized hierarchically, and vary from a general level, at which he locates constitutions (articles 32 to 39 of the Rome Treaty in this case), to specific regulations and contracts (e. g. level of production which triggers distillation in the wine regime). The higher up in the hierarchy, the more costly it becomes to alter these rules, because other sets of rules depend on them, which explains why changes are more likely to occur at the margins (i. e. re-contracting under the same framework) than at the level of general principles. The Treaty of Rome, where the objectives of the CAP were set out, rank high in the hierarchy of rules which constitute the CAP system of governance. As such, they proved very resistant to reform in the course of the three enlargements studied here, and their wording in the Treaties remained almost unchanged.

At the next level down the hierarchy of rules, the Agricultural Code of 1962 specified that the key instruments for the implementation of the CAP were guaranteed prices and Community Preference, marginalizing the option of structural measures, which largely remained under the control of national authorities. These decisions, designed to promote self-sufficiency and cushion farmers from 'market failures', were based on a tight equilibrium among the Six, which reflected the ideas, goals and relative power of the existing players. As they were being struck, these bargains became the framework for subsequent decisions, and triggered the creation of further and more detailed rules and organizations to put this policy into practice. This triggered the establishment of the various commodity markets from 1962 to 1969, constituted by a myriad of regulations and directives. Over time, this institutional level has experienced the highest rate of change, as actors have had to adapt to exogenous changes, like variations in world prices and production. Most of the changes brought by enlargement took place at this level, leaving the principles of the CAP almost intact.

During Britain's accession, the Community agreed to a series of specific changes, like quotas for New Zealand products and sugar from the Caribbean, but rejected an

³¹ North, *Institutions*, p. 3.

outright revision of the principles (increase production, maintain farmer's incomes) and instruments (guaranteed prices, community preference) of the CAP, which Britain openly questioned. Equally, the unfavourable British situation with regard to the budget was corrected by devising a 'special mechanism' which applied only to its particular case, instead of revising the overall budgetary arrangements. Furthermore, the rebate was negotiated after Britain had joined the EC and its bargaining power had increased substantially. However, not even from the new and more powerful position as full member of the EC, could Britain obtain a substantial modification of the two sets of interlocking rules, establishing the nature of the agro-budgetary *acquis communautaire* at the highest level.

Similarly, the threat of bankruptcy from Spanish accession triggered a series of revisions and changes in the regulations and directives concerning Mediterranean products (wine, olive oil, fruits and vegetables), which eventually resulted in the Integrated Mediterranean Programmes (IMPs). Although these programmes re-introduced the use of previously marginalized structural measures, they did not challenge the fundamental idea that agriculture ought to be subsidized, or the way in which the Community obtained its 'own resources'. Even under the most severe budgetary pressure, the European Council at Fontainebleau agreed in 1984 to add a further 5 billion ECU to fund the IMPs, by means of raising the VAT based levy on member states. These 'changes at the margins' or 're-contracting within the same broad framework' did not really tackle the underlying problem of overproduction, and by 1987, the Community found itself facing exactly the same problem: the exhaustion of 'own resources'.³² Moreover, had the problems of the first enlargement been addressed fully, the second one would not have faced so many obstacles: one of the main causes delaying the Spanish accession was precisely the row about the British rebate.

In the case of enlargement to Central Europe it has been shown that the reforms to the CAP were the continuation of a long process that had started in 1992 with Commissioner MacSharry. They consisted of *gradually* shifting the kind of subsidy from guaranteed prices to direct income payments to curb the growth of expenditure, but did not question the idea of supporting the income of Community farmers. Moreover, the internal agreement between France and Germany that un-blocked the final package consisted precisely in a postponement of CAP reform until 2006. Reforms were so insufficient to cope with the costs of enlargement that the EU sought not to extend direct income payments to new members, at the risk of creating a two tiered CAP.

These three cases of accession negotiations were not only similar in the sense that they challenged the CAP and its budgetary arrangements, but also in the way in which this challenge was met: by introducing the minimum of change needed to meet new conditions. Incrementalism, i. e. the continuation of past policies by making minor adjustments despite their poor performance, is what seemed to prevail, not 'rational policy-making'. Historical new institutionalism can offer valuable insights to explain this institutional 'lock in'.

The first insight is path-dependence. The existence of previous rules and regulations in a given policy area favours a 'reactive' approach to policy-making on the part of all actors. In other policy areas, an 'active' style of policy-making (in the sense of introducing

³² Brian Gardner (1987), 'The Common Agricultural Policy: The Political Obstacle to Reform', *Political Quarterly*, vol. 58, p. 167-170; Brigid Laffan and Michael Shackleton (1996), 'The Budget' in Wallace and Wallace, *Policy-Making in the European Union*, p. 79.

new ideas) is necessary, given the absence of a corpus of previous policies. But the CAP, being one of the eldest common policies, the agricultural *acquis* was already by 1969 very large, technical and detailed, so change has proved to be only ‘incremental’, with the member states and the Commission predisposed only to marginal adjustment rather than radical change.³³

The second insight is the role of informal rules which are important because they constitute a major source of continuity, even after significant changes in formal rules have taken place.³⁴ Without taking into account of the role of shared ideas and ‘cultural filters’, it seems almost impossible to understand why individuals and organizations do not follow the ‘most rational’ course of action (as perceived by the external observer) and instead, struggle to maintain a system which, downstream, is producing negative outcomes. In the case of the CAP, an important and unchallenged belief that most of its actors share is the idea that farmers’ incomes have to be supported by public money, and that the CAP cannot be re-nationalized. Also, the position of say the French minister of agriculture with regard to CAP reform in the face of British or Spanish accessions was not only determined by his bargaining power at the Council (veto), or the French ‘national interest’ (however defined), but also by past decisions, routines, codes, and a tradition of a *dirigisme* inside the French public administration.

So far, the analysis has concentrated on rules and norms. It is now necessary to turn the focus to the actors, defined as the organizations which interact with the above described institutional framework. Here, institutionalist theory can be complemented by a ‘meso-level’ approach, ‘policy networks’, which facilitates empirical research.³⁵

3. The European agricultural policy community

The ‘policy network’ approach, as developed by Marsh and Rhodes, works with three sets of variables which are clearly identifiable: membership, interactions and resources. By looking at these elements inside a policy network, it is possible to classify the way in which interest intermediation occurs between private and public actors, as well as national and supranational ones, in the agricultural sector. This is important because not all policy areas are configured in the same way. Policy networks can vary from tightly integrated ‘policy communities’ (like agriculture), where actors tend to share ideas about the policy, its problems and solutions, to loosely linked and pluralistic ‘issue networks’ (like technology). This difference accounts for particular policy outcomes and the extent to which policy changes. The typology is summarized in the table below.³⁶

A typology of policy networks

³³ Wallace, ‘Negotiation, Conflict and Compromise’, p. 47.

³⁴ North, *Institutions*, p. 36

³⁵ For a review of the evolution of this literature, see Mark Thatcher (1998), ‘The Development of Policy Network Analyses: From Modest Origins to Overarching Frameworks’, *Journal of Theoretical Politics*, vol. 10, n. 4, pp. 239-416.

³⁶ Taken from David Marsh and R. A. W. Rhodes (1992), ‘Policy Communities and Issue Networks: Beyond Typology’ in Marsh, David and R. A. W. Rhodes (eds.) (1992), *Policy Networks in British Government*, Oxford, Clarendon Press, table 11.1, p. 251.

Characteristics	Policy Community	Issue Network
1. Membership: -Permeability -Type of interest	-Small and closed -Economic and/or professional interest dominate	-Large and open -All interests affected
2. Interactions: -Frequency -Continuity -Consensus	-High and intense -Membership, values and outcomes persist over time -All participants share basic values and accept the legitimacy of the outcome	-Low and irregular -Access fluctuates significantly -Some agreement exists, but conflict is ever present
3. Resources: -Distribution within network -Distribution within participating organizations -Exchanges/Power	-All members have resources. Relationship is of exchange. -Hierarchical -Positive-sum if community is to persist	-Some participants may have some resources, but they are limited, and basic relationship is consultative -Varied and variable -Zero-sum as a result of unequal access and resources

As will be shown below, the actors' relations of the CAP exhibit all the characteristics of a policy community. Through restricted and stable membership, which ensures ideological consensus among the actors inside the community, a 'local rationality' has developed which excludes radical ideas about reform. The structural dependencies between the actors of this community tend to reinforce their common views.

3. 1. Membership and the 'mobilization of bias'

The first question to address when analyzing a policy network is: who has an interest in this policy problem? However, not all stakeholders participate in the decision-making process. The 'mobilization of bias', that is, the way in which institutions structure conflict and distribute power unequally among actors by giving them different degrees of access to the policy process is a central concept in policy network analysis because it determines membership. This is why Smith distinguished between the 'inner' and 'outer' circles of a policy community, while Marsh and Rhodes refer to the 'attentive publics' of a policy network.³⁷

The fact that we all need food to survive means that, theoretically, everyone has an interest in this policy area, and its centrality in the economic structure further links it to a number of other sectors. Yet consumers, taxpayers, environmental groups, and the applicant countries belong to the 'attentive public' or 'outer circle' of the European agricultural policy community, in the sense that their access to the decision-making process is limited and sporadic, although they are stakeholders. In contrast, the 'inner circle' is

³⁷ Martin J. Smith (1992), 'The Agricultural Policy Community: Maintaining a Closed Relationship', in Marsh and Rhodes, *Policy Networks*, p. 32; and Marsh and Rhodes, 'Beyond Typology', p. 259.

limited to those actors who participate regularly in the formulation and implementation of the policy. Who are they?

First, there are the national governments, more precisely, national ministries of agriculture, represented in the CAM. All of them have close relationships with their national farm organizations and see it as their role to win the best possible deal for their own farmers. Their attitude partly accounts for the rapid increase in the cost of the CAP in the 1970s and early 1980s.

Second is DG VI/Agriculture of the Commission, which is in charge of the formulation of CAP proposals as well as of their implementation and, therefore, has an interest in the development of this important policy ('mission creep'). It is one of the largest DGs, with over 1000 staff spread across eleven administrative units to address the full range of agricultural policy issues, from managing the various commodity markets, to international trade. Managing such a complicated policy as the CAP has made DG VI/Agriculture partly responsible for the incremental policy-making in the sector, and its routinized procedures are behind its reputation for conservatism.³⁸

Last, but not least, there are the producers' organizations, articulated at local, national, or transnational level through the European umbrella organization, COPA (*Comité des Organisations Professionnelles Agricoles des Pays de la Communauté Economique Européenne*). Its monopoly of farm representation was intended to spare the Commission from having to wrangle between conflicting agricultural interests, by subsuming and aggregating their enormous diversity under a single voice.³⁹ Functional monopolies of interest intermediation are one of the most common ways of restricting membership of, and access to, a tight policy community. Controlling the number and nature of demands on the system makes outcomes more predictable and is therefore a primary source of policy inertia.

The fact that governments have traditionally intervened in agricultural markets, and become the 'paymasters' of the industry, has made representation through interest groups largely state sponsored or, at least encouraged, because the latter needs to consult the interests affected and involved by its decisions. This, in turn, has made farmers' associations powerful, as their cooperation is indispensable at the formulation and implementation stages. This relationship is reproduced at the European level in a larger scale, where DG VI/Agriculture of the Commission, despite its size, is still understaffed if compared to national ministries and thus depends more on farmers' associations for implementation.⁴⁰ In this way, the high degree of mobilization of farmers at the European level is due to the fact that their incomes depend directly on the decisions taken in Brussels, and because EC/EU authorities need and consult them constantly. At the national level, the farming sector in each of the member states also exhibits an unusual degree of organization

³⁸ Patrick O'Hagan (1996), *EU Agricultural Policy Making towards Poland, 1989-1995, and Its Implications for Policy Network Theory*, University of Oxford, D. Phil. Thesis in Politics, p. 253.

³⁹ Jean Meynaud and Dusan Sidjanski (1971), *Les groupes de pression dans la Communauté Européenne, 1958-1968: structure et action des organisations professionnelles*, Brussels, Université Libre de Bruxelles, Institut d'Études Européennes, Éditions de L'Institut de Sociologie, p.172. This monopoly of representation is also observable at the national level in several member states, like Germany and Britain.

⁴⁰ Graham K. Wilson (1977), *Special Interests and Policymaking: Agricultural Policies and Politics in Britain and the United States of America, 1956-70*, London, John Wiley & Sons, p. 36. For the case of the Commission see Sonia Mazey and Jeremy Richardson, 'The Commission and the lobby', in Geoffrey Edwards and David Spence (eds.) (1994), *The European Commission*, Essex, Longman, p. 177.

when compared to other sectors, and farmers have tended to capitalize on their electoral significance as well as on their capacity to mobilize their members and take them onto the streets if necessary.

The membership of this policy network has been reduced (to DG VI, the CAM and producers organizations) and stable over time (in the sense that no new actors have been included in the 'inner circle'), both of which are characteristics of policy communities as defined by Marsh and Rhodes. All these actors share a set of common beliefs about the CAP which, for them, transforms the issue of budgetary discipline into a discussion of whether subsidies should take the form of guidance measures instead of guaranteed prices.

Related to membership is the issue of exclusion, i. e. the way in which a policy community deals with those interests which are affected by its actions, but kept outside its boundaries. In this case, the most important barrier is the complexity and technicality of the rules which operate in the agricultural sector, which ensure that those actors who lack the specialized knowledge to discuss the agricultural *acquis* are excluded, or else they 'go native' once they acquire the necessary knowledge to participate meaningfully. The technical nature of the policy discourages participation from outsiders and reduces their demand for representation in the policy process.⁴¹ For that reason, despite the turn towards 'rural' policy with the MacSharry reforms, which brought other actors to the network from the policy areas of environment, tourism and development, their participation is still sporadic when compared to that of the actors of the 'inner circle'.

Consumers, the 'natural enemies' of producers have been excluded from the decision making process, and that is why objective e) of the CAP (reasonable prices for consumers) has always been ignored in favour objective b) ensuring a fair standard of living for the 'over represented' producers.⁴² This is because, first, EC/EU institutions and activities are built in a way that emphasizes production, and the exclusion of consumers is not unique to the agricultural sector, despite the efforts of the Commission to help them organize and to have them represented.⁴³ Second, in contrast to producers, consumer associations lack resources of their own and the capability to mobilize members and 'take to the streets'. They have to monitor a very large number of policy areas apart from agriculture, so their actions tend to be dispersed, and their power diffused. Third, the average European consumer is not aware of the detailed workings of the CAP and, therefore, finds it difficult to articulate his interest in the language of the policy. Fourth, the *Comité de Contact des Consommateurs de la Communauté Européenne* (CCCCE), which is the arena where consumers participate at the EC level, has complained about not being consulted at the stage of policy formulation, but only at an advanced a stage, after the essential principles of a proposal have been set up, which reduces their influence.⁴⁴ In this way, the informal rules about consultation, which are part of CAP institutions, contribute to the exclusion of consumer views.

If the Community's consumers are excluded from the policy process, what room is there left for the accommodation of the applicant countries or third parties? Not much. The way in which accession negotiations are conducted tends to favour existing member states'

⁴¹ Smith, 'The Agricultural Policy Community', p. 32; Gardner, 'The CAP: The Political Obstacle to Reform', p. 177.

⁴² The objectives of the CAP were set out in the *Rome Treaty*, Art. 39 (1).

⁴³ Meynaud and Sidjansky, *Les groupes de pression dans la CE*, pp. 349-381.

⁴⁴ Meynaud and Sidjansky, *Les groupes de pression dans la CE*, p. 361

interests over those of the applicants.⁴⁵ In the British case, Commonwealth sugar producers complained that they ‘did not have votes to set against the power of the beet sugar lobby in France’, which advocated the strictest application of the ‘Community preference’ principle to their detriment, via the French agriculture minister in the CAM.⁴⁶ Spanish interest groups were also excluded from the process of reforming the *acquis* for wine, olive oil and fisheries, the central issues of the negotiations. Neither were the views of Central European farmers taken into account in the formulation of ‘Agenda 2000’. The main consequence of this exclusion is that applicants have paid most of the costs of adaptation, while the existing members minimized theirs by changing the *acquis* prior to negotiations: setting up the budget rules in the case of Britain, changing the regimes for wine and olive oil before talking to Spain or those of milk and beef before negotiations with Poland. As a consequence, once in, both Britain and Spain have attempted to re-negotiate the most unfavourable terms of their accession. What the Polish will do is still to be seen.

Another crucial actor which is kept at the sidelines of the agricultural policy community is the Council of Finance Ministers (CFM). In principle, EC institutions empower them to question projects and to reduce expenditure. However the existence of the SCA as separate from COREPER has contributed to the institutional insulation of the CAP from finance ministers. This is accentuated by the fact that agricultural guarantee spending, the largest item in the budget, is part of the Community’s legal commitments. This has greatly reduced the moderating role that the CFM and of the European Parliament, which could have played as checks on agricultural spending, despite the fact that they are called into the policy process by means of the annual budgetary cycle.⁴⁷ At the domestic level, fixing guaranteed prices at the CAM has meant that all member states have lost important means of controlling agricultural expenditure.⁴⁸ Therefore, although it is true that budgetary discipline has been an unavoidable constraint that over the time has brought about gradual change in the CAP, the agricultural policy community has managed to translate reform to its own terms.

The exclusion of those individuals or groups who disagree with the way in which the CAP is run reinforces the common ideology inside the policy-community. The next question which needs to be addressed is how the existence of such a closed community is maintained. Marsh and Rhodes suggests that it is necessary to look at the way in which actors relate to each other, and whether their resource exchanges produce positive outcomes for all, since this would constitute the main incentive to keep the system as it stands. This is the subject of the following section.

3. 2. Interactions: resource exchanges and structural dependencies

The first element which has to be taken into account when analyzing the peculiar way in which the actors of the agricultural policy community exchange resources is the framework which structures such exchanges. The CAP framework represents a distortion of original EU principles. It ignores the general preference for market mechanisms for the allocation of

⁴⁵ Ruano, *Institutions, the CAP and the EC’s enlargement to Spain*, pp.

⁴⁶ Young, *Terms of Entry*, p. 159.

⁴⁷ See Laffan and Shackleton, ‘The Budget’, Box 3. 1. ‘The European budgetary cycle and rules’ p. 74; and Rieger, ‘The CAP’, p. 110.

⁴⁸ Wilson, *Special Interests and Policymaking*, p. 48.

resources in favour of public financial intervention with redistributive purposes. Prices are not set according to supply and demand only, but are decided by public authorities on the grounds of a socio-political objective: to ensure a fair standard of living for farmers. This is why this policy area has promoted 'rent-seeking' behaviour on the part of actors. For this reason, the CAP is 'a self contained world' which cannot be judged on purely economic criteria of rationality or efficiency.⁴⁹

The interventionist nature of the CAP is therefore at the origin of the way in which actors inside this policy community (DG VI, the CAM and producers' associations) relate to each other. The CAP is one of the EC's oldest policies, and the annual fixing of guaranteed prices built a cyclical routine of interaction and contacts between the main actors, which, over time, has made relations between the groups highly stable and institutionalized in regular meetings and informal events. This stability is an uncommon feature in other EC policy areas, where, according to Richardson, uncertainty prevails, and the rules of the game are still disputed.⁵⁰ Such stability explains the incremental nature of policy-making.

The timing and nature of the involvement of farmers' interest groups in the policy process has increased with respect to their previous position in purely national settings, because the EC institutional layer has provided more access points to the decision-making process.⁵¹ First, in the consultation phase, COPA has 'constitutional rights' of consultation, and its leader meets with the Commissioner of DG VI/Agriculture every four to six weeks, while farmers' representatives dominate many committees.⁵²

The influence of agricultural lobbies during the drafting phase inside DG VI/Agriculture is felt through personal contacts. Moreover, given the high degree of technical specialization, there seems to be considerable job mobility for individuals from posts in farmers' associations to work in the national ministries of agriculture and in DG VI/Agriculture. This is an additional source of personal contacts and shared ideas among the three sets of organizations inside this policy community.

When defending a distinctively national agricultural interest, the influence of these groups depends primarily on how much pressure they can put on their own governments at home. It is vital to have a voice in national domestic politics, in order to make governments defend their interests at the European level. This is done through their representatives in the SCA and the CAM, where Commission proposals are discussed, and approved or rejected. In most cases, there is a close policy community at the national level which works for the defense of the national agricultural interests at the European level.⁵³ Many of these associations also participate in the last part of the policy process, implementation, and in doing so, they further interact with national public administrations and the Commission.

Summing up, the organizations which represent agricultural producers intervene at all the stages of the policy process, from consultation to implementation. The fact that this is

⁴⁹ Rieger, 'The CAP', p. 100.

⁵⁰ Jeremy Richardson, 'Policy-making in the EU: Interests, ideas and garbage cans of primeval soup', in Richardson, *European Union*, p. 11.

⁵¹ M. P. C. M. Van Schendelen (1994), 'Introduction: The Relevance of National Public and Private EC Lobbying', in M. P. C. M. Van Schendelen, ed., *National Public and Private EC Lobbying*, Dartmouth, Aldershot, p. 10.

⁵² Gardner, 'The CAP: The Political Obstacle to Reform', p. 170.

⁵³ For a comparative analysis of the national networks see Ruano, *Institutions, the CAP and the EC's enlargement to Spain*, pp. .

an interventionist policy means that public authorities (both the Commission and the national ministries for agriculture) cannot work in this area without two precious resources which the farmers' associations possess: detailed and specialized information, and the organizational infrastructure for implementation and political control. This coincides with Marsh and Rhodes' view that the key resources which give interest groups privileged access to the decision-making process are economic position and specialized knowledge. In this way, producers and professional groups are consulted and their interests become 'vested'; they dominate the policy community and keep it closed to outsiders.

Farmers are also dependent on public authorities for their incomes, and this makes them dependent on the Commission and their respective ministries of agriculture who defend them in the CAM. Their dependence on each other for precious resources explains the symbiotic nature of the relationships as well as their persistence and stability. The symbiosis is such that the roles of actors appear to have been reversed. The elites of farmers associations 'sell' to their members the agricultural policy decided by the authorities, and use their organizational capacity to exercise political control. On the other hand, ministers of agriculture voice farmers' demands and defend their interests, while DG VI/Agriculture 'sees its role as that of farm support organization'.⁵⁴ This confusion of roles is possible because there is an underlying ideological consensus among the actors, which also facilitates job mobility among the three kinds of organizations (national ministries, DG VI and farmers associations). Thus, knowledge is a crucial resource, and although cognitive boundaries are intangible, they remain decisive as means of exclusion and cohesion.

Conclusion

The CAP is the main redistributive policy of the European Union and still absorbs the largest proportion of its budget. This has made the financial costs of British, Spanish and Central European enlargement highly visible in the agricultural sector. Therefore, to make these three cases of enlargement viable, a reform of the CAP became necessary. Yet, the path-dependent way in which the CAP evolves has prevented the important and radical revisions that were necessary to cope with the disruptions that each enlargement brought to the agricultural sector from happening.

This chapter has traced the existence of a policy community as typified by Marsh and Rhodes, in the agricultural sector at the European level, which has managed to keep changes to a minimum, and always translated reforms to its own terms. The number of participants in agricultural decision-making is generally limited to DG VI/Agriculture, the CAM and the farmers' associations, who lobby collectively through COPA or through national channels. Producers' interests have clearly dominated policy outcomes, while actors which could present a potential threat to the *status quo* (consumers, the CFM, applicant countries) are excluded by institutional and cognitive barriers. Interactions between the organizations are not only frequent but are also cyclical, which creates in a high degree of continuity in the policy.

The consequences for enlargement of this resistance to reform are of timing and contents. First enlargement negotiations have, in all three cases, become tangled with bitter disputes inside the Community, thus delaying and complicating the discussion of the agricultural chapter with the applicants, leaving it to the very end of negotiations and

⁵⁴ Smith, 'The Agricultural Policy Community', p. 31.

putting the applicants in a 'take it or leave it situation'. Second, the EU presented the candidates with 'tough conditions' for their incorporation in this sector, which passed much of the costs of adaptation onto the applicants: in the Spanish and Central European cases, it meant opening up their markets, but not being given the full extent of support and access until the end of long transition periods; for Britain, it constituted a very disadvantageous budgetary arrangement which poisoned the relation of that new member with the rest of the EC until it got a rebate in 1985.

As a result, the other re-distributive arrangements of the EU, in particular the Structural Funds, have had to change considerably, as means of compensation. In the case of Spain's accession, the creation of the IMPs (which compensated existing members) and of the Cohesion Fund (which compensated Spain) helped the EC to maintain the CAP more or less as it was. This also happened after the first enlargement when the European Social and Regional Fund (ESRF) was created as a means to compensate Britain for its adoption of an agro-budgetary arrangement that did not suit its characteristics. Most recently, the reform of the thresholds for allocating Structural Funds, together with transitional budgetary rebates have constituted a 'sweetener' for the harsher deal the CCE have had to swallow in the agricultural sector.

Finally, the comparison of these three cases allows to see the shortcomings of a purely intergovernmental approach, which does not take into account sectoral fragmentation of 'national interests' that takes place at the EU level. In contrast, this chapter has shown that use of an institutionalist/policy networks approach is necessary to understand why the 'CAP tail has wagged the EU dog' over successive rounds of enlargement.