UNIVERSITY OF OXFORD

INSTITUTIONS, THE COMMON AGRICULTURAL POLICY, AND THE EUROPEAN COMMUNITY'S ENLARGEMENT TO SPAIN, 1977-1986

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Thesis submitted in fulfilment of the requirements for the degree of D. Phil. in International Relations in the Department of Politics and International Relations at the University of Oxford

Trinity Term 2001
(95 000 words)

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Nuffield College, Oxford, Trinity Term 2001

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Why did EC enlargement negotiations with Spain take so long? This thesis argues that agricultural issues dominated negotiations despite the political and strategic aims of stabilizing Western Europe's southern flank that underpinned the *raison d'être* of this enlargement. The framework of Historical New Institutionalism is used to argue that several 'biases' operating at three levels account for the length and nature of these negotiations.

At the first level, the 'bilateral' format of the negotiation procedure between Spain and the EC favoured existing EC members and protected the *acquis communautaire.* The Community's negotiating positions, as bargains in themselves, tended to be inflexible, and reduced Spain's input in the discussions and in the agenda-setting process.

At the EC level, the CAP exhibited an unusual capacity to withstand the changes required by enlargement. This was because the EC's decision-making structure was fragmented into sectors and levels which allowed a closely knit 'policy community' to run the CAP in a way that was relatively insulated from other issue-areas. Change in the CAP occurred to cope with enlargement, but in a path-dependent way, passing the cost of adaptation on to Spain.

At the national level, member states' so-called national interests with regard to enlargement were mixed, with no clear priority, and conflicting sectoral views. This resulted from the mechanisms of interest intermediation and inter-departmental co-ordination, which shaped the formulation and representation of national views in Brussels.

Spain's accession was finally made possible when new redistributive policies for the Mediterranean and fresh budgetary resources were agreed. These were approved as part the wider package-deals surrounding the Single Market project and the Single European Act.

HNI provides a new and persuasive framework with which to understand the difficulties of institutional change associated with enlargement negotiations.

I hereby declare that this work is entirely my own, except where otherwise indicated.

Lorena Ruano
Oxford, 3 July 2001

ACKNOWLEDGEMENTS

This thesis is the result of six years at Oxford that have involved much more than the research and writing presented here. Trained in the broader field of International Relations and born and raised in Mexico, for me this project entailed getting to grips with European history, studies, and way of life almost from scratch. In this long process, I have been very fortunate to receive the guidance and support of Dr. Anne Deighton (Wolfson College), the 'dream supervisor'. Without her encouragement and dedication, these years could have never been as intellectually stimulating, and the historian in me would still be undiscovered. It is to her that I want to express my deepest gratitude.

Thanks to my funding bodies, the British Council, Nuffield College and CONACYT, I have also enjoyed the privilege of living and studying in the unique environment that Nuffield College and Oxford University provide. Here, I have had countless opportunities to get comments and advice from many members of the faculty. Among them, I am particularly indebted to my three college supervisors, Dr. Andrew Hurrell (Nuffield College), Dr. Vincent Wright (Nuffield College) and Prof. Laurence Whitehead (Nuffield College), as well as Dr. Jeremy Richardson (Nuffield College), Dr. Alec Stone Sweet (Nuffield College), Dr. Anand Menon (St Antony's College), Dr. Kalypso Nicolaïdis (St Antony's College), Dr. Karma Nabulsi (Nuffield College), Dr. Rosemary Fennell (Queen Elisabeth House), Dr. Piers N. Ludlow (LSE) and Dr. Adam Sheingate (Nuffield College), all of whom took time to look at parts of my work and gave precious feed-back.

Beyond Oxford, I would like to thank Mr. Graham Avery (European Commission), Dr. Françoise De la Serre (CERI, Paris), Dr. Christian Lequesne (CERI, Paris), and Dr. Charles Powell (Fundación Ortega y Gasset, Madrid), from whom I have received advice and very useful information. I am also grateful to the participants who commented on my work in progress presented at the *Ionian Conference: Making Enlargement Work*, Corfu, Greece, 1998; at the conference on *The European Communities, 1965-1979: national decision-makers and public opinion*, St Antony's College, Oxford University, 1998; and at the Joint Sessions of the ECPR, Workshop 27: 'Enlarging or Deepening: European Integration at the Crossroads', Mannheim, Germany, 1999. On the more practical side, I must thank those who lodged me (and kindly looked after me!) when researching abroad: Bastiaan Van Apeldorn, Jeroun Ducos, Jeanette Frössinger, and my aunt Charo.

I have also received much feedback and shared the anguishes and joys of doing a doctorate with fellow students, whose input in seminars and personal conversations I regard as fundamental. Many thanks to Alexandra Guaqueta, Stephanie Kuttner and Carol Macqueen with whom I organized an International Relations Research Students 'support group', and to Johannes Lindner, Margaret McCown, and Berthold Rittberger, who set up a similar group for those in European Politics. Catherine Needham and Hans Schattle provided yet another student-led seminar to present work in progress which I found particularly useful.

On the personal side, I would like to thank some of the many friends who have made this time in Oxford unforgettable and effectively helped to combat the loneliness of writing a D. Phil. and living abroad. Thomas Gallagher, Juan Navarrete, Katie Wright, Anna Wolton, Tim Lawrence, Katie Portwin, David Sant and Andrew Bremner have become my surrogate family. Rochana Bajpai, Lenka Banovcova, Susanne Choi, Elisa Díaz, Javier García de Polavieja, Evelyn Goh, Claire-Louise Hodges, Jobst Koehler, Christian List, Sophocles Mavroeidis, Fran McGinnity, Luca Nunziata, Francesca Utili, Alison Warner and Toby Wolfe, made life in Nuffield fun and cosy. Branka Andjelkovic, Karim and Ali Hauser, Eduardo López, Eric Magar, and Mónica Sanchez, have always been there for me in spite of time and distance, as has been my family, particularly my parents, Mari and Toni, to whom this thesis is dedicated.

Oxford, 3 July 2001.

CONTENTS

ACP	African, Caribbean and Pacific countries
BEUC	*Bureau Européen des Unions de Consommateurs* (European Bureau of Consumer Associations)
CAM	Council of Agriculture Ministers
CAP	Common Agricultural Policy
CCT	Common Customs Tariff
CDU	*Christ Demokratische Union* (German Christian Democratic Party)
CEC	Commission of the European Communities
CEOE	*Confederación Española de Organizaciones Empresariales* (Spanish Employers' Confederation)
CET	Common External Tariff
CFP	Common Fisheries Policy
CNAG	*Confederación Nacional de Agricultores y Ganaderos* (Spanish National Confederation of Farmers)
CNJA	*Confédération Nationale de Jeunes Agriculteurs* (French National Confederation of Young Farmers
COPA	*Comité des Organisations Professionnelles Agricoles des Pays de la Communauté Économique Européenne* (Committee of Agricultural Professional Organizations of the Countries of the European Economic Community)
COREPER	*Comité de Représentants Permanents* (Committee of Permanent Representatives)
CSU	*Christlich Soziale Union* (German Christian Social Union Party)
DBV	*Deutsches Bauernverband* (German Farmers' Union)
DC	*Partito Della Democrazia Cristiana* (Italian Christian Democrat Party)

DG	Directorate General (of the European Commission)
DG I	Directorate General I: External Affairs
DG VI	Directorate General VI: Agriculture
EAEC	European Atomic Energy Community
EAGGF	European Agricultural Guidance and Guarantee Fund (known by its name in French: *Fond Européen d'Orientation et Guarantie Agricoles, FEOGA*)
EC	European Community (European Economic Community)
ECOFIN	Economics and Finance Ministers (Council)
ECJ	European Court of Justice
ECSC	European Coal and Steel Community
EFTA	European Free Trade Association
EP	European Parliament
ERDF	European Regional and Development Fund
ETA	*Euskadi ta Askatasuna* (Basque Nation and Liberty)
EU	European Union
FDP	*Freie Demokratische Partei* (German Free Democratic Party)
FFA	*Fédération Française de l'Agriculture* (French Agricultural Federation)
FNSEA	*Fédération Nationale des Syndicats des Exploitants Agricoles* (French National Federation of Farmers' Unions)
FRG	Federal Republic of Germany
GEA	*Groupement National pour la Défense et le Développement des Entreprises Agricoles* (National Group for the Development of Agricultural Businesses)
GMP	Global Mediterranean Policy
GNP	Gross National Product
HNAG	*Hermandad Nacional de Agricultores y Ganaderos* (Spanish Francoist Farmers' Union)
HNI	Historical New Institutionalism
IMF	International Monetary Fund
IMPs	Integrated Mediterranean Programmes
LI	Liberal Intergovernmentalism
MAFF	Ministry of Agriculture, Food and Fisheries (Britain)
MCAs	Monetary Compensatory Amounts
MODEF	*Mouvement de Défense des Exploitants Familiaux* (French Movement for the Defense of Family Farmers)

MONATAR	*Mouvement National des Travailleurs Agricoles et Ruraux* (French National Movement of Agricultural and Rural Workers)
NATO	North Atlantic Treaty Organization
NF	Neo-Functionalism
NFU	(British) National Farmers' Union
NTBs	Non-Tariff Barriers
OECD	Organization for Economic Cooperation and Development
PASOK	Pan Hellenic Socialist Movement
PCE	*Partido Comunista de España* (Spanish Communist Party)
PCF	*Parti Communiste Français* (French Communist Party)
PCI	*Partito Comunista Italiano* (Italian Communist Party)
PLI	*Partito Liberale Italiano* (Italian Liberal Party)
PR	Permanent Representatives (member states in Brussels)
PRP	*Rassemblement pour la République* (French Gaullist Party)
PSF	*Parti Socialiste Français* (French Socialist Party)
PSI	*Partito Socialista Italiano* (Italian Socialist Party)
PSOE	*Partido Socialista Obrero Español* (Spanish Socialist Party)
QMV	Qualified Majority Voting
SCA	Special Committee on Agriculture (European Community)
SEA	Single European Act (1986)
SGCI	*Secrétariat Général du Comité Interministériel pour les questions de coopération économique européenne* (French Interministerial General Secretariat for issues of European economic cooperation)
SPD	*Sozial Demokratische Partei* (German Social Democratic Party)
UCD	*Unión de Centro Democrático* (Spanish Centre Democratic Union)
UK	United Kingdom
US	United States
VAT	Value Added Tax

Twenty-five years ago, Spain Portugal and Greece were the first wave of countries which, in the process of transition from authoritarian to democratic rule, wished to join the European Community (EC).[1] It was perceived as an organization which would foster economic growth and, more important, help to consolidate their new and fragile political regimes. In the context of the cold war, it was necessary for Western European countries and the United States that all three remained both stable and outside the Soviet Union's influence. So their inclusion in the EC began to be discussed very soon after the first elected democratic governments took power; applications for membership were presented by Greece in June 1975, Portugal in March 1977, and Spain in July 1977. However, although it was in everyone's strategic interest to incorporate these countries into the EC, the negotiations for accession of Spain and Portugal dragged on for a long time (they joined in 1986) and were delayed by interminable 'technical' discussions on Mediterranean agriculture. Why?

[1] The phrase 'European Communities' is used to denote the European Coal and Steel Community (ECSC, 1951), the European Economic Community (EEC, 1957), and the European Atomic Energy Community (EAEC or Euratom, 1957). Since the 1965 Merger Treaty the three Communities have shared the same institutions and membership while remaining legally distinct. In the Maastricht Treaty (1992), the EEC was officially renamed the 'European Community' (EC) and remains a separate entity within the European Union. Throughout this thesis I use this latest form to refer to the EEC, although it must be noted that Spain joined all three 'Communities' in 1986.

1. The historical puzzle and the theoretical argument

Spanish pro-European enthusiasm in the late 1970s was slowly tamed by the painful realization that the EC was formally an economic organization, and one in which the translation of political will into concrete action was far from easy or quick. In contrast to the North Atlantic Treaty Organization (NATO) which Spain joined in 1981, the negotiations with the Community lasted eight years and tested the patience of the Spanish, who were increasingly dismayed by the EC's slow, bureaucratic, and 'technical' approach, apparently unaware of the sense of urgency prevailing in Spain about EC membership. Leopoldo Calvo Sotelo, the first Spanish chief negotiator with the EC (February 1978-September 1980), expressed frustration with the member states and the bureaucrats in Brussels who were 'acting as if they were dealing with a Spain in which there was a consolidated democracy and time to lose'.[2] The attempted coup d'état in Spain, on 23 February 1981, was a reminder of the weakness of the new regime and its need for external support.[3] So it was indeed striking how, 'the rhetoric on Western democratic ideals gradually gave way to heated discussions about the price of peaches and olive oil' which delayed the enlargement process and even threatened its failure.[4]

Negotiations progressed at a timid pace, as the general aim of 'enlargement' was deconstructed into a large number of concrete consequences for specific and diverse interests, all of which followed their

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[2] Calvo Sotelo, in his address to Lorenzo Natali, the European Commissioner in charge of enlargement, in the joint parliamentary meeting of 2-3 June 1980. Quoted by Raimundo Bassols, *España en Europa: historia de la adhesión a la CE, 1957-85,* Madrid, Política Exterior, 1995, p. 242. Translations are mine.

[3] For a discussion of the relationship between EC membership and democratization in Spain, see Laurence Whitehead, 'Democracy by convergence and Southern Europe: a comparative politics perspective' and Jonathan Story and Benny Pollack, 'Spain's transition: domestic and external linkages', both in Geoffrey Pridham, ed., *Encouraging democracy: the international context of regime transition in Southern Europe,* Leicester, Leicester University Press, 1991. As will be explained in chapter 5, the belief that EC membership was an important way of supporting democratization in Spain was one of the main reasons for the members states' commitment to enlargement.

[4] Loukas Tsoukalis, *The European Community and its Mediterranean enlargement,* London, George Allen & Unwin, 1981, p. 136. Even to the very last minute of the last 'marathon' session, another argument about wine took place. See Fernando Morán, *España en su sitio,* Barcelona, Plaza y Janés, 1990, pp. 446-7.

own 'logic'. Thus, the 'technical' issue of defining a transition period for Spain's adoption of the Common Agricultural Policy (CAP) appeared as a major obstacle, and the EC did not present its negotiating position on this until 1984. Incorporating a country the size of Spain and with its considerable potential in some sectors which were 'sensitive' for the Community, meant that the *acquis communautaire* had to be reformed. But member states found this almost impossible to do. The CAP played a disproportionately prominent role in discussions provoking endless bureaucratic haggling. Why did the Community prove so 'inflexible'? Why did agriculture, a supposedly 'low politics' issue area, become so salient in the enlargement negotiations between Spain and the EC? Why did it manage to obscure the 'high politics' motives of regional stability and democratic consolidation?

This thesis tries to answer these questions by analyzing the role that institutions played in the process of negotiating enlargement. This is because institutions create 'distortions' or 'biases' by over or under representing interests, views of the world, ideas and forms of knowledge.[5] Enlargement negotiations are an extremely complex political process in which the representation of interests --whether regional, national, transnational or supranational-- is largely shaped by sets of rules and procedures which distribute power and competences among actors and their interests. It would be difficult to understand the prominent role played by

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[5] In this thesis, I propose to use the theoretical framework of 'Historical New Institutionalism' (HNI) as explained in chapter 2, based on the work by Sven Steinmo and Kathleen Thelen, 'Historical Institutionalism in Comparative Politics', in Sven Steinmo, Kathleen Thelen and Frank Longstreth, *Structuring politics: Historical Institutionalism in comparative analysis*, Cambridge, Cambridge University Press, 1992. See also Peter A. Hall and Rosemary C. R. Taylor, 'Political Science and the three New Institutionalisms', *Political Studies*, vol. 44 (1996), n. 5, pp. 937-942. I follow the definition of 'institutions' and other related concepts developed by Douglass C. North, *Institutions, institutional change and economic performance*, Cambridge, Cambridge University Press, 1990; and of those who have applied this framework to European studies, like Simon J. Bulmer, 'New Institutionalism and the Governance of the Single Market', *Journal of European Public Policy (JEPP)*, vol. 5 (1998), n. 3, pp. 365-386; Kenneth A. Armstrong and Simon J. Bulmer, *The governance of the Single European Market*, European Policy Research Unit Series, Manchester, Manchester University Press, 1998; Paul Pierson, 'The path to European integration: a Historical Institutionalist analysis', *Comparative Political Studies*, vol. 29 (1996), n. 2, pp. 123-163.

agricultural issues in the Spanish accession negotiations to the EC without analyzing the institutions which structured the articulation and representation of the interests involved. I propose to focus on three general sets of institutions which, arguably, shaped the awkward way in which enlargement negotiations between the EC and Spain unfolded.

The first set of institutions that mattered were those that structured the interactions between the EC and Spain: the negotiation procedure. This followed a 'bilateral' format which had been set up in 1961 during the first EC enlargement negotiations with Britain, Denmark, Ireland, and Norway. This procedure indicated that the Community would negotiate *as a block*, and would therefore be required to agree on a 'common position' first, which was then presented to the applicant. This had important consequences for the way in which all enlargement negotiations were to be conducted after 1961-3: most discussions took place *among* the member states, while the applicants waited on the sidelines.[6]

Given that a common position was formulated following Community procedures, the second set of institutions that need to be analyzed are those at the EC level of decision-making. This introduces an extreme degree of complexity into the negotiations, because the EC arena is itself subdivided into a large number of national and sectoral partitions. In order to understand the disproportionate role played by agricultural issues in the Spanish accession negotiations, it is indispensable to look at the sectoral divisions in the EC's institutional structure. As will be shown, agricultural interests and issues were not only over-represented in the organizational structure of the EC, but they were also insulated from the pressures of other sectors which, like finance, trade or foreign affairs, might have constrained them. This thesis analyzes the institutions that governed EC decision-making in the agricultural sector and their 'boundaries', i. e. the mecha-

[6] Commenting on the last enlargement negotiations of 1995, Graham Avery noted that 'the most lengthy and arduous part of the negotiations is not between the EC and the applicants but the internal discussions of the Community itself': 'The European Union's enlargement negotiations', *The Oxford International Review*, vol. 5 (1994), n. 3, p. 29.

nisms of exclusion and representation of interests. In particular it emphasizes the role played by technical knowledge and expertise as important cognitive barriers which insulated agricultural decision-makers at all levels from the pressure of the political and strategic imperatives of enlargement.

The third set of institutions which needs attention is at the 'national' level, where member states' interests towards Spain's EC membership were formulated. Here, two sets of mechanisms deserve analysis: those dealing with inter-sectoral co-ordination in national public administrations for the formulation of EC policies, and those articulating the representation and intermediation of societal interests with government authorities.

With regard to the first, it will be argued that sectoral partitions at the EC level had altered the way in which the member states' so-called 'national interests' were formulated. Each ministry of agriculture had developed its own EC policy independently of a more general 'national interest'. In this sense, member states' EC policy-making differed from 'normal' foreign policy making in that each exhibited a high degree of sectoral segmentation, as the co-ordination of a 'global view' slipped away from the monopoly of foreign ministries.[7] Thus it will be shown that agricultural interests have traditionally been over-represented in all member states' organizational structures; they have remained relatively insulated from the pressure of consumers, finance, trade or foreign interests; and have had a significant input in the formulation and segmentation of national EC policies.

With regard to interest representation, the degree of autonomy of the

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[7] By 'normal foreign policy-making' I refer to theories of international negotiations which conceptualize the state as 'gate-keeper', developed by Robert D. Putnam, 'Diplomacy and domestic politics: the logic of two-level games', *International Organization*, vol. 42 (1988), n. 3, pp. 427-460, and 'Liberal Intergovernmentalism' by Andrew Moravcsik, *The choice for Europe: social purpose and state power from Messina to Maastricht*, London, University College London Press, 1998.

In looking at co-ordination mechanisms, I follow the work of Vincent Wright, 'The national co-ordination of European policy-making: negotiating the quagmire', in Jeremy Richardson, ed., *European Union: power and policy-making*, London, Routledge, 1996; and the conceptual distinction between 'global' and 'sectoral' logics in EC policy-making, as explained by Christian Lequesne, *Paris-Bruxelles: comment se fait la politique européenne de la France*, Paris, Presses de La Fondation Nationale des Sciences Politiques, 1993; Hussein Kassim, B. Guy Peters and Vincent Wright, eds., *The National co-ordination of EU Policy: the domestic level*, Oxford, Oxford University Press, 2000.

state from social groups varies from one policy area to another as much as from one state to another, depending upon the institutional mechanisms which structure interactions between state and society.[8] Without looking at these, it would be hard to understand member states' contradictory behaviour with regard to the Spanish accession in the EC arena. Although all the member states publicly supported enlargement for political, strategic and economic reasons, all had misgivings about how it would impact on their own agricultural sectors. The fact that these domestic dilemmas were not always solved at the national level before reaching the EC arena of decision-making (where they in fact got amplified), made this problem all the more intractable. The thesis therefore argues that it is indispensable to look at sectoral interest intermediation and inter-sectoral co-ordination mechanisms, both at the EC and the national levels, in order to understand why the member states both expressed support for the democratic transition in Spain and its accession to the EC, while proving themselves to be so obstructionist at the negotiating table.

The need to look at these three sets of institutions becomes all the more clear after a cursory glance at other EC accession negotiations. Agriculture has always been the most difficult and lengthy chapter to sort out, because enlargement has inevitably necessitated reform of the CAP itself. Agriculture, which was a crucial export sector for Ireland and Denmark, featured prominently during their accession negotiations. Britain's agricultural sector was small and modern, but wrangling about New Zealand butter, Caribbean sugar and the alignment of farm prices also dominated both rounds of accession negotiations. The Commission noted that the first enlargement of the Community should be accompanied by a reform of the CAP.[9] Greece and Portugal are small countries and have less

[8] For this purpose, I have included in the theoretical framework, the concept of 'policy networks' as defined by Marsh and R. A. W. Rhodes, eds., *Policy networks in British government*, Oxford, Clarendon Press, 1992.

[9] Commission of the European Communities (CEC), 'Opinion on the applications for membership received from the United Kingdom, Ireland, Denmark and Norway', *Bulletin of the European Communities Supplement*, 29/9/1967, especially 'chapter 2: Agricultural

impact on the Community's internal balance, but their accession also became entangled in discussions about the reform of the Mediterranean *acquis* and budgetary discipline. The Commission outlined these problems as early as 1977 in a document known as the 'Fresco'.[10] Indeed, during the third enlargement of 1995, discussions were again mainly technical in nature, and the adoption of the CAP by Austria, Finland and Sweden was again problematic as certain parts of the *acquis* had to be revised and adjusted.[11] Today, the European Union's (EU) enlargement to Central and Eastern Europe has had to be accompanied by the reform programme proposed by the Commission, known as 'Agenda 2000'.[12] According to the experts in the field, the CAP is likely to create havoc in the accession negotiations of Poland and Hungary, since the costs of enlargement to Central and Eastern Europe will depend on CAP reform.[13]

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policy', §§ 53-76 (subsequently quoted as '1967 Opinion on UK' and *EC Bulletin*). See also Richard Griffiths and Stuart Ward, eds., *Courting the Common Market: the first attempt to enlarge the European Community 1961-1963*, London, Lothian Foundation Press, 1996. For works exclusively on Britain's first round of negotiations, see N. Piers Ludlow, *Dealing with Britain: the Six and the first UK application to the EEC*, Cambridge Studies in International Relations: 56, Cambridge, Cambridge University Press, 1997, in particular chapter 6 'Agricultural impasse', pp. 169-199; for the second round of negotiations, see Simon Z. Young, *Terms of entry: Britain's negotiations with the European Community, 1970-72*, London, Heinemann, 1973, pp. 58- 102; Françoise de la Serre, *La Grande Bretagne et la Communauté Européenne*, Paris, Presses Universitaires de France, 1987, in particular, chapter 2, section II, A, 'L'agriculture au coeur de la négociation', pp. 37-40; Sir Con O'Neill, *Britain's entry into the European Community: report on the negotiations of 1970-1972*, London, Whitehall History Publishing, Frank Cass, 2000.

10 CEC, 'Enlargement of the Community: economic and sectoral aspects', *EC Bulletin Supplement*, 3/1978, §§ 70-78. This included two other parts: 'Transitional periods and institutional implications' and 'Economic and sectoral aspects', both published in the *EC Bulletin Supplement*, 2 and 3/1978, respectively (subsequently quoted as 'Fresco'). See also Tsoukalis, *The EC and its Mediterranean enlargement*, chapter 5, 'Mediterranean agriculture', pp. 196-241; François Duchêne, 'Community attitudes', in Dudley Seers and Constantine Vaistos, eds., *The second enlargement of the EEC: the integration of unequal partners*, London, Macmillan, 1982, p. 32.

11 Graham Avery, *The Commission's perspective on the EFTA accession negotiations*, Sussex European Institute Working Paper n. 12, 1995, p. 3.

12 CEC, *Agenda 2000: The Challenge of Enlargement*, COM (97) 2000, Chapter 4 'Agriculture', pp. 28-32.

13 William Wallace, *Opening the door: the enlargement of NATO and the European Union*, London, Centre for European Reform, 1996, pp. 45-46; Graham Avery, 'La stratégie de la Commission Européenne en vue du prochain élargissement' and Paul Van Den Bempt, 'L'impact de l'élargissement sur l'UEM et sur l'Agenda 2000 (budget communautaire, fonds structurels et PAC)', both in Institut d'Études Européennes, ed., *Vers une Union élargie et réformée: réflexions autour de l'Agenda 2000*, Brussels, Université Libre de Bruxelles, 1998; Brian Ardy, 'Agriculture and enlargement' in Jackie Gower and John Redmond, eds., *Enlarging the European Union: the way forward*, Aldershot, Ashgate, 2000, pp. 88-103; Sofia

This pattern suggests that there may be something in the nature of the EC itself and of the CAP in particular (rather than in the individual applicants) which accounts for the disproportionate role played by agricultural matters in accession negotiations that needs to be explained. Therefore, although this thesis concentrates on the Spanish case and starts with a specific historical question, it concludes that some aspects of the Spanish story are generalizable and has theoretical implications about the way in which European integration and its enlargements are studied. The thesis does not aim to develop a full comparison with other cases. Instead it gives priority to Spain, as a 'critical' case (where the variables and problems appear more accentuated) of a more generalized phenomenon. Put simply, the CAP tail appears to wag the EC dog when it comes to enlargement negotiations.[14]

Keeping in mind the potential for comparison with other cases, the following chapters make references to them when appropriate. Particular attention will be given to the case of Britain's negotiations (1960-1963 and 1969-1972) because they set precedents for the Spanish and all other subsequent negotiations, among which, the 'bilateral procedure' of negotiations that was biased in favour of maintaining cohesion and protecting the interests of the existing Community rather than facilitating a quick accession, stands out.

The principal focus of the thesis is on the process of negotiations rather than the political preliminary work before Spain lodged its application. This is only briefly touched upon in chapter 1. This is because the main concern of this research is with what happened once the political decision to start

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Davydova, *Agriculture and EU enlargement to Central and Eastern Europe,* Lecture given at St Antony's College, Oxford, 8 March 2000. These difficulties were also discussed during the seminar series *Europe and its neighbours,* organized by Anne Deighton and Graham Avery, European Studies Centre, St Antony's College, Oxford, Michaelmas 1998.

[14] For the methodology of studying single 'critical' cases, see Robert O. Keohane, Gary King and Sidney Verba, *Designing social inquiry: scientific inference in qualitative research,* Princeton, Princeton University Press, 1995, pp. 29-31 and 208-212; B. Guy Peters, *Comparative Politics: theory and methods,* Comparative Government and Politics series, London, Macmillan, 1998, pp. 58-78; Alexander L. George, 'Case studies and theory development: the method of structured, focused comparison', in Paul Gordon Lauren, ed., *Diplomacy: new approaches in history, theory and policy,* New York, The Free Press, 1979, pp. 49-53.

enlargement negotiations had been taken. How did the Community then negotiate enlargement? This is an important question because enlargement implies significant institutional changes at the European level. Enlargement will affect every aspect of Community life and may open up debates that the Community would otherwise prefer not to address. After the 'yes in principle' of the Community, enlargement had to be 'unpacked' into manageable concrete issues, and that is where the problems started for Spain. Agriculture, the cornerstone of the EC for many years, now became the stumbling block because its link to the EC budget made the distribution of costs highly visible. The gradualism and conservatism of institutional change, largely decided by those already inside the EC ultimately meant that there was little left to negotiate with the applicant.

2. Outline of the thesis

The thesis develops these arguments in seven chapters divided into three parts. Research on the EC is notoriously complex, given the number of state and non-state actors. Enlargement, which touches all aspects of state/EC activity, and agriculture --historically one of *raisons d'être* of the EC-- are two of the most challenging dimensions of Community studies. An academic researcher is obliged to track and record this complexity, reflecting the nature of the subject matter, but seeking to impart coherence and elegance is not an easy task.

The first part is composed of two chapters which provide the historical and theoretical underpinning. They are intended to familiarize the reader, first with the history of Spain-EC relations, and then with the main concepts of Historical New Institutionalism (HNI) which are used to explain the delays in Spain's accession negotiations.

Chapter one reviews chronologically the relationship between the EC and Spain up to its accession in 1986. It goes back as far as the Spanish civil war (1936-1939) to explain how the nature of the Francoist dictatorship led to

Spain's international isolation and how, as a result, the democratization process which started in 1975 was intrinsically linked to Spain's re-insertion in the international community and to the EC in particular. The establishment of a democratic regime in Spain removed the main political obstacle to membership of the EC. However, the EC accession negotiations, overviewed in the second half of the chapter, reveal that, although Spain was eager to join, and the member states wanted it in, formidable obstacles still were in the way. This part is intended to guide the reader through the specialized analysis which follows.

Chapter 2 presents HNI which provides the conceptual building blocks for the subsequent analysis: 'institutions', the 'mobilization of bias', 'path-dependence' and 'networks'. It then presents the main theoretical argument of the thesis, namely that a number of institutional 'biases' intervened at three levels and extended the negotiations in the agricultural sector. The chapter also explains why HNI is more useful than other existing theories in explaining why sectoral constraints were so important and precluded a more 'strategic' approach on the part of the Community.

The second part of the thesis consists of three chapters which analyze each of these three levels, blending theory and the particular historical records relevant to the Spanish case. Because it focuses on 'structural constraints' which were constant over the period studied, this part is necessarily depicted in a rather static way. Chapter 3 of Part II, describes the procedure for negotiating enlargement and its implications (Level I). It explains that the rules governing enlargement negotiations were first put in place to deal with Britain's application for membership in 1961, and as a result, the negotiating procedures were overtly defensive of the still emerging and fragile EC rules and of the cohesion among the member states. The chapter shows how the 'bilateral' negotiation procedure ensured that 'member states came first' and controlled the agenda, as well as shaping the negotiations themselves, given the Community's weak inter-sectoral co-ordination mechanisms. This made Community negotiating positions inflexible, and left the applicants in a difficult position. At the same time, the decision in 1961 that enlargement negotiations should not preclude the development of the Community turned the *acquis communautaire* into a moving target.

Chapter 4 introduces the institutional framework of the CAP (Level II) and argues that this policy has been unusual when compared to the rest of the Community's policies because of its high degree of interventionism, centralization, and re-distributive nature, which meant that it used up to two thirds of the Community's budget. More important, this policy has also been unusually stable, and the chapter will show that this is because of the intricacies of its decision-making structures, the way in which interests are represented, and the mechanisms of insulation from external pressures. The path-dependent way in which the CAP changes turned agriculture into the main point of friction during enlargement negotiations and highlighted the limited ability of national governments to be effective 'gate-keepers' in this extremely technical area.

The fifth chapter explains more generally the structural constraints which member states faced when attempting to define their national positions with regard to Spain (Level III). It argues that they had mixed views on the subject: 'global' definitions of their national interests in favour of enlargement did not necessarily correspond to powerful 'sectoral' ones. These latter were over-represented and insulated to varying degrees.

Having reviewed the three levels of institutional constraints that impinged on these enlargement negotiations, the third (and last) part of the thesis is composed of two chapters that look at the *process* of negotiations, and how they were affected by these constraints. Chapter six concentrates on the most problematic areas: olive oil, fruit and vegetables, and wine. It shows how sectoral arguments cut across national boundaries, making coalitions complex and variable from one issue to the other, and illustrates the role played by 'expertise' (and specific sectoral interests) in its tension with any 'global' perspective about Spanish accession. The last chapter shows how these hurdles were finally overcome by putting them together in the context of two packages: first the Integrated Mediterranean Programmes (IMPs) which then became part of the Single European Act (SEA). The fact that the CAP could only be changed according to its own 'logic' meant that additional distributive policies were needed to redress the imbalances that were to result from the inclusion of a new member into the Community. This tells us much about the resilience of change in the agricultural sector which lies at the heart of the thesis.

3. Sources

This study is thus a combination of history and theory. It brings together three bodies of specialized literature that have so far remained somewhat separate. First, there is the extensive debate on 'theory', on how to go about studying European integration, and in particular, on theories which focus on institutions, how they change and the role they play in structuring political processes.[15] Second there is the historical work written about EC enlargement and the Spanish accession negotiations in particular. Third, there is the extensive literature on the CAP and the difficulties associated with its reform, which ranges from detailed descriptions by agricultural economists of its intricacies and technical problems, to more 'conceptually informed' public policy analyses.[16] The thesis draws on these three bodies of

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[15] For the place of New Institutionalism in this debates, see Mark D. Aspinwall and Gerald Schneider, 'Same menu, separate tables: the Institutionalist turn in Political Science and the study of European integration', *European Journal of Political Research (EJPR)*, vol. 38 (2000), n. 1, pp. 1-36.

[16] The main works used here are: Michael Tracy, *Government and agriculture in Western Europe: 1880-1988*, 3rd ed., London, Harvester Wheatsheaf, 1989; Wyn Grant, *The Common Agricultural Policy*, European Union Series, Basingstoke, Macmillan, 1997; Rosemary Fennell, *The Common Agricultural Policy: continuity and change*, Oxford, Oxford University Press, 1997; Edmund Neville-Rolfe, *The politics of agriculture in the European Community*, London, European Centre for Political Studies, 1984; Simon Harris, Alan Swinbank and Guy Wilkinson, *The food and farm policies of the European Community*, New York, John Wiley & Sons, 1983; William F. Averyt, *Agropolitics in the European Community: interest groups and the Common Agricultural Policy*, London, Praeger, 1977.

literature to throw new light on the substantive case study.

It is to the theoretical debate on European integration that this thesis contributes most. It does not add a new theory, but it brings arguments based on thorough historical research, advocating the suitability of HNI as a useful theoretical lens with which EC integration and enlargement can be approached.

As a historical work on such a recent period for which archival material has still not been released, this thesis draws on numerous secondary sources, notably, the published accounts of two Spanish chief negotiators, Raimundo Bassols and Fernando Morán, as well as on the books by Carlos Tió Saralegui, an agricultural economist who was in charge of the agricultural negotiations at 'expert' level.[17] This has been complemented by a personal interview with Manuel Marín, Spanish Minister for EC Affairs and deputy negotiator from 1982 onwards, who was a key actor in the process, but has not published on the subject.[18]

The thesis is also based on published official documents, ranging from the Commission's 'Opinion on Spain's application', to an exhaustive trawl of the comprehensive reports of the EC's activities found in the *Bulletin of the European Communities*, which reproduce documents, ranging from Commission proposals on specific matters, to European Council *communiqués*.[19] The scarcity of archival material has made this study reliant on 'soft primary sources' like press reports, a drawback that has been compensated by diversifying as much as possible the press coverage. The daily reports of *Agence Europe* and the weekly publication of specialized

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[17] Bassols, *España en Europa;* Morán, *España en su sitio;* Carlos Tió Saralegui, *Lecturas sobre la agricultura española ante la CEE*, Segovia, Ministerio de Agricultura Pesca y Alimentación and Universidad Internacional Menéndez Pelayo, 1985. He treats the same subjects in his other book, *La integración de la agricultura española en la Comunidad Europea*, Madrid, Ediciones Mundi-Prensa, 1986; the leader of the Spanish employers association, (Confederación Española de Organizaciones Empresariales (CEOE), also provided a detailed account: Antonio Alonso, *España en el Mercado Común: del acuerdo del 70 a la Comunidad de Doce*, Madrid, Espasa Calpe, 1985.

[18] *Author's interview with Manuel Marín*, Madrid, April 2000.

[19] CEC, 'Opinion on Spain's application for membership', *EC Bulletin Supplement*, 9/1978 (From now on, referred to as the 'Opinion on Spain').

information about the agricultural sector by *Agra Europe* kept track of individual Council meetings and other developments that do not appear in the *EC Bulletin*. They have been supplemented by a review of the national press in Britain, Germany, France and Spain. *El País* is the paper that followed these enlargement negotiations most closely and did so with great insight and surprising impartiality. By contrast the French press exhibited the wide range of opinions which divided French society along the political spectrum; their full coverage was facilitated by the *dossiers de presse* on the topic, available in the library of the *Fondation Nationale de Sciences Politiques* in Paris. Similar collections of newspaper cuttings for the British press were available at the library of the Royal Institute of International Affairs (Chatham House) in London, and for the German press, at the archives of the Konrad Adenauer Foundation in Bonn.

Finally, these primary sources have been complemented by secondary sources which come from the published work of individuals who are or have been insiders to the Community's processes, like Graham Avery or Rosemary Fennell. Their participation in seminars and courses in Oxford has also provided useful information and unique insights.

BACKGROUND: HISTORY AND THEORY

This part is composed of an historical chapter which gives an overview of the relations between the EC and Spain, and a theoretical chapter which presents the theoretical framework of HNI.

On 15 June 1977, the first free elections in Spain since 1936 brought a centre-right government led by Adolfo Suárez to power, which put up Spain's application for EC membership the following month. However, neither the transition to democracy, nor the negotiations for accession were fast or smooth processes and, despite the link between the two, EC membership was delayed until 1986. The role played by the institutions which shaped the latter is crucial for explaining such delays.

Historical overview of Spain's relations with the EC (1962-1986)

This chapter reviews chronologically the relationship between Spain and the EC up until 1986, when it joined as a member. It is intended to acquaint the reader with the story of this relationship and to provide the background that underpins the more detailed analysis which follows in subsequent chapters. The aim is to show that there was a long *delay* in the accession process, in spite of Spain's eagerness to join the Community since its application in July 1977, and of the member states' willingness to include it, as a way of assisting the consolidation of its new democratic regime.

The first part of the chapter examines the previous relationship between the EC and Spain. The nature of its authoritarian regime led to Spain's isolation from the international community after the Second World War. So, after the death of General Franco in November 1975, Spain's internal democratization became inextricably linked to its rehabilitation at the international level. This close link between Spanish domestic and international politics constituted the most important reason behind the member states' acceptance of Spain's application for EC membership.

However, the gradual transformation of the regime and its political economy started in the 1950s and led to the application for an association agreement with the EC in 1962, which the latter rejected. In 1970, Spain and the Community did sign a preferential agreement that structured the economic exchanges between the two sides until Spain became a member in 1986. A brief analysis of this agreement and of the subsequent attempts to amend it, after the first EC enlargement to the UK, Denmark and Ireland, shows how some of the features that were to characterize the accession negotiations after 1977 were already visible then. In particular, the fact that the 1970 agreement was devised to keep Spanish agriculture outside the EC hinted that this could become an area of conflict during membership negotiations.

The second part of the chapter provides a general overview of the way in which accession negotiations unfolded, where and when they got stuck, and how the obstacles were overcome. For the sake of clarity, this process has been divided into three periods.

The initial phase comprises the time between the submission of the application on 28 July 1977, and May 1980. During this period, the member states took their time to formulate their views with respect to Spain's accession and to assess the changes needed to make enlargement feasible. The most visible cause of delay was the obstructionism of France, which first tried to make the revision of the CAP a *préalable* to negotiations with Spain, and then introduced a 'pause' with a clear electoral flavor in early June 1980.

In the second phase, enlargement was delayed by the Community's internal crisis around the agro-budgetary problem, which was a technical as well as a political dispute. The general lack of agreement inside the Community jeopardized the Spanish negotiations and brought them to a stand-still until the European Council summit of Stuttgart in June 1983, when the German government provided the key to solving the budgetary crisis by agreeing to increase national contributions. In this period it became clear that France was not the only obstacle to the progress of negotiations. The Community's incapacity to reform the CAP and its finances became a more apparent cause.

After Stuttgart, the third period began, in which a renewed consensus around the 'relaunch of European integration' permitted the conclusion of the most complex chapters of the Spanish accession. However, it still took two years to turn the Stuttgart decisions into the concrete measures which finally enabled the Community to complete the negotiations with Spain. In particular, and despite the solution to the budgetary crisis, the reform of the Mediterranean *acquis communautaire* delayed the formulation of the Community's negotiating position on agriculture until February 1984, leaving very little time for Spain to negotiate the most crucial and controversial chapters of the accession treaty.

1. From autarky to EC membership application

1. 1. The nature of the Francoist regime and its international dimension

The member states were in favour of the Spanish accession to the EC mainly because they were aware that this was vital in assisting the democratization process. Francoist Spain was more of a *pariah* state than undemocratic Portugal and Greece: Portugal had been a founding member of both NATO and of the European Free Trade Association (EFTA), while Greece signed an association agreement with the EC in 1962. In contrast, the genesis of the Francoist regime during the Spanish civil war (1936-1939) and the memories of its cooperation with the Axis powers during the second world war weighted heavily on the international community's attitudes towards Spain, which was ostracized for more than thirty years.[1] In turn, the regime legitimized itself by presenting this international hostility as proof that Spain was the victim of a 'foreign conspiracy' which it was Franco's crusade to resist.

The Francoist regime was born out of a coalition of rightist nationalist forces which were bound by their profoundly anti-liberal nature in their fight against the Republic during the Spanish civil war. They included the *Falange* movement, modeled after Italian fascism, monarchists, the military

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1 Benny Pollack and Graham Hunter, *The paradox of Spanish foreign policy: Spain's international relations from Franco to democracy*, New York, St Martin's Press, 1987; for a study with particular reference to British attitudes towards the Franco regime, Carolina Labarta, *British foreign policy towards Spain, 1950-1961*, D. Phil. thesis, University of Oxford, 1999.

and the Catholic Church. The Caudillo mediated between the factions of this coalition, the legitimacy of which greatly depended on maintaining a division between victors and vanquished, and between Spain and the outside world, since the enemies of the regime were always portrayed as foreign puppets.[2] This reinforced the old idea that had existed in Spanish political culture since the XIX century, which associated modernization and liberal democracy with the rest of Europe on the one hand, and reactionary, monarchic and catholic views of Spain's 'uniqueness' or '*casticismo*' with isolation and autarky, on the other.[3]

Over its forty years, the authoritarian regime underwent several transformations as the relative power of the various factions shifted. This coincided with the gradual opening of Spain to the outside world. Thus, the prominence of the *Falange* in the early years of the regime translated into sympathy for Mussolini and Hitler, and turned Spain into a *pariah* state to be kept out of the United Nations after the second world war. With the onset of the cold war, Franco emphasized his anti-communism and Catholicism and downplayed his fascist tendencies as way to regain respectability. His efforts paid off in 1953 when American aid, in exchange for the establishment of military bases, saved the Spanish economy from imminent collapse and ensured the regime's survival. US support was the first step in the slow opening up of the Spanish economy and initiated a period of accelerated industrialization, but it contributed to the association of Franco with American security interests and NATO in the minds of Spaniards.[4] It also meant that, during the 1950s, the *Falange* was gradually displaced in the Francoist administration by the technocratic élite of the

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[2] Jean Grugel and Tim Rees, *Franco's Spain*, Contemporary History Series, London, Arnold, 1997, pp. 3-20.

[3] For a detailed account of the influence of European integration in the thinking of Spanish elites see Julio Crespo MacLennan, *Spain and the process of European integration, 1957-1985*, Basingstoke, Macmillan, 2000, pp. 127-135, 154-158; Paul Preston and Denis Smyth, *Spain, the EEC and NATO*, Chatham House Papers n. 22, London, RIIA, 1984, pp. 25-65; Francisco Aldecoa Luzárraga, 'La transición y la redefinición de la política exterior española' in Rafael Calduch, *et. al.*, *La política exterior española en el siglo* XX, Madrid, Ediciones de las Ciencias Sociales, 1994.

[4] However, Spain was not admitted into NATO because of the European allies' opposition.

Opus Dei, a powerful and secretive Catholic secular order, whose members stood out for their wealth, connections with the business world and technical education abroad. In their view, economic development required the re-insertion of Spain in the international system in general, and closer economic relations with the EC in particular. So by 1958, Spain joined the Organization for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF) and the World Bank.[5] The way out of autarky was marked by the stabilization programme of 1959, which sought to restore financial stability, liberalize trade and to attract foreign investment.

In the EC, the establishment of the CAP in early 1961 left Spanish agricultural exports outside Community Preference, which put them in a disadvantageous position from which to penetrate the EC market.[6] Moreover, the British application for membership in the same year marked the consolidation of the Community as the dominant organization in the European economy and increased the costs of Spanish autarky. In February 1962, Foreign Minister Castiella therefore presented a request for an association agreement which might eventually lead to membership of the EC. However, hostility to Franco still dominated Western European attitudes towards Spain, and the application was rejected on political grounds.[7] This was a considerable blow to the regime, and further consolidated (in the minds of Spaniards) the link between exclusion from the EC and the lack of democracy at home. 1962 was also the year of the arrival of a progressive Pope, John XXIII. The Catholic Church was

[5] For a detailed account of Spain's economic foreign relations in this period see Fernando Guirao, *Spain and the reconstruction of Western Europe, 1945-57: challenge and response*, Basingstoke, Macmillan, 1998.

[6] Dolores Rubio García, 'La Política Exterior Española y la Comunidad Europea/Unión Europea', in Calduch, *La política exterior española en el siglo XX*, p. 203.

[7] Officially, the Council responded to this application only with silence, but it was met by a resolution of the European Assembly, promoted by the German Social Democrat Willy Birkelbach, which barred non-democratic states from EC membership; Charles T. Powell, 'Spain's external relations 1959-1975', in Richard Gillespie, Fernando Rodrigo and Jonathan Story, eds., *Democratic Spain: reshaping external relations in a changing world*, London, Routledge, 1995, p. 23.

traditionally one of the most important constitutive supporters of the regime, but now started to turn its back on Franco. The Church became the leading centre of opposition to the regime, seriously undermining its legitimacy, although the loyalty of the armed and police forces perpetuated its existence as long as Franco lived.[8]

Although rejected, the Spanish request for association to the EC caught some attention, given the potential economic benefits of its rapidly expanding domestic market. So, on Spanish insistence, the Council gave the Commission a mandate to negotiate a preferential agreement, of strictly economic content in July 1967. Although this fell very short of association, (which Greece and Turkey obtained) Spain had no other option but to go ahead with negotiations.[9] They lasted until July 1970, when an agreement aimed at reducing the tariff levels between the two sides was reached.

1. 2. The 1970 preferential agreement and its re-negotiation

The 1970 preferential agreement reduced significantly the tariff levels that governed trade between the EC and Spain, and, in this way, marked the beginning of Spain's economic integration with the EC. However, this did not obscure the political difficulties that remained: the wording of the 1970 treaty was strictly commercial and avoided any political compromises with the regime, which despite its new liberal outlook in the economic field, remained profoundly undemocratic in the political sphere.

In the industrial field, the 1970 agreement was clearly beneficial for Spain because it required a 25% reduction of its tariffs, while the Common External Tariff (CET) was to be taken down by 50% over a period of six years. This asymmetry boosted the expansion of Spanish exports into the EC, while keeping the level of imports relatively stable. In the agricultural field,

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[8] Francisco J. Romero Salvadó, *Twentieth-century Spain: politics and society in Spain, 1898-1998*, European History in Perspective series, Basingstoke, Macmillan, 1999, p. 154.

[9] European capital, tourism and exports were gradually displacing the US in the Spanish economy, and the price of exclusion became higher as well as the need to have a say in EC developments; Powell, 'Spain's external relations', p. 23.

however, the agreement was timid, since Spain still maintained most of its barriers intact, while the EC only mildly reduced the CET. This move did not compensate the discrimination that the Community's price systems and compensatory amounts erected against Spanish exports, so the agreement was not perceived in Spain as being particularly generous in this sector.[10]

The 1970 agreement was signed on 29 June 1970, the same day that accession negotiations opened for the second time between the EC and Britain, Denmark, Ireland, and Norway. After they joined in 1973, Spain's costs of staying out of the EC increased, and the concessions obtained in 1970 were eroded. Access of Spain's agricultural products to the British market (which absorbed 15% of its exports) was reduced, while in general, by a series of rearrangements of the Nine's trade relations with third parties, Spanish exports ended up facing higher EC tariff levels than EFTA members and other Mediterranean countries, especially in fruit and vegetables.[11] On 29 January 1973, immediately after the first EC enlargement took place, Spain signed an additional protocol with the Community, in which it reserved its right to demand compensation for the change in British tariffs; a 'stand-still' was introduced which maintained pre-accession tariff levels for certain agricultural products to the three new members; and the Community committed itself to negotiate a new agreement during 1973. Since Spain was not alone in facing these problems, the Council agreed in early July 1973 to create a 'Global' Mediterranean Policy (GMP), consisting of a series of agreements with each of the non-EC countries whose trade had been upset.

Bilateral talks between Spain and the Community to revise the 1970 agreement started on 16 July 1973. The Community proposed the creation of

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[10] Julio Blanco Gómez, 'Evolución cronológica de las relaciones España-CEE', in Julián Briz Escribano, coord., *España y la Europa verde*, Madrid, Editorial Agrícola Española, 1979, p. 24.

[11] This is important because, in 1984, when the chapter on Mediterranean agriculture was being negotiated, the 'stand-still' period that the EC demanded would have put Spain in the odd situation of being a full member of the Community while still facing higher barriers than Morocco or Israel for its produce. This was regarded as unacceptable by the Spanish negotiators and was one of the most disputed points, even after the signature of the Accession Treaty; Bassols, *España en Europa*, pp. 67-74; Blanco Gómez, 'Evolución cronológica', p. 24. See chapter 6.

a free trade zone for industrial products in five years, but wanted to maintain discrimination against Spanish agricultural products relative to other Mediterranean countries. By the autumn, it became clear that the two sides' positions were too far apart, and that time was now needed for both to rework their proposals. This meant that the whole EC decision-making machinery had to be set in motion again, and the Council did not approve the new mandate to negotiate with Spain until July 1974. The second mandate differed little from the previous one, reflecting the difficulty of finding a new consensus among the Nine. So, on 20 November, negotiations got stuck again with the Spanish delegation refusing to establish the free industrial zone, while the Community did not accept the Spanish proposal of exchanging concessions in the industrial field for others in agriculture.[12]

With the Spanish rejection of the Community's proposal, the Council also refused, in its meeting of December 2, to revise its position, on the grounds that a better offer for Spain would have prompted the other Mediterranean countries to demand similar concessions, and that would prolong the talks almost indefinitely. Thus the negotiations with Spain failed, while those with other countries kept progressing. The shock waves of this failure were felt at a meeting of the Spanish cabinet on 4 December 1974 where, according to Bassols, it was clear that the negotiations with the Community could not be allowed to break down, and therefore, the Spanish position would have to be softened in order to meet the Community's demand for a sharp reduction of the Spanish level of industrial protection.[13]

It was therefore clear that open public negotiations would make Spain 'lose face'. So semi-secret diplomatic contacts between the Commission's representative, De Kergolay and Ullastres, then Spanish Ambassador in Brussels led in April 1975 to the 'Ullastres-De Kergolay compromise', which

[12] Blanco Gómez, 'Evolución cronológica', p. 26.
[13] Bassols, *España en Europa*, p. 110.

established the progressive reduction of the Spanish industrial tariffs until their total elimination in 1983. In agriculture, apart from a few minor concessions for certain products, Spain obtained a non-discrimination clause with respect to other Mediterranean countries. The compromise was reviewed by the Committee of Permanent Representatives (COREPER) where it was accepted as a basis to re-establish negotiations, although France, Italy and the Netherlands had some reservations. Italy and France hoped to extract agricultural concessions from their Community partners with regard to Mediterranean policy.[14]

While these objections were slowly removed and a new negotiating session was scheduled for October 1975, the Spanish political system descended into the instability of Franco's last days. The execution of five anti-Francoists charged for terrorism in September 1975 provoked an international wave of hostility and Western European governments withdrew their ambassadors from Madrid. The Commission and the European Parliament estimated that it was not possible to continue negotiations with the Spanish authorities, and the talks were suspended on October 1st. A new set of talks of a different nature was to replace them after the death of Franco in November 1975: those of a regime in transition to democracy which sought full membership of the EC.

Summing up, the 1970 agreement and the attempts to re-negotiate it had important consequences for the future relationship between Spain and the EC. To start with, the treaty contained a number of imbalances that made it unsatisfactory for both sides: Spanish tariffs were felt by the EC to be too high for industrial products, while Spain complained that the Community's concessions in the agricultural field were too few. The agreement thus established both sides' perceptions of their relationship and what they would like to see changed, thus shaping the interests, views and cleavages

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14 The Netherlands delayed approval on the grounds that the Commission had exceeded its competences on the negotiations procedure; Bassols, *España en Europa*, pp. 117-118. See chapters 3 and 4.

that were to be at play later on during accession negotiations. Notably, and in spite of EC protectionism, some Spanish agricultural products managed to penetrate the EC market during the 1970s, thanks to lower costs and an active policy that encouraged exports. This contributed to the exaggeration of Spanish competitiveness and potential and fueled fears in the south of France and Italy about enlargement.[15]

Conversely, the imbalance in the industrial sector was seen as a generous concession from the Community's point of view, which made it adopt a tougher stance in the subsequent attempts to re-negotiate the treaty and, according to Morán, was also behind the Community's insistence, during 1981 and 1982, that Spain should adopt the Value Added Tax (VAT) from the day of accession.[16] Furthermore, the high level of protection of the Spanish market allowed by the 1970 agreement was Spain's main asset during the accession negotiations, because their dismantling represented a powerful incentive for the Community's industrial interests which were in favour of Spanish accession to the EC, particularly in Britain and Germany, but also in France (see chapter 5). Moreover, the setting up of the 1970 Agreement and its failed re-negotiation led to the creation of a group of experts and technicians knowledgeable in EC affairs inside Spain, which would later be in charge of the accession negotiations themselves.[17] Finally, an important consequence of the EC enlargement of 1973 which was to have a profound impact on the timing of Spain's own accession was Britain's misapprehension about the deal obtained with regard to its budgetary contribution. This problem, directly linked with the reform of the CAP and the system of 'own resources' virtually paralyzed the Community from 1979 to 1984, and in particular, delayed the formulation of the Community's negotiating position in the agricultural sector.

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[15] Agra Europe, 'The agricultural implications of EEC enlargement. Part III: Spain', *Agra Europe special report n. 6*, London, May 1980, p. 127 (subsequently quoted as *Agra Europe special report*); see chapter 6.

[16] VAT was to replace the previous Spanish system of taxation which discriminated against imports; Morán, *España en su sitio*, p. 40.

[17] Morán, *España en su sitio*, p. 39. See the following chapter.

1. 3. The transition to democracy and EC membership application

With the death of Franco at the end of 1975, the overwhelming majority of Spaniards hoped that the passage to a modern democratic regime could be achieved peacefully and that full membership of the EC would be its corollary. But there was a very high degree of uncertainty and fear, as there still existed powerful elements on the extremes of the political spectrum, notably among the military, which remained profoundly anti-democratic, and the menace of a coup d'état (*golpismo*) did not disappear until after 1982. Crowned on 22 November 1975, King Juan Carlos remained an enigma, as he had been brought up under the tutelage of Franco, but counted on the support of European leaders. His designation of Carlos Arias Navarro as Prime Minister was disappointing since it represented a concession to the Francoist establishment, although José María Areilza, an outspoken supporter of reform became Foreign Minister.

In February 1976, Areilza traveled to Brussels and announced Spain's intention to apply for EC membership as soon as the democratic transition programme had been completed.[18] He then toured European capitals to 'test the waters' among the member states. In general, the reception he got was good, and all Western European leaders supported Spain's democratization process and its eventual incorporation into the EC. However, Italy and France had concrete preoccupations about the feasibility and economic consequences of enlargement, and there were still misgivings about the nature, length and depth of the democratization process in Britain, Germany and the Netherlands. In Britain, Foreign Secretary, David Owen called for an amendment of the Treaty of Rome to give a clear definition of democracy and make a provision for expulsion if its conditions ceased to apply.[19]

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[18] Bassols, *España en Europa*, p. 145; Blanco Gómez, 'Evolución cronológica', p. 27.

[19] 'Francia e Italia solicitan protección agrícola para una ampliación de la CE, *El País*, 21/6/1976; 'La democracia española todavía no es aceptable para la CE, según el misnistro inglés de asuntos exteriores', *El País*, 10/11/1976; 'El ingreso de España en la CE aplazado

These misgivings were not unfounded as the achievements of Areilza and the King abroad were undone by his prime minister at home: the brutal repression of a wave of strikes and a terrorist campaign precipitated Arias' resignation in the summer. He was replaced by Adolfo Suárez, a young pragmatic politician of Falangist record, who skillfully managed to get the ruling class to dismantle itself when the *Cortes* approved his plan for political reform in November 1976. On 15 December, a national referendum provided 94% of popular backing for the reforms. The opposition which had until then remained distrustful of the reformist sincerity of the government, finally dropped its demands for a constituent process and accepted to negotiate from within existing institutions. In February 1977, political parties were legalized and, after the general election of 15 June, Suárez's *Unión de Centro Democrático* (UCD) formed the first democratic government since 1936.[20]

The following month, on 28 July 1977, the new Foreign Minister Marcelino Oreja, sent President Suárez's letters of application for Spanish membership of the EC to the Council.[21] The Spanish domestic consensus about joining the EC now added a political dimension to the already high economic costs of being left outside that had existed since the 1960s. Accession became a national political imperative to be achieved at all costs and, unlike in Britain, the price of membership was barely discussed in any depth. It was simply assumed that enlargement would benefit Spain.[22]

Still, the process of reviewing the 1970 agreement continued until 8 February 1978, when the Spanish delegation rejected a Community proposal which was even more stringent than previous ones.[23] Although the

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hasta las elecciones generales', *El País*, 24/8/1976. See chapter 5.

20 The legalization of the Communist Party (*Partido Comunista Español*-PCE) was a tricky matter which angered the armed forces and there were rumours of a coup; Jonathan Story, 'Spain's external relations redefined', in Gillespie, Rodrigo and Story, *Democratic Spain*, p. 33.

21 *EC Bulletin*, 7-8/1977, 1. 1. 1.

22 Crespo MacLennan, *Spain and European integration*, pp. 154-159; Story and Pollack, 'Spain's transition', p. 134; Aldecoa Luzárraga, 'La transición y la redefinición de la política exterior española', p. 162.

23 Blanco Gómez, 'Evolución cronológica', p. 28.

imminent start of the enlargement process diminished the dramatic effect that such failure could have otherwise had, it signaled that accession was not to be an easy task for Spain. The fact that the death of Franco did not bring any flexibility on the Community's negotiating position sent an early warning that the Spanish elites took a while to assimilate: although the political veto had been removed, the problems of agricultural and industrial liberalization between the two sides would not disappear with democracy. Instead, they were now to become the main obstacles to enlargement.

2. Spain's accession negotiations for EC membership: July 1977-January 1986

2. 1. The initial phase: July 1977-May 1980

Reactions to Spain's application were immediate and, in general, quite positive. A Commission spokesman welcomed Spain's desire to adhere to the EC and said that it would be active in the preparatory work that should now follow.[24] Henri Simonet, Council President, clearly spelled out the reasons why the EC was interested in enlargement when he commented that

> Spain's dimensions, the vigor of its economy -despite the problems it might be going through- the potential it represents, and its role in the Mediterranean make the EC unable to ignore it ... . We will do everything in our power to make the negotiations conclude in reasonable time and conditions.[25]

However, in September 1977, Suárez made a tour of European capitals where the message was conveyed that Spain's entry to the EC would be less smooth than he had imagined.[26] Although the Community had expressed a 'yes in principle', on the grounds of political and strategic concerns, the consensus among its members had already started to dissipate as the concrete consequences of enlargement began to be realized.[27] In particular,

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24 *Agence Europe*, 22/9/1977, p. 8.
25 Quoted in Bassols, *España en Europa*, p. 192.
26 *Agence Europe*, 1-8/9/1977.
27 William Wallace, 'The reaction of the Community and of member governments', in William Wallace, and I. Herreman, comps., *A Community of Twelve? The impact of further enlargement on the European Communities*, Bruges, College of Europe, 1978, p. 46.

the opening of the European markets to Spanish agricultural products meant that French and Italian Mediterranean farmers would have to face strong competition. As a result, these governments demanded a revision of the CAP to protect them.[28] The French, with whom Spain's relations were far from easy, also feared that Spain's entry would threaten the trade preferences granted to exporters from the Maghreb. Thus, President Giscard d'Estaing insisted that the reform of Community regulations on wine, olive oil and fruit and vegetables was a *'préalable'* to enlargement, meaning that these matters had to be solved before negotiations with Spain even started. While the Italians agreed that the Mediterranean *acquis* needed reform, they argued that this should not delay the start of negotiations with Spain, and that both processes could go 'in parallel'. The other member states, concerned with the costs of improving the level of support for Mediterranean products, were not very receptive to these southern demands.

These early disagreements among the member states were reflected in a cautious attitude on the part of the Commission, which was now charged with the next step of the negotiation process: the elaboration of its 'Opinion'.[29] In this period, the Commission appeared to seek to postpone the discussions on enlargement and tried to conceal some of its divisive effects among the member states and among the Commissioners themselves.[30] In September 1977, work on the 'Opinion' was made conditional on the creation and appointment of a unified Spanish negotiating team. The Commission argued that it would not deal with the different Spanish ministries in this task, but only with an appointed Spanish Minister of Relations to the EC (see chapter 3). The creation of such a body and the appointment of Calvo Sotelo to the post on 10 February 1978

28 For the analysis of how Italian and French Mediterranean farming lobbies influenced their governments' positions, see chapter 5. For a more detailed review of the problems raised by Spanish agriculture, see chapters 4 and 6.

29 CEC, 'Opinion on Spain'.

30 *Agence Europe*, 22/9/1977; Tsoukalis, *The EC and its Mediterranean enlargement*, p. 137.

created a five months delay. Spanish representatives were aware of these dilatory tactics and complained to Lorenzo Natali, Commissioner responsible for enlargement.[31]

In March 1978, the Commission presented a document, known as the 'Fresco', which was a non-binding study on the consequences of accepting the three Mediterranean applicants. It provided a good basis for the subsequent analyses of each individual case and it hinted at a favourable veredict in the forecoming 'Opinion' on Spain's application. Yet, the Commission expressed concern for the creation of surpluses in almost all agricultural produce as a result of enlargement, and highlighted that 'the challenge of enlargement can and must be the start of a new Community', stressing that a series of reforms, notably in the decision-making procedures and the funding of the CAP, would be necessary for the operation to be successful.[32] It also suggested that transition periods should range between five and ten years. No date for accession was mentioned. The Commission then took until 29 November 1978 to present its favourable 'Opinion'. By then, sixteen months had already passed since the day when Spain had formally presented its application.

On 5 December 1978, the heads of state and government at the Brussels European Council issued a statement confirming 'the great political significance of enlarging the European Communities for the consolidation of democracy'.[33] Two weeks later, on 19 December, the Foreign Affairs Council decided in favour of the application, and scheduled the first ministerial meeting of the accession negotiations for next February, but specified that they 'would get properly underway as soon as the preparatory work within the Community had resulted in a common negotiating basis.'[34] This was a new element which had not been present in a similar statement issued previously with regard to Portugal, and was interpreted by

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31 *EC Bulletin*, 2/1978, 2. 2. 3.
32 CEC, 'Fresco: general considerations', § 56.
33 *EC Bulletin*, 12/1978, 2. 2. 1.
34 *EC Bulletin*, 12/1978, 2. 2. 4.

the Spanish as a French excuse to delay real negotiations until the end of their Presidency in September 1979.

After the European Parliament (EP) gave its approval on 18 January 1979, formal negotiations started on 5 February. Jean François Poncet, French Minister of Foreign Affairs and President of the Council, again sobered up Spanish representatives by stressing that Spain would have to accept the whole of the *acquis communautaire*, and that enlargement should not be made by the modification of Community rules.[35] Moreover, he indicated that, after the presentation of the Community's negotiating basis programmed for September, a *vue d'ensemble* would then be elaborated together with Spain, to sort out the general elements and chapters of the negotiations. Only after the conclusion of that phase, to which no specific timetable was attached, would the real negotiations sector-by-sector start. In this way, the real substance of negotiations did not start until 18 September 1979, after more than two years of delays.

This slow progress was not helpful for the UCD government in Spain, which had started to suffer from internal divisions after the March 1979 general elections. Criticism mounted as businesses felt the effects of the oil shock, the Church opposed government positions on education, divorce and abortion, *Euskadi ta Askatasuna* (Basque Nation and Liberty: ETA) continued its terrorist campaign increasing the unease of the military forces, and the socialist party progressed in municipal elections.[36]

The prospects for an early completion of the EC enlargement looked very grim by June 1980, when President Giscard d'Estaing, addressing the French chambers of agriculture before the Presidential elections that were to take place in May 1981, linked the negotiations with Spain and Portugal to the prior solution of the problems associated with the demand for a refund from the Community's budget, presented by the recently elected British

[35] Story, 'Spain's external relations redefined', p. 36; Bassols, *España en Europa*, p. 221. This was reminiscent of the Community's attitude towards Britain during the first enlargement negotiations; see chapter 3.
[36] Romero Salvadó, *Twentieth-century Spain*, pp. 172-173.

Conservative government of Margaret Thatcher. He argued that the Community should bring the first enlargement to completion (i. e. oblige Britain to accept the budgetary *acquis communautaire* once and for all), before it was ready to deal with the second one. The British, on their part, refused to discuss the reinforcement of the Mediterranean *acquis* that France had put as a *préalable* for negotiations with Spain, until they obtained their budget refund and a reform to curb CAP expenditure.

Although not a 'gaullist veto', the French attitude (which the Spanish negotiators recall as 'the pause' or '*el Giscardazo*') slowed down the pace of negotiations. At the 9th deputy-level meeting in Brussels of 3 November 1980, the Community failed, for the first time, to present a document to the Spanish delegation, which became understandably alarmed. They interpreted this as proof that the Community's 'feet-dragging' so far had been inspired by French domestic concerns and electoral calendar. However, their problems were not to end with the French election.[37] As Ambassador Bassols soon discovered, although the other European countries tried to appear scandalized by the French attitude, no one went beyond declarations of firm intent to include Spain in the Community. Comfortable behind the gaullist rhetoric, which took the blame for the delays and pauses, the other European governments quietly welcomed them, as all had worries about some aspect related to the Spanish entry.[38] To make things worse, these concerns were highly differentiated and they exacerbated the conflicts among the member states, who started to find it increasingly difficult to agree on a Community position to present to Spain. Lack of consensus, and not simply French opposition, was to become the main cause for future delays.

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[37] In his first the ministerial meeting with Spain, in July 1981, the newly appointed Socialist French Foreign Minister, Chardenagor, indicated the to the 'surprised' Spanish delegation that the *préalable* was still in place; 'Raidissement dans les négociations Espagne-CEE', *Le Figaro*, 14/7/1981.

[38] Bassols, *España en Europa*, p. 162; Wallace, 'The reaction of the Community', p. 47; Morán, *España en su sitio*, p. 281. For the attitudes of each member, see chapter 5.

2. 2. The agro-budgetary delay: June 1980-June 1983

The linkage between the issues of the British rebate and enlargement on the part of France was not simply a pretext to postpone real negotiations until after the election, because Spain's accession posed a significant problem for the Community that no one could ignore: it would raise agricultural expenditure at a time when the EC budget was nearing deficit. This, in turn, was the result of the increasingly expensive CAP, which absorbed more than two thirds of the Community's 'own resources'. If Spanish farmers were to receive the same level of subsidies than their French and Italian colleagues got under the CAP, the bankruptcy that the system was already facing was to be seriously aggravated, as Spain's accession was to increase the agricultural area and working population of the EC by 30%, and create surpluses in all Mediterranean products.[39] There were deep disagreements among the member states about how to 'square the circle' of reforming the CAP to make it less expensive, while at the same time, compensating Mediterranean farmers for Spain's accession. This was further aggravated by the British demand for a refund and the unwillingness of all the members, notably Germany, to increase their contributions.[40] On top of that, the dispute between the Council and the EP jeopardized the approval of the budget on three successful years, leading to the virtual decision-making paralysis of the Community.

In May 1980, the Commission was asked by the Council to elaborate proposals to resolve the financial crisis of the Community. In its report on the 'May 1980 Mandate', in June 1981, the Commission insisted that a comprehensive reform of the Community's policies was necessary to overcome the crisis, but the general bargain that would support this change was still to take two years to be agreed. In the meantime, this reflected on the negotiations with Spain, which reached their lowest point of activity in those years. In March 1981, the *Financial Times* depicted the situation thus:

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[39] CEC, 'Opinion on Spain', §§ 37-38.

[40] *EC Bulletin*, 4/1980, § 1. 1. 4. This is explained in chapter 4.

> Until now, there has been general support for France's stand that there should be no conclusive agreement covering Spanish agriculture until the Ten have settled the future of the CAP. This effectively delays Spanish accession to early 1984 or perhaps longer.[41]

Meanwhile, the domestic situation in Spain had deteriorated sharply by the end of 1980, when Suárez announced his resignation on 29 January 1981. On 23 February, as the *Cortes* debated the investiture of the new UCD Prime Minister, Calvo Sotelo, Colonel Tejero stormed into the chamber, pistol in hand and followed by 200 Civil Guards. The attempted coup unraveled with the intervention of King Juan Carlos, whose condemnation divided the military. Ironically, although this episode was evidence for the fragility and incompleteness of the democratization process, it ended up helping its consolidation as it boosted public enthusiasm for the democratic order and further legitimized the monarchy. Yet, instability and *golpismo* did not recede completely. The unpopular entry into NATO in 1981 was done hurriedly and with little discussion, as a way to appease the military. Only after the landslide victory of *Partido Socialista Obrero Español* (PSOE) in the election of October 1982 was the democratization process fully consolidated.[42]

The coup seems to have brought a little flexibility to the Community which was reminded of the need to boost the crumbling UCD government. With the French election over, the Belgian Presidency succeeded, in early 1982, in establishing that a solution to the internal crisis of the Community should be 'parallel' to negotiations with Spain, instead of a *'préalable'*. Later that year the first six chapters (out of a total of twenty one) could be closed, although none of them touched on the key sectors (agriculture, fisheries, industry).[43] In this period, the Community exercised great pressure on

41 'Spain wants faster negotiations on entry in EEC', *Financial Times*, 10/3/1981.

42 Romero Salvadó, *Twentieth-century Spain*, p. 177.

43 The closed chapters were: movement of capitals, transports, regional policy, right of establishment and services, law harmonization, financial and economic issues; Bassols, *España en Europa*, p. 274.

Spain and obtained many concessions from the unstable UCD government, which agreed on three controversial issues without obtaining any concessions for its agriculture in return: the application of VAT on the day of accession, the restructuration policies in the declining industries prior to entrance, and some industrial tariff dismantling.[44]

In June 1982, the new French socialist government of François Mitterrand asked the Commission to elaborate an 'Inventory' of the problems raised by enlargement, which was again interpreted as an attempt to delay the talks further. The Commission replied that all the important problems had been mentioned in its 'Opinion', and that the main obstacles came from internal disagreements within the Community, a lack of resources, and unfavorable economic conditions.[45] Rather than delay Spain's negotiations, the '1982 Inventory' gave the Commission another opportunity to insist on the need to reform the Community, and to link enlargement to the Genscher-Colombo initiative for the relaunch of the Community.[46]

2. 3. From Stuttgart to Fontainebleau and Milan

The tide started to change after the failure of Mitterrand's economic policies in 1981 and 1982 led to consecutive devaluations of the French franc, which indicated that France could no longer 'go it alone', as it had had to be bailed out by Germany.[47] Two successive re-shufflings of the Mauroy government reduced the number of communists in the cabinet and brought centrist socialists, notably the Finance Minister, Jacques Delors, who forcibly argued that France's future lay in the EC. This turn in French politics in early 1983 was crucial for unlocking the enlargement negotiations with Spain. Direct French-Spanish bilateral cooperation started at an inter-ministerial meeting

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44 'Les conditions mises à l'adhésion au Marché Commun', *Le Nouveau Journal*, 23/6/1982.

45 CEC, 'The problems of enlargement', *EC Bulletin Supplement*, 8/1982, p. 6 (From now on, referred to as '1982 Inventory').

46 See *EC Bulletin*, 6/1981, § 1. 2. 3. for the 'May 1980 Mandate'; 11/1981, §§ 2. 2. 2 and 3. 4. 2. for the Genscher-Colombo initiative.

47 Moravcsik, *The choice for Europe*, pp. 332-347; Alan S. Milward, George Brennan and Federico Romero, *The European rescue of the nation-state*, London, Routledge, 1992, pp. 440-442. For the change in French politics, see chapter 5.

at La Celle St Cloud in January 1983, marking an important shift in their relations, and the acceleration of the accession negotiations that was to follow.[48]

The establishment of better bilateral relations with France was also part of a general improvement of Spanish foreign policy under the PSOE government, which enjoyed a comfortable majority in the *Cortes* and managed to consolidate the democratic regime by a thorough reform of the armed forces. Its young and charismatic leader, Felipe González, brought a Presidential style of diplomacy by establishing regular bilateral contacts with the German, British, Portuguese, Italian and French leaders, which complemented the work of his team in Brussels. His strong domestic position also enabled President González to condition his support for Spain in NATO to progress about EC accession.[49] Membership of NATO was unpopular in Spain, because it was associated with past Francoist cooperation with the Americans, and it had been negotiated secretively by the UCD. The PSOE had promised in its electoral campaign to have a referendum on the issue. This was an important incentive for member states, especially Britain and Germany, to push for the successful conclusion of the enlargement negotiations.[50]

The turning point came at the Stuttgart summit of the European Council, held by the German Presidency in June 1983. There, Chancellor Kohl announced Germany's readiness to provide new financial resources for the EC budget, but made this conditional on the ratification by the EC of Spain's and Portugal's accession treaties.[51] As *Le Monde* explained, the linkage between the budget and enlargement now guaranteed that negotiations would not be prolonged indefinitely.[52] Also, with these additional resources, a deep reform of the CAP could now be avoided, and France and

48 Morán, *España en su sitio*, p. 162.
49 Story, 'Spain's external relations redefined', p. 38.
50 Marín, *Interview*. See chapter 5.
51 'The Stuttgart European Council', *EC Bulletin*, 6/1983, § 1. 5. 24; see the section on Germany, chapter 5.
52 'La rencontre de Stuttgart', *Le Monde*, 20/6/1983; Marín, *Interview* .

Italy obtained the protection for their farmers through the IMPs proposed by the Commission.[53] The final communiqué was accompanied by the 'solemn declaration on the European Union'.[54]

After this agreement was reached, a new period of great activity started, both inside the Community, and in talks with Spain. A few weeks after the summit, in June 1983, the chapter on taxation was closed. It was the first to be closed since March 1982, and a month later, in July, the one on monopolies followed.[55] In the meantime, on 2 July 1983, at another Franco-Spanish inter-ministerial meeting at La Granja, the French announced that they hoped to finish the negotiations by 30 September 1984. According to Morán, this deadline indicated that the French President had finally made up his mind about enlargement, and it was now a question of selling that decision to its domestic constituencies.[56]

However, this was not an easy task. As explained in the following chapters, the crucial role played by the institutional partitions which divided the Community sectorally became clear at that time: despite the political decision and the deadline to conclude enlargement negotiations, sectoral politics still prevailed. In the particular case of agriculture, which was a core chapter for Spain, it still took almost two years to formulate the Community's negotiating position, as it had to be analyzed, discussed and modified by a myriad of actors at different levels, whose consensus was necessary to get it through, while the Spanish awaited impatiently. When, in June 1983, the Commission announced its first proposals for a negotiating mandate on the sector, Manuel Marín, the Spanish Minister for Relations with the EC and deputy negotiator, commented that the conditions set out were 'very tough', but that he preferred a 'tough

[53] The guidelines for these programmes were first presented to the Council in 1981. See *EC Bulletin*, 10/1981, § 1.3.1. See chapters 6 and 7.

[54] 'The Stuttgart European Council', *EC Bulletin*, 6/1983, § 1. 5. 25.

[55] Still pending were: customs union, coal and steel, agriculture, fisheries, social aspects, own resources, institutions, Canary Islands, relations between Spain and Portugal, foreign policy and trade marks.

[56] Morán, *España en su sitio*, pp. 162-289.

document, than no document at all' because that would finally allow to negotiations to start.[57] The 'common position' on the agriculture *dossier* did no appear at the negotiations table until February 1984, and still, the proposals on two key products, wine and olive oil, did not materialize until the end of the year, with the deadline for concluding negotiations looming dangerously close. The reform of the wine regulation and substantial funding for the IMPs which underpinned the whole deal were not secured until the Dublin European Council of December 1984, when Greece threatened to veto the enlargement.[58]

Despite these problems, which made the negotiations extremely complex, the Community's dynamics had changed, with the emergence of the SEA agenda. On 25-26 June 1984, at the Fontainebleau European Council, Mitterrand confirmed the shift of French policy in a more European direction with his endorsement of the German and Italian proposals for a 'European Union'. Britain and Germany managed to introduce some measures of 'budgetary discipline' to reform the CAP a little and to curb the expansion of agricultural production. Britain also got its 'rebate' from the EC budget, and Germany the right to compensate its farmers domestically for the measures introduced. Spain and Portugal finally got a date for accession fixed: negotiations should be over by the end of September of that year and they were to become full members of the Community by 1 January 1986.[59] The budget agreement at Fontainebleau removed the main obstacle in the way to accession.[60] But, by then, it was so late, that when the Community finally presented its proposals in the 'sensitive' areas, it virtually left Spain in a 'take it or leave it' situation. 'What Spain fears -President González said after Fontainebleau- is that there will be no breakthrough by September, and

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57 Marín had announced a month earlier (as soon as the proposals were tabled by the Commission) that these conditions were unacceptable; 'La CE sostiene posiciones inaceptables para España en agricultura, afirma Manuel Marín', *El País*, 26/5/1983; 'L'Espagne ne considère plus la France comme le seul obstacle dans la Communauté', *Le Monde*, 12/6/1983.
58 'The Dublin European Council', *EC Bulletin*, 12/1984, § 1. 2. 14.
59 'The Fontainebleau European Council', *EC Bulletin*, 6/1984, §§ 1. 1. 1.-1. 1. 8.
60 'Spain and Portugal see the end to lengthy wait', *Financial Times*, 28/6/1984.

then they tell us "that is our position; if you want it, take it, and if not, leave it"'.[61] A very tight calendar, and a mini-package on agriculture, fisheries and social aspects detached from the other chapters was a scenario that the Spanish had tried to avoid as it left them with no room of manoeuvre.[62] The Community had succeeded in putting the Spanish delegation in a weak position by leaving the difficult chapters until the end.

Moreover, the Community's proposals were not going to be easy to modify. As *The Times* pointed out in November 1984, 'Spain goes into the final slog of EEC entry negotiations after Fontainebleau knowing it has little weight against the established interests among the Ten.'[63] On 19 December, after the 26th ministerial meeting in Brussels, when the Community finally presented its position on wine, *Agence Europe* reported that

> the Spanish Foreign Minister, Mr. Fernando Morán, outlined his country's position, emphasizing that, for six months, the 'Ten' have been talking among themselves, without any genuine dialogue with Spain. The 'Ten' have reached certain compromises among their respective interests without taking Spain's interests into account; on a few points they have even hardened their positions. The time has come to go beyond this stage, to transpose the political statements on enlargement into deeds, to bridge the gap between these statements and the negotiating positions.[64]

By the beginning of 1985, when Jacques Delors took office as President of the Commission, the deadline for concluding the negotiations (30 September 1984) had already had to be extended up to the European Council in Brussels at the end of March 1985. The Community was now fighting against its own time-table: 1985 was the only year in which ratification of the accession treaty by the member states would not clash with national elections.[65] In addition, accession had to be completed if González was to give his support for Spain's membership of NATO at the referendum planned for March 1986.

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61 'Madrid and EC are far apart on conditions for Spain's entry', *International Herald Tribune*, 2/6/1984; 'Madrid may miss EC date', *International Herald Tribune*, 5/9/1984.

62 Bassols, *España en Europa*, p. 235; Alonso, *España en el Mercado Común*, p. 192.

63 'Spain's EEC entry faces hurdle of Ten's interests', *The Times*, 4/7/1984.

64 *Agence Europe*, 19/20/1984, p. 5

65 'Tight timetable for EEC accession', *Financial Times*, 18/1/1985.

Morán and Natali were worried that, despite these pressures, accession might now be delayed until July 1986, because each member state was only in favour of making concessions when the burden fell on other partners: so the Netherlands were in favour of concessions for citrus fruit, but rejected those on cheese; Italy was in favour of a quick approximation of olive oil prices, but the UK rejected it for the expenditure it entailed, and so on.[66] Moreover, the crucial question of funding for the IMPs remained unsolved, despite the threat of a Greek veto and of Delors' announcement that he would take care of it personally.[67] The Commission presented a reviewed 'mini-package' on the last three remaining chapters (agriculture, social aspects and fisheries) on 8 February, but it was rejected by COREPER a week later, because of French objections on wine and fisheries.[68] These would now have to be sorted out at a Council session which was to take place at the same time as the last ministerial meeting.

The negotiations were concluded under extreme pressure from both sides in two frantic 'marathon' sessions on 17-22 and 28-29 March 1985 with all the Spanish delegation present led by Morán. They were chaired by Prime Minister Giulio Andreotti (Italy held the Presidency), with Natali and Andriessen, Commissioner for Agriculture, and other Directors General, as well as the Council's Secretary General present. A great deal of skill was necessary not to let 'details' obscure general objectives thus leading the negotiations to unravel.

Upon contacting the French representatives, on 18th March, Morán was told that Mitterrand had approved the general political objective of Spain's accession, but warned him that the Ministry of Agriculture would go on fighting rear-guard battles. On the 19th, functionaries of DG VI (French in their majority) undid the compromises that the French Foreign Minister Roland Dumas had reached with Morán regarding the transition period for

66 *Agence Europe*, 30/1/1985, p. 5.
67 'EEC Ministers set another deadline for enlargement talks', *Agra Europe*, 1/2/1985, P/5.
68 'Europe: les espagnols devront être patients', *Le Matin*, 20/2/1985.

fruit and vegetables the day before. The afternoon of the 21st was even stormier, as the French representatives backtracked on the offers agreed for fisheries and wine, the Germans resisted a concession on the social chapter, the Irish raised a point about fisheries, the British one about sherry. It seemed the Community sought to extract last minute concessions from the Spanish negotiators, whose counterparts in Madrid were ready to open the cava bottles. As these concessions were not forthcoming, the Italian Presidency announced that the negotiation had failed for the moment, and that the disappointed Spanish delegation would be contacted at a later date.[69]

In the week between the two meetings Mitterrand announced his support for an Intergovernmental Conference (IGC) to be called at the European Council summit in Milan to revise the EC treaties and unify them in the SEA. Its provisions would incorporate all the aspects of the bargain agreed so far, especially, a firm commitment to complete the Single Market through the increase in qualified majority voting. This created extra pressure on the Community's negotiators, as the budgetary arrangements of the package had been made conditional by Germany on the successful completion of enlargement.[70] At their meeting in Paris on the day before the final session, Mitterrand and Kohl discussed the relaunching of the Community and said that there was a 'great deal of good will' on the part of the Ten with regard to enlargement, but that there might still be last minute hitches, since the outstanding matters were 'problems of legitimate interest of the professions, producers and workers'.[71]

The last negotiating session took place simultaneously with that of the Council of Ministers, just one day before the Brussels summit of the European Council that marked the deadline. It was imperative to conclude the negotiations on that day at the latest, in order to allow enough time for the drafting, signature and ratification of the accession treaty. It was also hoped

69 Morán, *España en su sitio*, pp. 442-449; 'Fracaso de la maratón negociadora española por la posición francesa en materia de vino y pesca', *El País*, 22/3/1985.

70 'Adhésion espagnole à la CEE: Kohl pressé -Mitterrand prudent', *Le Figaro*, 26/3/1985.

71 *Agence Europe*, 27/3/85, p. 3.

that the two Iberian countries would be able to attend the Milan summit and sign the SEA in February 1986. Mr. Andreotti, President of the Council, ran to and fro between the room where the Council sat in permanent session to the one where the Portuguese and Spanish delegations were based, until an agreement was reached. It took all night to reach a conclusion, as all sides sought to secure last minute concessions.

Negotiations concluded on 29 March 1985 at four o'clock in the morning. The final compromise coincided almost entirely with that worked out by the Italian Presidency, Natali, Andriessen, Morán and González during the previous week.[72] That same day, at lunch time, the heads of state and government met for the Brussels European Council, when they lifted the last Greek objection on the funding of the IMPs and announced their satisfaction with the successful conclusion of the negotiations.[73]

A number of 'threads' were still being negotiated at deputy level until the very day of accession. These were mainly on agriculture, but also on trade with the Maghreb countries and Latin America. The relationship with Portugal still needed to be sorted out as well. The treaty of accession was signed on 12 June 1985. The Spanish *Cortes* ratified it unanimously on 26 June. It was the first time that an accession treaty had been ratified unanimously by an applicant in the history of the Community.

The transition periods for Spain's integration in the EC were much longer than either the British or Greeks had obtained, and the principle of 'parallelism' (similar length for industrial and agricultural products) observed for their accession, was not followed for Spain. Moreover, a number of new *ad hoc* instruments were introduced, as the 'classic' transition periods (progressive and linear) did not seem adequate enough to deal with the complexities of Spain's accession.

With regard to the dismantling of industrial customs duties, transition

72 *Agence Europe*, 30/3/85, p. 5.
73 'The European Council in Brussels and the March Council meeting', EC *Bulletin*, 3/1985, §§ 1. 2. 1.-11.

would last seven years, with special provisions for the automobile sector. In agriculture, the overall transition period was of ten years with a number of special provisions for 'sensitive' products, while on fisheries, Spain was expected to join the common policy immediately after accession but was to face restrictions in its activities for ten years. In social affairs, the complete freedom for Spanish travelers inside the EC was not to become fully established before a seven year period. VAT was to be introduced on the day of accession, although Spain would get a generous rebate from its budget contributions.[74] In sum, the Treaty of Accession established that the Spanish economy would not be fully integrated into that of the EC until 1996. In fact, it allowed the Community to enter Spain, but not the other way around.[75] The Spanish were, however, intent on modifying some of its parts as soon as they became members through secondary legislation, and as Marín admitted, the Treaty as such only lasted three years.[76]

Conclusion

Despite the major changes which transformed the political basis of the relationship between the Community and Spain in the late 1970s, there were strong elements of *continuity*. This chapter has shown that some of the main features of accession negotiations had already been visible during the negotiation and revision of the 1970 EC-Spain preferential agreement: the power asymmetry between the two sides, the difficulties in defining the Community's position and its protectionist attitudes towards Spanish agriculture. More importantly, this agreement shaped the views and bottom-line positions that both sides sustained during enlargement negotiations later on.

Thus, the death of Franco did not make the Community more flexible in

[74] For detailed analyses of the final terms of Spanish accession see, Alfred Tovias, 'Spain in the European Community' in Gillespie, Rodrigo and Story, *Democratic Spain*, pp. 88-105; East and Nicholson, *From the Six to the Twelve*, pp. 230-231; Alonso, *España en el Mercado Común*, pp. 202 and ss.

[75] Tovias, 'Spain in the EC', p. 94 .

[76] Morán, *España en su sitio*, p. 300; Marín, *Interview* .

its positions with regard to opening up to the Spanish economy. It would take another ten years of protracted negotiations, during which it became clear that economic sectoral interests were to remain important obstacles to EC membership. Ironically, the main asset in Spain's favour was that its support for NATO membership was weak. This left the EC as the main international organization that could be used to secure Spain's adherence to the West in the context of the cold war. For Britain and Germany, in particular, this was a crucial factor that sustained their support for Spain's accession.

Another important conclusion drawn from this chapter is that Spain had little room of maneuver, as no 'fall-back' position was acceptable as an alternative to EC membership. For historical reasons, democratization and international 'rehabilitation' were inseparable elements in the Spanish political culture of the transition, and integration into the EC became the first foreign policy priority of the new democracy. Both the centre-right UCD governments and its PSOE successor treated this issue as one of 'national interest' (*asunto de Estado*) above party divisions.

Thus, their overwhelming pro-European attitude did not spare the Spanish a long and frustrating road to accession. Most of the time was spent waiting for the Nine/Ten to negotiate among themselves, without being able to influence developments significantly. As this chapter has revealed, the main cause of delay did not have much to do with Spain's strategies or actions, but was rather due to the fact that the prospect of Spanish accession exacerbated existing problems inside the Community. In this way, the negotiations for accession became hostage to internal wrangling about CAP reform and the budget. The breakthrough came with the 'relaunching of Europe' brought by the SEA agenda, but before 1984, the Community could not agree on what it was going to demand from the Iberian applicants in the key chapter of agriculture.

Spain was a rather weak actor, and had to stick to a calendar dominated by the Community. It also had to accept long transitional periods and quotas for its most competitive exports, while at the same time, it had to open its market to Community imports and competition. Thus, the main obstacle to Spain's accession was that the apparent consensus which colored the first reactions to the application was less simple than it looked. Beneath the surface lay many attitudes, interests and pressures which prevented the formulation of a Community position in key sectors.

The puzzle that arises from this story is: how did sectoral interests manage to override the political and security the importance of Spain's accession? And if the problem was the CAP, why was it so resistant to reform? The answers to these questions require study of the role played by institutional factors at various levels. The next chapter is therefore devoted to the exposition of HNI as the conceptual framework upon which such analysis can be built.

The conceptual framework: Historical New Institutionalism

Enlargement necessitates reformulating the EC to accommodate new interests. This thesis will explore the significance of the EC's ability or inability to change, as a variable that contributes to an explanation of the timing and contents of the Spanish-EC negotiations. HNI, the approach this thesis proposes to use for the study of these enlargement negotiations, provides a framework for analyzing the EC/EU rather than a theory of integration.[1] The main claim of this approach is that 'institutions matter' because they structure both political processes, and the way in which interests are articulated and represented. An important implication of this is that policy outcomes vary according to policy-area specific institutional arrangements which include informal rules, norms and values as well as formal decision-making procedures. This chapter examines two main concepts from the theoretical approach of HNI: the 'mobilization of bias' and 'path-dependence'. Combined with the 'policy-networks' typology, which is a useful tool for studying interest-intermediation mechanisms, these concepts provide the theoretical blocks that underpin this thesis' argument about why agriculture was so problematic during the Spanish accession negotiations with the EC.

Grounded in comparative politics and political economy, this approach has only recently been used in the field of European integration studies,

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[1] Alec Stone Sweet and Wayne Sandholtz, *European integration and supranational governance*, Oxford, Oxford University Press, 1998; Bulmer, 'New Institutionalism'; Pierson, 'The path to European integration'.

where it has innovative potential in relation to the more established approaches of Liberal Intergovernmentalism (LI) and Neo-Functionalism (NF). This approach gives a fresh theoretical perspective for the study of institutional change and continuity, which is precisely what the EC's enlargement negotiations with Spain were about.

1. Historical New Institutionalism: concepts and definitions

In the last years, there has been a proliferation of theoretical work in the field of European politics, most of which has sought to transcend the traditional debate between LI and NF.[2] Much of the new work has borrowed either from International Relations approaches on 'transnational relations' and on the role of institutions in promoting cooperation, or from the fields of comparative politics and public policy with their focus on the role played by administrative structures and relations between private and public actors.[3] This diversification in approaches probably reflects the 'reality' of the EU itself, diverse as it has become in terms of procedures followed, issues covered and actors involved. It is also a reflection of the difficulties involved in coming up with a single explanation of the European integration process. Many arguments have been derived from the HNI

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2 For the traditional debate between Realism and Neo-Functionalism, see Stanley Hoffmann, 'Obstinate or obsolete? the fate of the nation-state and the case of Western Europe', *Daedalus*, vol. 95 (1966), reproduced in Michael O'Neill, *The politics of European integration: a reader*, London, Routledge, 1996; and Ernst B. Haas, 'The study of regional integration: reflections on the joy and anguish of pretheorizing, in Leon N. Lindberg and Stuart A. Scheingold, eds., *Regional integration: theory and research*, Cambridge Mass., Harvard University Press, 1970.

For recent work inspired on a revised version of Realism see the LI approach developed by Moravcsik, *The choice for Europe*, chapter 1: 'Theorizing European integration', pp. 18-85, and for the NF school, see Jeppe Tranholm-Mikkelsen, 'Neo-Functionalism: obstinate or obsolete? a reappraisal in light of the new dynamism of the EC', *Millennium: Journal of International Studies* , vol. 20 (1991), n. 1, pp. 1-22; Wayne Sandholtz and John Zysman, '1992: recasting the European bargain', *World Politics*, vol. 42 (1989), n. 1, pp. 95-128.

3 See Thomas Risse-Kapen, 'Exploring the nature of the beast: International Relations theory and Comparative Policy analysis meet the European Union', *Journal of Common Market Studies (JCMS)*, vol. 34 (1996), n. 1, pp. 53-75; Gary Marks, Liesbet Hooghe and Kermit Blank, 'European integration from the 1980s: state-centric v. multi-level governance', *JCMS*, vol. 34 (1996), n. 3, pp. 341-378; Simon Hix, 'The study of the European Community: the challenge to Comparative Politics', *West European Politics (WEP)*, vol. 17 (1994), n. 1, pp. 1-30; Andrew Hurrell and Anand Menon, 'Politics like any other? Comparative Politics, International Relations and the study of the EU', *WEP*, vol. 19 (1996), n. 2, pp. 386-402.

approach and it would be impossible to rehearse them all here, so this section will concentrate on two key concepts which are relevant for explaining how institutions affected EC enlargement negotiations with Spain: the 'mobilization of bias' and 'path-dependence'.

1. 1. Institutions and the 'mobilization of bias'

There is no single definition of 'institutions' which, like 'power' in International Relations (IR), remains a fuzzy and contested concept.[4] This thesis follows North's definition: 'the framework within which human interaction takes place.... analogous to the rules of the game in a competitive team sport.'[5] Institutions reduce uncertainty by establishing a stable structure to human interaction. However, institutions are not mere patterns of behaviour: they are often attached to principles or ideas and constitute a reference according to which behaviour can be judged, corrected, and interpreted by actors. This is because institutions are not merely the external constraints spelled out by formal rules; they also encompass informal rules which 'come from socially transmitted information and are part of the heritage that we call culture'.[6] Institutions

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[4] Robert O. Keohane discusses this definitional problem, in the field of IR in 'International institutions: two approaches', in Friedrich Krattochwil and Edward D. Mansfield, eds., *International Organization: a reader,* New York, HarperCollins College Publishers, 1994, pp. 47-50. In European studies, this definitional discussion is reviewed by Aspinwall and Schneider, 'Same menu, separate tables', pp. 1-5.

[5] This distinguishes 'institutions' from 'organizations' which, following the same analogy, correspond to the teams that play the game. Organizations and institutions are often confused, because both provide structures for human interaction and they always exist in close connection to each other, but conceptually, the rules must be distinguished from the players. This distinction, although artificial, brings enhanced precision for analyzing the EC, because it conceptually differentiates between the norms, rules and procedures (i.e. Treaty of Rome, Agricultural code of 1962, voting rules in the Council) which constitute the 'institutional framework', and 'organizations' as actors, like the Commission, the Council of Ministers or, indeed, the member states, which are confusingly also referred to in the literature as 'institutions'. North, *Institutions,* p. 4.

In IR, the use of the term 'regime' is very close to North's definition of institutions, but is normally restricted to the 'norms, rules, and decision-making procedures around which actor's expectations converge *in a given area...',* Stephen D. Krasner, 'Structural causes and regime consequences: regimes as intervening variables', in Stephen D. Krasner, ed., *International regimes,* Ithaca, Cornell University Press, 1983, p. 2; emphasis added.

[6] North, *Institutions,* pp. 37. For the relationship between ideas and institutions in IR, see Judith Goldstein and Robert O. Keohane, *Ideas and foreign policy: beliefs, institutions, and political change,* London, Cornell University Press, 1993, pp. 3-30; Andreas Hasenclever, Peter Mayer and Volker Rittberger, *Theories of international regimes,* Cambridge studies in

provide 'cognitive models' or filters for interpretation and mold the self-images and preferences of actors, therefore structuring how they formulate their interests and choices. Informal institutions are therefore important elements for understanding how structures become 'embedded' in agents' ways of thinking.[7] The more internalized a rule is, the more it is taken for granted by actors, the less susceptible to conscious manipulation it will be.

Since they exist in the context of broader normative structures, formal political institutions are far from neutral. They have implicit 'biases': values and world-views are embedded in them.[8] These values normally belong to the most powerful actors, because institutions are set up through *political* processes which often represent the victory of one group over another. Therefore the diversity of interests and their relative bargaining strength influences the contents of a rule. In this way, institutions tend to privilege certain outcomes over others, to reward certain kinds of behaviour, to represent certain interpretations of reality, and discourage the participation of other views and interests.[9] Institutions distribute power unevenly across social groups, essentially through representation, by giving some of them disproportionate access to decision-making processes, like rules which restrict franchise or entry.[10] The creation of institutions has been therefore described as the 'mobilization of bias' or the 'institutionalization of preferences'. The 'mobilization of bias' is the most distinctive way in which institutions impact on political processes. Not only do they determine who says what, when and with how much weight, but also, the very nature of what is to be discussed and how it is to be conceptualized. Political actors are

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international relations: 55, Cambridge, Cambridge University Press, 1997, pp. 136-210; James S. March and Johan P. Olsen, *Rediscovering institutions: the organizational basis of politics*, New York, The Free Press, 1989, pp. 23-26.

7 Hall and Taylor, 'Political Science and the three New Institutionalisms', pp. 937-942; Steinmo and Thelen, 'Historical Institutionalism in Comparative Politics', p. 3; Bulmer, 'New Institutionalism', p. 369; Keohane, 'International institutions', pp. 54-57; Aspinwall and Schneider, 'Same menu, separate tables', p. 5.

8 In IR see the discussion on 'embedded liberalism' in John Gerard Ruggie, 'International regimes, transactions, and change: embedded liberalism in the postwar economic order', in Krasner, ed., *International regimes*.

9 North, *Institutions*, pp. 47-48.

10 Hall and Taylor, 'Three New Institutionalisms', p. 940-1.

aware of this, 'which is why battles over institutions are so hard fought'.[11]

In this way, institutions are related to actors in a two way process. On the one hand, they are the *outcome* of actors' decisions, and in that sense, institutions constitute a variable dependent on the power and preferences/views of actors. For this reason, institutions have also been defined as 'frozen decisions' and 'history encoded into rules'.[12] On the other hand, once institutions are in place, they become a *causal* factor, shaping actors' identities and relative power, and therefore their interests and strategies. This two-way relationship between institutions and actors means that the former are not *fixed* forever, because actors' interactions and decisions redefine and re-specify them constantly at the margins.[13] This is the core of HNI's explanation of 'path-dependent' institutional change.

1. 2. Path-dependence

The idea of 'path-dependent' change is not simply the assertion that 'history matters' because past decisions influence present choices. Rather, it is a way of explaining why some institutions are 'sticky', i. e. why it can be difficult to exit from or recast certain rules once they are in place. The concept constitutes a challenge to 'transaction costs' political economy and to the rationalism of the 'liberal institutionalist' approach in IR, which posit that institutions are created by actors to reduce 'transaction costs' in their exchanges, making them more efficient.[14] According to this view, institutional change is explained by competition between organizations, which operate 'feed-back' mechanisms to measure their performance and correct inefficient behaviour. The question then arises of how to explain the

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[11] Steinmo and Thelen, 'Historical Institutionalism in Comparative Politics', p. 9.

[12] James S. March and Johan P. Olsen, 'The New Institutionalism: organizational factors in political life', *American Political Science Review*, vol. 78 (1984), n. 3, p. 741.

[13] Paul Pierson, 'When effect becomes cause: policy feedback and political change', *World Politics*, Vol. 45 (1993), n. 4, pp. 595-628.

[14] In political economy this approach was pioneered by Ronald H. Coase, 'The nature of the firm', *Economica*, vol. 4 (1937), pp. 386-405. In the field of IR, these views have been taken on board by 'Neo-Liberal Institutionalists' who see the creation of international institutions as a 'demand-driven' process; see David A. Baldwin, *Neorealism and Neoliberalism: the contemporary debate*, New York, Columbia University Press, 1994.

survival and persistence of 'inefficient' outcomes over time, because they do not seem compatible with this idea of 'true' feed-back and efficient adaptation to changes in the environment. 'Lock-in', that is a situation from which it is difficult to exit and costly to reverse, in spite of inefficient and/or irrational outcomes, needs to be accounted for.[15]

In his attempt to explain the persistent economic under-achievement of certain countries, while others embarked on the development path, North argued that two forces are behind path-dependence: 'increasing returns' and 'imperfect' markets. With regard to the first, institutions produce high 'increasing returns' through several self-reinforcing mechanisms. To start with, the initial costs of setting up a new institution are high and become 'sunk costs' which increase over time; this creates incentives to keep existing institutions running, in spite of sub-optimal performance. Then, organizations and individuals working within a given institutional framework learn to get the best out of it, but not necessarily to improve welfare downstream. In this sense, the logic of maximization applies only within the context of the most immediate constraints and rationality is 'bounded'.[16] This adjustment of expectations is reinforced as the rules prevail over time, and uncertainty about their prevalence diminishes.

The second force that fosters path-dependence is the fact that markets are 'imperfect', characterized by high transaction costs, fragmentary information, and actors holding contradictory preferences, getting partial feed-back and having subjective interpretative frameworks. Imperfect

[15] The typical example of 'lock in' came from technological change: the domination of the QWERTY keyboard display over other newer and admittedly more efficient ones; see Paul David, 'Clio and the economics of QWERTY', *American Economic Review*, vol. 75 (1985), n. 2, pp. 332-37, quoted by North, *Institutions*, p. 93; See also Victoria C. Hattam, 'Ideas and the politics of bounded innovation', in Steinmo, Thelen and Longstreth, eds., *Structuring Politics*, pp. 188-216; Olson tackled this issue from a rationalist point of view, by arguing that as the number of players increases, so does the complexity of exchanges, and multiple equilibria provide several possible solutions, many of them sub-optimal, for which actors settle given asymmetries of information; Mancur Olson, *The logic of collective action: public goods and the theory of groups*, Cambridge, Mass., Harvard University Press, 1971.

[16] Some institutional frameworks encourage actors to develop 'rent-seeking' behaviour and skills oriented to struggles over the distribution of wealth, rather than to the production of additional output or welfare for society as a whole. The underlying assumption is that, in the long run, individuals would be better off when society as a whole increases its output.

markets make informal institutions crucial, because they reflect the actors' difficulties in deciphering a complex environment. For this reason, their ideas, theories and ideologies matter: if subjective perceptions were always corrected to true models, then the actors would immediately recontract to a more efficient joint situation.[17] Thus, informal constraints or 'cultural filters' are important in themselves (not just as complements of formal rules), since they constitute a major source of continuity in behaviour, even after significant changes in formal rules have taken place.[18] Without looking at knowledge and other cognitive aspects of the human mind, 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 is producing sub-optimal outcomes.

Given the stability that institutions bring to political life, the idea of path-dependence indicates that change normally occurs 'at the margins'. What does this mean? Formal institutions are hierarchically placed with respect to one another, from general principles enshrined in constitutional law at the top, to particular concrete contracts between real individuals at the 'margins'. Most 'higher' or constitutional rules are incomplete at the moment of their establishment because there are so many uncertainties about the concrete cases that might apply to them, and problems with enforcement, that the parties deliberately leave out certain aspects to be settled later in time. In other words, ideal behaviour, prescribed in a general norm remains abstract until it gets confronted with the complex reality of specific actors and contexts. Then, further rules (both procedural and substantive) need to be established to give principles a more concrete

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17 North, *Institutions*, p. 96.

18 North, *Institutions*, p. 36. Even after the extreme case of revolutionary change, as Tocqueville first noted for France, *moeurs*, world-views, and practices (informal institutions and their normative contents) remained present or reappeared in a different guise; Alexis de Tocqueville, *L'Ancien Régime et la Révolution*, Coll. Folio-Histoire, Paris, Gallimard, 1985; see also Theda Skocpol, *Democracy, revolution, and history*, London, Cornell University Press, 1998.

meaning (like the role of precedent in law). Organizations, secondary rules and informal practices come to life in order to put them into practice, and it is then that they become better defined. During the course of that process, actors extend, elaborate and even modify pre-existing formal rules. The establishment of a policy encourages certain groups to mobilize along some lines rather than others and develop interests in the policies themselves which are costly to shift.[19] In this way, organizations and institutions develop into whole systems (usually complex ones) which are derived from principles and are tied to ideas. The more complex and precisely defined a system of rules is, the more likely it is that change will take place at its margins, at the level of concrete individual contracts, rather than at the level of higher rules which link together a whole range of cases. In this way, once in place, institutions acquire a 'life of their own' and can produce outcomes which are not necessarily those intended by their designers.[20] And this is a key to understand why it is that institutions are 'sticky'; why, despite external shocks and even overt inadequacy to deal with a changed context, 'lock-in' situations arise, in which institutions keep evolving down the same path, adjusting only at the margins, in spite of high costs. These insights are crucial to the understanding of the case study in this thesis.

HNI has been criticized for being good at explaining continuity and stability with the concept of path-dependence, but rather poor in accounting for change. Yet, this is a misrepresentation of the approach: change occurs, but only in certain patterned ways.[21] HNI allows for structural analysis of change, without becoming too deterministic. Actors do not merely repeat prescribed patterned behaviour: they face real choices. But these choices exist

19 Theda Skocpol and Margaret Weir, 'State structures and the possibilities for 'Keynesian' responses to the Great Depression in Sweden, Britain and the United States' in Peter B. Evans et. al., eds., *Bringing the state back in*, Cambridge, Cambridge University Press, 1985.

20 Keohane first developed this view in IR in *After hegemony: cooperation and discord in the world political economy*, Princeton NJ., Princeton University Press, 1984; in comparative politics, see Paul Pierson, *Dismantling the Welfare State? Reagan, Thatcher and the politics of retrenchment*, Cambridge series in Comparative Politics, Cambridge, Cambridge University Press, 1994.

21 See Steinmo, Thelen and Longstreth, *Structuring Politics*, who present case studies based on instances of change.

within a certain context and are structured by the particular forms in which their knowledge of 'reality' is articulated and their interests represented.[22] This is where the 'mobilization of bias' comes back in, concerned with issues of exclusion and representation, access and influence.

Whether a particular view becomes embedded in an institutional framework depends on the degree of diversity of views held among the actors that operate within that framework and the stability of their relations. The 'networks' approach, as developed by Marsh and Rhodes has been concerned with this question and has tried to approach it in a systematic fashion in the field of public policy.[23] It provides a typology that can guide the empirical analysis of the intermediation and representation of society's interests within government, and therefore, elucidate some of the mechanisms which are at play in 'path-dependent' change.

1. 3. 'Policy networks': a typology of interest-intermediation mechanisms

The concept of 'policy community' originated from the empirical study of specific forms of relationship between interest groups and civil servants, bound by structured exchange of resources and common values. As a metaphor to describe public policy processes and outcomes, and in particular, policy *stability*, it contrasted with the concept of 'issue networks' which accounted for policy change by pointing to the lack of control by any one actor of the policy process.[24] Both concepts capture several features of

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22 In this respect, it must be noted that, although informal institutions are indispensable to understand these 'lock in' situations and 'path-dependent' change, New Institutionalists recognize the limits when trying to analyze them. Beliefs and ideas are difficult to identify most of the time, so it is easier to find empirical evidence for the role of 'formal' institutions and their effects on outcomes; North, *Institutions*, pp. 40-42; Hall and Taylor, 'The three New Institutionalisms', p. 939.

23 Marsh and Rhodes, *Policy networks*.

24 The concept of 'policy-communities' was first developed by Grant Jordan and Jeremy J. Richardson, *Governing under pressure: the policy process in a post-parliamentary democracy*, Oxford, Martin Robertson, 1979; and that of 'networks' by Hugh Heclo and Aaron B. Wildavsky, *The private government of public money*, 2nd ed., London, Macmillan, 1981. Both concepts were developed as attempts to offer an alternative to the well established approaches of 'pluralism' and 'neo-corporatism', which dominated the debate about interest intermediation mechanisms by the 1970s: Suzanne Berger, ed., *Organizing interests in Western Europe: pluralism, corporatism and the transformation of politics*, Cambridge, Cambridge University Press, 1981; Philippe Schmitter and Gerhard Lehmbruch, eds., *Trends*

the policy process which coincide with HNI: the coexistence of conflict and shared norms, the closeness of policy-makers, the distinction between outsiders and insiders and the difficulties encountered by new actors seeking to influence policy. They facilitate disaggregation in the analysis by offering identifiable categories with which to study relations between the state and interest groups, like the number and kind of participants, the stability of the interactions and the mechanisms of exclusion and participation. They assist in the explanation of why different policy areas work and change in different ways, and in particular, of how particular interests can become 'vested' in administrative systems, preventing reform and state retrenchment.

However promising, these concepts had serious limitations.[25] As a result of criticisms, networks analysis were then refined and expanded in scope and ambition, with the establishment of typologies and models. Marsh and Rhodes worked with three variables: the degree of integration, membership and distribution of resources.[26] They defined 'network' as a generic term for sectoral interest intermediation mechanisms, which could vary from closely knit, semi-corporatist, 'policy communities' at one end of the spectrum, to more open, unstable and pluralistic 'issue networks', at the other end. Their hypothesis was that the structure of a policy network influences the outcomes and the possibilities of change in a given area. The closer to a 'community', the more difficult it would be to depart from the existing path, given the exclusion of outsiders from the decision-making process, and the

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towards corporatist intermediation, Beverly Hills, Sage, 1979.

[25] Notably, they did not provide an explanation why and how communities/networks arise; their alleged characteristics were confused with their effects (closeness creates more closeness); the factors behind the original distribution of power were not specified, and more importantly, they were too static a model to account for change; Mark Thatcher, 'The development of policy network analyses: from modest origins to overarching frameworks', *Journal of Theoretical Politics*, vol. 10 (1998), n. 4, pp. 400-404; Keith Dowding, 'Model or metaphor? a critical review of the policy network approach', *Political Studies*, vol. 43 (1995), pp. 141-147.

[26] Marsh and Rhodes, 'Policy communities and issue networks: beyond typology' in Marsh and Rhodes, *Policy networks*, p. 251. Alternative typologies were developed by Stephen R. M. Wilks and Maurice Wright, *Comparative government-industry relations: Western Europe, the United States and Japan*, Oxford, Clarendon Press, 1987.

shared 'subjective models' and knowledge among the insiders, which preclude innovation, by writing off from the outset different ways of looking at a particular policy problem. Different social and political structures create different logics in policy-making and, therefore, bias outcomes in a particular direction.

The expansion of the 'networks' concept into overarching frameworks, the proliferation of definitions, and the endless addition of factors to be included (for example, ideas, functions, context, theories of power, of the state) has meant that this approach is not without its critics.[27] Rather than a fully fledged theory it has been repeatedly suggested that 'networks' should be kept as an analytical typology to be incorporated into a broader theoretical framework. In this respect, it can be particularly useful in conjunction with HNI, because the concepts of 'path-dependent' change and closely knit 'policy-communities' share several insights about incremental change, the role of shared ideas and values among participants in explaining continuity, the distribution of power, the attention to patterns of interaction, and exclusion from participation.[28] Surprisingly, however, there is almost no work linking the two explicitly, a gap which this thesis tries to narrow. The type of network that exists in a policy area influences the nature of policy change: pluralist or state-directed networks are more likely to produce radical ruptures with the past in their policies, in opposition to semi-corporatist networks which are more conservative. The characteristics of the networks and their institutional 'biases' also influence the 'feed-back' processes of organizations and therefore the way in which their very framing of problems and solutions opens the door to certain choices and

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27 The problem of proliferating definitions is treated in Grant Jordan and Klaus Schubert, 'A preliminary ordering of policy network labels', *EJPR*, vol. 21 (1992), n. 1/2 (special issue on policy networks), pp. 7-27; Dowding points out that 'networks' are not more than a useful metaphor to describe a given policy area or process; 'Model or metaphor?', p. 137; see also the criticisms by Hussein Kassim, 'Policy networks, networks and European Union policy-making: a sceptical view,' *WEP*, vol. 17 (1994), n. 4, pp. 15-27.

28 Thatcher, 'The development of policy network analyses', pp. 405-407; Bulmer, 'New Institutionalism', p. 369.

rules out other paths.[29]

So, how is all this relevant for the study of EC enlargement negotiations with Spain? The thesis draws on this approach precisely because enlargement can be seen as an instance of institutional change. HNI provides a conceptual framework for understanding why these long enlargement negotiations did not result in a neat recasting of previous bargains. The agricultural sector was over-represented and displayed a surprising capacity to resist the changes brought by the Spanish accession, even against clear pressures which pointed at the urgent need for reform. Much of the timing, problems and outcomes of these negotiations was determined by institutional factors, which are outlined in their concrete form in the next section.

2. The argument: institutions, EC enlargement negotiations with Spain and the CAP

The main argument of this thesis is that a number of institutional 'biases' operating a three levels had great influence in the shape and timing of these enlargement negotiations. They explain why agriculture delayed a process of such importance for the political and strategic stability of Western Europe. The first level is that of the relationship between Spain and the EC. The second level corresponds to the EC internal structure. The third level is that of the domestic politics of the member states. These three levels are of course inter-related, but it is useful, for analytical purposes, to have this distinction.

[29] On 'policy framing' or the relationship between ideas and networks, see Paul A. Sabatier, 'The Advocacy Coalition Framework: revisions and relevance for Europe', *Journal of European Public Policy (JEPP)*, vol. 5 (1998), n. 1. pp. 98-130; Geoffrey Dudley and Jeremy J. Richardson, 'Competing Advocacy Coalitions and the process of 'frame reflection': a longitudinal analysis of EU steel policy', *JEPP*, vol. 6 (1999), n. 2. pp. 225-248; Pierre Muller and Yves Surel, *L'Analyse des politiques publiques*, Col. Clefs, Paris, Monchrestien, 1998; Dietmar Braun and Andreas Busch, eds., *Public policy and political ideas*, Cheltenham, Edward Elgar, 1999.

2. 1. Level I: EC-Spain relations

The most obvious institutional 'bias' is to be found at the first level, which is that of negotiations between Spain and the Community, where the procedure followed, in particular its 'bilateral' format, mattered greatly. It meant that accession negotiations were carried out between the EC *as a group* and Spain, instead of, for example, holding multilateral talks. This had several important consequences in determining the agenda, timing and outcomes of negotiations, as will be explained in the next chapter. Suffice to say here that, among other things, this procedure was 'biased' in favour of the existing EC member states and ensured their control over how the *acquis communautaire* would change as a result of enlargement. The procedure excluded Spain from important decisions that would affect its membership and meant that many of the substantial aspects of the negotiations were discussed *within* the EC, rather than between it and the applicant. This bias in favour of member states and Community arrangements, in turn, meant that the EC's own institutional structure and decision-making mechanisms had considerable input into the accession negotiations, because the EC's negotiating position was to be formulated following 'quasi-community procedures'.

2. 2. Level II: a fragmented EC structure

At the second level, that of the EC, two institutional factors had considerable incidence in defining the way in which the Community formulated its negotiating position *vis à vis* Spain. First, a strong 'sectoral bias' in the EC structure made co-ordination difficult and insulated agricultural issues from 'high politics considerations'. Second, the interest-intermediation mechanisms inside the CAP resembled a 'policy community', and made this sector change following its own path-dependent 'logic'.

2. 2. 1. Sectoral and national partitions

As March and Olsen observed, 'many of the rules within political institutions are essentially devices for partitioning politics into relatively independent domains' to make political systems feasible.[30] Among the various criteria for such partitioning (like geographical or political), the division of labour and technical specialization became one of the main features in the design of EC institutions. The functionalist vocation of the European integration project, based on the idea of depoliticizing issues by breaking them down functionally to make them susceptible of 'rational' policy-making (the 'Monnet method'), is at the origin of the strong lines which divide the Community's institutions sectorally.[31] 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.[32] Hence, the functional divisions within the Commission into a number of sectorally defined Directorate Generals, and of the Council of Ministers into the corresponding specialized Councils.

Thus, once the decision to open negotiations with a prospective EC member has been taken at the highest level, and formal substantial talks get started, the broad objective of enlargement has to be 'unpacked' into a set of more manageable and concrete negotiating issues. The way in which this 'unpacking' occurs is strongly determined by the institutional configuration of the EC, as the *acquis communautaire* to be adopted by the applicant varies from one policy-area to another. The fact that accession negotiations are broken down into different 'chapters' which correspond with such

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30 March and Olsen, *Rediscovering Institutions*, p. 26.

31 Preston says that the difficulties in resolving the tension between enlargement and the preservation of the *acquis* are 'integral to the "Community method of integration" .... developed by the early pioneers of integration... [who] sought to identify *sectoral policy areas* where member states' interdependence gave them strong incentives to cooperate', *Enlargement and integration*, p. 8; emphasis added.

32 March and Olsen, *Rediscovering institutions*, p. 26. The consequences of this were analyzed first by Helen Wallace, 'Negotiation, conflict and compromise: the elusive pursuit of common market policies', in Helen Wallace, William Wallace and Carole Webb, eds. *Policy-making in the European Community*, 2nd edition, London, John Wiley & Sons, 1983, p. 47.

functional divisions which cut across the EC and national levels is an example of how organizational structures affect the shape of the enlargement process. It is during this process of 'unpacking' that technical details and sectoral interests rise to a prominent place in the negotiations. Putting them back into place and making sense of the whole again is however the most difficult part, because the final 'package deal' has to be balanced not only across states, but also across sectors and, at the EC level, inter-sectoral co-ordination mechanisms are weak.[33]

In contrast to national settings, where the potential influence of particular sectoral interests is supposed to be moderated by electoral mechanisms, the work of political parties and the head of the executive, at the EC level, 'political arbitrage' among sectors was difficult and this conspired in favour of the over-representation of sectoral interests. Without a strong formal hierarchy between issue-areas, informally, agriculture took precedence by the sheer size of the organizational resources it commanded. The Council of Agriculture Ministers (CAM) could not be effectively checked by the finance ministers, as explained in chapters 4 and 6. As a result, inter-departmental log-jams were serious, making the formulation of the Community's position during the enlargement negotiations with Spain extremely complex. As will be explained, one of the main causes for delay in the Spanish accession was that the Community could not reconcile the views of its own agriculture and budgetary sectors. This 'incoherence' resulted, in turn, from the accumulation of the domestic disputes at the national level occurring in all member states (chapter 5).

2. 2. 2. Path-dependence and change in the CAP

The unique configuration of the CAP network has also reinforced its

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[33] For an overview of the problems in co-ordinating the work of the different specialized Councils, see Martin Westlake, ed., *The Council of the European Union*, London, Catermill, 1995, pp. 164-168. The issue of co-ordination at the EC level has just recently been addressed; Hussein Kassim, B. Guy Peters and Vincent Wright, eds., *The co-ordination of EC policy*, Oxford, Oxford University Press, forthcoming.

insulation from external pressures (ranging from budget restrictions to 'high politics' motives in favour of enlargement), and resulted in an unusual capacity to withstand change.[34] This policy stability contrasts with the general EC environment, which is characterized by movement and institutional instability as the integration process has evolved.[35] As will be explained in chapter 4, the 'increasing returns' of CAP institutions have set this policy in a direction which has proved difficult to reverse. This remained the case, even though, the CAP soon became a burden, rather than a asset, for the EC as a whole: costing a fortune to the budget, creating bitter disputes (the 'empty chair crisis' of 1965, the row over the 'British rebate' and with third parties, like the USA in GATT), keeping high food prices for consumers, complicating enlargement negotiations. Moreover, the highly complex and technical nature of this policy at the EC level constituted an important cognitive barrier to potentially hostile participants in the decision-making process and a bond among 'insiders' that put knowledge and ideas at the centre stage and account for the 'gradualism', if not immobilism, that characterized change in this sector during negotiations with Spain. The changes brought about by enlargement were managed by this sector in a 'minimalist' way, with only marginal changes to keep the CAP going. This situation illustrates how a set of institutions which might not be ideal or efficient for society as a whole can perpetuate itself because it reflects the best possible bargain available for certain actors.

In the Spanish case, the relationship between enlargement and CAP reform was made even more obvious by the near bankruptcy of the EC provoked by unchecked agricultural spending in the years 1979-1983. The Commission indicated clearly in its 'Opinion' that enlargement and the

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34 Grant has advanced some these arguments with reference to the CAP in *The CAP*, pp. 214-228.

35 Kassim says that the 'elusive fluidity' of the EU institutional setting is a challenge to networks analysis, 'Policy networks: a sceptical view', p. 20. Richardson talks about an 'unpredictable and multi-level policy-making environment', in 'Policy-making in the EU: Interests, ideas and garbage cans of primeval soup', in Richardson, *European Union: power and policy-making*, p. 4.

reform of the CAP were inextricably linked.[36] The EC could simply not afford enlargement. For these reasons, the struggle over CAP 'retrenchment' hijacked the accession negotiations which faced their major obstacles in the agricultural sector. That is how Spain got into the paradoxical situation where sectoral and relatively marginal considerations obfuscated the political, strategic and economic interests which had made the member states embark in enlargement negotiations in the first place. As will be explained in chapters 6 and 7, the limits to change set by CAP rules and logic were such that new redistributive policies, in the form of the IMPs, had to be created to cope with enlargement.

2. 3. Level III: the formulation of member states' 'national interest'

The sectoral partition of the EC was further complicated by national divisions inside each specialized Council of Ministers, where member states are represented. Thus, not only had the EC to reconcile conflicts between the agriculture and budget sectors, but also, inside each sector, the different national positions of the member states needed to be put together. This made the EC policy process a highly fragmented one, following different logics and timings which were not always easy to reconcile, and which are behind much of why the Community's positions during the negotiations with Spain took the shape they did: slow, bureaucratic, inflexible.

The same two institutional factors (co-ordination and interest intermediation mechanisms in the agricultural sector) reappear at the third level, to explain why member states' positions with regard to Spanish accession were so difficult to define in a coherent way. The division of national executive branches into different ministries, complicated the

[36] CEC, 'Opinion on Spain', §§ 38-42; the link had also been made explicit in the 'Fresco', p. 8. For different reasons, this link was also made during the British accession: CEC, '1967 Opinion on UK', § 59; and M. Edoardo Martino (member of the Commission), 'Updating the Commission's Opinion on the enlargement of the Community', *Bulletin of the European Communities*, 11/1969, pp. 7-8 (From now on quoted as '1969 Updated Opinion on UK'). And it has reappeared again during the current enlargement process: CEC, *Agenda 2000*, pp. 28-32; Ardy, 'Agriculture and enlargement', pp. 93-94.

definition of the 'national interest', which was viewed with different parameters from each sector. It is well known, for example, that there is an inherent tension between the different ways in which 'spending' ministries (agriculture, health, education) and the treasuries see a particular policy. Making a coherent whole again of this deconstruction process was therefore dependent on inter-sectoral co-ordination mechanisms which varied from one member state to another.[37]

These variations account for an important part of the particular way in which each national position towards Spanish accession was formulated and defended in Brussels. The mechanisms of interest intermediation between public authorities and agricultural groups explain another important part, in particular, the politicization of the issue in France. The member states seemed to define their interests with regard to the acceptance of Spain, in a sectoral fashion and with much attention to 'technical' details and their implications for their own farmers.

Sectoral divisions at the national level (Level III) were amplified by the EC institutional layer (Level II), where national ministries could talk directly to their counterparts at the specialized councils, and thus develop 'their own EC policy'. National agricultural interest groups also had indirect but regular access to the Commission in Brussels through the peak farmers' association COPA (*Comité des Organisations Professionnelles Agricoles des Pays de la Communauté Économique Européenne)*. In this way, member states' EC policies were sectorally fragmented and managed to escape centralization by foreign ministries or heads of government offices, where priorities among diverse particular interests are assigned.[38] Within this general pattern of sectoral divisions at the national level, agriculture was more insulated than other sectors, not least because of the complexity of the CAP and the specialized knowledge that is required to participate in its

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37 Wright, 'The national co-ordination', pp. 147.

38 On the national divergence of co-ordination structures, see Kassim, Peters and Wright, *The national co-ordination of EU Policy*, pp. 12-19.

decisions. The existence of a 'whole culture' for dealing with issues in this sector, buffered decision-makers from the pressures of exogenous change that were coming from the will to go ahead with enlargement.

3. Some implications of this approach for EU studies

New institutionalism has arrived at the field of European integration studies divided into three main schools: Sociological, Historical and Rational Choice.[39] The Sociological school has been primarily discussed in theoretical terms, as a critique of rationalist accounts, within the debate about constructivist approaches to the EU.[40] In contrast, the formal modeling of the Rational Choice approach has become increasingly used to explain the choice and effects of certain institutional settings.[41] This thesis argues that the Historical school constitutes insightful approach that allows us to escape the traditional intergovernmental/supranational debate between LI and NF.[42]

The most contentious point of the theoretical debate has been about which actors drive the process of European integration and, therefore, about who should be the focus of research. While LI sees the member states as principal agents behind the process of integration and focuses on the 'grand bargains', NF explains integration with the concept of 'spillover' and insists that the increasing significance of transnationally organized interest groups and supranational actors, like the Commission, mean that, although still

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[39] See Aspinwall and Schneider, 'Same Menus, Separate Tables', p. 1.

[40] One of the few examples of how to apply this framework is provided by Martin Marcussen, Thomas Risse et. al., 'Constructing Europe? the evolution of French, British and German nation state identities', *JEPP*, vol. 6 (1999), n.4 (special issue on constructivism), pp. 614-633.

[41] Geoffrey Garret, 'International cooperation and institutional choice: the European Community Internal Market', *International Organization*, vol. 46 (1992), n. 2, pp. 533-560; George Tsebelis, 'The power of the European Parliament as a conditional agenda-setter', *American Political Science Review*, vol. 88 (1994), n. 1, pp. 128-142; Richard Baldwin, Pertti Haaparanta and Jaakko Kiander, eds., *Expanding membership of the European Union*, Cambridge, Cambridge Univerisity Press, 1995.

[42] The main examples of HNI analysis in the European studies field are: Bulmer, 'New Institutionalism'; Pierson, 'The path to European integration'; Stone Sweet and Sandholtz, *European integration and supranational governance*; for a legal perspective within this approach, see Joseph Weiler, *The constitution of Europe: "do the new clothes have an emperor?" and other essays on European integration*, Cambridge, Cambridge University Press, 1999.

prominent, the state has become one actor among others. Another point of contention between these two approaches has been about the direction and aim of the integration process. While LI sees integration leading towards more sophisticated and institutionalized ways of inter-state cooperation, NF envisages that, with the transfer of loyalties from national to supranational institutions and policies, the role of the nation-state must necessarily be transformed, if not diminished.

Despite this -and many other- differences the two approaches share a number of assumptions and problems which have invited criticisms from different angles and have highlighted the need to go beyond the 'intergovernmental/supranational dichotomy'.[43] Arguably, HNI's focus on rules removes any inherent theoretical preference for either 'high' or 'low' politics or either vertical or horizontal forms of cooperation.[44] Moreover, the emphasis on structures, rather than on an agency-based perspective sets aside the problem of defining exactly who are the main actors of the integration process. The point is not about whether states dominate or are bound to dissolve in the EC, but about how they are represented and how they participate in EC processes. The approach acknowledges that the weight of different actors can vary depending on procedures and policy areas. For instance, the Commission is central in managing the CAP, but is much less prominent in other areas (like foreign policy). It is crucial at the stage when a proposal is formulated, but becomes secondary when the member states decide on it at the Council or implement it at the national level. Equally, the influence of agricultural producer interest groups also varies: when they deal directly with the Commission at the consultation stage they have to be represented by COPA together with all other European farmers' associations; and this is substantially different from their regular interactions with national governments. In this sense, it is not possible to state *a priori* that natio-

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43 Risse-Kappen, 'Exploring the nature of the beast', pp. 55- 63; Ann P. Branch and Jakob C. Øhrgaard, 'Trapped in the Supranational-Intergovernmental dichotomy: a response to Stone Sweet and Sandholtz', *JEPP*, vol. 6 (1999), n. 1, pp. 123-143.

44 This point is developed by Aspinwall and Schneider, 'Same menu, separate tables' p. 5.

nal heads of the executive are the main actors, as LI does, neither 'transnational society' and 'supranational organizations', as NF seems to argue.

In fact, the role of the state is important, precisely because it has become ubiquitous: national divisions are visible in all 'supranational' institutions (the Council, the Commission, the European Parliament and even the Court). But also, the 'national' is decomposed into sectors and issues which do not always constitute a coherent whole, and which often find their way into Brussels without necessarily passing by a central co-ordinator. Further, the 'state' can become 'captured' by particular private actors, which brings in the debate about the autonomy of the state, and its capacity to decide, not only independently, but also, sometimes, against encroached particular interests.

Given the ubiquitous role of the 'member states' and their partial autonomy, the role of non-state actors (both transnational and sub-national) and supranational organizations cannot be downplayed in the analysis. On the contrary, their relation to the state must be specified, because these actors are not autonomous from the states either. The way in which institutional configurations establish relations between state and society and different parts of administrative systems is, according to HNI, what is important when explaining outcomes.

HNI is also different from LI and NF, both of which conceptualize the state in a traditional way, as a rational and unitary actor, composed of hierarchical structures of authoritative decision-making which enable governments to present coherent positions to the outside world despite their internal divisions and contradictory pressures.[45] Also, both conceptualize interests in an instrumental way (cost/benefit calculations) and see them as exogenously derived from material considerations, often overlooking the way in which institutional/organizational factors can 'distort' the representation of some views over others.

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[45] Risse-Kappen, 'Exploring the nature of the beast', p. 57.

HNI has strong affinities with NF because of the attention given to interest-groups and supranational organizations like the Commission; there is also a common emphasis on the study of bureaucracies and sectoral politics. However, it is less deterministic, it does not share the idea that 'spillover' is automatic, predict any inevitable shift in loyalties, or indeed, prescribe the ultimate direction towards which European integration should lead.

In contrast to LI, but also as a result of the emergence of the 'policy-making' and 'governance' literature, HNI in European studies has been concerned with the question of what happens during the period in-between 'grand bargains'.[46] Regulations and directives, like specific judgments by the Court, further define the rules established by those 'grand bargains', without necessarily evolving in the way the member states originally envisaged them (Pierson calls this 'gaps', which once opened, cannot easily be closed by the member states).[47] Thus, attention to lower levels of decision-making is crucial to understand the constraints within which strategic bargaining between the member states takes place. In sum, HNI seems to be well suited to study European integration, which has been a process centered around the creation of rules (institutions) and bureaucratic agencies (organizations) for joint policy-making in an increasing number of specific areas.

Conclusion

This chapter has presented the main arguments of HNI that underpin the analysis of the Spanish accession negotiations carried out in this thesis. It has been argued that this approach constitutes a useful way of analyzing such negotiations because it is flexible in terms of the levels of analysis and has no *a priori* focus on specific actors, but rather it is concerned with patterned relations between them, determined by institutions. Since enlargement constitutes an instance of institutional change, HNI can be applied to explain why the sector of agriculture and its unusual stability

46 Bulmer, 'New Institutionalism', pp. 367, 372-374.
47 Pierson, 'The path to European integration', p. 131.

represented obstacles which complicated and delayed Spain's accession negotiations to the EC. Three specific ways in which institutions shaped enlargement negotiations have been identified, namely, the under-representation of applicant's interests in the negotiations procedure (level I); a strong 'sectoral bias' in the EC and path-dependent change in the CAP (level II); a similar 'sectoral bias' in the national formulation of EC policies. All militated against the degree of change in the CAP required by enlargement, and had a number of practical consequences which must be taken into account when analyzing the history of these negotiations.

THREE LEVELS OF INSTITUTIONS AND ENLARGEMENT NEGOTIATIONS

Having presented a historical overview of Spain's accession negotiations to the EC and the concepts of HNI that are used in this thesis to analyze them, it is now necessary to turn to the application of the framework, in order to better specify which concrete rules, actors, ideas and mechanisms have been at play in this negotiation process.

The next chapter explains the procedure of negotiations between Spain and the EC (Level I). It traces its history to the British application, and explains how much of the bias in favour of protecting the *acquis communautaire* was a response to the peculiarities of Britain's approach to the Six in 1961. Chapter 4 looks at the CAP's institutions inside the EC (Level II), and chapter 5 to the formulation of national interests with regard to Spanish accession (Level III).

The procedure for negotiating enlargement: origins and implications (Level I)

This chapter focuses on the first level of institutions which influenced Spain's accession negotiations to the EC: the procedure that structured the relations between Spain and the EC during enlargement negotiations. This procedure, which had only been vaguely stated in the Treaty of Rome, was properly specified in 1961 to deal with the first concrete case of enlargement negotiations of the EC: those with Britain, Denmark, Ireland and Norway. As such, the procedure was born with traits that responded to the particular characteristics and historical circumstances of this first enlargement, especially to a 'conditional' British application. This produced a very defensive approach on the part of the Six, which fearing the dilution of the still young and fragile EC, decided on a negotiating procedure that privileged existing arrangements above the aim of including new members. These decisions were revised and became institutionalized during the second round of negotiations between Britain and the EC (1969-1972) and were followed to structure all other successive rounds of enlargement talks, including those with Spain, despite its different approach and characteristics. It is thus indispensable for the argument developed in this thesis to review a few aspects of the negotiations between Britain and the EC, when the main problems of enlargement arose from the first time, and when three important decisions which would condition the path of further enlargements were taken: the decision to conduct negotiations following a 'bilateral' method; the decision that Britain should adopt the *acquis* *communautaire* in full with a minimum number of derogations; and the decision that enlargement talks should not prevent the Community from carrying on with the integration process. Together, they created a cumbersome procedure which accounted for many of the delays, frustration on the part of the prospective members who were under-represented in crucial parts of the process, and the linking of enlargement talks with the EC's 'internal' problems, notably CAP reform.

1. The particular circumstances of the first British application

It is outside the scope of this thesis to discuss the reasons for the British self-exclusion during the first years of EC history, and the changes that lead to the application for membership in 1961.[1] It is enough to note that the first British approach to the EC was based on a calculation of what would be acceptable for Parliament, EFTA and Commonwealth governments, and that this was at the origin of the 'conditional' approach that the Macmillan government took towards joining the Community.[2] In its application of 31 July 1961, British membership of the EC was made dependent on the terms of accession the Community would be willing to grant, i.e. the UK government would not make its final decision about joining the Community, until suitable exceptions to the Treaty of Rome had been obtained to protect EFTA, Commonwealth trade and its farmers.[3] In addition, Norway and Denmark were also constrained domestically on the terms of entry that would be acceptable to their domestic constituencies, and had approached

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1 These have been extensively analyzed elsewhere: Miriam Camps, *Britain and the European Community, 1955-1963*, London, Princeton University Press, 1964; Robert J. Lieber, *British politics and European unity: parties, elites and pressure groups*, Berkeley, University of California Press, 1970; Richard T. Griffiths and Stuart Ward, '"The end of a thousand years of history?": the origins of Britain's decision to join the European Community', in Griffiths and Ward, *Courting the Common Market*, pp. 7-32.

2 Anne Deighton, 'The United Kingdom application for EEC membership, 1961-1963', in Griffiths and Ward, *Courting the Common Market*, pp. 42-43; Anne Deighton and Piers Ludlow, '"A conditional application": British management of the first attempt to seek membership of the EEC, 1961-3', in Anne Deighton, ed., *Building postwar Europe: national decision-makers and European institutions, 1948-63*, London, St Antony's College and St Martin's Press, 1995, pp. 111-112.

3 Ludlow, *Dealing with Britain*, pp. 40-41.

the Community following Britain, with some reluctance.[4] This attitude proved counter-productive when negotiations actually started and had many consequences. The most important one was that the large number and complexity of British requests for exceptional treatment prompted a defensive attitude on the part of the Six and the Commission, which were anxious that the British entry might undo the compromises reached by the Six in the Treaty of Rome, and the nascent CAP in particular.[5]

However, the defensive attitude on the part of the EC was not solely due to British 'mismanagement' of its application, because there were other crucial factors that intervened and that kept re-appearing afterwards, despite the stepping down of British demands and the 'unconditionality' of the second 1967 application.[6] The first of these factors was that, EC institutions, especially those of the CAP, were still being put into place simultaneously to the first round of enlargement negotiations. The second one was that the British system of agricultural support (based on a low-cost food policy and a relatively liberal regime for overseas imports) was radically different from the ones existing in the Continent (based on external protection and aiming at self-sufficiency).[7] So, the British requests to maintain its trade with the

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[4] See Johnny Laursen, 'Next in line: Denmark and the EEC challenge'; Knut Einar Eriksen and Helge Ø. Pharo, 'The Common Market issue in Norway', both in Griffiths and Ward, *Courting the Common Market.*

[5] Ludlow, *Dealing with Britain*, p. 52; Deighton, 'The UK application', p. 40.

[6] In October 1962, despite a more moderate phrasing of the British requests for exemptions on the CAP, the impasse in the negotiations revealed the profound disagreement between the two sides: the British government regarded the CAP as an inefficient and inadequate system which they wanted to avoid applying and if possible they wanted modified, while the Six and especially the French regarded this as a more general sign that Britain was not ready to accept Community rules as they were. And these rules reflected the trade-off that France had accepted of opening its market to the competition of German (and now also British) industrial products in exchange of becoming Europe's main food supplier. The French feared that if Britain was allowed into the Community without a firm commitment to respect the established rules, that they would try to water down the CAP and this delicate trade off. Ludlow, *Dealing with Britain*, p. 189.

The second application to the EEC came in April 1967, when Labour Prime Minister Harold Wilson secured parliamentary and cabinet backing to replace the previous application with a new 'unconditional' one. Yet, this did not remove the defensive attitude on the part of the Community that had sprung from the first application. See the discussion of the *'préalables'* raised by the French to the second application and the renewal of the decision to negotiate 'bilaterally' in De La Serre, *La Grande-Bretagne et la CE*, pp. 32-34.

[7] In terms of modernization, Britain's agriculture had already undergone a painful process of restructuration and mechanization in the XIX century and, in this sense, the agricultures of the Six were still comparatively archaic. The systems of support were also incompatible,

Commonwealth put in the spotlight the protectionism of some of the member states, and was used by the Commission and the Dutch government to argue in favour of the creation of a more liberal CAP than the rest of the member states wanted, in particular France and Germany.[8] Therefore, although the first reactions of the Six to the British application were very positive at the highest level, there were already doubts from continental farmers about what the CAP would look like if it were set up by an enlarged Community which included Britain, which had such a different system of agricultural support.[9] These concerns were the first manifestation of a phenomenon which was to become recurrent in future negotiations with Britain and with Spain: sectoral interests, in particular agricultural ones, went against the higher political aims of including a new member in the EC. In this way, one of the recurrent phenomena of enlargement negotiations was born: their challenge to the nature of the CAP, and their linkage to the internal disagreements about it, particularly between the Commission and the member states.

In sum, the structural differences between Britain and the Six were aggravated by two specific contextual factors: the conditionality of the British application and the youth of the EC integration process. They were in the minds of decision-makers in the Council of Ministers when, during the first six months after the British application was received, they devoted themselves to specifying the procedure to conduct enlargement negotiations.

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because Britain which imported half of its food and had a small but competitive agricultural sector, had a 'low cost food policy' based on free trade and deficiency-payments, while the Six aimed at self-sufficiency through external protection and subsidies based on high consumer prices. For the differences in the systems see Tracy, *Agriculture in Western Europe:*, pp. 254-269, 330-342. For how these differences influenced the British negotiating position with regard with its adoption of the CAP see Lorena Ruano, 'Elites, public opinion and pressure groups: the British position in agriculture during negotiations for accession to the EC, 1961-1975', *Journal of European Integration History*, vol. 5 (1999), n. 1, pp. 11-16.

8 Ludlow, *Dealing with Britain*, p. 97. For French and German preferences on the creation of the CAP see Gisela Hendricks, '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, 1999, pp. 139-150. See also Douglas Webber, 'Franco-German bilateralism and agricultural politics in the European Union: the neglected level', *WEP*, vol. 22 (1999), n. 1, pp. 45-57.

9 Ludlow, *Dealing with Britain*, p. 44.

Together, they explain why the Council opted for the solutions that were most defensive of the cohesion among the Six, and why they took a similar approach during the second round of negotiations with Britain in 1970.

The fact that the procedure for negotiations was so 'sensitive' to the specific circumstances and characteristics of the British application stemmed from the fact that the Rome Treaty was vague on this respect, as it only stipulated in Article 237 that:

> Any European State may apply to become a member of the Community. It shall address its application to the Council, which shall act unanimously after obtaining the opinion of the Commission.
>
> The conditions of admission and adjustment to this Treaty necessitated thereby shall be the subject of an agreement between the member states and the applicant State. This agreement shall be submitted for ratification by all the contracting states in accordance with their respective constitutional requirements...[10]

The need to better define the procedure triggered in 1961 a long and heated discussion among the Six, as everyone involved knew that this procedure would have a decisive impact on the fate of negotiations, and shape the way in which enlargement would be reconciled with protecting existing and emerging institutions.

2. The 'bilateral' format and its consequences

The first and most consequential decision was taken on 16 October 1961, at a Council meeting, when it was agreed that negotiations should be 'bilateral' (between the Community acting *as a unit* and Britain), in contrast to a Dutch proposal which had envisaged an intergovernmental committee of representatives and experts from the seven states, following the model of the Spaak committee which had drafted the Treaty of Rome.

Having to agree on a common position *à Six* before engaging with Britain was intended to prevent it from exploiting the EC's internal differences during the negotiations. It was also deliberately intended to privilege the

[10] *Treaty Establishing the European Economic Community and Connected Documents*, Brussels, Publishing Services of the European Communities, 1958, Art. 237 (subsequently quoted as *Rome Treaty*).

protection of the *acquis communautaire* over the inclusion of Britain and its special requests, and to make clear to the applicant that the Treaty of Rome was not open to re-negotiation.[11] The formula proved effective in protecting the Community's rules and interests against the danger posed by Britain of intervening in the ongoing debates among the Six about the setting up of the CAP, so it was used with Spain as well.[12] Several consequences, which will be illustrated in the following chapters, ensued from this procedural choice and influenced the way in which enlargement negotiations with Spain were to be conducted: member states 'came first' and controlled the agenda; Community positions were inflexible; and Community sectoral biases got projected into the negotiations. I shall analyze them in turn.

2. 1. Member states come first and control the agenda

The first consequence of the 'bilateral' nature of the enlargement negotiations procedure is related to the control of the agenda and timing of the process. By requiring existing members to formulate a united 'Community position' before presenting it to the applicant country, this procedure meant that the crux of enlargement negotiations took place among existing members states. So, in terms of timing, for example, most of the delays in the negotiations were mainly due to the Community's internal disagreements which sometimes resulted in its inability to present its 'common position', while the applicants' delegations literally waited outside the room where the member-states were sorting out their differences.[13] This resulted in the exclusion of the applicants from a large number of decisions

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[11] Ludlow, *Dealing with Britain*, pp. 53-56; Deighton and Ludlow, 'A conditional application', p. 109. For the same reasons, the Six decided at the Hague meeting of 1969 to negotiate as a bloc with Britain, Christopher Lord, *British entry to the European Community under the Heath government of 1970-4*, Aldershot, Dartmouth, 1993, p. 62.

[12] De la Serre, *La Grande-Bretagne et la CE*, p. 35.

[13] At the end of June 1971, the discussion among the Six were prolonged in search of an agreement on what would be the Community's position on Britain's contribution to the EC budget, New Zealand agricultural imports and fisheries, while Mr. Rippon, the British deputy negotiator, 'spent much of the day playing bridge with his fellow negotiators'; *Agra Europe*, 23/6/1971, EN/11.

and discussions that were related to their accession.[14] This also meant that they were not in a position to profit from the bitter disputes which divided EC members by forming favourable coalitions with some of them.

The revision of the negotiations procedure in 1969 reinforced the need to find a consensus among the Six which would be represented by a single spokesman 'at all levels and in all aspects' of the negotiations before engaging with Britain, in order to remove any opportunity of exploiting intra-community debates that had been available in 1961.[15] Applicants could only aspire to be 'sponsored' by some member state, and to make pressure through bilateral contacts with each member government and the Commission, but, as the British soon realized, this fell very short of having a voice in the discussions themselves.[16] This created an incentive for applicants to resume negotiations as quickly as possible, since only full membership could provide them the voice and vote to try to modify existing arrangements, as exemplified by the British re-negotiations under the Wilson government in 1974-5 and those by Greece in 1982. Equally, the terms pressed on Spain for the adoption of the CAP and of the Common Fisheries Policy (CFP) at the time of negotiations have led the Spanish to take a hard line and to seek side-payments after accession.[17]

In addition, the Six decided in 1961 that negotiations would be carried out

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[14] O'Neill, *Britain's entry into the EC*, p. 27; for example, during the 1971, the routine fixing of agricultural prices discussed at the CAM would affect the costs of UK entry. *Agra Europe*, 21/7/1971, EN/1; 29/9/1971, EN/5.

[15] O'Neill explained that, in 1961, the Community had not confined talks with Britain to a single spokesman at the negotiations Conference, 'where representatives of each member state were free to express their views... But it led to a strong feeling on the part of some of the member states of the Community, and not only the French, that an undesirable consequence of this state of affairs had been that we were given opportunities of "dividing the Six". The French were determined, and on the whole the others tended to agree with them, that we should not be given such opportunities again.', *Britain's entry into the EC*, p. 27. See also De La Serre, *La Grande-Bretagne et la CE*, p. 35; Young, *Terms of entry*, p. 9.

[16] Assurances obtained bilaterally by the British from individual members were quickly diluted by the need to compromise first with the other Community partners, and by the sectoral subdivisions, both inside the member states and the Community institutions; Ludlow, *Dealing with Britain*, p. 70-71. For the discussion of the same problem during the Spanish negotiations and the insufficiency of bilateral contacts, see Morán, *España en su sitio*, p. 165.

[17] Preston, *Enlargement and integration*, p. 9. At the last ministerial meeting of 1971, the UK proposed to keep the *status quo* on fisheries and to re-negotiate the policy after enlargement. *Agra Europe*, 15/9/1971, EN/7.

separately with each applicant, not only foreclosing their potential for forming an 'applicants' coalition', but also, opening the door for the Community to play one against the other.[18] Also, third country observers would not be allowed in the negotiating sessions in order to insulate the Community from 'foreign' pressures, i. e. Britain's Commonwealth and EFTA partners, which could press for the dilution of the principle of Community Preference.[19] Traditional trade relations between Spain and Latin America also suffered from this bias, as did other Mediterranean countries, like Israel and Morocco, who saw their access to the Community's markets reduced as a result of Spain's accession in 1986.[20]

2. 2. Inflexibility of the Community's positions

A second consequence of the bilateral nature of this procedure was the 'inflexibility' of the Community's positions, which were virtually non-negotiable. The fact that unanimity was required for the adoption of these 'negotiating mandates' prolonged the search for a compromise and, once agreed, because they enshrined such delicate bargains in themselves, it was very difficult for the applicants to question specific parts, thus leaving them

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[18] For example, during the second round of negotiations, the British were unwilling to commit themselves on the issue of fisheries, without knowing what terms the other applicants had obtained; this was due to the likelihood that Norway would get preferential treatment. *Agra Europe*, 15/9/1971, EN/7. Near the end, the applicants organized to meet amongst themselves beforehand and multilateral talks were organized with the Community. *Agra Europe*, 26/11/1971, EN/1. During the Iberian enlargement, Portugal felt that its linkage with Spain delayed its own accession, *Agra Europe*, 7/9/1984, P/3; Avery, 'The EU's enlargement negotiations', p. 31. During the last enlargement, this 'divide and rule' nature of the negotiations allowed the Union to obtain concessions from one candidate which the others were then under pressure to follow. Avery, *The Commission's Perspective*, p. 10.

[19] According to O'Neill, the pressure from some Commonwealth governments was such that Britain 'negotiated more with New Zealand than with the Community', *Britain's entry into the EC*, p. 150.

[20] As negotiations with Spain were drawing to a close in February 1985, the Israeli President Chaim Herzog, visiting Brussels and Strasbourg, warned that EC enlargement without a special deal for third countries, threatened Israeli agriculture. He called for a new trade agreement to be established *before* January 1986; *Agra Europe*, 15/2/1985, E/3. However this agreement started to be studied by the Community *after* enlargement negotiations had concluded; 'Decisión comunitaria de compensar a los países del Magreb por el ingreso de España y Portugal', *El País*, 26/11/1985. With regard to Latin America, the Spanish expressed deep disappointment at the treatment offered by the Community for certain traditional Latin American exports to Spain (coffee, cocoa, black tobacco) during the negotiation of the threads; *EC Bulletin*, 5/1985, 2. 2. 8.

in a 'take it or leave it' situation. When rejected, the whole process of formulating a new mandate had to be enacted again, sometimes taking several months, and often resulting in a new proposal which differed only marginally from the preceding one, since there was often only a narrow margin separating different possible solutions.

Common positions became more complex to formulate by the time of the Spanish negotiations, not only because consensus had to be found between more members (Nine and later Ten, instead of Six), but also because it coincided with a period in the history of the Community of near internal paralysis with the agro-budgetary dispute and international economic recession. The EC was unable to present its 'common position' on agriculture until 1984. As will explained in Chapter 6, the final 'terms of entry' that Spain obtained differed very little from original Community positions.

A second source of inflexibility came from the fact that, as a result of the numerous British requests for exemptions from the obligations of the Rome Treaty, the EC took an 'all or nothing' approach to membership, insisting that the applicants should adopt the *acquis communautaire* in full, without any permanent opt-outs, and limited substantial accession negotiations to the design of 'transition periods' for a gradual adaptation of the new member to the Community. Therefore, negotiations consisted in devising the pace of adjustment to the *acquis*, while the core ideas enshrined in the Treaties were not to be questioned. In this sense there was actually little left to negotiate.[21]

These views were reinforced by the Commission's response to the second British application, in its preliminary 'Opinion' of September 1967, in which it stressed again the immutability of the *acquis*, reminding Britain that, as an applicant it would have to carry the costs of adaptation:

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21 Avery, *The Commission's Perspective*, p. 15. In turn, Lord shows how 'the suitability of the *acquis* itself to British interests had not even been up for discussion', *British Entry to the EC*, pp. 67-74.

> Today, belonging to the Communities necessarily means accepting not only their original charters -the Treaties- but also the objectives of political unification... Similarly, new members will have to accept the decisions taken since the Treaties were adopted. These decisions are the fruit of an often hard-won compromise between the Six... It would be impossible and illusory to attempt to call them into question. Consequently, as a general rule, a solution to the concrete problems will have to be sought by working out transitional measures and *not by amending the existing rules*.[22]

This time, however, De Gaulle did not allow negotiations to start, and the British had to wait until his departure to re-activate their 1967 application. The 1969 updated Opinion, presented on 2 October, indicated that the points made in the 1967 document were, in the Commission's eyes, still valid. In particular, the tension between maintaining existing arrangements and including new members, present during the first round, was highlighted.[23] So, after the second round of negotiations, the British deputy negotiator, Sir Con O'Neill reported that 'the negotiation was one to admit new members to the existing Community, not one for joining with them to found a new Community'. Britain had to '"swallow the lot, and swallow it now"'.[24]

The same attitude was taken with regard to Spain, Greece and Portugal. The Commission indicated in the 'Fresco': 'It will therefore be necessary, in order to reconcile the Community's fundamental objectives and its political will to accept three new members, not to let the bases and objectives of the Community be called into question...'[25]

In the 'Opinion', it was repeated that Spain would have to 'swallow the lot' of the *acquis*:

> ...accession requires the applicant country to accept the whole of the 'acquis communautaire'.... a fundamental rule from which there can be no derogation upon accession except in the form of exceptions that are strictly limited as regards both scope and duration.... This rule governed the establishment of the Community ... and subsequently determined the detailed rules adopted for the accession of new Member States.[26]

22 CEC, '1967 Opinion on UK', § 9, emphasis added.
23 CEC, '1969 Updated Opinion on UK', p. 5.
24 O'Neill, *Britain's entry into the EC*, p. 40.
25 CEC, 'Fresco', § 7.
26 CEC, 'Opinion on Spain', § 53.

During the first ministerial meeting of 5 February 1979, the Council President, French Foreign Minister, Jean François Poncet, also insisted on the immutability of the *acquis* to the point of irritating the Spanish negotiators, who had already acquiesced to the principle and, unlike Britain, had not given any signs of attempting to challenge it.[27] Opposite from 'conditional', the Spanish application for EC membership faced no domestic opposition and had no viable alternative, like EFTA or the Commonwealth or even a special relationship with the US to cherish. Rather than being formulated as cost-benefit calculation, the rationale for joining the EC was overall political in the case of Spain, tied to the process of consolidation of democracy.[28] Spain did not intend to change the EC as Britain did, but to change itself following the European model.

Internally, the youth of the Spanish representation mechanisms, still in their formative phase after the breakdown of the authoritarian regime did not present the panorama of 'vested' interests --apart from the army and the *Guardia Civil*-- present in the British and other European agricultural sectors. This facilitated the adoption of Community policies and rules, as part of the more general re-arrangement of the Spanish institutional order, without encountering much organized opposition.[29] In terms of structures and policy orientation, the Spanish agricultural system had been developed in line with the EC's practices and its adaptation did not pose major problems: it was a question of increasing the level of subsidies rather than of changing their nature.[30] This contrasted with Britain, which had to abandon

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27 Bassols, *España en Europa,* pp. 202, and 220-221.

28 These facts were recognized by the Commission, which stated that the Spanish domestic unanimity in favour of joining the Community 'makes it all the more desirable that Spain should play its part in European integration' CEC, 'Opinion on Spain', § 3; CEC, 'Fresco', § 1.

29 See chapter 4 on member states' arrangements in the agricultural sector. In Spain, the freedom of association introduced in 1977 fragmented the previous Francoist union (*Hermandad Nacional de Agricultores y Ganaderos*- HNAG) into at least five new unions, leaving the sector in a state of disorganization. The weakness and divisions of the unions meant that the Ministry of Agriculture and Fisheries was not 'captured' by their views during negotiations with the EC; *Agra Europe special report,* pp. 104-108.

30 *Agra Europe special report,* pp. 92-100.

the 'deficiency payments' system in order to adopt the CAP.

The power differential was also considerable, with Britain still in 1961 head of an Empire and a Great Power, while Spain had been a poor and isolated state for almost forty years. Britain could apply limited pressure, but Spain's main negotiating 'asset' was its economic weakness and the threat of its domestic political destabilization.[31] Its potential as a market and strategic value were important incentives for the member states to go ahead with enlargement, but could not easily be used to apply pressure to speed up negotiations.

Despite this, it did not even appear necessary to think about a different procedure that could speed up negotiations: the one already in place had proved effective in protecting the *acquis* or, at least, subjecting its reform to the firm and exclusive control of the existing Community. The defensive reflexes that the Community had developed in its dealings with the specific problems posed by the British negotiations re-appeared during negotiations with Spain, despite its very different characteristics, exemplifying how past decisions taken in specific circumstances had crystallized into more lasting, institutionalized attitudes.

In short, by situating the crux of negotiations in the formulation of the Community's position and the preservation of the consensus among the Six, rather than on the talks with the applicant, the bilateral procedure contributed to the fact that successive enlargements have only produced marginal changes to existing EC rules, rather than the recasting of the original bargains which the inclusion of such diverse members as Britain or Spain might possibly have entailed. In this way, the aim of accession negotiations, which according to Avery is not about 'relations between "us and them", but relations about the "future us"' was distorted by the bilateral method which marked a clear distinction between existing and prospective members.[32] This procedure, which became institutionalized as what Preston

31 Tsoukalis, *The EC and its Mediterranean enlargement*, p. 157.
32 Avery, 'The EU's enlargement negotiations', p. 29

calls the 'Community method of enlargement',[33] created an asymmetrical system of negotiations, with an institutional bias in favour of the interests of existing members and Community rules.

3. The projection of Community structures in the negotiation process

The bilateral nature of the procedure also allowed the internal structures and decision-making procedures of the Community to have a greater impact in shaping the negotiations, than a mere intergovernmental procedure would have. This was mainly due to the fact that the formulation of the Community's position was done following 'quasi-community procedures', in which the Commission and a variety of other actors were involved. It was also the result of the need to break down the broad aim of 'enlargement' into manageable and concrete negotiable issues in order to put it into practice that made it necessary to organize the negotiations conference in a way that mirrored the internal multi-level decision-making structure of the Community.

3. 1. The role of the Commission

Article 237 of the Rome Treaty was vague with respect to the Commission's role in the negotiation process, apart from the need to have its 'opinion' delivered to the Council. A first reading of the article suggests that a treaty of accession to the EC would differ little from the intergovernmental nature of any other international treaty under the Vienna Convention on the Law of the Treaties: negotiated, signed and ratified by sovereign states. Only after the unanimous acceptance of an application by the Council of Ministers, was the Commission required to deliver its 'opinion'. Then, the Council of Ministers was to discuss both the opinion and the membership application and to agree on a date for the start of the negotiations. These Council discussions were about whether any member government would veto

33 Preston, *Enlargement and integration*, p. 9.

enlargement explicitly.[34] The Commission did not have such a veto power, it could only delay the start of negotiations by retarding the issuing of its opinion for up to three years, and its recommendations were not even mandatory as the case of Greece showed.[35] Thus, formally, national governments were the principal actors in the negotiations, leaving the Commission with the role of advisor. The unanimity requirement, which is related to the fact that the member states have to ratify the accession treaty at home, has also been behind the notion that enlargement negotiations are essentially an intergovernmental process, a 'grand bargain'. Unlike other negotiations with third parties, notably in the area of trade where the Commission represents the EC, for the case of enlargement applicants negotiate directly with the Council.

Once the negotiations started with Britain, however, the role of the Commission became a matter of controversy among the Six and was not settled until the Council meeting of 25-7 September 1961. While the Commission invoked its role as 'guardian of the Treaties' to insist on being involved in negotiations with Britain, COREPER first rejected the idea in its meeting of September 19. After a week of intense discussion however, it was decided that the Commission would participate as 'counselor' of the Six and that, in order to protect the *acquis*, it would be fully involved in the elaboration of the Community's positions.

This decision meant that the common positions were to be formulated following quasi-normal decision-making Community procedures, which gave an important role to the Commission as agenda setter and broker of compromises, and gave EC decision-making processes and structures, especially its sectoral fragmentation and the participation of national and

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[34] Wallace, *Widening and deepening*, p. 15. On 19 December 1978, the Council discussed the Commission's opinion and pronounced itself in favour of starting negotiations with Spain.

[35] In the case of Greece, the Commission's opinion stated that Greece was still not economically ready to join the EC and proposed a pre-accession stage of unlimited duration, before any specific transition periods came into effect, during which economic reforms could be implemented. The Council of Ministers, sympathetic to the security and democracy arguments, ignored the Commission's opinion, and negotiations were opened in July 1976; Preston, *Enlargement and integration*, pp. 50-53.

transnational interest groups, some influence in enlargement negotiations. As will be shown in chapters 6 and 7, most agreements reached were based on Commission proposals, which, in turn, emerged from a meticulous process of consultation with member states and organized interests at the Community level, like COPA in the field of agriculture.

This decision on the Commission's role brought important qualifications to the supposedly 'intergovernmental' nature of the accession negotiations. Since the method of negotiations implied successive re-draftings of the Community's position, it was bound to require the services of the Commission, and therefore involve the non-state actors which have access to it in the framing of proposals. At this stage of the decision-making process, the Commission played the role of 'honest-broker' between member states. It also worked closely with the applicants to gather information and to screen legislation, making it a 'go-between' for the future members and the Council.[36] In addition, the almost exclusively technical nature of the Brussels negotiations placed the Commission, with its expertise, in a unique position to identify and design package deals, and allowed it to link enlargement with its own agenda, notably on the reform of the CAP.[37] In its '1967 Opinion' about the second round of negotiations with Britain, the Commission insisted that enlargement made it 'more urgent to complete the structural side of the CAP' envisaged in the Mansholt Plan, and insisted again, in its '1969 updated Opinion', that the Community should 'establish new guidelines for agricultural policy, on the basis of the proposals for reform already submitted to the Council, before negotiations are begun'.[38] When enlargement to Southern Europe appeared on the agenda, the Commission again insisted that the structural reforms it had been advocating since the 1970s on the CAP needed to take place, not

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[36] De La Serre, *La Grande-Bretagne et la CE*, p. 35.

[37] For Britain see N. Piers Ludlow, 'Influence and vulnerability: the role of the EEC Commission in the EEC enlargement negotiations, in Griffiths and Ward, *Courting the Common Market*, p. 140. For Spain see Morán, *España en su sitio*, p. 56. For the 1995 enlargement see Avery, *The Commission's Perspective*, p. 3.

[38] CEC, '1967 Opinion on UK', § 59; '1969 updated Opinion', pp. 7-8

least because the EC was running short of cash.[39]

Apart from its central and indispensable role in the articulation of the common position, the Commission's presence at the negotiating sessions with the applicant as advisor, turned it into a close follower of the process, gathering information and giving continuity. Moreover, the Commission was the main representative of the applicants' views in the internal decision-making processes of the Community. This however, did not mean that the Commission was inherently in favour of the applicants or that it always acted to speed up the enlargement process; it could also delay it.[40]

It must be stressed, in this respect, that, as in the rest of Community life, the effectiveness of the role played by the Commission in enlargement negotiations has varied with time and depending on the issue area, quite apart from the formal role attributed to it. After the 'empty chair crisis' of 1965 and the Luxembourg compromise that followed, the Commission's attitude became more timid in general, and its role in enlargement negotiations was diminished by the revision of the procedures for the second round of talks with Britain in 1969.[41] However, in the field of agriculture, it remained a key player, not only as manager of the policy, but also due to its expertise in this complex technical area. And given that agriculture was the main area that dominated these negotiations with Britain, the Commission's part it them was still influential. Its role also varied considerably during the Spanish accession negotiations. It was difficult for Commissioner for Enlargement, Natali, to depart from what was the consensus in the Community and still acceptable to the most

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[39] The 'Opinion on Spain' stressed that 'in the case of Spain's accession, the conditions permitting the integration of its economy into that of the Community... will be met only if the Community takes or steps up measures to improve certain sectoral or regional structures .... In agriculture too it will be necessary to press ahead, before accession, with Community action in the field of structures and certain market organizations'; § 58.

[40] As 'guardian of the Treaties', the Commission often sided with France and did not always play in favour of the British in 1961-1962, Ludlow, 'Influence and vulnerability', p. 148. Also, as explained in chapter 6, the internal divisions of the Commission prevented it from presenting its proposals on the common position on agriculture for Spain until 1983.

[41] O'Neill, *Britain's Entry into the EC*, pp. 25-27; Michelle Cini, *The European Commission: leadership, organization and culture in the EU administration*, Manchester, Manchester University Press, 1996, pp. 51, 67-68 and 72.

reluctant member states. Morán indicates that Gaston Thorn, President of the Commission, did not play any role at all, unlike Davignon who invented some creative formulas to get out of some impasses.[42] When Delors came to head the Commission in 1985, he helped to solve the most pressing issue on the agenda at the time, i.e. to conclude negotiations with Spain and Portugal, by taking personal charge of the funding of the IMPs. As will be shown in chapter 7 Commissioners Davignon and Cockfield also proved central to the drafting of the White Paper for the completion of the Single Market, which was the cornerstone of the package deal that solved the enlargement puzzle.[43]

3. 2. Sectors and levels

The fact that quasi-Community procedures were followed to establish the common positions was one of the main reasons behind the strong impact that the fragmentation of EC decision-making into multiple levels and sectors had on the enlargement process. The procedure for negotiations themselves also mirrored the Community's internal decision-making structures in the sense that they were organized at multiple levels, and the drafting of the treaty of accession was broken down into chapters which corresponded to the sectoral policy areas of Community activity.

In 1961, it was established that the monthly ministerial meetings which constituted the core of the negotiations conference were to be attended by foreign ministers of the Six and the British chief negotiator. On many occasions, when the specialized nature of the issues demanded it, they had to be accompanied by other ministers, notably agricultural ones. The Commission President was also present, often accompanied by other specialized Commissioners.[44] The work of these sessions, which was the

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[42] *España en su sitio*, p. 297.

[43] *Agra Europe*, 1/2/ 1985, P/6. For the Commission's role in the adoption of the SEA package see Sandholtz and Zysman, '1992: recasting the European bargain', p. 96.

[44] As mentioned in chapter 1, Commissioner for Agriculture, Andriessen, and other personnel from DG VI were present at the final marathon session of negotiations with Spain.

equivalent of the Council of Ministers meetings inside the EC, was prepared at deputy-level weekly meetings, where most of the preliminary negotiations took place, imitating the role of COREPER in the Community. Given the complexity of most issues, these meetings still necessitated the preliminary work of a third level of discussion, composed of working groups of 'experts', where national civil servants and Commission officials could deal with the highly technical issues which were obscure to deputy and ministerial representatives.[45]

Moreover, since the monthly negotiations conference consisted in the presentation of proposals to be answered in the next session, it was really between sessions that the teams worked, analyzing the proposals, preparing their answers and modifying their initial positions. Thus it is important to understand the precise role of 'technical' experts because the highly complex nature of most agricultural issues which were incomprehensible for ministers and diplomats dropped a lot of the substantial discussions into the hands of experts in this policy area, many of them inside the Commission. As will become clear in chapter 6, this is why the disagreements appeared at the technical level, where the concrete implications of enlargement were being assessed.

The same structure, fragmented into sectors and levels, was essentially reproduced during negotiations with Spain. Ministerial meetings, were attended by the foreign ministers of the Nine/Ten, represented by the rotating Council President, and the Spanish chief negotiator, who, the Community insisted, should be the head of the Ministry for Relations with the EC, in charge of co-ordinating the Spanish positions in the different areas. This new State Secretariat for Relations with the European Communities, known as 'La Trinidad', was created on 10 February 1978 and its importance was reflected by the fact that Leopoldo Calvo Sotelo, who later became Spa-

[45] Ludlow, *Dealing with Britain*, p. 70-71. This three-level structure was reproduced during the second round of negotiations, O'Neill, *Britain's entry into the EC*, p. 27.

nish President, was assigned to head it.[46] He was succeeded by Eduardo Punset (September 1980-February 1981) and Raimundo Bassols (February 1981 - October 1982), during the brief and unstable last UCD government. The victory of the PSOE in October 1982 brought to the post Manuel Marín, who was not such a senior figure, but who was familiar with Community affairs, and who successfully conducted the accession negotiations until the very end, in what was the most substantive phase of the process. Also, the government of President González decided that, given the priority assigned to accession to the EC in Spain's foreign policy, the chief negotiator should be the Spanish Foreign Minister himself, Fernando Morán, with Marín as deputy negotiator. Like their counterparts in the EC, on many occasions both had to be accompanied by other specific ministers, notably, agricultural ones (Jaime Lamo de Espinosa under UCD, Carlos Romero under PSOE) who were in the most difficult political positions, given the concessions that Spain had to make in this area.[47] The Commissioner for Enlargement, Natali, who was one of the few individuals to oversee the entire process from beginning to end was also present at these meetings, accompanied when necessary by Commissioners Finn Olav Gundelach (until 1981) and Frans Andriessen (from 1981 onwards) in charge of agriculture.

At these formal monthly sessions, which consisted of exchanging documents that outlined both sides' positions (often on different issues) no real negotiations took place until 1985, when the pressure to conclude the process turned them into a semi-permanent marathon session, at which many of the final decisions were made and bargains struck on the spot. But before that final sprint, most of the real work with the Community was done by Marín at deputy level, while Morán was in charge of bilateral contacts with the foreign ministers of the member states, notably with France.

At deputy and lower levels, where contacts with the EC developed on a weekly or even day-to-day basis, Marín considered the role of experts in the

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[46] Bassols, *España en Europa*, p. 204.
[47] Morán, *España en su sitio*, p. 301.

Spanish negotiating team as 'fundamental'.[48] These 'technicians' who became known as the *'Doce magníficos'* (the 'Magnificent Twelve') were knowledgeable in the intricacies of the *acquis communautaire*. They were civil servants from La Trinidad and representatives from other specialized departments, like Carlos Tió Saralegui, an academic in charge of agriculture. Morán recalls long hours of tutorial sessions before ministerial meetings, 'because it was essential that the Foreign Minister was not surprised in bold ignorance of the subject matter'.[49] Morán indicated that the most difficult bit of the negotiations was to make a coherent whole of these diverse technical aspects. The inter-departmental co-ordination of the Spanish position was carried out by Carlos Westendorp.[50]

On the Community side, internal co-ordination was of paramount importance. Yet, the weakness of the European Parliament especially during the period studied here, and the nationally divided European Council, which is in charge of 'political arbitrage' among sectors, seemed to conspire in favour of the over-representation of sectoral interests.[51]

Inside the Commission, Directorate General I (DG I: External Affairs) was in charge of co-ordinating the work of other DGs in preparing proposals of the common positions for the Councils to discuss. The collegiate decision-making system ensured at least some degree of co-ordination, and in theory, the President could prioritize between issue areas. But still, DG VI was (and remains) among the most powerful and it was not easy to make enlargement or finances take precedence over agriculture. At lower and more technical levels, like in the committees that manage the different

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[48] Marín, *Interview*.

[49] Morán, *España en su sitio*, pp. 45-47. During the last month of negotiations Morán was in permanent contact with Romero, p. 438.

[50] Morán called this 'la negociación Hispano-Española', *España en su sitio*, p. 47. For the British, the inter-departmental co-ordination of their negotiating positions had represented a more arduous task, because it was accentuated by the divisions which cut across both political parties, Deighton and Ludlow, 'A conditional application', p. 108.

[51] For the limited input of the EP in agricultural policy-making see Oliver William Gray, *Pressure groups and their influence on agricultural policy and its reform in the European Community*, D. Phil., University of Bath, 1989, p. 500. For the evolution of the EP's more general role in policy-making and the dispute with the Council, see Richard Corbett, Francis Jacobs and Michael Shackleton, *The European Parliament*, 2nd edition, London, Harper, 2000.

commodities, the incorporation of non-agricultural considerations was almost null.[52] Then, given the highly technical nature of some issues, many of the elements that were to be part of the Community's position were first decided by the specialized Councils, and only rounded up at the General Affairs Council (GAC) attended by Foreign Ministers, where a more global perspective prevailed.

In short, the strong segmentation of EC decision-making processes into sectors and levels was reproduced in the negotiation conference and structured the organization of the Spanish team itself. In this context, decisions had to be reviewed from a diversity of angles, which ranged from the global to the particular in each policy area, thus making co-ordination mechanisms crucial to the proceedings. Their weakness at the EC level, however, gave the leadership of the Presidency an important role to play, as explained in the next section.

3. 3. The role of the Presidency as chair of the meetings

The difficult but crucial role of co-ordinating the Community's position would fall on whoever would be responsible for chairing the ministerial meetings, a decision which became extremely controversial in 1961. A definite agreement proved impossible before negotiations with Britain started, and proposals varied from a senior personality, like Paul-Henri Spaak, to the Commission, or the Presidency of the Council. Short of a decision, Ludwig Erhard, the German Foreign Minister, then Council President, chaired the first meeting with Britain in October 1961. By December, the issue was still not settled among the Six, and this *ad hoc* formula was extended for the second meeting with Britain. The need to settle the issue before negotiations progressed further, forced the Six to formalize this *interim* solution, and it was decided to follow the rotating

52 For a detailed analysis of the composition of agricultural committees, see Gray, *Pressure Groups*, p. 490-498; For co-ordination and consultation mechanisms inside the Commission see Cini, *The European Commission*, pp. 154-160.

chairmanship which corresponded with the order of the Council Presidency. By the summer of 1962, the importance of a skillful Presidency which all the parties trusted and who pushed for difficult compromises and knew how to manage the agenda, was to become evident.[53] The fact that this central political role was not given to a single body like the Commission or to one person, but rotated among the member states, meant that the Community's performance in the negotiations varied considerably, depending on each member's administrative capacity, political leverage, and attitude towards enlargement.[54]

Despite this drawback, this decision was retained for the negotiations with Spain. As noted in chapter 1, it was the German Presidency of early 1983 which broke the stalemate in the negotiations at the Stuttgart summit, by sorting out the internal financial bankruptcy of the Community. Equally, the skill and decisiveness showed by the French Presidency of early 1984 finally opened the way for the negotiation of the agricultural chapter with Spain. This contrasted with France's previous performance in 1979, plagued as it had been by doubts about the desirability of Spain's accession.

An important difference between the Spanish and British negotiations in this respect was that the European Council meetings of heads of state and government, which had by 1975 become a feature of the Community's decision-making processes, had not yet been institutionalized during the British negotiations. The Hague summit of 1969 had been especially rallied for the discussion of Britain's second application and issues related to it, but after that, there was no periodic Community forum to which issues could be brought at the highest level of national authority to get 'political guidance'. In contrast, during the Spanish negotiations, major 'breakthroughs' were announced at these meetings. Their success, however, largely depended on

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[53] Ludlow, *Dealing with Britain*, pp. 67 and 136. During the second round, the Presidency also played an increasingly useful role; O'Neill, *Britain's entry into the EC*, p. 19.

[54] Morán explains that the good will of the Irish Presidency of late 1984 contrasted with the burden it put on Ireland's limited administrative capacity, which affected the overall decision-making process in the Community; *España en su sitio*, p. 288; on the evolving role of the Presidency see Westlake, ed., *The Council of the European Union*, pp. 37-49.

whether the heads of state and government had already done their homework, i. e. co-ordinating and prioritizing among the different sectoral and political interests at the domestic level, as exemplified by the failure of several consecutive European Council meetings to solve the internal EC crisis and/or carry forward the enlargement talks (e. g. Luxembourg, April 1980; London, November 1981; Athens, December 1983). Moreover, concerned to make their Presidency a 'success', the member states held back the announcement of more accommodating attitudes towards enlargement until it was their turn to hold the Presidency (Germany in 1983, France in 1984). Equally, France delayed the discussion of enlargement in 1979, wanting to keep these controversial issues out of the spotlight for the duration of its Presidency.

In sum, the 1961 accession negotiations had created a complex procedure, composed of several layers that mirrored those of normal Community decision-making structures. By the time of the Spanish application, complexity had increased with the addition of new members, policies and procedures. There was now a further source of delay and complexity. The *acquis communautaire* was not as immutable as it might seem at first.

4. The *acquis communautaire*: a moving target

As already mentioned, the fact that the British application came at such an early stage of Community life, when some of its policies and the CAP in particular, had only been outlined in general terms, was a crucial factor that influenced the way in which the enlargement rules of the game were constructed. Including Britain, a major food importer and Denmark a major food producer was to complicate enormously the arduous task of setting up the specific rules to implement the CAP which the Treaty of Rome had left at the level of objectives, because in comparison to these two countries, the agricultural systems of the Six were relatively homogeneous. For this reason the Council decided in 1961 that enlargement negotiations should not delay the Community's own progress.[55] This was important because it meant that the Community was allowed to create new rules simultaneously to enlargement negotiations, thus expanding and changing the *acquis communautaire* that the applicants would have to adopt. Such decision was to have two major consequences for enlargement negotiations.

First, this was to be the main source of delays, because it meant that enlargement negotiations could easily be tied up with other internal and sometimes apparently unconnected developments inside the Community, well beyond the control, influence or even opinion of the applicants. The British negotiations, for example, did not progress at all in the substantive issues until the battle among the Six for the definition of the 'agricultural code' which specified the principles of the CAP was finally settled in December 1961.[56] The Spanish negotiations, were to be an even more striking example of this problem, with substantial discussions being held back by the disagreements inside the Community about how to reform the CAP and the budget, until the second half of 1984. In this way, large amounts of time were spent by the applicants 'watching and waiting for the internal politics of the EC to be resolved'.[57]

Second, this decision was a source of misapprehension and estrangement for the applicant countries, because it meant that the *acquis communautaire* that they were being asked to adopt kept on growing and changing, while they were still outside and had no voice and vote in these re-arrangements. In this way, certain rules were hastily established before their accession, with enlargement in mind.

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55 Ludlow, *Dealing with Britain*, pp. 64-65.

56 By the summer of 1962, the stalemate in the negotiations led to a proposal by the Dutch and Belgians to reassess the procedure for negotiations. Together with the Germans, they argued that, since that the 'agricultural code' had been established, priority should now be given to concluding negotiations with Britain, but France, Italy and the Commission preferred the agreed procedure as it would not allow enlargement negotiations to interfere with progress in other Community affairs; Ludlow, *Dealing with Britain*, p. 117.

57 Preston, *Enlargement and Integration*, p. 16. The slow progress of the Spanish negotiations in the agricultural sector also brought the suggestion to change the method of negotiations, and several 'marathon' Council sessions where scheduled from November 1984 onwards to conclude the process in time; see *Agra Europe*, 7/9/1984, P/3; *El País*, 20/10/1984, p. 49.

For Britain, this was the case with regard to the 1961 'agricultural code' (in particular, the principle of Community Preference), the budget regulation of April 1970, and the CFP, none of which suited the candidates' needs, and which they would have surely opposed had they been represented in the discussions. The simultaneous timing between the setting up of the CFP and enlargement, which the Community argued was mere 'coincidence', constituted the clearest attempt to establish a regime before the new members came in, raising the threshold for accession. It provoked angry protests from all applicants, notably from Norway with whom negotiations were deadlocked from the first ministerial meeting.[58]

The principle that enlargement negotiations should not prevent the Community from carrying on with the integration process was used to justify the rapid creation or revision of common policies on issues where the member states could lose out from the accession of the new members. This practice was the root of subsequent 'enlargement indigestion': once in, the British insisted on re-negotiating the terms of accession in 1974 and then demanded a budgetary rebate from 1979 onwards. The Commission had been fully aware of the dangers of this attitude in 1970, when Mansholt advised the Council not to create a regime on mutton and lamb yet, given the prospective enlargement, which would change the situation and therefore require revision of the whole problem again.[59]

This practice was again used during the Spanish accession negotiations, as reforms were made to the regulations of the Mediterranean agricultural *acquis* which were intended to protect and/or compensate the existing members and their national farmers' groups from the prospective costs of enlargement, often passing on such costs to the Spaniards (see chapter 6).

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58 *Agra Europe*, 7/10/1970, EN/4. For Britain, the CFP and other regimes which, like hops, had been included in the *acquis* during the negotiations, were the last 'threads' discussed before entry, after formal negotiations had closed: *Agra Europe*, 15/12/1971, EN/8 and 5/1/1972, EN/6.

59 Away from negotiations, at its meeting of September 29, the CAM decided that the Six would go ahead with plans to include in the CAP three products requested by the French government (sheep meat, bananas and spirits) and one (hops) by the Germans, *Agra Europe*, 7/10/1970, EN/1.

The latter were aware of this problem and as early as 1981, the Spanish Foreign Minister Pedro Pérez Llorca had presented Claude Cheysson, the French Foreign Minister, with a demand for participation before accession in the agricultural and budgetary reforms of the EC.[60] In 1982, Morán attacked the Community's policy of sorting out the problems of the Mediterranean *acquis* before negotiating with Spain. While accepting that the EC had to sort out its internal problems, he insisted that it should be done on the basis of discussions with Spain.[61] At a meeting of Socialist leaders, President Felipe González threatened to take a less pro-Community stance if the EC altered its policies without taking into account Spain's interests.[62] All these pledges were, of course, to no avail.

The Commission criticized those member states that tried to reform the CAP in such a way as to keep Spain out or make it unable to compete after accession, by stressing the fact that 'economic rationalization entails fair conditions of competition being respected throughout the Community'.[63] In an internal document, it reminded the member states that if the CAP was not reformed with fair consideration of the accession of Spain and its interests, then the Community could find itself facing another round of re-negotiation such as that carried out by the UK in the early 1970s --an interesting example of organizational 'learning' from history.[64] In fact, the Spanish were already contemplating the re-negotiation of the duration of the transition periods once they became members of the EC.[65]

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60 This was refused. Instead, the Spanish were offered a less precise concertation in the industrial field and on broader international issues; *La Vie Française*, 6/7/1981.

61 *Agra Europe*, 17/12/1982, P/5.

62 *Agra Europe*, 21/10/1983, P/2. 'España intenta impedir en la CE la aplicación del nuevo reglamento hortofrutícola', *El País*, 30/4/1984; 'Según Carlos Romero, Ministro de Agricultura, el reglamento hortofrutícola del Mercado Común es inaceptable', *El País*, 16/5/1984.

63 CEC, '1982 Inventory', p. 10.

64 *Agra Europe*, 6/8/1982, P/3.

65 Morán, *España en su sitio*, p. 300; 'Posibilidad de renegociación de los términos del acuerdo, nada más producirse el ingreso español', *El País*, 11/6/1985.

Conclusion

Although opting for a 'bilateral' format was a reaction to the particular characteristics of the British application, this decision was to remain in place for all subsequent enlargement negotiations, despite the fact that, later on, other applicants approached the Community without so many reservations. This was especially true for Spain where the domestic consensus in favour of joining the EC was virtually total.[66] Thus the defensive formula designed to deal with the British 'awkward partner' was to be retained with all other applicants, regardless of their more 'pro-European' attitude, exemplifying path-dependence.

Setting up the procedure for negotiating with Britain resulted in the creation of a complex bilateral, multi-level process inside the Community while the applicant and its interests were relegated to the sidelines. Given the role of the Commission in the following of quasi-normal decision-making procedures, and the decision that enlargement should not intervene with the Community's own development, most delays came from inside the Community, where the formulation of the common position got tangled with other issues being discussed. The formulation of common positions on what was to be asked from Spain or Britain were often held back by internal disagreements among existing members on how to establish or change the *acquis* before their accession.

The asymmetry created by the negotiation procedure was also visible in the fact that, although the EC reserved itself the right to extend and revise the *acquis* while negotiations for enlargement were going on, the applicants were not allowed to unpick it or question its principles. This reluctance to open old debates about existing EC rules was problematic because enlargement meant that the diversity of interests to be governed by such rules would increase and therefore required revision. In this way, the major delays in the negotiations were related to those issues which required a

66 Despite stringent conditions imposed on Spain, the *Cortes* ratified the accession treaty by a unanimous vote in July 1985, *EC Bulletin*, 7/8-1985, 2. 2. 2.

change of the *acquis*: for Britain, the budgetary arrangements of 1970 and Community Preference; for Spain the Mediterranean agricultural policy and the budgetary crisis. But during their revision, the Community's failure to take on board properly the prospective members' views and interests made the stringent conditions imposed on the applicants problematic after entry, when having become full members they had obtained a voice and a vote and sought to redress some of the imbalances.

Finally, the procedure also had the effect of allowing the sectoral divisions, and sometimes inconsistencies, that separate policy areas inside the Community to get in the way of the formulation of the common positions, thus creating the major problems in Spain's enlargement negotiations: that of inter-sectoral co-ordination inside the EC. In this respect, the institutional insulation of agricultural decision-makers from non-agricultural considerations, which is characteristic of the CAP inward-looking procedures, was to plague decisions about enlargement as well. It is to this problem that the next chapter will turn.

The CAP's stability in a changing EC: the point of friction of enlargement (Level II)

This chapter concentrates on the second level of institutions which influenced the shape, contents and timing of enlargement negotiations between the EC and Spain: CAP institutions and decision-making processes. These were important for two main reasons. First, the nature and contents of EC rules constituted the framework into which Spain was trying to incorporate itself, and therefore defined the substance of the negotiations. Second, enlargement required change, not only from the new member, but more importantly, from the Community. This change was not negotiated in a vacuum, but in an environment that was already structured by institutions which favoured certain kinds of actors, interpretations and issues, and which ruled out others. Decision-making rules and inter-sectoral partitions structured the path-dependent way in which reforms to the agricultural *acquis communautaire* were carried out, and, as a result, the way in which the Community's negotiating positions vis-à-vis Spain were formulated. Thus, the same institutional factors which account for the difficulties of reforming the CAP in general are part of the explanation of why agriculture delayed and complicated enlargement negotiations with Spain.

The first section of this chapter describes the main characteristics of the CAP and discusses the factors that have made it central to EC activity, yet essentially different from other sectors, with its 'own logic'. In this way it will become easier to understand the disproportionate relevance that agricultural issues had in the Spanish enlargement negotiations. It first reviews some of the special features of the agricultural sector in general, and of its historical evolution in Europe in particular, to set the context from which the CAP emerged. Then, it examines the objectives, principles and policy instruments of the CAP, because they constituted the core of the *acquis communautaire* to which Spain had to be incorporated. The section concludes with a brief outline of the mechanisms for financing the CAP and of its peculiar link to the EC budget, which helps to explain the prominent role of agricultural issues in EC politics. It is argued that agriculture was the most regulated and interventionist EC policy; it exhibited an unusually large and centralized decision-making structure to manage it; and it dominated the EC budget. In this respect, agriculture was substantially different from most other sectors of EC activity, for its high degree of public intervention and protectionism, and for its role as the principal EC redistributive policy. As such, a new member of Spain's size could not be included into the Community without bringing highly visible redistributive consequences for a small but highly organized, mobilized and over-represented minority: farmers.

In the case of Spain's accession, this was aggravated by two problems. On the one hand, by the end of the 1970s the costs of the CAP had spiraled out of control and were threatening to exhaust the EC's budgetary resources, with the consequent need to bring 'financial discipline' to the agricultural sector. In this context, extending the same level of support that EC farmers enjoyed to Spanish ones was simply not financially feasible. On the other hand, Spanish accession did not threaten all EC farmers equally, but an under-privileged minority among them (those of the Mediterranean) who, as a result, demanded increased support and a redress of the CAP's North-South 'imbalance' before enlargement negotiations went ahead. In short, the Community had to 'square the circle' in the agricultural sector by reconciling assistance to the South with general CAP retrenchment. But these were extremely difficult to achieve, because a strong path-dependence operated in this sector which precluded radical change.

The second section identifies the two main sources of path-dependence. First are the actors that constitute the European agricultural 'policy community' (agricultural interest groups, national agriculture ministers, DG VI of the Commission), and the 'increasing returns' they got from the relationships among them. Second, the precise mechanisms of institutional *insulation* of the CAP from external pressures for change are identified. It will be shown that, although agriculture was a sector that required a high degree of co-ordination with the budgetary one, this was weak at the EC level, further complicating Spain's accession negotiations. Thus, the chapter aims to show that if agricultural issues were problematic during Spain's accession negotiations, this was in part due to the fact that they already occupied a prominent and special place within the EC structure and were a matter of controversy inside the Community.

1. The special features of the CAP

1. 1. General characteristics of agriculture in Western Europe

Agriculture has a central role in any economy and in the life of any political community, because other issue areas, from the social to the international, are linked to it. Because it is about food, and therefore survival, there is no other sector like it. Most countries' agricultural policies aim at self-sufficiency, and only a small amount of production goes to international trade. In Europe, which had been periodically affected by food shortages and famine until the post-war period, these concerns weighed heavily in the minds of the drafters of the Treaty of Rome, who set as objectives of the CAP, 'to increase agricultural productivity' and 'to assure the availability of supplies'.[1]

Agricultural products are inputs for the production of other goods, linking this sector to many others of the economy. They are a central variable which affects the level of prices and inflation and also the

[1] *Rome Treaty,* Art. 39. 1. (d).

distribution of income in a regressive way: higher food prices affect primarily the poor who spend proportionately more of their income to cover this basic need. Another important feature of this sector is that demand for food is relatively inelastic: the quantity of food consumed is fairly stable, independent of price levels. It follows that, unlike other sectors of the economy, changes in the level of supply subject agricultural prices to enormous fluctuations, which are also accentuated by factors like climate, soil, technological developments and production cycles, hence the need for intervention in the markets. In Europe, the emergence of the nation-state was accompanied by growing awareness that agriculture was not like other industries, and a tradition of public intervention developed (with subsidies, guaranteed prices, frontier protection) to correct the 'imperfections' of this peculiar market.[2]

The Agricultural Revolution introduced mechanization and modern techniques, and with them, the trend towards larger holdings which are more profitable for investment. This provoked a rise in agricultural unemployment which resulted in the previously uncommon phenomenon of the *éxode rural*. Although the ensuing rise in productivity was welcome by governments concerned with famines and food-shortages, the social consequences of unemployed peasants flooding cities in search of work proved problematic and became a source of political unrest. In Britain, where the Agricultural Revolution started in the eighteenth century, earlier than in the continent, the process provoked the rapid growth of urban concentrations, chronic insufficiency of public services and urban planning, and the aggravation of social, economic and health problems. Having ruthlessly left behind this transformation, Britain became the strongest advocate of competition and free trade in the sector.

By contrast, in the continent, the Agricultural and Industrial Revolutions occurred later and were largely the result of state encouragement which,

[2] For a detailed account of the factors contributing to the growth of intervention in agriculture, see Tracy, *Agriculture in Western Europe*, p. 129.

therefore, exerted more control over the processes. There, the governments' concern with the social consequences of the *éxode rural*, particularly in France, led to policies for sheltering farmers from the pressures of modernization (e.g. tariffs to insulate them from external competition) and contributed to the maintenance of an archaic system of production and unprofitable farm sizes. The threat of rural unemployment has been a traditional obstacle to structural reform in the sector, and is at the origin of some internal contradictions in the CAP, which on the one hand has promoted modernization but, on the other, has worked as a welfare system for farmers to keep them on the land. Rural unemployment in the Mediterranean regions as a result of increased competition from Spanish agriculture was the main source of French and Italian apprehension about enlargement.

Increased intervention in agriculture was accentuated by the two economic depressions at the end of the nineteenth century, and in the 1930s, and governments became increasingly involved in fostering production (while not always productivity) and sustaining farmers' incomes as an antidote to social unrest both in the cities and the country-side. The two World Wars added to the perception of food self-sufficiency as a strategic asset.

With growing management and financing of agricultural markets by public authorities came the move towards the formal organization of farmers. During the 1930s and after the end of the Second World War, farm organizations increased greatly in strength, number and activism. The most powerful group to emerge in France after the war was the *Fédération Nationale des Syndicats des Exploitants Agricoles* (FNSEA), and in 1948, the *Deutscher Bauernverband* (DBV) was created.[3] Like the National Farmers' Union (NFU) in Britain, created in 1908, these organizations fulfilled the role of representing farmers interests and, in the process, also became negotiators with public authorities and crucial instruments for the implementation of government policy. 'Symbiotic' relations developed

[3] Tracy, *Agriculture in Western Europe*, pp. 129-130.

between ministries of agriculture and farmers' organizations for the exchange of information, the representation and intermediation of interests, which were indispensable for the formulation and implementation of a policy of this nature. The fact that farmers' incomes were directly determined by prices fixed by the executive branches of governments and subject to the routinized periodic procedure of budgeting encouraged a particularly close, frequent and institutionalized interaction between producers' organizations and agricultural bureaucracies. It also led to their increased specialization, rendering 'expertise' indispensable for participating in the policy-making of this area.

Politically, since the widening of participation in the nineteenth century, rural populations became important targets for governments and political parties seeking electoral support, especially because the conservatism of the rural vote could be used as a counterweight to radical urban movements, hence the over-representation of rural communities in electoral districts across Europe. Added to all this, was the old association of rural populations with the essential values, symbols and traditions of each nation, as well as their more practical role in populating and controlling national territories. All this meant that this was not a sector that could be easily ignored, however marginal or diminishing its role was in the overall performance of the economy.

These general characteristics produced a multiplicity of national, regional, and even product-specific regimes. So, when the Six accepted that agriculture had to be part of the EC at the Messina Conference, in June 1955, they set themselves a formidable technical and political challenge: to create a unified internal market with common prices and to permit the free circulation of agricultural goods, in a sector that was heavily regulated, protected and subsidized in all member states.[4] Agricultural policy was to keep this interventionist outlook when managed in common as well.

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[4] Hendricks, 'The creation of the CAP', pp. 139-140.

1. 2. The CAP's objectives, principles and instruments

The reasons for including agriculture in the EC were mainly political and resulted from a Franco-German trade-off. France, which had the largest and most diverse agriculture of the Six, was to be the main beneficiary from a common and externally protected market where its production would dominate. So the CAP was the price France extracted from Germany in exchange for opening its industrial market.[5] Born out of compromises, the CAP would be burdened with a number of internal contradictions, the most important of which were to be found at the level of its objectives, enshrined in Article 39. 1. of the Rome Treaty:

(a) to increase agricultural productivity;

(b) to ensure a fair standard of living for the agricultural community;

(c) to promote market stability;

(d) to ensure the security of supply;

(e) to ensure reasonable prices for consumers.

As it turned out, the EC did not have difficulties in attaining objectives (c) and (d), because from the 1960s onwards, the EC started generating surpluses. It was the CAP's second objective, to ensure 'a fair standard of living for the agricultural community' (b), which became the major problem as it took precedence over the others, especially over increasing productivity (a) and keeping reasonable prices for consumers (e).

Maintaining farmers' incomes was a concern for all governments, since sharp income differentials between the countryside and cities constitute an incentive to the *éxode rural*. However, the Treaty of Rome did not specify which policy instruments should be used to attain this and the other objectives, but the original intention was that the increase in productivity should lead to the rise in income, but only of those who survived

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[5] However, this observation should not obscure the fact that Germany has contributed considerably to the shape and direction of the CAP and its agriculture ministers have fiercely defended the demands and interests of the DBV. See Gisela Hendriks, *Germany and European integration: The Common Agricultural Policy, an area of conflict*, Oxford, Berg, 1991. For the role of the Franco-German partnership in the creation and development of the CAP, see Webber, 'Franco-German bilateralism', pp. 49-52.

modernization. The Six chose in 1961 to use price support as the main policy instrument, because with a high enough price level, even the less productive farmers could survive in the sector, while those who were already mechanized and more efficient would benefit greatly.[6] Since high guaranteed prices suit all farmers, producer organizations have been fierce defenders of this policy instrument, both at the national and the supranational levels. The policy instruments chosen later on meant that the CAP developed in a way which was biased in favour of producers.

Price support, however, was behind the spiraling costs of the CAP which threatened to bankrupt the Community in the 1980s. High price levels encouraged production and, as a consequence, surpluses, which then became expensive to dispose of in the world markets where lower prices prevailed. Thus, since the Mansholt plan of 1968, the main debate between the Commission, the member states and COPA has been about switching the main policy instrument from price support to 'structural' measures (that is, direct income support for the poorest). The Commission has insisted on this change as means to maintain farmers' incomes and to control CAP spending at the same time. However, this was resisted by farmers' unions because structural measures would differentiate among them and accentuate divisions within their organizations. It has also been resisted by the member states, with the exception of Italy, for two reasons. First, since structural measures consist of direct payments and subsidized credit to encourage modernization, they are the source of considerable political patronage, so member states were reluctant to surrender national structural policies to the Community. Second, in distributional terms, Germany, which already possessed modern and productive farms, was simply not prepared to pay for the structural reform of southern Italy.[7] From 1969

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6 Although high support prices have ensured a minimum income for many poor farmers, they have also contributed to the growing disparity between rich and poor ones. Joan Pearce, *The Common Agricultural Policy: prospects for change*, Chatham House Papers n. 13, London, RIIA, 1981, pp. 32-33.

7 Neville-Rolfe, *The politics of agriculture in the EC*, p. 298.

onwards, structural reform measures were therefore virtually abandoned, with disastrous consequences for the finances of the CAP, income distribution among farmers, and to the detriment of the first objective of the CAP, 'to increase agricultural productivity'. It was not until the prospect of Spanish accession in the context of a severe budgetary restriction, and the threat of competition which was to aggravate rural unemployment in the Mediterranean regions, that a serious debate on structural policy took place again in the Community.[8]

The last and least observed objective of the CAP was 'to ensure that supplies reach consumers at reasonable prices' (e). Apart from the vagueness of the phrasing, which left open the question of which criteria would be used to determine what 'reasonable' meant, the price support system put this objective at odds with that of ensuring a fair standard of living for farmers. It is important to note that, in principle, there is no reason why consumer and producer interests should be at odds: for example, the British system of 'deficiency payments' funded by the Treasury (i.e. taxpayers) subsidized farmers incomes, while maintaining food at low cost for the consumers. It was the use of external tariffs to guarantee prices at levels which were higher than those in the world market, which passed on the costs of subsidizing producers to the European consumers, and made them 'enemies' of each other (which is a good example of how institutions structure politics).[9]

Policy instruments were established in January 1962, when, after 137 hours of continuous and protracted negotiations, the Six set out the three

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[8] In May 1980, the Council instructed the Commission to make an appraisal of the CAP to reduce its proportion in the budget, see CEC, *EC Bulletin*, 7/8, 1980, §§ 1. 2. 3 - 1. 2. 96. The Commission presented its report on the 'May Mandate' in June 1981, see *EC Bulletin*, 1981, § 2. 2. 5; see also Brian Gardner, 'The Common Agricultural Policy: the political obstacle to reform', *Political Quarterly*, vol. 58 (1987), n. 2, p. 172.

[9] This was the main criticism that the British had traditionally made of the CAP. They argued that it was regressive (affecting the poorest consumers while benefiting rich producers most), inefficient (it encouraged surpluses but not modernization), and cost comparatively more to Britain than to the other members. British criticism of the CAP turned to obstructionism between 1979 and 1984, also effectively contributing to the delay of Spain's accession negotiations.

essential principles of the CAP, which became known as the 'agricultural code'.[10] These principles were: the 'free movement of agricultural products' between the member states, 'Community Preference' and 'financial solidarity' which meant that all member states would share in the costs of the CAP.

Community Preference became a well established feature of the policy, by which, with a system of import levies and export refunds, preference is given to agricultural goods from within the Community over those from outside. This principle has been fiercely defended by France over the years, in particular, during the British accession negotiations, as it hoped to replace Commonwealth products in the profitable British market.[11] In contrast, during Spain's accession, as will be explained in chapter 6, this principle was slightly 'bent' in order to protect southern EC producers from Spanish competition. This principle has led to considerable problems with international trade partners, notably with the US, and has created important disruptions to trade with third countries after each enlargement of the Community.[12]

The 'financial solidarity' principle led to the creation in 1962 of the European Agricultural Guidance and Guarantee Fund (EAGGF, more commonly known for its abbreviation in French: FEOGA). In 1964, the Fund was divided into two sections. The Guarantee section was devoted to maintaining Community guaranteed prices, and it absorbed an increasing proportion until very recently, and most of it has gone to the support of northern products. In 1979, almost 70% was spent only in three products

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[10] These negotiations were difficult because, on the one hand, they confronted France and Germany, as the latter wanted to postpone the creation of the CAP to a later date (Hendricks, 'The creation of the CAP', p. 147), while, on the other, their protectionism contrasted with the more liberal outlook that the Commission and the Dutch, who also had British accession in mind, wanted for the CAP; Ludlow, *Dealing with Britain*, p. 97.

[11] 'French plan assault on UK market', *Agra Europe*, 11/8/1971, EN/4; 'French to manufacture cheddar', *Agra Europe*, 16/2/1972, MI/4; 'French hope to expand grain sales to new EEC countries', *Agra Europe*, 3/5/1972, MI/5. The French, however, were not alone in this respect: 'New hopes for West German agricultural exports', *Agra Europe*, 23/6/1971, EN/2.

[12] As a result of the first enlargement, the 1975 Lomé Convention replaced the Yaoundé Convention of 1963 which established the relations with African, Caribbean and Pacific countries (ACP). Also, as mentioned in chapter 1, traditional trade patterns with non-EC Mediterranean countries, including Spain, were affected, and since January 1973 negotiations of a GMP started. After the second enlargement, the GMP was revised, as well as relations with Latin America. See Preston, *Enlargement and integration*, pp. 160-161.

(dairy, cereals and sugar) which accounted for 33.7% of total production.[13] The Guidance section was intended to cover the costs of structural policy and remained marginalized in budgetary terms.[14] The Fund was financed by member-states contributions until April 1970, when they were replaced by the Community's system 'own resources' (see section on the budget, below).

To facilitate the 'free movement' principle, common prices were essential, but setting this up was problematic as prices differed sharply between the member states, and there was pressure to fix them at a high level.[15] The way in which prices were fixed can be considered as a primary explanation of 'what went wrong' with the CAP by the end of the 1970s: manipulated by farm ministers, and under the influence of producers' interests, prices bore no relation to underlying market realities. Moreover, the politicization of price-setting which became the centre of the CAP's decision-making cycle, overcomplicated what would otherwise be routine decisions, embroiling prices with related controversies, like national contributions to the budget, the competences of the EP, structural reform, currency fluctuations, and enlargement.[16] The alignment of Spanish prices with those operating in the Community was to be the main source of rising CAP costs as a result of enlargement, while, at the same time, they would stimulate production in Spain of goods that were already in surplus, like wine and olive oil.

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[13] Pearce, *The CAP*, p. 30; John S. Marsh and Pamela J. Swanney, *Agriculture and the European Community*, London, George Allen & Unwin, 1980, p. 34.

[14] In 1966, an absolute amount of resources for the Guidance (structural reform) section of the EAGGF was fixed, instead of maintaining the previous system which was based on a proportional amount of the total (one third), under pressure from Germany and the Netherlands, which wanted to secure resources for the Guarantee section to cover the rising costs of managing a wider range of products. Italy, which was intended to become the main beneficiary of the Guidance section, agreed to this in exchange for bringing forward to January 1967 the operation of common arrangements for its Mediterranean products; Pearce, *The CAP*, p. 26. Until 1985, the Guidance section of the EAGGF represented only 5% of the total: see Appendix 2.

[15] The setting up of the first common price, that of cereals, created a row in 1964, because prices would have to be reduced in Germany, Luxembourg and Italy and risen in France and the Netherlands, and the powerful DBV warned chancellor Adenauer not to align prices, if this entailed reducing price levels in Germany. Hendricks, 'The creation of the CAP', p. 144.

[16] David Harrison, *The division of labour and the division of Europe: Western economic integration and Eastern Europe*, European Interdependence Research Unit Discussion Paper n. 3, University of Reading, April 1999, p. 8; Neville-Rolfe, *The politics of agriculture in the EC* p. 246; Harris, Swinbank and Wilkinson, *The food and farm policies of the EC*, pp. 12-14, 56-57.

The degree of 'free movement of goods' achieved with the establishment of common prices was offset by the collapse of the Bretton Woods system in 1971 and the introduction of floating exchange rates, which, in turn, led to the system of Monetary Compensatory Amounts (MCAs) which partitioned the EC market. Since CAP prices were set in units of account equivalent to the dollar, producers from countries whose currency was appreciating (i.e. Germany) incurred a relative loss of income. To tackle this problem, the MCAs system was introduced as a 'provisional' measure to compensate them, but once in place, it became extremely difficult to phase out, as Germany, the main beneficiary, systematically opposed its disappearance. Not only did the MCAs system fragment the EC's agricultural markets in contravention to the 'free movement of goods' principle, it also contributed greatly to the soaring costs of the CAP, as currency instability accentuated towards the end of the 1970s.[17] Thus, the phasing out of the MCAs, primarily demanded by France and the Commission, was another element of the row about CAP retrenchment which, at the end of the 1970s, paralyzed Community decision-making and delayed Spain's accession.

The final element of the CAP's structure which needs to be explained in order to understand the agro-budgetary 'imbroglio' of the 1980s is that of the North-South 'imbalance' of the CAP. The regimes of Mediterranean products, i. e. olive oil, fruit and vegetables and wine, were introduced relatively late (1967) and the degree of support they offered was much lower than those of 'northern' products, like meat, milk and sugar, which absorbed most of the EAGGF's resources (see Appendix 4).[18] This 'imbalance' was the result of the fact that France and Italy were a minority in the Community *vis à vis* 'northern' producer countries, and also of the under-representation on Mediterranean farmers within France itself. There, the richest farmers of the north were also the best organized within FNSEA,

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[17] Harris, Swinbank and Wilkinson, The *food and farm policies of the EC,* p. 57.

[18] In 1979 for example, Mediterranean products accounted for 18.8% of the value of EC agricultural production but only received 12. 2% of EAGGF's Guarantee expenditure; Harris, Swinbank and Wilkinson, *The food and farm policies of the EC,* p. 149.

so their interests were much better represented by the French government at the Community level, until the prospects of Spanish accession mobilized southern producers and brought their demands to the fore. But until then, this unbalanced representation had effectively left Italy as the sole country concerned with the defense of Mediterranean farmers.

In 1977, France and Italy refused to start negotiations with Spain, Portugal and Greece until they had secured changes to the Mediterranean *acquis communautaire*. The need to agree on a Community position to negotiate with Spain gave them increased leverage to redress this 'imbalance', which was reflected in the fact that Mediterranean farmers had lower incomes than farmers in the rest of the EC.[19] Italy and France complained that support was only available for some products and at relatively low levels; they were not given the same degree of protection, as Community Preference had been relaxed in the early 1970s with the introduction of the GMP. An increase in structural measures and the introduction of a common price for fruit and vegetables were needed. These claims were problematic because they represented a demand for additional resources at a moment in which the CAP was leading the Community to bankruptcy. The Commission was therefore cautious in its 1977 proposals for improving Mediterranean regimes, as it wanted to avoid the encouragement of further surpluses and expenditure, and attempted to diffuse tensions by defining the problem as 'regional' rather than merely 'agricultural', and by insisting that 'structural' measures were the suitable solution.[20] As the northern member states who were also the main contributors to the EAGGF (Germany and Britain) resisted any improvement of the regime that would lead to further expenditure, Italy and France complained that the economies of the CAP were being made in those regimes which targeted the poorest farmers, while the real causers of exorbitant expenditure (dairy, meat, sugar

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[19] CEC, 'Fresco', §§ 15-22; 'Francia e Italia ponen trabas a la ampliación de la CE, para la que anteponen una reestructuración de la Europa verde', *El País*, 10/7/1977.

[20] Marsh and Swanney, *Agriculture and the EC*, p. 47.

and cereals producers) were not being properly restrained. In this way, the improvement of the Mediterranean regime was linked with the introduction of measures aimed at cutting costs of northern products (milk 'co-responsiblity levy', phasing out of MCAs, cut in support prices) which was extremely difficult, as they were defended by powerful private and state actors, at the national and supranational levels. In this way, Italy and France were not solely responsible for the delay of Spain's accession negotiations, but also all those who opposed the cutting of CAP expenditure in the north. So how were the CAP and the EC budget linked?

1. 3. The CAP and the budget

Budgets get easily politicized because they involve decisions on the allocation of scarce resources among different groups within society, which, in the case of the EC, includes the member states, the regions, and particular groups within them, notably farmers.[21] Article 40.4 of the Rome Treaty specified that an agricultural guidance and guarantee fund may be set up to enable the Community to achieve the objectives of the CAP. The fund was set up in 1962, together with the criteria for financing the Community's policies. These included covering export refunds to third countries, intervention in the domestic markets and 'common measures adopted to attain the objectives' of the CAP.[22] The fact that expenditure in agriculture was written as part of obligations derived from the Treaties was to make CAP retrenchment all the more difficult in the 1980s, as will be explained below.

Article 201 charged the Commission with drafting proposals for the replacement of member states' contributions with one involving 'the Community's own resources', in particular 'revenue accruing from the common customs tariff' (CCT). The passage of the EC from a system of

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[21] Brigid Laffan and Michael Shackleton, 'The Budget' in Helen Wallace and William Wallace, *Policy-making in the European Union*, 3rd ed., Oxford, Oxford University Press, 1996, p. 72.

[22] *Rome Treaty*, Art. 40. 1; Harris, Swinbank and Wilkinson, *The food and farm policies of the EC*, p. 307.

national quotas to one in which the Community would have its 'own resources' and manage their allocation represented a qualitative move towards 'positive integration' and beyond a traditional international organization.[23] For this reason, this passage took more than three years to secure Council agreement and, in the meantime, it contributed to the most serious political crisis of EC history: the 'empty chair crisis' of 1965, in which France withdrew all its representatives from Community institutions. The diplomatic negotiations leading up to the 'Luxembourg compromise' of 1966 brought France back to the Community, but the system of national contributions was extended, and it was decided that all expenditure on market support (the Guarantee section of the EAGGF) would be reimbursed by Community funds.

It was not until the Hague summit of December 1969 that agreement to move to the system of 'own resources' was reached and by April 1970 its specific features were established (see Appendix 2). Income was to come from three sources: 1) customs duties on goods imported from third countries arising under the CCT; 2) variable levies on food imports from third countries under the CAP (Regulation No. 25); and 3) national contributions of less than 1% of VAT collected. Any amendment to this system would necessitate the approval of national parliaments, and this requirement gained importance as agricultural spending approached the ceiling of 'own resources' at the end of the 1970s. This was all the more problematic because Article 199 of the Rome Treaty stated that 'the revenue and expenditure shown in the Budget shall be in balance', so no deficits or borrowing were to be allowed.

With regard to expenditures, during the 1970s, between 65% and 75% of total resources were devoted to agriculture, through the EAGGF (see Appendix 3). The rest was allocated to the structural funds and other expenses, like the Commission's administrative costs. Most agricultural

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23 Laffan and Shackleton, 'The Budget', p. 72; Helen Wallace, *Budgetary politics: the finances of the European Communities*, London, Allen & Unwin, 1980.

expenditure went to the Guarantee section, responsible for the expensive surpluses, the high food prices and MCAs, which were part of 'compulsory' expenditure derived from Treaty obligations.[24] The Guidance section, intended to cover structural reforms, only represented 5% of the EAGGF.[25]

It should pointed out that the EC budget has actually been small in relation to both Community GNP and national public expenditure (1 to 2%).[26] This is important because it reflects the preference for regulation as policy instrument at the European level, and a tendency to keep away from re-distributional measures. This, in turn, also highlights the fact that the interventionist nature of the CAP is truly unusual in the context of most other Community policies. As a result of this anomaly, agricultural spending has tended to dominate the budget, representing 70% of total expenditure by 1979 (today, it still represents around 50%, see Appendix 3). The implication of this is that the fierce political battles around redistribution and resource allocation, which are inherent to any process of budgeting, and which in national contexts are normally fought on a wide range of issues, tend to get concentrated around the agricultural sector in the EC. This should help to explain why agriculture has been a problematic sector every time enlargement has appeared on the agenda.

In the case of Spanish entry to the EC, this problem was brought to its limits by the fact that it coincided with the explosion of the CAP's budgetary 'time-bomb'. Spain's accession required a rise in agricultural expenditure (to align prices) while the Community was literally facing bankruptcy under the weigh of massive and expensive surpluses. This meant that enlargement could not take place without new arrangements that would either increase the Community's 'own resources', or cut the level of agricultural support. Changing redistributional rules was extremely difficult

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[24] The distinction is important because the powers of the EP to amend the budget were limited to 'non-compulsory' expenditure; on two successive years (1979 and 1980), the EP rejected the budget, adding to the crisis.

[25] Geoffrey Denton, 'Re-structuring the EC Budget: implications of the Fontainebleau agreement', *JCMS*, vol. 23 (1984), n. 2, p. 119, see Appendix 2.

[26] Laffan and Shackleton, 'The Budget', p. 73.

because of the visibility of the costs and the need for national ratification, but in the end, it was easier to raise the national contributions to the budget (from a ceiling of 1% to 1.4% of VAT collected), than to reduce substantially the level of support for the CAP.[27]

In sum, the first particular characteristic of the CAP is its interventionist nature. This reflects how previously existing national arrangements determined the creation of the new common policy goals and instruments. The interventionist nature of the CAP, and its internal contradictions and inefficiencies, have made it the most expensive common policy of the EC, in contrast with most of the other EC policy areas, where regulation is the main instrument of public policy.

Where EC money comes from, how it is spent, and the process by which it is distributed are the subject of intense political bargaining, particularly because the 'winners' and 'losers' can be calculated with relative ease. As Laffan and Shackleton explain, 'national politicians regard EU money as 'bringing home the bacon' or conversely as losses to the national coffers. Hence budgetary issues are more likely to become politicized at the national level than is regulatory activity.[28] The re-distributional nature of the CAP has given agricultural issues a disproportionate role in EC politics by tying them to a broader range of more controversial areas, which range from the budget to enlargement. In this way, it has been at the centre of great conflicts in the Community's history, like during the 'empty chair' crisis of 1965, or the row over the British budget rebate.

When compared to other areas of the EC life, agriculture has thus been the most centralized of the common policies, putting the CAP in a very special place inside the Community's structure and its integration process. It is a central instrument of Community activity, affecting other areas, such as foreign trade, monetary and financial issues, regional development and en-

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27 Françoise de La Serre, 'L'Imbroglio agro-budgétaire', *Politique Étrangère*, vol. 49 (1984), n. 1, pp. 71-84.

28 Laffan and Shackleton, 'The Budget', p 72.

vironmental aspects.[29] Enlargement should be added to such a list. Dividing the budgetary cake among a higher number of participants entails a revision of re-distributive arrangements and, these are, by nature conflictive. Sorting out the new budgetary formula required by the enlargement process has invariably invited a revision of the CAP, because agriculture represents a substantial part of the Community's budgetary 'cake'. Therefore, through the budgetary link, enlargement negotiations became embroiled with the difficult issue of reforming the CAP. Why was this so problematic?

Here, HNI can offer a valuable insight with the concept of path-dependence. The existence of previous rules and regulations in a given policy area favours what Wallace has called 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 new ideas) is necessary, given the absence of a corpus of previous policies. But the agricultural *acquis* was by 1969 already very large, technical and detailed, so change has proved to be only 'incremental', with the member states and the Commission becoming 'prisoners of their own policies', and predisposed to marginal adjustment rather than radical change.[30] Duchêne explained that in the case of the Spanish negotiations, 'the outstanding characteristic of the agricultural policies of the Nine, either nationally or expressed through the Community, is their inflexibility. This is the real problem, technical and political, of the enlargement of the Community.'[31] To understand this it is important to look at decision-making procedures and the way in which power is distributed among actors.

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[29] Hendricks, 'The creation of the CAP', p. 139.

[30] Helen Wallace, 'Negotiation, conflict and compromise', p. 47; Bulmer, 'New Institutionalism', p. 367.

[31] Duchêne, 'Community attitudes', p. 32.

2. The European agricultural 'policy community' and its insulation: decision-making structures and path-dependent change

So far, the analysis has concentrated on the rules and norms of the CAP, but we must now turn to the 'actors' and the decision-making mechanisms which dictate the way in which they participate in the policy process. The literature on 'policy networks' reviewed in chapter 2 provides a typology to explain change and continuity in policy-making.[32] This section will argue that the peculiarities of organizations and the decision-making processes which governed the agricultural sector at the EC level facilitated the existence of an unusually tight 'policy community', which was relatively successful in keeping under its control the process of reforms brought to the agenda by the prospect of enlargement. This is important because not all policy areas are configured in the same way. While some may be pluralistic (like technology) others may exhibit some corporatist tendencies (like agriculture), and this difference largely accounts for particular policy outcomes and the extent to which policy changes.[33]

The concept of 'policy community' is used here to explain the CAP's 'lock in', i.e. the way in which agricultural producers' interests and views were 'vested' in the decision-making process, and the path-dependent way in which change occurred in this area when Spain was trying to join the EC. This section does not provide a full application of such typology and develop all its implications; it only borrows some key insights which assist in the explanation of the institutional rigidities that, to a large extent, defined the way in which Spain's accession negotiations to the EC unfolded.[34]

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[32] See Thatcher, 'The development of policy networks analyses', pp. 239-416; Bulmer, 'New Institutionalism', p. 369. In this section I follow the typology developed by Marsh and Rhodes, *Policy Networks*, summarized in Appendix 1.

[33] Richardson, 'Policy-making in the EU', p. 10.

[34] The CAP's resistance to reform, largely explained in terms of the preeminence of farmers associations in the policy-making process, has been analyzed from this perspective elsewhere: Grant, *The CAP;* Patrick O'Hagan, *EU agricultural policy making towards Poland, 1989-1995, and its implications for policy network theory,* University of Oxford, D. Phil., 1996; John Peterson, and Elizabeth Bomberg, *Decision-making in the European Union,* London, Macmillan, 1999, pp. 138-141; Franz U. Pappi and Christian H. C. A. Henning, 'The organization of influence on the EC's Common Agricultural Policy: a network approach', *EJPR,* vol. 36 (1999), n. 2, pp. 257-281; Elmar Rieger, 'Protective shelter or straitjacket: and institutionalist analysis of the Common Agricultural Policy of the EU', in Stephan Liebfried

2. 1. Stable and reduced membership

The first question to address when analyzing a policy network is: who has an interest in this policy problem? 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 economy further links it to a number of other sectors. However, not all the actors who have an interest are equally mobilized and represented in the decision-making process, because of institutions and their biases. 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 potential 'stake-holders' in the policy outcomes. In contrast, the 'inner circle' is limited to those actors who participate regularly in the formulation and implementation of the policy. Who are they and how are they related?

Under the Treaty of Rome, the Commission had to convene a conference to formulate 'proposals for working out and implementing' the CAP.[35] The Stresa conference took place in July 1958, with the aim of consulting the relevant interests as a basis for the formulation of such proposals. It included the agriculture ministers of the Six, their officials, and representatives from farm organizations and the food processing industry.[36] The final resolution of the conference underlined the need to consult professional organizations in this sector and welcomed the Commission's intention of a 'close and continuous' collaboration with them. The Commission therefore encouraged the national farm organizations to unite at European level, and COPA, the umbrella organization grouping the main national farmers' unions at the European level, was created soon afterwards. At this stage of information gathering and proposal

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and Paul Pierson, *European social policy: between fragmentation and integration*, Washington, the Brookings Institution, 1995, pp. 194-230.

35 *Rome Treaty*, Art. 43. 1.

36 It is worth noting here the lack of representation of consumer organizations, which explains the bias in favour of producers rather than consumers' interests which characterizes the CAP.

formulation, the Commission needed the political support and information of as many organizations in the agricultural sector as possible. To ensure these contacts, a special division in charge of 'relations with non-governmental organizations' was created in 1958 in DG VI. This special division had no equivalent in the other DGs and it opened the list of organizational peculiarities which have made policy-making in this sector different to others. Direct and routinized lobbying in Brussels was almost unique to the agricultural sector for a long time, and constitutes one of the main reasons for the over-representation of farmers in the EC structure.[37] This partly explains why their concerns over Spain's accession could not be easily over-ridden by other considerations.

In June 30 1960, the Commission submitted its 'proposals for the working-out and putting into effect of the CAP' to the Council of Ministers.[38] By 1961, the pressure to agree on more specific measures and policy instruments increased with the British application for membership, and also because the CAP time-table was tied to the passage to the second stage of the Customs Union in January 1962.[39] In order to accelerate the negotiation process, a Special Committee for Agriculture (SCA) composed of civil servants from each member state was set up to advise the Council of Ministers in their discussion of the Commission's proposals. This group was the equivalent of COREPER, which had been created by Foreign Ministers to prepare their meetings. The creation of the SCA, originally envisaged as provisional, started the move towards functional specialization in the Council. The SCA survived as the permanent

[37] For the relation between interest groups and the Commission, see Cini, *The European Commission*, pp. 146-153; Sonia Mazey and Jeremy Richardson, eds., *Lobbying in the European Community*, Oxford, Oxford University Press, 1993; Geoffrey Edwards and David Spence, eds., *The European Commission*, Essex, Longman, 1994; and M. P. C. M. Van Schendelen, ed., *National public and private EC lobbying*, European Centre for Public Affairs, Dartmouth, Aldershot, 1994.

[38] CEC, *Proposals for the working out and putting into effect of the Common Agricultural Policy in application of Article 43 of the Treaty establishing the European Economic Community*, Brussels, 30 June 1960, Commission (60) 105.

[39] There was also pressure from France to establish the principles of the CAP before negotiations with Britain started. Hendricks, 'The creation of the CAP', p. 146; Ludlow, *Dealing with Britain*, p. 52.

instrument of the CAM, and as a separate committee from COREPER. In this way, national civil servants working on agricultural problems were not compelled to consider the implications of their decisions in other sectors, reinforcing the 'closed shop' that has characterized policy making in this sector, dominated by 'experts'.[40] This organizational peculiarity of the CAP has contributed to the insulation of the agricultural policy community from other areas of economic policy and, therefore, to its successful resistance to the reforms required by enlargement.

In this way, by 1962, the dominant actors of the agricultural policy community at the European level had been clearly defined and linked. First, there was the national governments, more precisely, national ministries of agriculture, which were represented in the CAM, where they had veto power (until 1982 when the Belgian Presidency forced Qualified Majority Voting (QMV) to overcome British opposition). All of them had close relationships with their national farm organizations and saw it as their role to win the best possible deal for their own farmers regardless of whether this was consistent with the 'national interest' as defined by the Foreign or Finance Ministers (see next chapter).[41] Together with the CAM, the SCA was another crucial actor in the decision-making process; their attitude partly accounts for the rapid rise in the cost of the CAP in the 1970s and early 1980s.

Second, there was DG VI of the Commission, in charge of the formulation of legislative proposals as well as of their implementation, therefore having a major interest in the development of this important policy. It has been argued that DG VI resembles a ministry of agriculture in its size and operations: it has been the second largest DG, using up 10% of total staff spread across eleven administrative units to address the full range of agricultural policy issues, from managing the various commodity markets, to international trade. The burden of managing such a complicated policy as the CAP has made DG VI partly responsible for the incremental policy-ma-

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40 Neville-Rolfe, *The politics of agriculture in the EC*, p. 208.
41 Pearce, *The CAP*, p. 15.

king in the sector, and its routinized procedures are behind DG VI's reputation for conservatism and separateness.[42] Because of the large amount of legislative work involved in the management of the CAP, many decisions, if passed by the management committees that exist for each commodity, do not then even go to the CAM, which restricts its discussions to matters of principle.[43]

Third, there are the producers, represented by COPA. The monopoly of farm representation through COPA at the European level, established at the Stresa conference, was intended to spare the Commission from having to negotiate between conflicting agricultural interests, by subsuming and aggregating their enormous diversity under a single voice.[44] Here, it is important to point out that functional monopolies of interest intermediation are among the fundamental characteristics of corporatism, as defined by Schmitter, and in terms of the Marsh and Rhodes model, they are one of the most common ways of restricting membership of, and access to a tight policy community.[45] Limiting access also reduces the number and nature of demands on the system, making outcomes more predictable. It is therefore an important source of policy inertia.

In sum, the membership of the agricultural policy network at the European level has been reduced and stable over time, in the sense that no new actors have subsequently been permanently included, which is a defining characteristic of a 'policy community'. More important, all these actors seemed to share a set of basic beliefs about the goals of the CAP and the legitimacy of its outcomes. Ministers of agriculture, farmers' association

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[42] O'Hagan, *EU agricultural policy making*, p. 253; Harris, Swinbank and Wilkinson, *The food and farm policies of the EC*, p. 16.

[43] Gray *Pressure groups*, pp. 450-490; Harris, Swinbank and Wilkinson, *The food and farm policies of the EC*, p. 26.

[44] Jean Meynaud and Dusan Sidjanski, *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, 1971, p. 172.

[45] Philippe C. Schmitter, 'Interest intermediation and regime governability in contemporary Western Europe and North America', in Berger, *Organizing interests in Western Europe*, p. 296; Marsh and Rhodes, *Policy Networks*, p. 3.

representatives and Commission staff from DG VI shared the idea that the EC should intervene in agriculture to 'ensure a fair standard of living' for farmers and ensure 'self-sufficiency'. This is not to downplay, however, the sharp differences of opinion between the actors, with, for example the Commission insisting on using more structural measures and reducing guaranteed prices, while COPA has always criticized the Commission's price proposals as insufficient and the CAM has resisted the introduction of structural measures at the EC level; the divisions among the member states inside the CAM have also been formidable. Yet, these differences seemed relatively minor when compared with the views of outside actors, like finance ministers who wanted to cut expenditure, against which the European agricultural policy community, concerned with redressing the North-South imbalance of the CAP, seemed rather homogeneous. The next question which needs to be addressed is what were the relationships between these actors?

2. 2. The structure of interactions and path-dependence

The framework which structures relationships among the actors of the agricultural policy community was a distortion of original EC principles, in the sense that the CAP ignored the general preference for market mechanisms for the allocation of resources in favour of public financial intervention with redistributional purposes.[46] 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 the agricultural community'.[47] This is important because the re-distributional nature of this policy has promoted 'rent-seeking' behaviour on the part of actors and produced inefficient outcomes downstream for society as a whole.[48] For this reason, many have insisted that the CAP is 'a

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[46] Harrison, *The division of labour and the division of Europe*, p. 13.

[47] *Rome Treaty*, Art. 39. 1. (e).

[48] The concept of 'rent-seeking' behaviour is used here following Olson: it applies to those organizations 'oriented to struggles over the distribution of income and wealth rather than to

self contained world' which cannot be judged on purely economic criteria of rationality or efficiency.[49] The management of an interventionist CAP required a higher degree of centralization in the decision-making process than in other areas and a substantial pool of resources to pay for it. The introduction of common guaranteed prices for the Six implied an unusual centralization of authority in DG VI of the Commission and the CAM, and meant that decisions taken at the EC level had direct financial impact on individual farmers. In turn, these bodies have been open to the influence of producers' organizations, as they provide vital technical information for drafting policies and help in their implementation. 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 fact that governments have traditionally intervened in agricultural markets has made farmers' associations powerful, particularly because 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 of the Commission, despite its size, is still understaffed if compared to national ministries. In this way, the high degree of mobilization of farmers at the European level is not only due to the fact that their incomes depend directly on the decisions taken in Brussels, but also because EC authorities need them to manage the policy. At the national level, the farming sector in each of the member states also exhibits an unusual degree of organization 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.[50]

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the production of additional output'. Mancur Olson, *The rise and decline of nations: economic growth, stagflation and social rigidities*, New Haven and London, Yale University Press, 1982, p. 44.

[49] Elmar Rieger, 'The Common Agricultural Policy' in Wallace and Wallace, *Policy-Making in the European Union*, p. 100; Gardner, 'The CAP', p. 169; Grant, *The CAP*, p. 2; Pearce, *The CAP*, p. 9.

[50] As mentioned in chapter 6, there were several incidents during the Spanish accession. For the most recent example of farmers' mobilization against CAP reform see 'Farm reform

Involvement of farmers' interest groups in the EC policy process has provided them with additional access points to the decision-making process.[51] In the 'consultation' phase, farmers' associations have access to Commission officials through COPA, and thus have the opportunity to influence proposals. Informally, the Commission also consults national groups directly if the stakes are high.[52] The relationship between DG VI and COPA quickly became routinized through scheduled meetings and was complemented by informal contacts between the two: COPA's leader meets with the Commissioner for Agriculture every four to six weeks, while staff members have frequent access to middle level Commission officials in DG VI.[53] This organization is thus a key player in agenda-setting and it has been a sounding-board for the Commission on which to test its proposals.[54] The role of COPA highlights the fact that there can be sectoral transnational alliances of interest groups which defy the gate-keeping role of national governments in formulating and representing the 'national interest'.

A common feature of this monopolistic kind of functional interest intermediation is the division between elites and lay members inside the associations. Elites must behave in a way which encourages government officials to believe they are worth listening to.[55] Therefore, they must have the technical knowledge and information, and appear to be relatively moderate and sensible, as well as in control of their members' actions. Moreover, they have to be rich enough to put aside the necessary time and work away from their farms. In this way, elites differ sharply from the apathy, poverty and technical incompetence of most ordinary members. The

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plans spark angry demonstrations in Brussels', *Financial Times*, 23/2/1999, p. 22.

[51] M. P. C. M. Van Schendelen, 'Introduction: the relevance of national public and private EC lobbying', in Van Schendelen, *EC lobbying*, p. 10; see also Guy Peters, 'Agenda-setting in the European Union', in Richardson, *Power and policy-making in the EU*, p. 62.

[52] Averyt, *Agropolitics in the EC*, pp. 73-83.

[53] Gardner, 'The CAP', p. 170; Averyt, *Agropolitics in the EC*, p. 78.

[54] Hendricks, 'The Creation of the CAP', p. 142. In contrast, COPA's relationship with the CAM remain informal and unstructured, because there, it is national associations which lobby their respective ministers.

[55] The 'iron law of oligarchies' was first conceptualized by Robert Michels, *Political parties: a sociological study of the oligarchical tendencies of modern democracy*, New York, Dover, 1959. Averyt explains this with regard to COPA, *Agropolitics in the EC*, p. 75.

hierarchy inside individual farmers' organizations and collectively, when they are grouped in COPA, accounts for the CAP's 'perverse' distribution of resources: the Commission has estimated that 80% of CAP expenditure still goes to 20% of farmers, benefiting most those who are rich and mechanized.[56] Another consequence of the divorce between elites and the base is that those disenfranchised or not properly represented are tempted into alternative means of making their demands heard (riots and demonstrations) and ultimately risk of splitting the organization into rival groups. To avoid this, the elites have to incorporate their demands. The dilemma between control and representation grows the larger the group, and COPA has been through a lot of trouble in keeping the representation of farmers together, given the diversity of interests it has to aggregate and represent. Its main demand has concentrated on high guaranteed prices which are about the only thing all farmers can agree on. During Spain's accession negotiations, it had to take on board the demands of Mediterranean farmers.

The influence of national agricultural lobbies in the drafting of proposals is also felt through contacts with personnel in the Commission. Moreover, given the high degree of technical specialization, there seems to be considerable job rotation for individuals in farmers' associations, the national ministries of agriculture and DG VI, which is an additional source of personal contact among the three sets of organizations inside this policy community.[57] In this respect, the French have traditionally dominated in DG VI whose Director General has always been a French national, as well as

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[56] CEC, 'The Common Agricultural Policy', *EC Bulletin Supplement*, 4/1983; Rieger, 'The CAP', p. 112.

[57] Several members of the CAM have later become Commissioners for Agriculture (Sicco Mansholt, Paul Dalsager, Ray MacSharry). The small member states, in particular, have sometimes nominated experienced agriculture ministers to the Commission to enhance the probability of their being given the portfolio. Several Ministers of Agriculture have been farmers themselves (Michael Jopling) or leaders of associations (François Guillaume, Ignaz Kiechle). Job mobility is also considerable between the SCA, expert groups and DG VI; see Paul Culley, 'The Agriculture Council', in Westlake, *The Council of the EU*, pp. 199, 202; see also Gray, *Pressure groups*, pp. 50-51.

COPA, where they represent the largest and most diverse group.[58]

When defending a distinctively national agricultural interest the influence of producer groups depends on how much pressure they can put on their own governments at home (see next chapter). It is vital to have a voice in national domestic politics in order to make governments defend their sectoral interests at the European level. This is done through national representatives in the SCA and the CAM. Many of these associations also participate in the last part of the policy process, implementation, and in so doing, they further interact with national public administrations.

Finally, there is also the relationship between the Commission and the CAM. Since the Luxembourg compromise, the Commission knew its proposals could not go further than what the Council would accept. Thus in many cases the Commission found itself having to buy off different particular interests, rather than trying to promote integration and cohesion in its proposals. In turn, the CAM depended on the Commission to act, because the latter held the competences of initiating legislation, and of implementing the rules of the market organizations.[59]

Summing up, the organizations which represent the agricultural producers intervene at all stages of the policy process, from consultation to implementation. In the consultation phase they lobby the Commission through COPA. In the other phases, national organizations lobby through personal contacts or national governments and their representatives in Brussels in the SCA and the CAM. The fact that this is 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

58 Peterson and Bomberg, *Decision-making in the EU*, p. 141. Averyt, *Agropolitics in the EC*, p. 89.

59 Geoffrey Edwards and David Spence, 'The Commission in perspective', in Edwards and Spence, *The European Commission*, p. 4; Cini, *The European Commission*, p. 14; Rieger, 'The CAP', p. 108.

political control. DG VI and national agricultural ministries are structurally dependent on farmers associations, which has resulted in the creation of an informal rule: there is a tacit understanding that the Commission and the CAM propose and agree only on what is acceptable for COPA and the national groups.[60] The key resources which give producer groups privileged access to the decision-making process in this sector is not only linked to economic position or political control, but also and more importantly, to specialized *knowledge*.

However, farmers are also dependent on public authorities for their incomes, and this makes them, in their turn, dependent on the Commission and the ministries of agriculture who defend them in the CAM. Their dependence on each other for precious resources and their routinized interactions by means of the budgetary and price-fixing cycles explain the 'symbiotic' nature of their relationship as well as its persistence and stability. The symbiosis is such that the roles of actors appear to have been reversed. 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 concerns and fiercely defend their interests in the CAM, while, DG VI 'sees its role as that of a farm support organization'.[61] The confusion in the roles played by these organizations is possible because there is an underlying ideological consensus among them.

Stability is also explained by the fact that the CAP requires an annual review of prices. Over time, this has made relations between the groups highly stable and institutionalized in formal meetings and informal events. The above mentioned meetings of COPA with DG VI are but one example of routinized interactions. This stability is an uncommon feature in other EC policy areas, where, according to Richardson and others, uncertainty

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60 According to Gardner, this is visible in the unpublished Commission and Council working group papers between 1978 and 1984 to which he had access; 'The CAP', p. 171.

61 Martin J. Smith, 'The agricultural policy community: maintaining a closed relationship', in Marsh and Rhodes, *Policy Networks*, p. 31.

prevails and the rules of the game are still disputed.[62] Needless to say, such stability explains both the incremental nature of policy-making and widespread resistance to change. As will be shown in chapters 6 and 7, change occurred following the CAP's own 'logic', bounded within what was acceptable to this policy community, which managed to keep control of the process and minimize their costs of adaptation to enlargement. How did they manage to keep non-agricultural interests out?

2. 3. Exclusion: its mechanisms and implications

Another feature which characterizes a policy community is the way in which it deals with those interests which are affected by its actions, but have limited access to the decision-making process. Although in reality, issues are connected to each other, their deconstruction for processing by a fragmented decision-making structure which gives access to certain groups but not to others ends up producing biased decisions, which result in the perpetuation of certain views.

As noted above, the role of consumer associations has been practically non-existent since the creation of the CAP. The under-representation of consumers is one of the main reasons why objective (e) of the CAP (reasonable prices for consumers) has always been ignored in favour of objective (b) (ensuring a fair standard of living for farmers) which benefits producers. The exclusion of consumers, who (given the support mechanisms) are the 'natural enemies' of producers, can be explained in three main ways. First, as Meynaud and Sidjanski noted, EC institutions and activities are built in a way to emphasize production, so 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.[63]

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62 Richardson, 'Policy-making in the EU', p. 11; Peterson and Bomberg point out that the CAP's stability is evidenced by the fact that no other major EU policy is still defined by treaty articles which are the same today as they were in 1957: *Decision-making in the EU*, p. 121.

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

Second, the complexity and technicality of the rules which operate in the agricultural sector ensure that all those who lack the specialized knowledge to formulate their interests in the 'technical' language of the agricultural *acquis* are excluded. The depolitization of the issue, by breaking it down to very technical details, discourages participation from outsiders, and automatically reduces their demand for representation in the policy process.[64] The average European consumer (or indeed the heads of state and government) is not aware of the detailed workings of the CAP and, therefore, finds it difficult to have direct influence in the policy. Whether intended or not, this complexity makes it difficult for outsiders to enter the agricultural policy community without absorbing some of the assumptions and values of the existing insiders.[65]

Third, in contrast to farmers' interest groups, 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, which is, on its own, very demanding in terms of specialized personnel required. Furthermore, the *Bureau Européen des Unions de Consommateurs* (BEUC) which is the umbrella organization representing consumers 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.[66] In this way, the rules about consultation, which are part of CAP institutions, contributed to the exclusion of consumer views. Their actions tend to be dispersed, and their power diffused by such constraints.

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. Spanish interest groups were also excluded from the process of reforming the *acquis* for wine, olive oil and fruit and

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64 Smith, 'The agricultural policy community', p. 32; Gardner, 'The CAP', p. 177.
65 Grant, *The CAP*, p. 1.
66 Meynaud and Sidjansky, *Les groupes de pression dans la CE*, p. 361; Gray, *Pressure groups*, p. 453.

vegetables, the central issues of the negotiations.[67] As explained in the previous chapter, the way in which accession negotiations are conducted tends to favour existing member states' interests over those of the applicants. One of the main consequences of this exclusion was that Spain eventually paid most of the costs of adaptation, while the existing members managed to minimize their prospective costs during the process of re-shaping the Mediterranean *acquis* and of formulating the common negotiating position.

Other crucial actors which have been kept at the sidelines of the agricultural policy community were the Council of Economics and Finance Ministers (known as ECOFIN Council), in charge of budget discipline, and the Budget Council, with very different agendas and priorities than those of the CAM.[68] Finance ministers could be seen, like consumers, as the 'natural enemies' of the highly subsidized and privileged agricultural policy community. At the EC level, the role of the budgetary constraint is limited because guaranteed prices (which in 1979 accounted for 95% of the EAGGF expenditure) were part of the Community's 'legal commitments' (i. e. derived directly from the treaties) and could not be touched. This greatly reduced the moderating role that the Budget Council or the EP (the budgetary competences of which were increased in 1975), could have played as checks on agricultural spending, despite the fact that they were called into the policy process by means of the annual budgetary cycle.[69] Although in charge of 'budget discipline', the ECOFIN Council is not responsible for the

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[67] In the British case, Commonwealth sugar producers often complained that they did not have influence to set against the power of the sugar beet lobby in France, which advocated the strictest application of the principle of Community Preference to their detriment: Young, *Terms of entry*, p. 159. The exclusion of Spanish interests has been mentioned in chapter 3 and will be reviewed in chapter 6. It suffices to note here the demands for participation on the part of the government, 'El Gobierno español desea participar activamente en la discusión de las reformas comunitarias', *El País*, 18/3/1981, as well as on the part of producer groups, 'La Confederación Nacional de Cámaras Agrícolas critica al Gobierno por las negociaciones agrarias con la CE', *El País*, 17/11/1981; 'España intenta impedir en la CE la aplicación del nuevo reglamento hortofrutícola', *El País*, 30/4/1984.

[68] Pearce, *The CAP*, p. 16.

[69] See Laffan and Shackleton, 'The Budget', Box 3. 1., p. 74; and Rieger, 'The CAP', p. 110; Westlake, *The Council of the EU*, pp. 180 and 253.

annual budget procedure; it is the Budget Council which is in charge of allocating available revenue among different headings of expenditure, but it does not discuss agricultural guarantee spending, because this is done in the EAGGF committee every year.[70] In this way, external controls over agricultural expenditure were virtually eliminated at the EC level.

This, in turn, meant that finance minister's power for keeping in check agricultural expenditure remained at the national level. Yet, as will be explained in the following chapter, the degree of domestic co-ordination between finance and agricultural ministries varied from one member state to another. It was further undermined by the fact that, once in Brussels, ministers of agriculture tended to regard their Council colleagues as allies and their government colleagues responsible for finance or trade at the national level as adversaries, so they did not always defend the position agreed at home. Sectoral segmentation at the EC level amplified the co-ordination problem which was already acute in some member states.[71] The most striking case was that of West Germany, which opposed a reduction of agricultural prices in the CAM while, at the same time strongly advocated financial discipline in the ECOFIN Council.[72] In fact, as will be shown in chapter 6, the main row that delayed Spain's negotiations was between the CAM and the ECOFIN Council.[73]

The strong segmentation the EC level which has contributed to the insulation of this policy community from finance ministers, or indeed any other non-agricultural pressure, was accentuated by the fact that there was no formal hierarchy among the various Councils of Ministers. The GAC of

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70 Therefore, the first step to impose discipline was to switch expenditure out of the Guarantee section, so that it could be revised by the Budget Council and the EP. This is why the Commission insisted that the IMPs should consist of Guidance, rather than guarantee measures, as explained in chapter 7.

71 Culley, 'The Agriculture Council', p. 200; Wright, 'The national co-ordination of EU policy', p. 152. The rules inside the CAM meant that even a 'disciplined' minister could do little if he was in a 'minority of one', as the outvoting of the British in 1982 showed; Smith, 'The agricultural policy community', p. 31.

72 *Agra Europe*, 15/2/1985, P/1.

73 'El desacuerdo de los ministros económicos y agrícolas de la CE dificulta la sesión con España', *El País*, 1/10/1981.

foreign ministers was regarded as *primus inter pares*, or Council of 'last resort', because of its diplomatic expertise and its link to COREPER. Yet, there was no legal basis for its pre-eminence which grew weaker as the move towards sectoral specialization in the Community progressed. At the national level, foreign affairs ministers did not necessarily have pre-eminence over their colleagues, and at the EC level, sectoral Councils, notably the CAM, became increasingly unwilling to refer disputes to the GAC. With the development of summitry and the emergence of the European Council in 1974, the function of co-ordination was passed on to the heads of state and government, who then formally established the pre-eminence of the GAC at the Stuttgart summit of 1983.[74] Even after this move, effective co-ordination of action in the different policy areas depended greatly on how this was achieved at the national level by each member state, and the peculiarities which insulated the CAM at the EC level did not disappear.

The most important of these peculiarities has been the existence of the SCA as separate from COREPER, which is a unique feature of the agricultural sector, because most of the inter-sectoral co-ordination at the EC level occurs in this body, composed of the Permanent Representations (PR) of the member states in Brussels, who in turn are normally in charge of ensuring the coherence of their governments' national positions. So in contrast to COREPER which is mainly composed by diplomats based in Brussels, the SCA has been constituted by senior officials from national agriculture ministries with experience in the CAP, who are involved in implementation, and who see their ministers almost daily. The Commission is represented in SCA meetings by one of the four Deputy Director-Generals from DGVI, not by the Secretariat General as in COREPER.[75] The closeness of the relationship between the SCA and the CAM is crucial for the building up of a negotiating position with technical

[74] Westlake, *The Council of the EU*, p. 168.
[75] Culley, 'The Agriculture Council', p. 201.

and political arguments and also in the transformation of political agreements into legal texts.[76]

When the SCA is preparing the work of the CAM, it normally convenes a working party of technical experts which reports directly to them, to make a first examination of the proposals. This is also a-typical from the expert working parties convened by COREPER, because they normally report to counselors/attachés which cover several policy areas rather than a single *dossier* and have a broader view than the experts. This forces them to sort out as many issues as possible at expert level, while in agriculture, every issue is sent up to the SCA making their discussions highly detailed and technical. In addition, there is the informal rule that ministers reserve to themselves the negotiation and agreement on major political *dossiers*, so less negotiation is done and concessions made at the SCA than at COREPER. This can have the effect of holding as hostage a *dossier* which could have been solved at a lower, technical level.[77] The formal and informal rules governing the relations between the SCA, the CAM, and experts working parties explain why in agriculture, more than in any other sector, technical issues rise to higher levels of decision-making.

A final element to be considered in the insulation of the agricultural policy community at the European level is the fact that the Commission is also divided into different DGs, which follow different procedures and pursue different -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. This is supposed to be counterweighted by the collegiate system of decision-making and DG I's role as co-ordinator, but in practice only high profile issues get discussed at the level of the college of Commissioners, and much of the

[76] However, it must be noted that COREPER participates in the preparation of Council meetings on issues relating to the finances of the CAP.

[77] Culley, 'The Agriculture Council', p. 203. The preponderance of technical problems during Spain's accession negotiations will be illustrated in chapter 6.

routine work is carried out by DG VI on its own. The co-ordination problems inside the Commission became evident during Spain's accession negotiations as a row erupted between the Commissioners which delayed the formulation of proposals for the reform of the CAP (see chapter 6).

The inter-sectoral row reached such a level during Spain's accession negotiations that the Community devised several ways of coping with the problem of co-ordination. With regard to the Commission, there was the establishment of special groups of Commissioners to handle clusters of related issues. In May 1983, 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 summit of the European Council.[78]

With regard to co-ordination at the Council of Ministers level, the difficulties were such that the ECOFIN Council referred the problem of increasing the Community's own resources 'sideways' to the GAC or 'upwards' to the European Council. Then, 'special councils' of Foreign, Finance and Agriculture ministers were convened in 1983, and the preparation of their work was entrusted to a *Groupe Unique* to advance in the reform of the CAP and of the structural funds.[79] Their success was rather limited and, as in domestic systems, these problems had to be referred to the highest decision-makers, the European Council, for 'political guidance'. The fact that heads of state and government had to discuss the details of agricultural prices and wine quotas at Stuttgart and Fontainebleau was a symptom of a horizontal conflict at lower levels of the decision-making structure in the Community.

This inter-sectoral conflict at the EC level circumscribes the intergovernmentalist view of the state as 'gate-keeper' and 'aggregator of preferences' (the Putnam/Moravcsik model) which sees the state as coming to the Community bargaining table with a clear agenda in which issues and policy goals

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[78] *EC Bulletin* 5/1983, § 2.1.97.
[79] *Agra Europe*, 26/8/1983, P/3.

have already been established and prioritized at the domestic level.[80] As the next chapter will show, the 'national interest' was never so neatly defined. This was clearly visible in decentralized states like Germany or Belgium, but it was also the case for member states, like the United Kingdom or France, which have centralized foreign policy co-ordination machineries, because of the rules inside the CAM, and the weak co-ordination mechanisms at the EC level.

Conclusion

The institutions which constitute the framework 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. HNI explains that rules are organized hierarchically, and vary from a general level, (that of constitutions or the Treaty of Rome in this case), to specific regulations and contracts. 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 (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, and the Budget Treaty of 1970, which established its funding with the Community's 'own resources', 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 enlargement studied here.

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 to be guaranteed prices and Community Preference, marginalizing the option of structural measures, which largely remained under the control of

80 This model assumes that each party to a negotiation is represented by a single 'chief negotiator' or 'central decision-maker'; Putnam, 'Diplomacy and domestic politics', pp. 434-435; Moravcsik's assumption of rationality in national behaviour requires that national political leaders play effectively their co-ordinating role. This assumption is the basis of his focus on the 'grand bargains' struck at IGCs, The *choice for Europe*, pp. 18 and ss.

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 at the time. 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. Thus followed the establishment of the various commodity regimes from 1962 to 1969, constituted by a myriad of regulations and directives, and the setting up of management committees for their implementation. 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 levels of production. Most of the changes brought by enlargement, which can also be seen as an exogenous factor, took place at this level as well, leaving the principles of the CAP intact.

By 1980, the CAP was in need of more radical reform, as expenditure reached the limit of the Community's 'own resources'. This was aggravated by the prospect of Spanish accession, which triggered a revision of the regulations and directives concerning Mediterranean products (wine, olive oil, fruit and vegetables), that eventually resulted in the establishment of the IMPs. Although innovative, they challenged not the fundamental idea that agriculture ought to be subsidized, but the way in which the EC budget was funded. What is astonishing in this case is that, even under the most severe budgetary constraints and the additional pressure for reform brought by the prospects of incorporating Spain, nothing radical was done to cut CAP spending. Instead, at Fontainebleau, the European Council agreed to add a further 5 billion ECU to the budget, by means of the VAT *déplafonnement* (raising the ceiling of VAT based contributions by the member states from 1% to 1.4%).[81]

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81 *EC Bulletin*, 6/1984, §§ 1. 1. 1.-9.; Gardner, 'The CAP', p. 167.

In the CAP, reforms did not really tackle the underlying problem of overproduction, and by 1987, the Community found itself again facing exactly the same problem: the exhaustion of 'own resources'.[82] Therefore, enlargement challenged the CAP and its tight budgetary arrangements, but this challenge was met was by introducing the minimum changes needed to meet the new conditions and keep the CAP going. As will be explained in chapter 6 in more detail, the limits to change set by CAP rules and logic were such, that the consequences of Spain's accession were dealt with the creation of *new* redistributive policies (the IMPs) and a commitment to raise the structural funds, rather than with a substantial cut in guarantee levels for northern products.

This illustrates what HNI calls a 'lock in' situation where path-dependence operates: a set of institutions which might not be ideal or efficient for society as a whole can perpetuate itself because it reflects the best possible bargain available for certain actors.[83] This 'lock in' situation suggests the EC/EU institutional framework has not been 'elusively fluid' across the board, but that there are important variations in stability according to each policy area. This is important because it has been argued that 'policy-communities' and HNI in general, with their focus on stability and incremental change are too 'static' and therefore not suitable to the study of European integration, which has been characterized by a complex and rapidly changing institutional environment.[84] Yet, as this chapter has shown, the principles and governance structures of the CAP have not undergone substantive changes. Rather, the EC has evolved by expanding its compentences into new policies and including new countries. So, although overall the EC has changed quite rapidly, it has done so in a

[82] Denton criticized the Fontainebleau formula, because 'all that the agreement will achieve, if implemented, will be a limited increase in revenues of about 25%, which will barely suffice over the years between now and 1987 to meet the immediate requirements of UK refunds, enlargement, and the needs of the CAP', 'Re-structuring the EC Budget', p. 139. Another *'déplafonnement'* of the VAT ceiling to 1.6% had to be negotiated in 1988; Laffan and Shackleton, 'The Budget', p. 79.

[83] North, *Institutions*, p. 68.

[84] Kassim, 'Policy networks: a skeptical view', p. 20.

differentiated way, depending on each sector. In that sense the CAP has been an island of stability in what is otherwise a rapidly changing environment.

This chapter has explained the CAP's 'lock in' in terms of fragmented decision-making and the existence of a tight policy community in the sector. The main actors who had influence in the direction of the CAP were those that profited most from the increasing returns of such framework (interest groups, national agriculture ministries, DG VI). Since the costs of change were highly concentrated on them and the gains very diffused, the incentives for change were almost nil. Moreover, the highly complex and technical nature of this policy at the EC level constituted an important cognitive barrier to potentially hostile participants in the decision-making process and a bond among 'insiders' that puts knowledge and ideas at the centre stage and account for the 'gradualism', if not immobilism, that has characterized change in this sector.

The 'increasing returns' that the CAP institutions gave to organizations (prestige and resources for DG VI, influence to farmers groups, autonomy for national ministries of agriculture from budgetary constraints) combined with the shared idea that agriculture has to be subsidized and protected in certain ways, which set this policy in a direction which proved difficult to reverse. Arguably, a 'local rationality' developed in this sector which excluded radical ideas about reform and the actors who upheld such views -- especially finance ministers-- from most of the decision-making process. The understanding of this insulation at the EC level is, however, incomplete without the national level, where the accountability of agriculture ministers ultimately resides. It is to this subject and to the difficulty of formulating inter-sectorally coherent 'national interests' with regard to enlargement that the next chapter turns.

Member states' positions towards Spanish accession to the EC: defining the 'national interests', between 'global' and 'sectoral' logics (Level III)

Having reviewed the first two levels at which institutional factors affected the timing and contents of Spain's accession negotiations to the EC (the procedure for negotiations between Spain and the EC, and the isolation of the CAP's rules and decision-making structures within the EC), this chapter turns to the national level (Level III). It concentrates on the institutional factors that made the formulation of 'national interests' an ambiguous task for all the member states. All member states had *mixed* views about Spain's accession to the EC: from a 'global perspective', they supported Spain's bid to join the Community for 'high politics' reasons (security and democracy) as well as for 'low politics' ones (the opening of Spain's previously protected market in industrial products).[1] Yet, from a 'sectoral' perspective, they all had objections with regard to agriculture, as they would have either to face Spanish competition (southern France, Italy, Greece) or suffer CAP retrenchment to redress the North-South 'imbalance' and adjust to 'budgetary discipline' (northern France, Germany, Britain, Denmark, Netherlands).[2] The role that this sectoral concerns played in the articulation of the overall 'national' interests varied from one country to another and did not only depend on how much their farmers would be affected, but

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1 'Los dirigentes económicos europeos, favorables a la entrada de España en la CE', *El País*, 16/4/1977; see also *Le Figaro* on the same date; 'Declaración de solidaridad con las fuerzas democráticas españolas de los ministros de Exteriores de la CE', *El País*, 1/2/1977.

2 'La ampliación de la CE provoca recelo en sus organizaciones agrarias, mientras se estudia la adaptación de España', *El País*, 9/6/1977.

more important, on two institutional factors: the configuration of the national 'networks' (farmers associations and their relation to the state) and the relative insulation of the latter from non-agricultural pressures.

This chapter seeks to show that the conflict that held back the Community in the formulation of its negotiating position *vis à vis* Spain (and which therefore delayed the latter's accession) was not solely that between states, but also within them. Depending on the domestic co-ordination mechanisms of each member state and on the relations between their farmers associations and ministries of agriculture, these sectoral conflicts could reach the EC level without necessarily being settled at the domestic level first. These factors explain why sectoral interests could conflict with the 'global view' or even over-ride 'national interest'. They are indispensable to trace member states attitudes' towards Spanish accession and their variation, from the more vocal French obstructionism, where agricultural issues ranked side by side with 'high politics' because the governments' relationship with farmers associations was very politicized, to the more quiet (semi-corporatist, expert/elite driven) but still strong ones in Germany. Equally, organizational factors are indispensable to explain why Italy, whose farmers were to suffer most from Spain's accession, was never as obstructionist as France.

Attention to the national level is indispensable because, despite the CAP's transnational coalitions and supranational decision-making, it still remained strongly related to the internal problems of the member countries and to the domestic political control of agrarian interest groups.[3] The degree to which particular national interests were defended by governments in the SCA or the CAM against the more 'global', 'national interest' as expressed in ECOFIN or the GAC, had direct impact on the way in which enlargement negotiations with Spain unfolded. Thus, it was not until these sectoral disputes were addressed at the national level, especially within France and

[3] Rieger, 'The CAP', p. 199.

Germany, that action at the EC level could start taking place in the enlargement front.

So for each member, the general interest in enlargement is defined and then agricultural interests are explored to show how the two logics, the 'global' and the 'sectoral' did not always coincide. The views of the larger member states will be dealt with in more detail, but those of smaller members are also mentioned, because they also faced similar contradictions, and had veto power at the EC level, as Greece showed in December 1984. This analysis will also allow to go beyond the commonly held view which depicted French farmers as the villains of the story: all member states had some reason to fear enlargement, but most managed to hide behind the French, who took the blame for most of the delays in the process.

1. Germany

Spain's application came at a time when Germany[4] was becoming an increasingly independent international player with Brandt's *Ostpolitik*, while in the economic realm, its predominance in Western Europe suggested that any development within the EC 'would depend on what was acceptable in Bonn, Bavaria or Frankfurt'.[5] The West German position was always crucial, due to the substantial leverage it had through economic and financial influence on the applicants and on existing members. In addition, its domestic political parties and trade unions exercised a strong influence at the transnational level in support of the democratic transition process in the Iberian peninsula.[6] From the West German point of view, the political stability of the Southern European flank, through democracy and social and economic modernization, was the first and overriding concern. In the

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[4] I use the terms 'Germany', 'West Germany' and the 'Federal Republic of Germany' (FRG) interchangeably.

[5] Helen Wallace, *Widening and deepening*, p. 5.

[6] Christian Deubner, 'The southern enlargement of the European Communities: opportunities and dilemmas from a West German point of view', *JCMS*, vol. 18 (1980), n. 3, p. 231. For the links between German and Spanish political parties, see Story and Pollack, 'Spain's transition: domestic and external linkages', pp. 142-144.

context of the cold war, it was imperative to anchor the new regimes within the Western camp of democratic and economic liberalism. Therefore, the FRG took the lead in championing enlargement on political, economic and strategic grounds, and was Spain's main sponsor.[7]

Strategically, Western institutions could not, in the context of the cold war, afford to let the new democracies of Southern Europe slip towards a the Soviet Union, neutralism or anti-imperialism.[8] The Germans, together with the British, were among the first to argue that membership of the EC was the main guarantee against such temptation, especially because support for NATO in Spain was tenuous. Nevertheless, the degree to which the Spanish government could play the NATO card to influence EC accession negotiations was limited: only by staying in NATO could the Spanish government be assured of German and British support for EC entry.[9] This factor certainly had some influence in the German and British commitment to respect the deadlines in the final drive of the negotiations, in early 1985.[10]

Politically, the lack of a consolidated democracy in Spain until 1983 was considered as dangerous by West European governments, for the instability of a regime 'in transition' was believed to render actions and attitudes uncertain. Consolidated democratic regimes, in contrast, were supposed to channel political activity into more predictable, and hopefully peaceful, paths.[11] Germany and Britain quickly realized that the EC was a framework

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[7] 'La RFA apoya firmemente la integración española en Europa', *El País*, 21/4/1977; 'Bonn insiste en que España debe estar en la CE por razones políticas', *El País*, 13/6/1980; Michael Leigh, *Nine EEC attitudes to enlargement*, Sussex European Papers n. 2, The Mediterranean Challenge Series vol. I, 1978, p. 13.

[8] Tsoukalis, *The EC and its Mediterranean enlargement*, p. 159.

[9] Story, 'Spain's external relations', p. 39.

[10] After PSOE won the October 1982 election, President Felipe González tried to link Spain's permanence in NATO to the speeding up of the EC accession negotiations. He threatened to hold a referendum about whether Spain should remain inside NATO, and to side in favour of withdrawal, if Spain was not admitted to the EC by 1986. For the analysis of the link between the EEC and NATO, see Fernando Rodrigo, 'Western alignment: Spain's security policy' in Gillespie, Rodrigo and Story, *Democratic Spain*, p. 54; see chapter 1.

See also 'Tight timetable for EEC accession', *Financial Times*, 18/1/1985. The role of the linkage between NATO and EC accession was insisted upon by Marín, *Interview*.

[11] See the arguments advanced by Edward D. Mansfield and Jack Snyder, 'Democratization and the danger of war', *International Security*, vol. 20 (1995), pp. 5-38. Whether this argument holds or not is a question which lies outside the scope of this thesis. For the argument presented here, what matters is the fact that this was believed to be the case by policy-

conducive to the consolidation of liberal democracy in Spain, in the sense that the prospect of EC membership gave external guarantees to the business and propertied classes and might help to resolve other unsettling issues.[12]

In the economic sphere, due to its specialization in investment goods, West German industry stood to gain most from liberalized economic exchanges with the prospective member countries.[13] In 1977, the FRG was already the main EC exporter to the candidate countries, running large trade surpluses with the three of them, followed by France and Italy. By 1982, Germany had displaced the US as Spain's first commercial partner.[14] As enlargement negotiations progressed, there was clear and mounting pressure on the German government by industrial trade associations and business leaders to insist on open access to the Mediterranean markets.[15] Together with the British, the Germans were keen on dismantling Spain's highly protected industrial market, its tariffs and subsidies which, under the 1970 EC-Spanish agreement, had been kept high.[16]

So, for Bonn, Spain represented an under-exploited market and Germany was Spain's principal sponsor in pushing hard to complete the chapters on trade and industry. Nevertheless, it is important to note that, although Germany dominated the foreign trade of the candidate countries, they absorbed only a marginal part of its total exports, Spain being its twentieth partner, and German economic interests in enlargement can very easily be exaggerated.[17] They were part of a more general German crusade for the liberalization of the Western European markets in the face of what they perceived as a growing tendency by governments towards protectionist interference in the domestic economy and international trade as a response to international

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makers.

12 Whitehead, 'Democracy by convergence', p. 57.

13 Deubner, 'The southern enlargement', p. 239.

14 In 1978, Germany accounted for 30% of EC's overall investment in Spain, Leigh, *Nine EEC attitudes*, p. 14.

15 Deubner, 'The southern enlargement', p. 239.

16 'Según expertos de la RFA, España deberá reducir drásticamente sus aranceles si entra en la CE', *El País*, 2/6/1978.

17 Leigh, *Nine EEC attitudes*, p. 14.

recession. In the opinion of West German official and industrial circles, especially after 1983 when the Kohl government took power, interventionist and protectionist policies could only impede German progress in Western European markets. In fact, if enlargement was accompanied by the introduction of the interventionist side of EC policies, like subsidies and quotas, it would remove the most potent incentive for the capital inflows into those countries.[18] In other words, the inclusion of Spain in the EC would only be profitable to the German economy if it was part of a broader move towards the liberalization of trade and finance in the Community.

The two main areas where Germany was to be negatively affected by enlargement were labour migration and some of the declining industries, like steel. But these did not present big problems. They were solved by the imposition of long transitional periods (seven to ten years for the free movement of persons), import quotas on steel exports, and a certain degree of industrial restructuration, all of which Spain had to accept. Upon a recommendation from the Commission that Spain should participate in the common policies for declining industries before accession, the PSOE government launched an ambitious programme of *'reconversión industrial'* in 1983. The support from German experts in the design of this industrial scheme was unavoidable, since the German Development Institute was the one that produced the most detailed studies of the implications of entry for the economies of the applicants.[19]

Last, but not least, the Germans were fully aware of the fact that they would be expected to pay a large part of the budgetary cost of enlargement.[20] Yet, the three main political parties and the main interest groups seemed to agree that enlargement was inevitable for security and political reasons and

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18 Deubner, 'The southern enlargement', pp. 230-235.

19 One of those studies is Deubner's article; see also Stephan A. Musto, 'The Canary Islands and the EC: options for integration', *JCMS*, vol. 20 (1981), n. 2, pp. 115-137; Ansgar Eussner, 'Industrial policy and southward enlargement of the European Community: the case of shipbuilding and repairs', *JCMS*, vol. 22 (1983), n. 2, pp. 147-172.

20 The Commission estimated that the total budget would increase by 15% to 20%: CEC, '1982 Inventory', p. 8.

the financial burden could therefore be tolerated.[21] So, why did the German government wait until the Stuttgart summit of June 1983 to agree to the increase in the VAT national contributions that was necessary to unclog the enlargement negotiations?

According to Leigh, the Germans were prepared to pay more into the EC budget only if that furthered integration and liberalization and not if it just resulted into more agricultural surpluses and increasing trade protectionism.[22] Therefore, the FRG made the increase in its contributions to the EC budget conditional to the wider package for the completion of the Single Market, which also included enlargement.[23] In this way, it has been argued that, despite its strong interests in an early enlargement, to which it held the budgetary key, Germany waited until it had secured a series of compromises that guaranteed the profitability of the enterprise.

Yet, upon closer examination, a more complex picture of German interests emerges, which better explains this delay. It turns out that one of the main enemies of this liberalizing crusade was Germany's own agricultural sector. The FRG's insistence on 'budgetary discipline' to curb CAP spending came from the Ministry of Finance, but was not supported in the Ministry of Agriculture. This is important, because it is often assumed that Germany, as the main contributor to the EC budget, was always ready to limit CAP spending. But the behaviour of German ministers of agriculture never supported this assumption. Rather, they defended agricultural interests independently of the federal government's policy line on the budget issue.[24] The power and degree of insulation of farming interests in the German political system was such that the German voice in Brussels has

21 'La RFA apoya firmemente la integración española en Europa', *El País*, 21/4/1977; 'Helmut Kohl manifiesta su apoyo al ingreso de España en la CE', *El País*, 22/4/1977; 'Apoyo del Partido Socialdemócrata alemán a la entrada de España en la CE', *El País*, 10/8/1977; Tsoukalis, *The EC and its Mediterranean enlargement*, p. 146.

22 Leigh, *Nine EEC attitudes*, p. 18.

23 Deubner, 'The southern enlargement', pp. 230 and 245. Marín also insists that it was this linkage which got the negotiations back on track, *Interview*.

24 Neville Rolfe, *The politics of agriculture in the EC*, p. 90; Gardner, 'The CAP', p. 177.

been described as 'polyphonic' and 'schizophrenic'.[25] And this was particularly acute during the period of Spain's accession negotiations.

It is true that the FRG was the main contributor to the budget, but it is often forgotten that it also benefited to a considerable degree from the high level of EAGGF expenditure, particularly for those products like sugar, milk and cereals which were responsible for the Community's largest surpluses, as well as from the MCAs system.[26] In these areas, Germany had staunchly opposed both the phasing out of MCAs since the 1970s, thus perennially confronting France and the Commission, and the reduction in guarantee prices for these products, the high level of which it was certainly to blame for. Germany had also opposed the development of 'guidance' measures (structural policy) at the EC level as means to sustain farmers' income levels.

So, when the German Minister of Agriculture endorsed 'budgetary discipline' in Brussels, this only referred to the Mediterranean products that the French and Italians were trying to protect, but not to his own northern products.[27] The incorporation of Spain's agriculture was to benefit Germany (and ensure access to low-cost Spanish supplies) only if the CAP's Mediterranean regimes kept their relatively more liberal outlook and lower levels of support, not the reforms demanded by France and Italy.[28] So it was really with regard to 'redressing the north/south' imbalance of the CAP that German agriculture officials shared their finance and trade colleagues' concerns about avoiding the creation of new burdens for the Community budget. Thus Germany was only partially committed to the coalition with Britain and the Commission, which wanted to liberalize the CAP and cut its level of spending.

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25 Beate Kohler-Koch, 'Germany: fragmented but strong lobbying', in Van Schendelen, *EC lobbying*, pp. 26-28. Hendricks, *Germany*, p. 80.

26 Mainly due to MCAs Germany's share of the EAGGF rose from 14.8% in 1976 to 26.7% in 1978: Hendricks, *Germany*, pp. 63, 79.

27 For the contradictory German position on CAP reform, see *Agra Europe*, 15/2/1985, P/1.

28 In a speech in July 1978, the West German Secretary of State of Agriculture advocated free trade for Mediterranean products, *Agra Europe special report*, p. 13.

These German contradictions with regard to CAP reform made the solution of the EC budget problem extremely difficult, which, in turn, did not facilitate Spain's accession to the EC.[29] The FRG government wanted to limit budgetary costs, but resisted dismantling the MCAs or reducing the level of institutional prices; it claimed to pursue a liberal trade policy, but attempted to protect its own farming population; it joined forces with Britain to freeze prices and then sided with France in the demand for higher farm income.[30] Germany even sided with Italian views and broke the north/south coalition line when it came to the issue of wine.[31]

These contradictions surfaced in several cabinet rows between the Free Democrat (FDP) Agriculture Minister Josef Ertl and his Social Democrat (SDP) coalition partners.[32] This internal conflict was projected into the EC level with the disputes between the CAM and ECOFIN Council, thus delaying the formulation of the Community's position in agriculture with regard to Spain's accession. Although this conflict was familiar to those studying the CAP, it has been overlooked by previous studies of Spain's accession negotiations and of the package deal that lead to the SEA in 1986. Not only was the German government holding the budgetary sources until agreement *with European partners* was obtained at Stuttgart as Leigh suggests, but the delay in raising budget contributions mainly came from domestic opposition to 'budgetary discipline'. So, why did these powerful sectoral interests manage to overrule the budgetary stability demanded by the Ministry of Finance, trade liberalization by the Ministry of Economics, or enlargement by the Ministry of Foreign Affairs?

First, the structure of interest intermediation of in this policy-area was different to all other areas of economic activity, because the Ministry of

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29 'Crece la resistencia en Alemania al ingreso de España en la CE por el problema agrario', *El País*, 14/8/1977; 'Se confirman las cortapisas alemanas al ingreso de España, Grecia y Portugal en la CE', *El País*, 19/8/1977.

30 Hendricks, *Germany*, p. 81.

31 As early as June 1978, the West German Secretary of State for Agriculture warned that enlargement would be a problem for EEC wine marketing, *Agra Europe*, 23/6/1978. See chapter 6.

32 See Neville-Rolfe, *The politics of agriculture in the EC*, pp. 87-100.

Agriculture was one of the few German ministries to be 'captured' by interest groups, and the DBV contrasted with the rest of German economic interest groups which were overwhelmingly in favour of an open market economy, free trade and private enterprise.[33] German farmers are highly organized and mobilized which compensates for their relatively small role in the economy (about 1.7% of GNP).[34] The DBV is one of the most powerful interest groups in Germany, and its unity is unique in the EC. It is composed of regional and other associations, which are well staffed, have at their disposal large budgets, and its internal information and communication systems are well organized.[35] Direct influence on government policies has been ensured by a complex set of personal contacts between the DBV board and the cabinet and various ministries, while the regional offices had similar contacts with the *Länder* agricultural authorities. Meetings between the Minister of Agriculture and the DBV president took place once or twice a month, while officials who went to Brussels for management committee meetings talked frequently with DBV staff working in the same technical area. At the EC level, the DBV also provides considerably more expert knowledge to the Commission, compared to its European partner organizations, and it has therefore managed to infiltrate the decision-making process in Brussels.[36] In addition their minoritarian position at home has been offset by collusion with the French within COPA, for example in opposing cuts in subsidies.[37]

Second, with regard to political parties, it must be noted that one of the peculiar characteristics of the DBV is that its structure is very decentralized, and its regional agricultural associations' preferred channel of access to public authorities is through the *Länder*. Elections take place every year in the *Länder*, and in some like Bavaria, agricultural issues are extremely

33 See Kohler-Koch, 'Germany', p. 43.
34 Averyt, *Agropolitics in the EC*, p. 19.
35 Kohler-Koch, 'Germany', p. 43.
36 Hendricks, *Germany*, p. 148; Averyt, *Agropolitics in the EC*, p. 18.
37 Kohler-Koch, 'Germany', p. 44.

important. There, the agricultural vote was virtually monopolized by Christian Democrats (CDU-CSU) who were in charge of the Federal Ministry of Agriculture under Chancellor Adenauer, a period during which a strong relationship between the DBV and the agricultural bureaucracy developed.[38] With the 'Grand Coalition' government which grouped the Christian Democrats with the Socialists (SDP) coming to power in 1966, the DBV feared decline.[39] But in 1969 the new coalition of Free Democrats and Socialist (FDP-SPD) gave the post of Agriculture Minister to a Bavarian farmer of the FDP, Josef Ertl, who ensured the continuity in German agricultural policy, because he exploited his pivotal position in the cabinet, as well as that of his party in parliament, to defend farmers' views against his SPD coalition partners, who did not depend on the farm vote and who were pushing strongly for budgetary discipline.

Ertl faced enormous difficulties in keeping a close and harmonious relationship with his 'constituency' as the CAP crisis and the budget row developed at EC level. In 1981, given the pressures on the EC budget which came in part from the prospect of enlargement to Spain, the Commission's austere proposals for the annual price review triggered the greatest farm protest in the history of the FRG.[40] The protests were directed against the Commission's attempt to curb expenditure by imposing levies on surplus products, like milk, beef and sugar.[41] Following that, Ertl voted 'without too much protest' in favour of the highest price rice since 1974 at the CAM.[42]

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38 This relationship had all the characteristics of a 'policy community' (as defined by Marsh and Rhodes), with restricted membership (the DBV had the official monopoly of representation of farmers) and a strong consensus around the values and aims guiding agricultural policy shared by both producers and bureaucrats. Moreover, the complexity of agricultural policy made it easier for the DBV to control information and orient the attitudes of its members, while it contributed to keep at bay its potential adversaries, like consumers and labour unions. See Averyt, *Agropolitics in the EC*, pp. 13-16.

39 The fall of the CDU-CSU coalition led the DBV to flirt with the Neo-nazi party in 1966-7, because the Socialist party had no agricultural tradition and was concerned about food prices and controlling the budget. Averyt, *Agropolitics in the EC*, p. 11.

40 There were nationwide demonstrations and a rally organized in Bonn. Hendricks, *Germany*, p. 157. 'Bauernverband: Milch kontingentieren', *Frankfurter Allgemeine Zeitung*, 31/1/1981; 'Die Bauern wollen 15 Prozent höhere Preise', *Frankfurter Allgemeine Zeitung*, 4/2/1981.

41 Hendricks, *Germany*, p. 157.

42 *Agra Europe*, 3/4/1981.

Therefore, the period in which Spain's negotiations stagnated coincided with that in which agricultural policy in Germany was most at odds with the rest of the 'national interest' as formulated by the SPD majority in the cabinet. With the building up of the CAP's crisis, the DBV became increasingly critical of Ertl and the return of the CDU/CSU to power in 1983 was welcome by the lobby.

The Kohl government was less stringent about 'budgetary discipline' and was ready to increase the level of contributions to the EC budget to save the CAP if that was attached to further economic liberalization in other fields. This, however, did not prevent the introduction of some measures to curb the EAGGF expenditure in 1984: milk quotas, a freeze in prices and a 5% reduction of the German MCAs. This again was met by angry farmers' protests that cornered the government into offering compensatory measures at the national level, a response which had originally been rejected by the Commission, but which was now approved as part of the compromise with Britain at Fontainebleau in June 1984.[43] Even after that, the CSU Minister of Agriculture Ignaz Kiechle, kept on opposing the freeze of prices for cereals and other products at the CAM.[44]

The conflict between the 'global' and the 'sectoral' logics in the definition of German EC policy was exacerbated by the decentralized, compartmentalized and not always well co-ordinated nature of the administrative structure of the Federal Republic, which allowed this internal division (common to all the member states) to become visible in Brussels.[45] The Federal government never developed a centralizing structure for co-ordinating EC matters, like a ministry of European affairs (as in Spain), a general secretariat (as in France) or a strong cabinet committee (as in the UK). This created a 'two track' system for the representation of

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[43] Hendricks, *Germany*, p. 159.

[44] 'Bloqueo por la RFA de la reducción del precio de los cereales comunitarios', *El País*, 13/6/1985.

[45] For the co-ordination mechanisms in Germany, see Hans-Ulrich Derlien, 'Germany' in Kassim et al., *The national co-ordination of EU policy*, pp. 54-78.

German views in Brussels. On the one hand, there was the traditional diplomatic channel of the Foreign Affairs Ministry, whose work was made difficult by the rivalry with the Economics Ministry. On the other, there was a sectorized 'expert track', which ran down to the *Länder* and up to Brussels, responsible for much of the FRG's EC policy being formulated at 'technical level' with little involvement of ministers. In this track, the co-ordination of EC affairs was done through the same channels as domestic policy: a civil servant-operated interdepartmental committee system.[46]

Summing up, Spanish membership of the EC was desirable for the Germans to the extent that it promoted political and economic stability, trade liberalization, free movement of capital and access to cheap food.[47] But, for these benefits to materialize (instead of being neutralized by protectionist measures), a series of reforms in the EC had to be agreed first, and this included curbing the CAP expenditure, which German farmers opposed.[48] Germany used its financial leverage to obtain concessions from its EC partners in various Community issues which had to accompany the increase in budget contributions: 'financial discipline', the liberalization and completion of the Single Market, the stabilization of the European Monetary System (EMS), and the reform of Community decision-making procedures. The 'solemn declaration on European Union', signed at Stuttgart, envisaged measures in all these areas and became the basis for the SEA project. In this way, the reforms of the EC were made according to a European project that was largely drawn from the West German new agenda of the 1980s. Yet, getting the agreement of its own farming community was difficult, because this went against the traditional emphasis of the DBV on the role of prices (and the rejection of direct subsidies) to sustain agricultural incomes.[49]

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46 Simon Bulmer and William E. Paterson, *The Federal Republic of Germany and the European Community*, London, Allen & Unwin, 1987, pp. 25-41.
47 Leigh, *Nine EEC attitudes*, p. 15.
48 'Los agricultores alemanes quieren frenar la ampliación de la CE', *El País*, 10/3/1978.
49 Hendricks, *Germany*, pp. 154-156.

Thus, with regard to the tricky issue of CAP reform and budgetary discipline which delayed Spain's accession, it is possible to argue that the main problem was to a great extent a German domestic conflict, and not a mere intergovernmental fight between the Northern contributors and the Southern recipients, as it is often portrayed. During the Spanish negotiations, this sectoral division put West Germany in the paradoxical situation of simultaneously opposing a reduction of agricultural prices in the CAM while, at the same time strongly advocating financial discipline in the ECOFIN Council.[50] The fact that this inter-sectoral conflict remained unsolved at the domestic level in Germany even after Fontainebleau, when farmers got a national compensation, accounts for the intractability of CAP reform and also for much of the delay in Spain's accession negotiations.

2. Britain

The commonality of interests between Germany and Britain has already been highlighted. First of all, as the 'special' partner of the United States, Britain shared with Germany an interest in the stability of the Mediterranean region: it also hoped that the EC could complement NATO in the fulfilling of this objective.[51]

With regard to the democracy argument, Anthony Crossland, Foreign Minister under the Callaghan government, said that enlargement was an investment in the democratic future of Europe, and that the benefits would, in the long run, outweigh the costs.[52] Yet, during the first years of the Spanish transition, the Labour government proved cautious in its acceptance of the democratic credentials of the centre-right Suárez government, given Labour's strong historic links with the Republican side during the Spanish Civil war.[53] Thus, together with the Dutch and the

50 *Agra Europe*, 15/2/1985, P/1.

51 'Gran Bretaña se muestra partidaria de la entrada de España en la CE', *El País*, 14/4/1977.

52 'El encargado de Exteriores del Reino Unido afirma que la ampliación de la CE es una inversión para la democracia', *El País*, 25/9/1977.

53 'La democracia española todavía no es aceptable para la CE según el ministro inglés de

Danes who shared these doubts, Britain warned against the dangers of hastily admitting into the Community a country where democracy was not yet fully consolidated. In 1978, Britain, proposed to amend the Treaty of Rome to state a clear definition of a pluralist democracy and make provisions for the expulsion of a Community member if such conditions ceased to apply.[54] However, the Conservative party which had pronounced its support for Spain's accession to the Community very early on,[55] took power in 1979, and, with the gradual consolidation of the Spanish democracy, these doubts ceased to dominate the enlargement debate. British governments did not share with the rest of their partners the fear of 'dilution' of the Community, and always regarded enlargement as a good thing.[56] From 1979, the Conservative government's view was that the 'deepening' that should compensate for the 'widening' of the Community should consist mainly in the completion of the internal market, which involved no budgetary cost and was supported by Germany.[57]

In the economic sphere, Britain had important interests in Spain with respect to trade and investment and was keen to dismantle Spanish protective measures and subsidies for exports.[58] In the short term, the issue of free access to the Spanish market was more pressing for the British, who, in 1980, were expected to start applying the 1970 agreement's less favourable tariffs.[59] Until then, they had been exempted from applying them, by virtue of their transitional period for the adoption of the Community's trade policy with third countries. In this way, British industrial and commercial inte-

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Asuntos Exteriores', *El País*, 10/11/1977.

54 Tsoukalis, *The EC and its Mediterranean enlargement*, p. 138. This set a precedent for the conditions that have been demanded from the Central and Eastern European countries, known as the 'Copenhagen criteria'.

55 'Los conservadores británicos son partidarios del ingreso de España en la CE', *El País*, 11/2/1977; 'El ex-primer ministro británico, Heath, afirma que la Península Ibérica es esencial para la CE', *El País*, 29/1/1977.

56 Story and Pollack, 'Spain's transition', p. 143.

57 Wallace, *Widening and Deepening*, p. 2.

58 Leigh, *Nine EEC attitudes*, p. 23; 'Gran Bretaña pide la ampliación del acuerdo comercial entre España y la CE', *El País*, 20/10/1977.

59 'El Reino Unido acusa a España de imponer altas tasas de importación a los productos industriales de la CE', *El País*, 27/11/1982.

rests were strongly in favour of enlargement, and also largely behind the 'tough negotiating' stance that the Community took with regard to the opening up of Spanish industrial markets.[60] As with Germany, Spanish accession would benefit Britain only if the Community stopped 'flirting with protectionism'.[61]

Fishing was among the few sources of concern, and was expressed by the lobby, the United Kingdom White Fish Authority. The tonnage would rocket if fishing stocks were considered to belong to the Community, because the Spanish fishing tonnage represented 70% of that of the Community as a whole.[62] Here Britain was not alone, as all the member states were keen to exclude Spain's fishermen from their national waters. As in the first enlargement, when the CFP or 'Blue Europe' was set up in a way that excluded the applicants' interests, during the second one, further unfavourable changes to the *acquis* were made before Spain joined. Only this time they came as part of the United Nations Law of the Sea, which extended the national waters to a 200 miles limit.[63] Here, the British sought to secure a good position for their fishermen, a flexible market and a transitional period as long as possible. Together with agriculture, fishing was among the most problematic and lengthy issues of the negotiations.[64]

Thus, among the largest EC members, the British were among the strongest supporters of enlargement on political and economic grounds, especially because they were less concerned with any risk of 'dilution'. Yet, like in Germany, these political and economic interests in enlargement were challenged by budgetary costs, albeit in a different form. The direct effect of enlargement on the British budget (a 20% rise of its contribution),

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60 'British frustration about Spanish sluggishness in lowering trade barriers', *Financial Times*, 11/2/1981; 'CBI seeks tariff reforms by Spain before EEC entry', *Financial Times*, 19/10/1981; 'British welcome Madrid pact on car imports', *Financial Times*, 15/5/1983.

61 Geoffrey Howe, 'The future of the European Community: Britain's approach to the negotiations', *International Affairs*, vol. 60 (1984), n. 2, p. 191.

62 CEC, '1982 Inventory', p. 16, § 30. On the issue of fisheries see David Dudding, *The forgotten policy: Spain, the Common Fisheries Policy and European integration*, M. Phil., University of Oxford, 1999.

63 CEC, '1982 Inventory', p. 16, § 29.

64 On the fisheries issue see East and Nicholson, *From the Six to the Twelve*, p. 225.

was not judged to be too high a price to pay for the political benefits of enlargement.[65] But the indirect effects gave cause for alarm. First, Britain would benefit less from the already meagre Social and Regional Funds which were supposed to compensate its net contribution to the EC budget. Second, if France and Italy got their way (i. e. obtained more support for Mediterranean products under the CAP, especially for olive oil), the cost of agricultural imports from Spain would rise. Unsurprisingly, these last increases were out of the question for a government which judged its contribution to be disproportionate, and which was asking for a refund.[66] The 'indigestion' from the first enlargement (as the French regarded British demands for a budget rebate) was a powerful factor that delayed Spain's accession, because it antagonized Britain with its European partners and paralyzed decision-making in the Community.

After 1979, the Conservative government under Prime Minister Margaret Thatcher became the strongest ally Germany could find to push for the liberalization of the Common Market and to bring budgetary discipline to the CAP.[67] But this commonality of interests was severely limited by Thatcher's insistence on obtaining a rebate from the EC budget; this irritated the German government which would obviously have to foot most of the bill.[68] Up until 1983, the British refused to discuss any increase to budget resources before obtaining a refund for the British contribution and a significant curb on the Community's agricultural spending. Agriculture Minister, Peter Walker, was instructed to block any increase in prices at the CAM, until this obstructionist practice led to the overriding of the 'Luxembourg compro-

65 Leigh, *Nine EEC attitudes*, p. 25.

66 The British contribution to the budget was the main problem during their accession negotiations in 1971-1972 under Heath, and under Wilson it became the object of re-negotiations in 1974 and of a subsequent referendum in 1975. This 'rebate' was never actually paid because the conditions which would trigger the payment were never fulfilled, so after 1979, the Conservative government of Thatcher sought to obtain another rebate.

67 As the Foreign Minister, Geoffrey Howe, left clear when describing the British position at the negotiations that lead to the SEA, 'the Community must stop flirting with protectionism, however selective in the name of 'Community preference' and emerge as a champion of economic liberalism': Howe, 'Britain's approach', p. 191.

68 'Mandate negotiations still deadlocked on milk, financial guidelines and budget', *Agra Europe*, 22/1/1982, P5.

mise', as the other members decided to outvote Britain in 1982.[69] So, despite its outspoken support for enlargement, Britain also had an important role in delaying Spain's accession by contributing to the Community's decision-making paralysis of the early 1980s and by prolonging the budgetary crisis.

Britain's agriculture was complementary to that of Spain, so there was little fear of direct competition as a result of enlargement. The British were Spain's most important EC customer, and this was an important consideration, given the British traditional dependence on food imports.[70] But again, together with Germany, the government feared that access to cheap Spanish food would disappear with the price rises that the application of CAP mechanisms in Spain would bring. This was something which the British government, like the other 'northern' members, were determined to resist. Therefore, as part of their insistence on a thorough reform of the CAP along more liberal lines, inside the CAM, Britain opposed French and Italian attempts to reinforce the Mediterranean agricultural *acquis*, in any way which would rise prices or create further surpluses, and supported the idea of a long transition period for the alignment of Spanish farm prices.

However, British farmers' interests seemed to go against the 'national interest' thus defined, for two reasons. In the field of horticulture and food processing, there was bound to be competition and those farmers affected made their voices heard as soon as Spain announced its intention to apply for EC membership.[71] They were not likely to receive extra protection as the British government (like the German one) was not keen on an extension of

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69 'Britain outvoted on prices in 'violation' of Luxembourg Compromise', *Agra Europe*, 21/5/1982; Anthony L. Teasdale, 'The Luxembourg Compromise', in Westlake, *The Council of the EU*, p. 107.

70 Unlike all other EC members whose policies had been aimed at self-sufficiency, Britain imported about half of its food requirements as part of its low-cost food policy from world markets until 1980 when its transition period expired and it had to apply fully Community Preference.

71 'Los agricultores británicos, contra la entrada de España en la CE a causa de la competencia en las ventas de tomates', *El País*, 28/1/1977. See Wilfred Lynn Hinton, *EEC enlargement in the fruit and vegetable sector: with special reference to Spain and the United Kingdom*, Cambridge University, Agricultural Economics Unit Working Paper, 1983; Malcolm Sargent, *The threat from Spanish Horticulture*, University of Bath, 1986.

support for Mediterranean products.[72] They did, however, get support from the government in advocating a long transition period during which Spain's fruit and vegetables were discriminated against within the Community. Second, and more important, British agriculture was rather small but highly productive and mechanized and, as such, it had greatly benefited from the CAP, so the 'budgetary discipline' so strongly advocated by the Thatcher government was not very welcome by the NFU. So, initially, the position of farmers was to confront directly the demand for change by rejecting proposals and using the argument that farmers' incomes had to be protected.[73] It thus becomes clear that the UK was not the great exception to the patterns exhibited by its continental EC partners, when it came to agriculture and Spanish accession.

Like the DBV in Germany, the NFU had a long tradition of monopolizing relations with the Ministry of Agriculture, Food and Fisheries (MAFF) and, together, they constituted a very close 'policy community'.[74] Since the 1930s, farmers had been co-opted into the policy-making system in Britain, especially because of the pre-accession system of the Annual Price Review. The NFU performed the role of aggregating and limiting demands and then helping to sell the agreed policy to its members. In return, the MAFF had given farmers guaranteed prices. According to Smith, the success and distinctiveness of this 'policy community' was largely due to its isolation from other networks and its degree of internal integration. The need to maintain this close relationship is what made the NFU leadership and the MAFF switch their line of argument away from obstructing budgetary discipline and, instead, to take the initiative on structural and environmental measures. Thus, they eliminated the need to allow other groups into the policy community and maintained the idea that

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72 *Agra Europe special report*, p. 13.

73 Smith, 'The agricultural policy community', p. 43.

74 Graham K. Wilson, *Special interests and policy-making: agricultural policies and politics in Britain and the United States of America, 1956-70*, London, John Wiley & Sons, 1977, p. 45. Smith, 'The agricultural policy community', p. 27.

agriculture needed state support.[75] Up until 1973, the main constraint in British agricultural policy-making came from the effectiveness of the inter-departmental co-ordination machinery in Whitehall and the cabinet, which allowed the Treasury to put a limit in agricultural spending.[76] Co-ordination mechanisms ensured that the representation of British views at the EC level, seldom exhibited the 'polyphony' of Germany.[77]

However, this should not be exaggerated, because the EC level also removed the budgetary constraint from the hands of the Treasury, especially as other member states were prepared to keep on paying the costs of the CAP. Thus the EC contributed to the survival and continued insulation of this policy community,[78] and despite this effective co-ordination machinery, the British minister for agriculture also managed to isolate himself behind CAP jargon from the national press, the House of Commons, and the Cabinet.[79] So, when Walker took office in 1979, he was a 'willing accomplice' of the price increases approved by the CAM, and had more sympathy with the views of other EC agriculture ministers than with the attitude on Community finance of the British Treasury or the Prime Minister. In fact, the lifting of the 'Luxembourg compromise' in 1982 at the CAM was justified officially with the argument that Britain could invoke the veto in the defence of a 'vital national interest' with regard to its budgetary contributions, but not to block a farm price package which the UK Minister himself had helped to put together.[80] In sum, Britain, because of its claims on the budget and awkward approach to CAP reform, contributed in a significant way to the delay in the formulation of the Community's position in agriculture and strongly affected the timing of the Spanish accession negotiations.

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75 Smith, 'The agricultural policy community', p. 48.
76 Wilson, *Special interests and policy-making*, p. 92.
77 For a description of this effective machinery see Hussein Kassim, 'The United Kingdom', in Kassim et al., *The national co-ordination of EU policy*, pp. 22-51; Simon J. Bulmer and M. Burch, 'Organizing for Europe: Whitehall, the British state and the European Union', *Public Administration*, vol. 76 (1998), pp. 601-628.
78 Smith, 'The agricultural policy community', p. 48.
79 Gardner, 'The CAP', p. 177.
80 'UK Government gets its just deserts', *Agra Europe*, 21/5/1982, P/2, P/4.

3. France

The views and interests of French governments were crucial in determining the timing of Spain's accession negotiations, as they displayed the most obstructionist attitudes. They insisted on making the reform of the Mediterranean *acquis* a pre-requisite to enlargement and sought to impose a long transition period on Spain's integration to the EC. Towards the end of negotiations, as the Spanish government realized rather late, it was clear that EC membership required good bilateral relations with France.[81] Yet, French 'national' interests were extremely difficult to pin down, because, being both Mediterranean and Northern European, their policy was under considerable strain in various fronts, and their positions were the most obviously contradictory with regard to Spanish entry. On the one hand, President Giscard greeted the Spanish demand for membership with favour, while on the other, in Brussels, French ministers showed a more restrictive attitude towards the concrete issues raised by enlargement.

Tsoukalis has suggested that France was caught in a tension 'with high policy considerations on the one hand and concerns about domestic economic interests on the other pulling in opposite directions.'[82] But the situation was far more complicated than the 'high/low' politics divide allows, since there were conflicting interests at both levels, and as this thesis shows, agriculture was very much a 'high politics issue' in the Community at the time, as it has always been in France. This was the only member state where the issue of enlargement became highly politicized: the Communist party openly opposed it, Jacques Chirac created a split within the governing *Rassemblement pour la République* (RPR) by confronting Giscard on the issue, while socialists of the Languedoc-Roussillon region pushed their party to adopt a cautious line.[83] The involvement of political parties,

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81 Morán, *España en su sitio*, pp. 279-289; 'Beau-fixe sur les relations franco-espagnoles', *Le Matin*, 20/10/1984.

82 Tsoukalis, *The EC and its Mediterranean enlargement*, p. 139.

83 'M. Jacques Chirac: l'entrée de l'Espagne dans la CEE "serait une profonde erreur"', *Le Monde*, 4/7/1978; 'Les élus de gauche du Languedoc-Rousillon votent deux motions hostiles à ce projet', *Le Monde*, 5/7/1978; 'M. Chaban Delmas: l'entrée de l'Espagne dans le Marché Com-

exacerbated what was already an acute conflict between sectors, or even sub-sectors, and France experienced this divide more than any other member state.

At the so called 'high politics' level, the French were not as committed members of the Atlantic Alliance as were Germany and Britain; they were not so concerned to anchor the southern regimes to NATO, and were less sensitive to Spanish threats of withdrawal from it, when the PSOE government took power. For France, EC enlargement had to be treated independently of NATO and judged on its own merits. Yet, being the closest neighbours, they were concerned with instability in the Iberian peninsula, especially with regard to Basque terrorists, and were supportive of the democratization process, which is why they agreed to begin enlargement negotiations in the first place.

At the 'low politics' level, positions were also polarized, with the southern agricultural lobbies and some industries (shoes, textiles, paper, steel) opposing the Spanish accession, while the northern farmers and most industrialists were strongly in favour of it. By 1979, representatives of the French employers had repeatedly argued that they had more to gain than to lose from rapid progress towards full Spanish membership.[84] Like their counterparts in the Community, they were eager to see the abolition of the 1970 agreement tariff levels, which by 1976 had brought a deficit in their industrial trade with Spain.[85]

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mun recèle des "dangers véritables"', *Le Monde*, 13/7/1978; 'M. Georges Marchais: l'entrée de l'Espagne dans le Marché commun se fera au détriment du Sud latin', *Le Monde*, 3-4/12/1978.

84 'Les chefs d'entreprise du Sud-Ouest souhaitent une entrée rapide de l'Espagne dans la CEE', *Le Nouveau Journal*, 24/6/1978; see also *Le Monde*, 30/6/1978 and 2/8/1978; Duchêne, 'Community attitudes', p. 30; 'Aspects divers de l'industrie espagnole', *Les Echos*, 28/11/1979; 'Cinq unions régionales CFDT favorables à l'élargissement', *Le Monde*, 22/8/1984; Leigh, *Nine EEC attitudes*, p. 48.

85 It is important to note here that, since 1959, France had constantly run a deficit in agricultural trade with Spain, but it had been balanced by the surplus in industrial trade. Yet, the generous industrial tariffs accorded to Spain in the 1970 agreement had not only upset that balance, but had even made the industrial deficit larger than the agricultural one; see Jean Pierre Almaric and Rémy Pech, 'L'équilibre impossible: les échanges agro-alimentaires franco-espagnols avant l'élargissement du Marché Commun' in Jean Pierre Étienvre and José Ramón Urquijo Goitia, eds., *España, Francia y la Comunidad Europea* (Actas del segundo coloquio hispano-francés de historia contemporánea, celebrado en Aix-en-Provence los días 16, 17 y 18 de junio de 1986), Madrid, Casa de Velázquez and CSIC, 1989, p. 161.

With regard to agriculture, the problem of Spanish competition was important for southern products, and very early on, the French government championed the cause of EC Mediterranean farmers at the CAM.[86] France's agricultural deficit with Spain was to grow when the latter started to apply Community Preference and receive support from the CAP.[87] This was viewed against a background of previous French discontent with the Community's Mediterranean policy of 1972 which liberalized imports from non EC members, and with the CAP's 'bias' against southern products, which only received one third of the EAGGF.[88] As explained in the previous chapter, the system of guaranteed prices favoured the most productive, rich and mechanized producers of Germany, the Netherlands, Denmark, and Northern France itself, who were responsible for the milk and butter 'mountains' which made the CAP so expensive. In this way, the French had a fair point when they insisted on a reform of the CAP that increased the level of support for the poorest farmers of the Mediterranean, which would also benefit Spanish producers in due course.

Yet the intensity of the French government's support for the Mediterranean cause was puzzling for a number of reasons. To start with, the fact that southern agricultural producers would suffer from Spain's accession does not of itself explain why they could override the interests of the majority of farmers, of industrialists and of those in the government concerned with democracy in Spain and geo-political stability in general. Second, most of France's agricultural products were of northern origin and would actually benefit from access to the new market opened up by enlargement. Third, extending the support for Mediterranean farmers would cost money and, by the early 1980s, France had become a net contributor to the EC budget. But, when it came to cuts in spending for northern produce in order to redress the North-South imbalance of the

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[86] 'Francia e Italia solicitan protección agrícola para una ampliación de la CE', *El País*, 21/6/1977.
[87] Almaric and Pech, 'L'équilibre impossible', p. 186. See also *Agra Europe*, 7/7/1978, P/2.
[88] *Agra Europe special report*, pp. 15-18.

CAP, France was not in an easy position, as its own northern farmers reaped great benefits from the system and had been responsible for setting it up in the first place. So the French were not strong advocates of 'budgetary discipline' either, but just of phasing out MCAs. Finally, the French attitude was rendered more puzzling when compared to that of Italy, whose farmers would suffer most from Spanish competition, but whose government was not so outspoken in its resistance to enlargement.

Previous explanations of this disproportionate reaction have pointed at the success of the southern agricultural lobbies in politicizing their case and including it in the electoral platforms of all the political parties, while the constant interweaving of presidential and legislative elections made it very difficult for any French government to take a calm view of an issue which might in other circumstances have been relatively marginal.[89] However, William Wallace rightly warned against an explanation of the French behaviour based solely on the electoral calendar: 'even after the elections, though, the problem will remain and the political leverage of the French farming community will remain. We need to recognize that there is a genuine problem of adjustment for the Community'.[90] While the 'pause' introduced by Giscard until 1981 had clear electoral flavour, things did not become much easier for Spain after François Mitterrand came to power, for different reasons (see below).

An alternative view has been offered by Duchêne, who has hinted that part of the key to an understanding of the French government's behaviour in Brussels might have been a 'question of style' clashing with other European partners: 'the French bureaucracy, in the tradition of Colbert, was assertive and *dirigiste* in nature',[91] and budgetary discipline, in this context, acquired an almost ideological dimension which set the French against the British. These two governments had contrary conceptions about how to

89 Leigh, *Nine EEC attitudes* , pp. 36-37; Duchêne, 'Community attitudes', p. 33.
90 W. Wallace, 'The reaction of the Community', p. 48.
91 Duchêne, 'Community attitudes', p. 33.

resolve the agriculture and financial problems of the Community. From the French point of view, the entrance of Spain and Portugal meant that additional resources had to be poured into the EAGGF and EC redistributive policies in general.[92] But, according to the British, the Community should 'be in the business of generating wealth, not just of distributing it'.[93]

For the same reason, France was the toughest opponent of British demands for a refund. In Britain this was interpreted as a 'cynical defence of advantages which France has unfairly been able to derive from its earlier membership' of the EC, and which were embodied in the *acquis communautaire*.[94] In contrast, the French, obsessed by the *'intégration inachevée du Royaume-Uni'*, complained of the British attack on Community methods and their questioning of the *acquis*. So, just as Thatcher's insistence on 'getting her money back' undermined the possible alliance with Germany in pursuing other common objectives, the budget dispute gave the French a good pretext to pass the blame on the British for the delay in the revision of the *acquis* that held back Spain's accession negotiations. In 1983, *Le Monde* noted: *la balle est ainsi dans le camp de l'Allemagne Fédérale et de la Grande Bretagne, qui tout en affirmant leur appui politique à l'adhésion de l'Espagne, se montrent réticents à en assurer le financement.*[95]

Yet, to gain full understanding of the formulation and representation of French positions with regard to Spain's accession to the EC it is indispensable to look at the domestic agricultural policy 'network' as well, and at the role it played in the formulation of French EC policy.

With regard to the first, it must be noted that a unique feature of France is that, given its geographic situation, it produces the widest variety of agricultural products. This diversity is behind many of the strengths and weaknes-

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92 Philippe Moreau Defarges, 'L'Europe à re-formuler: la Communauté au lendemain de la clarification d'Athènes', *Politique Étrangère*, vol. 49 (1984), n. 1, p. 26.

93 Howe, 'Britain's approach', p. 190.

94 Denton, 'Re-structuring the EC Budget', p. 139.

95 'L'Espagne ne considère plus la France comme le seul obstacle dans la Communauté', *Le Monde*, 12/6/1983; see also 'La négociation pour l'adhésion de l'Espagne est ouverte', *Le Monde*, 22/6/1984.

ses of French agricultural interests, as well as its internal contradictions. As a major producer, France had considerable input in the setting up and management of almost all of the CAP's commodity regimes, from temperate to Mediterranean.[96] Thus, it could be said that the north-south imbalance of the CAP was, to a great extent, the result of a similar imbalance of representation inside France itself, where agricultural policy making had been dominated since the time of de Gaulle by northern *entrepreneurs capitalistes* who controlled the main organizations, FNSEA and the *Confédération Nationale de Jeunes Agriculteurs* (CNJA). Under the *cogestion* model, the government had granted these organizations exclusive access to the policy-making process (*représentativité*) whose officials shared their ideas of modernization for the expansion of production and the promotion of exports. However, unlike the DBV in Germany or the NFU in Britain, FNSEA and CNJA struggled hard to maintain the monopoly of representation of a *'monde rural'* which was larger and more diversified than any other in Europe.[97] Regional, generational, religious, ideological and class cleavages cut across the French farming 'community' and produced internal splits and minorities breaking away from FNSEA as well as a more chaotic government system of supports and aids.[98] The *Mouvement de Défense des Exploitants Familiaux* (MODEF), closely linked to the Communist Party, was among the farmers' groups which defied the *représentativité* of FNSEA and the CNJA and criticized their clientelistic relationship with agricultural authorities.[99] Together with other left-wing splinter organizations like the *Mouvement National des Travailleurs Agricoles et Rurales* (MONATAR)

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[96] Fennell, *The CAP*, pp. 57-70.

[97] On the plurality of farmers organizations in France see Jean-Louis Marie, *Agriculture et politique*, Paris, Montchrestien, coll. Clefs, 1994, pp. 35-61.

[98] Neville Rolfe, *The politics of agriculture in the EC*, pp. 112 and 119.

[99] Other splinter groups included: *Fédération Française de l'Agriculture* (FFA), which was founded in 1969, by big conservative farmers of the north who criticized the French government for not permitting French farm prices to rise after the devaluation of the franc in August 1969; *Paysans-Travailleurs*, a left-wing organization formed in 1974 by small farmers in poor regions against the Mansholt Plan; *Groupement National pour la Défense et le Développement des Entreprises Agricoles* (GEA); Averyt, *Agropolitics in the EC* p. 24; Robert Lane Greene, *Overcoming opposition to enlargement, France, the EU* [sic] *expansion to Spain and Liberal-Intergovernmentalist theory*, Oxford University, M. Phil. Thesis, 1999.

and the *Paysans Travailleurs*, MODEF took on the defense of the Midi farmers' cause in opposition to Spanish accession. In return, FNSEA and in particular the CNJA attempted to regain the loyalty of Midi farmers, which had been neglected in the past, in order to safeguard the 'unity' of the *monde rural*, by publishing a pamphlet that denounced the dangers posed by Spanish accession.[100] For the same reasons the leader of FNSEA, Michel Debatisse, failed to condemn the actions of rank-and-file members and local associations of small-holders, who, in the early 1980s, attacked and set fire to many Spanish lorries loaded with fruit and vegetables.[101]

The politicization and over-representation of southern French farmers was thus the result of the crisis of FNSEA's and the CNJA's *représentativité* and the ensuing competition between different organizations, which in turn, were associated to political parties to represent their interests *vis à vis* the government and the EC authorities. In electoral terms, the agricultural population was very divided and retained considerable weight, so with an election coming up in 1981, Giscard could hardly ignore the farm constituency that his Prime Minister, Jacques Chirac, had so carefully built up since his time as Minister of Agriculture between 1971 and 1974, and had decided to defend against Spanish accession, even if that contradicted the President's authority. For that reason, Giscard introduced the so called 'pause' in the enlargement negotiations, which the Spaniards resented and condemned. In other words, the exaggerated concern with southern French farmers was due to the lack of a stable and cohesive policy community through which to process very diverse demands in an institutionalized and

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100 CNJA, *L'Espagne: un shock pour l'Europe*, Paris, CNJA, 1979; 'Agriculture: Espagne: le mauvais calcul de Chirac', *Le Point*, 31/7/1978.

101 For a catalogue of 'incidents' provoked by French southern farmers against shipments from Spain and Italy, see 'French farmers' "outrages" arouse anger in Spain and Germany', *Agra Europe*, 30/7/1982, E/3-E/5.

As Schmitter explained, these 'rank-and-file revolts' are a common reaction to over-aggregation of interests in single peak associations, since their practices of oligarchic co-optation, centralized organization, bureaucratized exchanges, and interdependence with public authority, make these associations vulnerable to member dissatisfaction; Schmitter, 'Interest intermediation', p. 320.

technocratic manner.[102]

For these reasons, Spain's accession problems were not over after the 1981 French presidential election. The adaptation of the Mitterrand government to power, based on a coalition between the Socialist (PSF) and the Communist (PCF) parties, took another couple of years, during which French agricultural policy was volatile and confusing as never before. Edith Cresson, who became the first Minister of Agriculture under Mitterrand, undertook to dismantle the exclusive representation of farming interests of FNSEA and the CNJA and conferred *représentativité* to all farmers' associations in March 1982. While this was perhaps more egalitarian and democratic in terms of representation, it certainly made policy-making extremely chaotic in the sector, as it provoked an open confrontation between the government and these two organizations, which organized mass demonstrations in Paris and adopted a strategy of boycott. When Cresson left a year later without having been able to implement her programme, her administration was seen as an utter failure -and negotiations with Spain had hardly progressed. However, by breaking the exclusive *représentativité* of FNSEA and the CNJA, Cresson restored a certain degree of autonomy for the French authorities from these farmers' organizations.[103] So, by the time Michel Rocard took over in the third Mauroy government, which also got rid of most of its Communist membership, the government had gained enough autonomy at the domestic level to conclude negotiations with Spain, despite FNSEA's continued opposition to enlargement.[104]

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[102] Unlike in Germany, where farmers vote mainly for the CDU-CSU, in France the diversity of the *monde rural* is reflected in partisan alignments and constitutes an important political asset, not only because of the number of voters, but also because agricultural professions are over-represented in the Senate and dominate rural *mairies*: Averyt, *Agropolitics in the EC* p. 30; Marie, *Agriculture et politique*, p. 122-148.

[103] Claude Servolin, 'La gauche aux commandes', in Pierre Coulomb et. al, *Les agriculteurs et la politique*, Paris, Presses de la Fondation Nationale des Sciences Politiques, 1990, pp. 449-460; Marie, *Agriculture et politique*, pp. 92-100.

[104] Rocard's acceptance of the Ministry of Agriculture almost coincided with the appointment of Ignaz Kiechle as West German Minister of Agriculture in succession of Ertl; see *Agra Europe*, 25/3/1983, N/3. These changes in both countries contributed to the solution of the CAP's imbroglio.

In addition to all this, it is worth mentioning that, until recently, farming interest groups were among the few French lobbies to have a direct representation in Brussels, because the French centralized executive administration discouraged any attempts at 'parallel diplomacy', which could be regarded as a threat to the unity of the state.[105] Moreover, FNSEA and the CNJA enjoyed the almost unconditional support of French representatives in the Commission, the SCA, the CAM, and beyond the boundaries of the agricultural policy, with the Foreign Minister or even the President. As the largest group of producers in the Community, French farming interests also dominated COPA.[106]

The second factor which needs to be considered when explaining the role of agricultural interests in the formulation of French EC policy and its defence in Brussels is that of inter-sectoral co-ordination mechanisms. The French unitary style of diplomacy explains why, during Spain's accession negotiations, the French delegation expressed its concerns about the implications for its agricultural sector outside the CAM (for example in the Council of Foreign Ministers or the European Council), in contrast to the Germans or the Italians, who had similar concerns, but limited the treatment of these issues to the CAM. In this way, French agricultural interests could not be dissimulated by a more fragmented diplomatic structure as in Germany.

Nevertheless, this unitary picture of French EC policy-making needs to be qualified, since disagreements similar to those frequent in Germany, between the French Ministers of Economics and Finances and of Agriculture over budgetary discipline also surfaced at the EC level, although

After the signature of the accession treaty, FNSEA continued its battle against Spanish EC membership by insisting that the treaty should be ratified in France with a referendum, rather than leaving it to the National Assembly; 'French farmers against enlargement', *Agra Europe*, 2/8/1985, N/1.

105 A. Legendre, 'France: the state's power under pressure', in Van Schendelen, *EC lobbying*, p. 52.

106 According to Legendre, French farming interests had such influence that there were times when 'one listened to Henri Cayre, who represented the French beet-growers, as if he were the Pope', and the president of the association of French corn-growers was treated as a 'minister's equal': Legendre, 'France', p. 64.

less frequently.[107] The Ministry of Agriculture, one of the most experienced in dealing with EC affairs, has managed to maintain more autonomy than other ministries from co-ordination procedures. It has its own *Bureau des Affaires Juridiques Européennes,* in contrast to all other ministries which, for specialized knowledge on legal matters, depend on the Quai d'Orsay or the SGCI (*Secrétariat Général du Comité Interministériel pour les questions de coopération économique européenne*), which are in charge of co-ordinating French EC policy. At the French Permanent Representation (PR) in Brussels, which is another key body in charge of co-ordination, there is a special *Délégué pour les Affaires Agricoles,* who is in regular direct contact with his ministry. In this way, the Ministry of Agriculture enjoys the privilege of not having to go through the SGCI to send instructions to the French PR.[108] At a general level, the capacity of the SGCI to co-ordinate policy has also varied over time. In the period between 1981 and 1984, when the Spanish accession negotiations were going stale, the SGCI had been put under the authority of the Minister Delegate for European Affairs (instead of the Prime Minister) with the effect of turning French positions in Brussels unusually inconsistent.[109] So, like other member states, French positions towards the CAP were also relatively insulated from budgetary pressures, which allowed ministers of agriculture to consistently oppose cuts in spending, despite the fact that, with the Spanish accession, France would become a net contributor to the EC budget. The insulation of the agricultural policy network in France, although not so strong as in Germany, reinforced the vertical divisions at the European level which made the task of inter-sectoral EC co-ordination so difficult. So, as in the

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[107] For example, in October 1984, during a break between sessions, Michel Rocard was informed of the contents of an agreement negotiated by his colleague, Pierre Bérégovoy, at the ECOFIN Council and announced that the political conditions did not allow him to continue negotiating and went back to Paris; Lequesne, *Paris-Bruxelles,* p. 28.

[108] Lequesne, *Paris-Bruxelles,* p. 199; Anand Menon, 'France', in Kassim et al., *The national co-ordination of EU policy,* pp. 79-98; on representation mechanisms see Jack E. S. Hayward, *Governing France: the one and indivisible Republic,* 2nd ed., London, Weidenfeld and Nicholson, 1983, pp. 60-66, 72-82 and 252-257.

[109] Lequesne, *Paris-Bruxelles,* p. 135.

case of Germany, an intergovernmentalist perspective runs into trouble when trying to account for the complexity of French behaviour towards Spain's accession.

4. Italy and Greece

Italy's interests with regard to the southern enlargement were as contradictory as those of other member states, in the sense that, politically, strategically and in the industrial field, the benefits of including Spain in the EC were undeniable, but when it came to the agricultural sector, it was to be the most affected. However, for organizational reasons related to the way in which Italian EC policy was formulated domestically and defended in Brussels, the fact that Italy's agriculture was to suffer the most from Spanish competition did not translate into the kind of obstructionist attitude with regard to enlargement that the French displayed. On the contrary, the weaknesses of the Italian administrative system and the division of its farming community left agricultural policy mainly confined to the national level, and allowed the foreign ministry to retain primacy in the representation of Italian views in Brussels, thus making the 'global' perspective prevail over the 'sectoral' one.[110] Firmly established in their federalist aspirations, the highly professional bureaucracy of the Ministry of Foreign Affairs managed to exercise a good degree of hierarchical control over the formulation of the Italian 'national interest' with respect to Spain's accession. Thus the Italian government's main concern was about the institutional aspects of enlargement and the risks of 'dilution', as its input in the SEA project testified, rather than about agricultural competition.[111]

The farm lobbies certainly had an impact on their governments' policies and the ministers of agriculture adopted their causes at the CAM, where

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110 Giacinto della Cananea, 'Italy', in Kassim, *The national co-ordination of EU policy*, p. 107; Neville-Rolfe, *The politics of agriculture in the EC*, p. 161.

111 The 'Genscher-Colombo initiative' which led to the SEA had been a German-Italian initiative, *EC Bulletin*, 6/1981, §3. 4. 2. It was also under the Italian Presidency that the Milan IGC of 1985 took place; see chapter 7.

they sided with the French in using enlargement as a way to generate pressure on Britain and Germany to redress their long held grievances about the North-South imbalance of the CAP.[112] Yet, these efforts in the CAM were moderated by the 'global' Italian approach towards enlargement. Therefore, although Italian Ministers of Agriculture were concerned about competition from Spain, they were also more aware of the potential advantage of Spanish membership in providing a partner that would weight decision-making of the Community southwards. They argued that the problems of the Mezzogiorno would persist even without Spanish entry and that it would be impractical to make a solution to the problems of the EC Mediterranean regions a precondition of Spanish accession.[113] The benevolence of this view can be better understood in the light of the more general trend of Italian EC policy as being dominated by 'high politics' issues, while ministries in charge of 'low politics', particularly agriculture, were never very effective at institutionalizing Italian preferences into EC policies. The evidence of this poor record is to be found in the North-South imbalance in the CAP itself: in the fact that the market organizations for Mediterranean products were the last ones to be set up and offered a much lower degree of protection and price guarantee; in the lack of a proper structural policy, and the meagre size of the 'guidance' section of the EAGGF.[114]

Italian agricultural lobbies were organized and very skilled, but very often their efforts were counteracted by the lack of government support, and they were held back by the inefficiency of the political and administrative system in Italy.[115] The political system, dominated by political parties

[112] 'Preocupación de los agricultores italianos por las posibles consecuencias de la ampliación de la CE', *El País*, 18/3/1977; 'Dos ministros italianos obstaculizan las relaciones entre España y la CE', *El País*, 22/10/1977; 'Francia e Italia solicitan protección agrícola para una ampliación de la CE', *El País*, 21/6/1977; see also 22/7/1977; 20/12/1980.

[113] *Agra Europe special report*, p. 17; 'Italia reitera su apoyo a la adhesión de España a la CE', *El País*, 10/11/1977.

[114] Neville-Rolfe, *The politics of agriculture in the EC*, pp. 149-181.

[115] Luciano Bardi, Federiga Maria Bindi and Marco Tarchi, 'Italy: dominance of domestic politics', in Van Schendelen, *EC lobbying*, p. 109.

(*partitocrazia*), which in turn, were fragmented by factionalism and regionalism, not only divided interest groups but also turned them into secondary actors in the policy-making process.[116] The largest union, the *Associazione Italiana dei Coltivatori Diretti* (*'Coldiretti'*) was closely associated with the Christian Democrats (DC), who always held the ministry of agriculture until their electoral decline started in 1974. They competed for farm representation with the *Confederazione Nazionale dell Agricoltura Italiana* (*'Confagricoltura'*) who reflected the conservative views of the Liberal Party (PLI) and the *Confederazione Italiana Coltivatori* (*'Confcoltivatori'*) associated with the Italian Socialist Party (PSI). Thus relationships between public authorities and farmers' associations were not so close, technocratic and stable as in Germany or Britain, and the dominance of political parties inhibited the influence of these groups. This meant that, at the EC level, Italian farmers' associations reacted to the CAP, rather than having a substantial input, since they were not always strongly backed by their government representatives in the SCA and the CAM, and even less so in the GAC. In addition, they were in a minority within COPA until the Mediterranean enlargement, and had been alone in their fight to redress the imbalance between temperate and Mediterranean products, and against the relaxing of Community preference brought by the 1973 GMP.

Another factor which explains the prevalence of a 'global' perspective in the formulation and representation of the Italian national interest with regard to Spain's accession was that in Italy, the issue was not politicized to the same extent as in France.[117] In fact, neither agriculture, nor enlargement became contentious issues in Italian domestic politics, because all parties agreed on the desirability of enlargement. The big difference with France, according to Tsoukalis, was the attitude of the Communist Party (PCI), which in Italy was the most enthusiastic supporter of Spain's accession,

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[116] On the Italian party system see David Hine, *Governing Italy: the politics of bargained pluralism*, Oxford, Clarendon Press, 1993, pp. 68-107; on the administrative system, pp. 225-282.

[117] Leigh, *Nine EEC attitudes*, p. 46.

linking enlargement with democratization.[118] But the Communist party did not have much of a constituency in the Italian countryside anyway, nor was there a structural 'under-representation' of Mediterranean (as opposed to northern) farmers' views in Italian policy that any political party could claim to redress.

Moreover, the differences between France and Italy were also a reflection of their own rivalry within the Community, which Spain only exacerbated. French fears of Spanish competition had partly originated due to the large imports of Italian cheap wine and other Mediterranean products which started flooding France during the 1970s and which provoked the bitter 'wine wars'.[119] Therefore, Italy and France failed to form a united front in their attempts to redress the North-South imbalance of the CAP, and their positions towards enlargement were framed by this conflict. As will be shown in the next chapter, Italian demands for reform concentrated primarily on extending structural measures and reinforcing Community Preference, while French demands consistently included schemes that would protect them from intra-Community trade (i. e. from Italy as well as from Spain), like increasing the discipline of producer groups and introducing a system of minimum prices.[120] The fact that Italian proposals put the emphasis on measures aimed at 'cohesion' rather than national protection, suited more the northern approach to the reform of the CAP and won them the sympathy of the Commission. The latter endorsed Italian

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118 Tsoukalis, *The EC and its Mediterranean enlargement*, p. 154. 'El PCI apoya la entrada de España en la CE', *El País*, 10/2/1979.

119 These different approaches were exemplified in the dispute over wine that France and Italy had been having since 1977, and which blocked the negotiations with Spain in that sector. Following a couple of years of increased production, the French found themselves flooded with imports of Italian cheap wine competing in the Community markets. They wanted to solve this by setting up an interventionist framework for the wine market through guaranteed prices for intra-Community trade (guarantee measures). In contrast, Italy was asking for the reconversion of bad quality vines to other crops (structural measures). Although these measures required additional funds from the budget, they better coincided with the views of the Commission, Germany and Britain, because at least they would not encourage more surpluses; Neville-Rolfe, *The politics of agriculture in the EC*, pp. 511-516.

120 *Agra Europe special report*, p. 18. For a detailed exposition of Italian views, see Marcelo Gorgoni, 'La agricultura italiana entre Europa y el Mediterráneo: situación y perspectivas frente a la segunda ampliación de la CEE' (translated by Manuel Rodríguez Zúñiga), *Agricultura y Sociedad*, n. 22 (1982), pp. 37-68.

proposals of the Memorandum of 1977 which stressed that structural and other non-market measures in agriculture should become more important, for the development of 'rural' regions.[121] In the end, the IMPs drew from these Italian proposals (see next chapter). They were called 'integrated' precisely because they combined the four structural funds together with the CAP, for specific regions.[122] These disagreements between France and Italy on how to reform the Mediterranean *acquis*, explain why, at the negotiating table with Spain, the Community was incapable of presenting its position on wine as late as December 1984.[123] The main line of conflict paralyzing the Community was thus not only the north-south one, because there was not a clear and united southern front.

The differences between France and Italy should not obscure the wide range of preoccupations which they shared. Italian industrialists, like their French colleagues, were divided, as some feared competition from Spain in the declining industries, and others had strong interests in accessing the profitable Spanish market. The Italians were also as irritated as the French with the British attitude 'more interested in haggling about relatively small sums of the EC budget than in developing the Community for the benefit of all.'[124] More important, they were determined that the economies of the CAP should not be achieved at the expense of the south.

After its accession, Greece became a strong supporter of the Italian position, and ended up being the main beneficiary from the IMPs.[125] After coming to power in March 1982, the Socialist (PASOK) government submitted a memorandum arguing for the revision of its terms of accession and for the recognition of its Mediterranean status, effectively complicating the re-

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121 Graham Avery, 'Europe's agricultural policy: progress and reform', *International Affairs*, vol. 60 (1984), n. 4, p. 656.

122 *EC Bulletin*, 3/1983, § 1.3.1.

123 'El enfrentamiento franco-italiano sobre el vino impide de nuevo una oferta de la CE a España', *El País*, 2/10/1984; 'Spain prepares for final push on EEC', *The Times*, 26/11/1984; 'EC resumes negotiations on Iberian entry issues', *International Herald Tribune*, 18/12/1984.

124 Denton, 'Re-structuring the EC Budget', p. 137.

125 'Grecia anuncia su apoyo a España en su ingreso en la CE y en la OTAN', *El País*, 4/7/1981.

vision of the *acquis*, that was holding up enlargement.[126] The Greeks kept on bringing the issue at European Council meetings and, in early 1985, threatened to veto enlargement unless the IMPs' funding, which the British and German governments were reticent to accept, was secured.[127]

The role of Greece highlights two important points about enlargement. First, the order in which the Mediterranean applicants were accepted into the Community (Greece first, and then Spain) had some impact in the shape of the final agreement, in particular with respect to redistributive arrangements, because the negotiations procedure was biased in favour of existing members. Greece had a certain advantage to secure a better position within the IMPs, because it had a say in the setting up of the new rules and their finances.[128] Second, a small country like Greece had the capacity to jeopardize a development which was very important for its powerful neighbours. This shows that, although the main bargaining process took place among the most powerful members of the Community, (Germany, France, Britain and Italy) the Community method ensured that small countries' opinions were not overlooked. It is to their views that the next section turns.

5. Small northern states: the Benelux, Ireland and Denmark

For these members, the inclusion of Spain was less attractive than it was for Germany or Britain, but still was equally necessary for the promotion of stability and democracy. As the fiercest guardians of the *acquis communautaire*, the dilemma between deepening and widening was the most pressing issue for the Benelux countries and Ireland. They feared that the slowing down of integration that had affected the Community since the Luxembourg compromise would become worse after the second enlargement. Their concern with institutional aspects was also pressing

126 'Greek Memorandum', *EC Bulletin*, 4/1982.

127 He succeeded in having the whole Greek territory considered as a Mediterranean region, except for the Athens area: *Agra Europe*, 15,22/2; 1,22 /3/1985.

128 The fact that Portugal obtained 700 million ECU and Greece 2 000 million ECU from the IMPs demonstrates this bias: Preston, *Enlargement and integration*, p. 84.

because they feared the possibility that Spanish accession could trigger a reform of decision-making procedures and correct their over-representation, thus leading to a 'directorate' of large member states. Accordingly, they rejected any modification of the treaties and insisted that it was up to the newcomers to accommodate themselves to the Community system. Benelux leaders agreed that if enlargement reduced the pace of integration still further, the price might not be worth paying. Gaston Thorn, while he was Luxembourg's Prime Minister, made it clear that he did not wish to see the Community enlarged to 'countries which would bring their problems with them, especially before the effectiveness of Community institutions had been increased.'[129] These countries also feared the effects of enlargement on the Community's foreign policy. They resented the impact it would have on other Mediterranean countries, particularly Israel, with whom Spain and Greece had no diplomatic relations.[130] They also stressed that Spain would have to reconsider its special relation with Latin America in view of the principle of Community preference. In the field of industrial trade, as the producers of finished goods for which the demand was likely to increase in southern Europe as a result of accession, the Benelux countries supported Germany and Britain in their advancement of trade liberalization. They also shared their rejection of a reorientation of the CAP in favour of Mediterranean products (although the Belgians expressed sympathy for the French position) thus contributing to the delay in accession negotiations.[131]

More specifically, the Dutch, true to their foreign policy traditions and their active membership of NATO, gave considerable weight to the moral imperative of sustaining democracy in southern Europe, although they we-

129 'Declaraciones de Gaston Thorn, primer ministro de Luxemburgo sobre la candidatura de España a la CE', *El País*, 23/8/1977; Leigh, *Nine EEC attitudes*, p. 28.

130 For this reason they resisted the strengthening of Community Preference that Italy demanded as part of the reforms to the Mediterranean *acquis*, and the Netherlands insisted that a condition of Spain's entry to the EC was an exchange of ambassadors with Israel. Formal diplomatic relations between the Spain and Israel were established in January 1986.

131 'El ingreso de España en la CE, un proceso largo y difícil, según el primer ministro de Bélgica, Leo Tindemans', *El País*, 22/10/1977; Leigh, *Nine EEC attitudes*, p. 30.

re preoccupied with the lack of stability in Greece, Portugal and Spain, and questioned the view that Community membership would itself be a stabilizing factor. They pointed out the dilemma the Community would face in the event of any lapse into authoritarianism once enlargement had occurred.[132] In this, they echoed the concerns of the British Labour Party and contributed to the establishment of the 'democratic clause' for EC membership.

The Netherlands also shared with Germany and Britain the internal contradictions between 'global' and 'sectoral' interests, especially because its large horticultural industry would suffer from Spain's accession, and this got reflected in Dutch positions at the CAM, where they supported the view of imposing a long transitional period in fruit and vegetables.[133] This was because the relationship between agricultural interest groups, related business sectors, political parties, and the relevant government branches was so close that it had an almost corporatist status in civil law.[134] Dutch agricultural interest groups were active in COPA and, through their links with the Ministry of Agriculture, had strong channels of influence in the EC system, both with the Commission and the Council of Ministers. The Dutch government had ensured that its farmers profited greatly from the CAP since its creation.[135] As other 'small' members, like Denmark and Ireland did after joining the EC, the Netherlands compensated for their weakness by focusing their EC policy on the few areas, like agriculture, which were crucial for them.[136] Therefore, sectoral considerations had great input in the articula-

132 'Holanda preside el Consejo de la CE.... y muestra su simpatía por la democratización española', *El País*, 3/7/1977; for the analysis of this dilemma, see Whitehead, 'Democracy by convergence', pp. 49-50.

133 'Declaraciones del ministro holandés de agricultura, Van der Stee, sobre el posible ingreso de España en la CE', *El País*, 7/5/1977; *Agra Europe special report*, p. 14. See next chapter.

134 Van Schendelen, 'The Netherlands: lobby it yourself', in Van Schendelen, *EC lobbying*, p. 135.

135 For the role of Dutch interests in the creation of the CAP see Johan Molegraaf and Ralph Dingemans, 'The Netherlands and the Common Agricultural Policy, 1958-1963', in Deighton and Milward, *Widening, deepening and acceleration*, pp. 151-165. The Dutch Ministry of Agriculture has striven for representation of its people in the Commission and in the various committees, as the nomination of three Dutch Commissioners to DG VI (Mansholt, Lardinois, Andriessen) exemplifies.

136 Van Schendelen, 'The Netherlands', p. 142; Tony Brown, 'Ireland: decolonized lobbying', p. 222; Henning Bregnsbo and Niels C. Sidenius, 'Denmark: the national lobby

tion of these countries' 'national interest' with regard to enlargement, and as the next chapter will show, they went to great lengths to defend them.

Denmark had very few political or economic interests at stake in enlargement, and its views had little influence in the final outcomes. The Danish expressed their support for the 'democratic' arguments in favour of enlargement, and although they shared the Benelux's concerns about the creation of a large members' directorate, they did not fear the 'dilution' of the Community, given the reticence of their public opinion to federalism. In the field of foreign policy they expressed the need to compensate for the southern enlargement with further EFTA connections with their Scandinavian partners.

This relatively benign attitude towards Spain's accession was at odds with a much more obstructionist view in the field of agriculture, where Danish Ministers opposed the cuts in CAP spending, notably the introduction of milk quotas, as well as siding with Britain and Germany in their refusal to increase the support for Mediterranean regimes if this was to be done at the expense of temperate products. The strength of Danish agricultural lobbying, like in the Netherlands, resided in the very close and extended relations between the large farmers' associations and public authorities. Their 'corporatist' organization, a key feature of Danish politics, was reinforced by the high degree of consensus, discipline and co-ordination between the different branches of government at the ministerial level, which made it possible to pursue Danish interests coherently at the EC level.[137]

As a weak economy, Ireland had not much to gain from trade liberalization, except from possible exports of some agricultural products to the new members. It would face competition in footwear, textiles and other manufactures and was determined to safeguard the existing financial benefits it obtained from the Social and Regional Fund, from erosion by the

orchestra', p. 197, both in Van Schendelen, *EC lobbying*.

[137] As with all other member states, agriculture was the oldest and most resourceful of the Danish interests lobbying in Brussels. Bregnsbo and Sidenius, 'Denmark', pp. 197-203.

newcomer. With the Benelux countries and the Commission, the Irish were keen to safeguard the over-representation of the small countries and avoiding the dilution of the Community.[138] It was also reticent to see the support for temperate agricultural products diminished in order to redress the North-South imbalance. Yet, these worries did not present any particular obstacles in the negotiations, due to the Irish weak political position, and to the fact that they were quite positive about enlargement, which supported their case in favour of stronger redistributive policies.[139] The Irish government was active in finding a compromise solution to the wine dispute that unblocked the accession negotiations at the Dublin European Council summit under its Presidency, in December 1984. Again, this positive approach to enlargement appears to have come from a rather centralized and hierarchical formulation of Irish EC policy around the Prime Minister's office.

Conclusion

This chapter has argued that, at the national level, Spain's accession to the EC generated more political controversy in the EC than was the case for Greece and Portugal, because of its size and its reluctant membership of NATO. All the member states had mixed views about it: while they all remained committed to Spanish membership, from a 'global' perspective, they also had 'sectoral' reservations in the field of agriculture. How these concerns were reflected at the CAM where the Community's negotiating positions with Spain were elaborated, varied from one member state to another, depending on their domestic institutions of interest intermediation and policy co-ordination. Looking at the national level is important because the only effective democratic check on the CAM's decisions was (and still is) located at the national level, where ministers of

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138 G. Fitzgerald, in Wallace and Herreman, *A Community of Twelve?*, p. 11.
139 'Irlanda apoya el ingreso de España en la CE', *El País*, 20/10/1977; Leigh, *Nine EEC attitudes*, p. 25.

agriculture were accountable to their voters and could be better constrained by their cabinet colleagues.

The large northern member states, Germany and Britain, looked forward to Spain's membership in general, as this would bring a new market for their industrial exports and would greatly contribute to the political and strategic stability of Europe's southern flank. However, as the main contributors to the EC budget, these two member states were well aware of the budgetary costs of Spanish accession, and were reluctant to pay for them, by either increasing their contributions or making economies in their own agricultural sectors to redress the North-South imbalance of the CAP. This contradiction was particularly acute in Germany, where Commission proposals to curb CAP spending encountered fierce opposition by the DBV and the agriculture Ministry, which only gave in after compensatory measures at the national level were introduced. Similarly, the smaller northern member states were supportive of the democratization arguments in favour of enlargement, but were concerned with the cost to their own agricultural sectors if budgetary discipline was introduced, as well as with the institutional consequences.

The main opposition to Spain's accession came from Mediterranean farmers in Italy and France, who feared competition from successful Spanish exports. This opposition was mainly expressed in France, where the issue was politicized by farmers organizations and political parties outbidding each other to redress the grievances of the formerly under-represented southern farmers. This led to the introduction of a 'pause' by the French government in the negotiations with Spain until the presidential election of 1981. After the Socialist victory, the 'pause' was officially over, but negotiations were stalled in the agricultural sector due to the difficulties associated with the end of the exclusive *représentativité* of FNSEA and the CNJA, on the one hand, and temporary changes in the co-ordination of French EC policy mechanisms on the other. By contrast, Italy, whose farmers were to be the most affected by Spain's accession, ironically presented a more benevolent attitude, due to the primacy of the Foreign Affairs Ministry on EC policy, the weakness of the administrative system, the consensus of political parties in favour of enlargement and the division of farmers into a diversity of organizations. The differences between France and Italy prevented the formation of a solid Mediterranean front and delayed the reform of the agricultural *acquis* that was needed for Spain's inclusion into the CAP. More interesting, these differences also highlighted the crucial role played by institutions in the articulation of 'national' positions in Brussels.

In all the member states there was a close interweaving of agricultural producers' associations and public authorities, which varied from the corporatist style of the Netherlands and Denmark to the weaker links of the Italian system. In most cases, it was difficult for agriculture ministers to agree in Brussels with decisions which could affect their domestic constituencies, on whose cooperation they depended heavily to obtain information, implement policies and for electoral support, even when this was at odds with the 'national interest', as defined from a 'global' perspective in the finance or foreign affairs ministries. The degree of co-ordination of EC policy-making between the different government ministries of each state had a decisive influence on the way in which farmers' interests were translated into the European arena. Inter-departmental squabbles expressed the variable degree of isolation of agricultural interests (contrary to CAP reform and enlargement) from other 'high-politics' considerations and those economic interests which were in favour, and they contributed in different ways to the institutional insulation of this policy community at the EC level. The French 'unitary' and well co-ordinated style of EC policy amplified their southern farmers' voices and made them echo outside the CAM, while the German 'fragmented style' often put its own national ministries of finance and agriculture at odds with each other. Also, with the exception of Britain, all the members states had a strong interest in maintaining a high level of public support for agriculture, in spite of the generalized outrage about the exhaustion of budgetary resources. This division of 'national interests' along sectoral lines militated against the formulation of a coherent Community position in Brussels to negotiate with Spain and, unsurprisingly, the most contentious issue over the terms of Spain's accession was in the field of agriculture. How these problems were addressed and the role played by institutions in the process of formulating the Community's negotiating position is explained in the following chapter.

THE SPANISH ACCESSION *PROCESS*

How did the negotiations in the agricultural sector unfold? Where and when did they get stuck? How were the obstacles overcome? The following two chapters trace the negotiations in the agricultural sector and highlight the role played by institutions at the three levels (EC-Spain; EC internal; national) in creating the delays and deadlocks, shaping the debates and interests of the member states, isolating agricultural issues from outside pressures, all of which left Spain with a very narrow margin of manoeuvre.

Chapter 6 consists of detailed studies on the negotiations on the three commodities which required a reform of the Mediterranean *acquis communautaire* and therefore constituted the main stumbling block to Spain's EC membership: olive oil, fruit and vegetables and wine. The technical detail may seem trivial in the overall context of Spanish accession negotiations, but this itself reveals much about the role of institutions and the sectoral interests under consideration.

Chapter 7 analyzes the two package deals that allowed to overcome these complex problems by linking them together under the IMPs and with other concerns rising in the Community's agenda: the completion of the Single Market and institutional reform with the SEA. Thus the story reverts to a broader level and the political bargains that had to be struck to override the technical concerns.

The major stumbling block: Spain's adoption of the Mediterranean *acquis communautaire*

Negotiations on agriculture formally started when the Community presented its position at the 19th ministerial meeting of 21 February 1984, five years into the enlargement talks. They went on until the final 'marathon' meetings of March 1985, defied several deadlines, and then threatened to water down the Community's enlargement at the very last moment. This was the most difficult and complex *dossier* of Spain's accession negotiations to the EC, especially with regard to Mediterranean products, olive oil, fruit and vegetables, and wine. This chapter analyzes the concrete problems posed by Spain's accession in these sectors and uses the framework developed in the previous chapters to explain why their solution proved so problematic and delayed the enlargement process.

It will be argued that Spain's accession required the modification of the Mediterranean *acquis communautaire*, a task which quickly became enmeshed with the ongoing struggle to reform of the CAP more generally. The search for consensus on CAP reform delayed the formulation of the Community's negotiating position with Spain. In this sense, the talks between the Community and Spain (Level I) only constituted the last of a long and protracted three-stage process which had required, first, changing the *acquis communautaire* and, second, formulating the Community's position.

For each of these three sectors, it will be explained how Spain's entry to the EC posed problems in at least three dimensions: increasing costs, rising surpluses, and dislocating trade with third countries. This made them very complex and the views inside the Community about how to tackle them were grouped in coalitions that often defied the coherence of national and North-South partitions. Instead, the 'framing' of issues was mainly sectoral, product or even issue-specific. This explains why consensus had to be found on every single detail at every level, and in various arenas, making the process technical, bureaucratic and tedious.

It will be shown that the main problems in these areas did not only stem from the size and potential of Spanish agriculture, but more important, from the fact that its accession exacerbated problems and disagreements which already existed inside the Community. The existence of these previous disputes prevented the formation of a new consensus among the actors involved about the way and direction that the reforms of the *acquis communautaire* should take, because problems were already 'framed' in particular ways which made an innovative approaches difficult. Thus, despite lively disputes and the calls for radical reform, in the end change occurred, as HNI suggests, at the margins, and the negotiations consisted in finding ways of maintaining the situation, postponing the problems and diffusing the costs overtime, rather than a radical recasting of the existing rules. The final outcomes consisted in maintaining discrimination against Spanish products for a long time.

The fact that coalitions of actors were multiple, complex and issue-specific meant that a gigantic effort of co-ordination was to be necessary to work out solutions and break the logjam inside Community decision-making institutions which delayed the formulation of its negotiating position. Inter-sectoral co-ordination was clearly difficult, as conflicts between the CAM, ECOFIN and the GAC will show. The existence of a tight policy community composed by DG VI, the CAM and COPA, described in chapter 4, successfully managed to exclude extra-sectoral interests (consumers, budget ministers, Spanish officials) from the substantial decisions on CAP reform.

The cohesion of this policy community *vis à vis* other sectors and the applicants must not obscure, however, the fierce disputes that existed inside it, and that national conflicts prevented the creation of the Community's position for a long time. The translation from the political to the technical languages was not easy, and involved the constant referring of proposals from the European Councils to expert groups, and back. Making the different dimensions (costs, surpluses, trade) of each problem coincide, and reconnecting these technical decisions to their political meanings was an extremely long and complex process that took the Community many years and many rows. Thus, what seems at first sight to be technical and perhaps over-detailed subject matter, actually exposes the inner workings of negotiations and the priorities and biases of those conducting them; and shows the explanatory power of HNI when applied to study institutional change.

1. Overview of negotiations in agriculture

The accession negotiations consisted in devising the rhythm at which Spain would adapt the *acquis communautaire*, that is, defining the so called 'transition periods'. The main point of reference for their design was the British accession process which had by now provided a model of 'classic transition', and consisted on a progressive and lineal dismantling of customs between the applicants and the EC.[1] Most of the accession treaties followed this classical model, but the framework of the agricultural transition periods was of greater complexity because they also included the approximation of institutional prices and of other aids, like consumer subsidies, and compensatory amounts.

The Community's tactic was to fragment the agricultural chapter so as to make Spain accept specific transition periods for those products that were 'sensitive' for the EC (i.e. fruit and vegetables, oils and wine) and a 'classical' transition for the rest of the sector. Thus, the Community's position on fats and oils did not materialize until October 1984, and that on wine until

[1] In its '1982 Inventory', the Commission pointed out that this procedure had by now become 'traditional', p. 9.

December of that year. This was partly due to tactics, but also to the incapacity of the Community to agree on how to reform these two regimes and their funding until the end of 1984.

On their side, the Spanish insisted on working on the agricultural chapter as a whole, so as to compensate for sacrifices made in these products with concessions from the EC on those that were 'sensitive' for Spain, i.e. quotas for imports of milk, beef, and other northern products.[2] At the beginning this Spanish request for quotas was not acceptable to the Community because it challenged the Community principle of free movement of goods, but in the end, it was accepted as a trade-off for the measures on fruit and vegetables, which were also a-typical.[3] This trade-off that allowed to bring together what had been irreconcilable positions shows how ideas that had been unacceptable when treated separately became legitimate when re-framed in a slightly different way by attaching a new element, and highlights the role played by issue linkages, hence co-ordination in reaching a compromise.

Both sides agreed that for 'sensitive' sectors a 'classic transition' would be insufficient, and special arrangements which departed from this rule had to be devised: a five year 'stand-still' for oils and fats, consisting in the manipulation of prices and quantities to maintain the *status quo*; a transition in two stages for fruit and vegetables; and quotas with 'supplementary mechanisms' for Spanish 'sensitive' sectors.[4] The need to depart from the 'classic' transition period model stemmed from several facts. First, agriculture was one of the few sectors in which there had been, since the founding of the EC, an important transfer of competences from member states to Community institutions, so the legal body of Spain's

[2] At a Franco-Spanish ministerial meeting Spanish Agriculture Minister, Romero, asked his counterpart for protection in the meet and milk sectors, Rocard responded with reserves; 'Nouvelle rencontre ministérielle franco-espagnole', *Le Monde*, 20/1/1984.

[3] The debate about using quotas to cope with the disruptions brought by enlargement had also been prominent during the British accession negotiations with regard to imports of New Zealand diary products and Commonwealth sugar, which the Community found unacceptable; Young, *Terms of entry*, pp. 155 and 170; O'Neill, *Britain's entry into the EC*, pp. 106-107; 151.

[4] Tió Saralegui, *Lecturas*, p. 24.

adoption of the CAP, was large and complex. Second, the French had openly stated their intention to regulate as much as possible the transition period for Spain's agriculture, to make sure that none of the envisageable problems was left unresolved before accession. In Mitterrand's words:

> we have to ensure that as many agreements and as many mutual obligations as possible are contracted before the enlargement decision .... rather than do as in 1972, when we brought Britain in before reaching agreement, with the result that all the difficulties arose afterwards and are still with us today.[5]

Third, extending the application of existing Community rules to Spain was impossible without important consequences for a policy that was already in crisis. This was particularly acute in those cases where the regulations, like for fruit and vegetables, had been especially devised against the competition from Spanish products. Discussion on reform especially with regard to finances and to the North-South imbalance, ran in parallel with Spain's negotiations, so special arrangements were needed to synchronize these two processes. In the case for olive oil, the reform of the regime was still incomplete at the time of Spain's accession. A lineal transition was not enough and the *acquis* had to be modified. But how was this to be done?

2. Olive oil: coping with an expensive new surplus

The most controversial sector in the agricultural negotiations was fats and oils, for three main reasons. The first problem was that, as the EC olive oil regime stood, incorporating Spain, the world's largest producer, would more than double the support costs of the sector (from 800 to 1645 million ECU).[6] The regime had just been consolidated in 1978, under long time pressure from Italy to redress the North-South imbalance of the CAP, and provided a far more generous level of market support than existed in Spain, which included production aids, a consumer subsidy, threshold prices and a

[5] Ambassade de France à Londres, 'Excerpts from the speech of Mr. F. Mitterrand at a luncheon with representatives of regional farming organisations', *Service de Presse et d'Information*, 11/10/1984.
[6] CEC, 'Opinion on Spain', § 81.

variable levy. It had absorbed increasingly substantial sums of money from the EAGGF Guarantee Section (5% in 1976, while olive oil represented 1% of agricultural production -see Appendix 4). An extension of this support system to Spain would clearly be very expensive, and put olive oil at a par with cereals and dairy products, thus making it one of the most expensive sectors of the CAP.

Second, with the accession of Greece in 1981, the Community had reached self-sufficiency in the sector. So the addition of Spain would create a surplus by bringing that level to 123%. Moreover, Spain's adoption of the EC liberal trading regime for non-olive oils and oilseeds would aggravate the surplus as time passed, because it would reduce Spanish olive oil consumption, while at the same time, the introduction of a higher support level would stimulate production.[7] The third problem was that non-member countries from the Mediterranean (Tunisia, Morocco and Turkey) would lose access to the EC market, vital for them, as soon as Community Preference was extended to Spain.[8]

2. 1. Complex problems and multiple coalitions

The high costs and magnitude of change implied by enlargement in this area provided the ingredients for an inter-sectoral dispute (agriculture vs. finance and trade) that was first visible in early March 1980, when a row erupted inside the Commission as it was drafting its first proposals for the 'common position', and Roy Jenkins had to decree a 'cooling off period'.[9] Agriculture Commissioner Gundelach, supported by French and Italian

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[7] CEC, 'Opinion on Spain', §§ 77-81; CEC, 'Fresco', §§ 70-78.

[8] CEC, '1982 Inventory', Annex § 10. See the report elaborated by the Commission on the issue: François Duchêne, CEC et al., *The European Community and the Mediterranean Basin: study on the consequences of the process of enlargement both for the Mediterranean zone and for the Community itself and the conditions necessary for the definition of a global and forward-looking policy*, Luxembourg, Office for Official Publications of the European Communities, 1984; Alfred Tovias, *EEC enlargement: the southern neighbours*, Sussex European Papers, n. 5, The Mediterranean Challenge Series: III, 1979.

[9] 'Vegetable oil tax for Spanish accession to be discussed by Commission', *Agra Europe*, 29/2/1980, P/8; 'Commission postpones decision on vegetable oil tax', *Agra Europe*, 7/3/1980, P/5 and 14/3/1980, P/4.

commissioners, revived the old proposal of imposing a tax on vegetable oils other than olive oil, so as to provide revenues to support the olive oil sector. The proposal encountered opposition from commissioners from the UK, Germany and the Netherlands, who saw it as yet another harmful measure for the consumers and for trade partners. Notably, the US opposed the tax vigorously, as it would harm its own exports to the EC of vegetable oil and oilseeds. In 1981, US Agriculture Secretary John Block warned European governments of 'massive retaliation' if the EC levy was imposed on oils, while, in 1984, Thorn complained that the US did not want to pay its part of the bill for EC enlargement.[10] EC members were also under pressure from their own large oilseed crushing industries. Thus, the main line of division between the two coalitions was intra-sectoral (olive vs. non-olive oils) and reappeared at the international, Community and national levels.

Second, this row was not simply between the protectionist South demanding subsidies and the free trading North refusing to pay up, as it is often portrayed. The Belgian, Dutch, German and British opposition to this tax in the Council was moderated by two important factors, which made the formulation of their national positions on this issue extremely difficult. First, the tax had long enjoyed the support from their own dairy farmers and others as a way to reduce the Community's 'butter mountain': a rise in the price of margarine would stimulate butter consumption and alleviate surpluses of dairy products and reduce the need to cut production or prices. At a CAM meeting in January 1983, 'as a butter producer' Belgium decided to support the tax, illustrating how the North-South divide was not that neat.[11] The debate about the tax also erupted among Dutch ministers in August 1983, as the Commission's proposals for the tax were discussed by

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[10] The US was the chief supplier to the EC market of other vegetable oils, notably soy beans, and was 'extremely sensitive to any EEC moves on the vegetable oil tax question and would strongly oppose the introduction of a tax...', *Agra Europe special report* , p. 165; *Agra Europe*, 5/6/1981, P/5; 'US protests "informally" at EEC CAP reform proposals', *Agra Europe*, 26/8/1981, P/2; *El País*, 16/12/1984.

[11] 'Ministers clash over olive oil', *Agra Europe*, 21/1/1983, P/4.

the Councils of Finance and of Foreign Affairs.[12]

Even if the tax was not introduced, money to support the olive oil regime needed to be found somewhere if Spanish producers were to get the same level of support as Community ones. A policy of compulsory reduction in production was not viable at least in the short run, because the social repercussions would be great in a sector that employed nearly three million people, whose *per capita* income was on average the lowest in the agricultural sector, and concentrated in the poorest regions of the EC.[13] Without a tax, money would have to come from the Community's budget, which treasuries were struggling to avoid. In this way, the common position on olive oil was linked to the budget row paralyzing the Community at the time. For these reasons, the idea of the tax was never completely rejected, and its discussion kept reappearing and being postponed to a later date. In subsequent proposals for a 'mandate' to negotiate with Spain, the Commission still mentioned the tax, which remained on the agenda for years, as a possible solution.[14] In this way, the accession of Spain did not create the row about olive oil, but exacerbated already existing ones, notably about finances, dairy products and trade with the US in the area of oils and fats. The enlargement of the Community was a major event in the olive oil world market, as it would now account for 2/3 of world production. Therefore the discussion on the 'oil tax' involved extra-European actors, like the US, Morocco, Tunisia and Turkey who tried to have a say in the discussion through some member states like the Netherlands, Germany, Britain, and even France, to protect trans-Atlantic and trans-Mediterranean trade.

So many conflicting and diverse interests at all levels had to be taken into account, that quick agreement on reform was impossible, and the Community was unable to establish its common position on the issue until

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[12] *Agra Europe*, 12/8/1983, P/2.
[13] CEC, '1982 Inventory', Annex § 11.
[14] *Agra Europe special report*, p. 25.

October 1984, eight months after it had presented its first agriculture proposals to Spain.[15] Without the tax, the financial problems would be great, so inside the Community, the coalitions of actors for and against it were complex and divided the Commission, the Northern member states and transnational organizations along sectoral lines: consumers (BEUC) were against, while and farmers (COPA) were in favour; and along product specific lines (olive vs. non-olive oil producers). At the national level, a country like Belgium or the Netherlands had to reconcile the conflicting interests of its oil crushing industries, consumers, dairy farmers, finance, trade and agriculture ministries.

2. 2. The decision-making process: in search of consensus

The identification of the problems and of the interests involved, does not however tell the whole story. The process through which these interests were represented, defended and compromised was crucial in determining the outcomes and timing of negotiations. This was shaped, in turn, by the institutional structure of the EC. These inter and sub-sectoral coalitions of interests produced a logjam in the decision-making process at the Community level, which exacerbated member states' domestic dilemmas. The fact that decisions over reform of the olive oil regime and its financing were to be taken at separate venues (CAM and ECOFIN Council) where different conceptualizations of the problems at hand prevailed, complicated things enormously. As there was no hierarchy between the two councils to establish clear priorities, they got caught in disputes over their competencies. Budget Commissioner Tugendhat blamed agriculture ministers for the continued increases in spending and DG VI officials for ignoring budgetary constraints in their advice to ministers.[16] Political 'guidance' or 'arbitrage' from 'above', had to come from the GAC and,

[15] The EC declaration of 21 February 1984 had remained carefully silent about olive oil. This document is summarized in *Agra Europe*, 24/2/1984, P/2.

[16] 'Tugendhat blames agriculture ministers', *Agra Europe*, 8/7/1983, P/3.

ultimately, by the heads of state and government at European Council meetings.

Yet the ability of this higher level of decision-makers to prioritize was undercut by the nightmarish degree of complexity and technicality of the issues at hand. After the Brussels summit of March 1983, many details had to be referred back to farm ministers, as Thatcher pointed out that heads of government did not really understand the detailed issues and should not be asked to take decisions from ignorance.[17] However, the danger of letting agriculture ministers deal with the 'technical details' in their 'closed shop' implied their losing sight of other important related issues, like the financial implications or the political imperatives of going ahead with enlargement. This was particularly problematic for a sector like olive oil which had several ramifications in other areas that institutions separated artificially, like finance, structural reform, trade, other oils and even butter. Proposals for the reform of the Mediterranean *acquis* were therefore referred up and down to the CAM, the SCA, ECOFIN the Heads of Government, the GAC, etc. as they needed each other's expertise and/or political guidance. This wrangling between the different decision-making instances produced a series 'bureaucratic delays' in the negotiations with Spain, without it being able to have any but indirect incidence in the process.

The beginnings of a solution, at least of the financial issue, appeared when Kohl agreed to increase the ceiling of VAT national contributions to the Community's budget on condition that enlargement took place, at the Stuttgart summit in June 1983. But the Community took more than a year to translate this agreement in principle into a workable solution for the concrete problem of olive oil. As pressure mounted to establish the deadline of negotiations with Spain, it was agreed to have a series of Special Councils, joining the Agriculture, Foreign and Finance Councils together, the work of which would be prepared by an *ad hoc* group (*Groupe Unique*). In an

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[17] *Agra Europe*, 25/3/1983, P/5.

unprecedented August meeting, the biggest council ever met in 1983 to try to address a bundle of related issues together.[18] However, disagreements between agriculture and finance ministers continued until October 1984.[19]

When it had become clear to northern countries that they would have to pay the bill of enlargement, they (particularly the UK) attached the condition that the new funds should not serve to maintain or aggravate agricultural surpluses. The new money, they argued, would have to go to the EAGGF Guidance section and other new common policies to promote structural reform, i. e. improve efficiency and induce producers to switch to new crops in which the Community had a deficit, like corn. In order to control the surplus in the long term, less efficient producers would inevitably need to be made redundant and be helped to switch to other occupations, hence the need to promote industry and services in these regions as part of an overall structural reform package for the Mediterranean, of which funds for supporting agricultural products would only be a fraction. In this way, the Spanish accession negotiations on the olive oil sector became linked with the old discussion about the structural reform of the EC's agricultural sector, and its social implications. This particularly affected uncompetitive Italy, where most of that restructuring would have to take place. The Italian government supported the idea of structural reform as long as there was increased funding for it through the EAGGF Guidance section or the IMPs.[20]

The budgetary costs of enlargement in this sector meant that Italy and France would not be alone in trying to postpone the problems created by Spain's accession. So one of the first decisions, taken in February 1983, that the Ten could agree on was to demand a ten-year transition period for Spanish olive oil and a 'stand still' regime of five years, during which prices and quantities of other oils would be controlled, and consumption aids to

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[18] *Agra Europe*, 26/8/1984, P/3 and 2/9/1984; see chapter 3.

[19] 'El desacuerdo de los ministros económicos y agrícolas de la CE dificulta la sesión con España', *El País*, 1/10/1984.

[20] Tió Saralegui, *Lecturas*, p. 30.

olive oils would not be introduced, in order to maintain the *status quo* inside the Spanish market.[21]

The linkage to other policy areas brought the stalled discussions at the CAM to the GAC, where supposedly the specific discussions on the reform of the oil regime could be put in a macro-perspective, weighed against other issues, and re-connected to the priority of enlargement by Foreign Ministers. Yet, at its meeting in early September 1984, close to the deadline fixed by the French presidency for concluding negotiations, the GAC again failed to agree its common position on olive oil. With regard to trade, Germany argued that since competing oils would not enter Spain at lower prices upon accession (because of the Spanish protectionist regime), Spanish olive oil would be subject to EC intervention and production aid, but not consumption aid. France and Ireland wanted this linked to an agreement to reform the EC's fats and oils sector, including again a discussion on the controversial tax.[22]

With regard to production, the UK and most other members were pushing for production thresholds, while Italy and Greece firmly opposed them as well as any other measure that would reduce the level of support. Italian Foreign Minister Andreotti complained that the northern members were much harsher on Mediterranean products than on northern products, since they were refusing the introduction of similar thresholds for dairy products on the grounds that production quotas were against the principles of the CAP. At this point, the problem of having conflicting principles guiding the CAP became evident, as both sides were right but none could prevail. While Italy and Greece were invoking the principles of free movement of goods (i.e. no quotas) and of sustaining farmers' incomes to make their cases against reform, the northern member states appealed to the

[21] 'El mercado exterior del aceite de oliva español quedará aislado durante cinco años tras el ingreso de España en la CE', *El País*, 24/2/1983.

[22] 'Foreign Ministers deadlocked on offer to Spain and Portugal', *Agra Europe*, 7/9/1984, P/2. For a discussion on trade with third countries see José Ordóñez Fresno, 'Problemática de la exportación española de aceite de oliva ante la integración de la CEE', *Agricultura y Sociedad*, n. 22, 1982, pp. 335-340.

principles of offering reasonable prices for consumers and ensuring the 'rational development of production'. If technical details mattered at all, it was because of their connection with these higher principles.

2. 3. Negotiating the terms of entry with Spain

This failure to agree on the Community's position on such a central sector was now threatening the whole accession process, and the deadline for concluding negotiations (30 September 1984) had to be extended. Irish Foreign Minister and Council President, Peter Barry, said at the end of the meeting that if nothing was achieved at the next restricted meeting of the Council on September 17, new procedures for speeding up the negotiations would have to be worked out.[23] It was becoming clear that, while the 'bilateral' procedure (Level I) ensured that Spain could not break the cohesion of the Community, it was too cumbersome and was now putting in danger the whole purpose for which it had been designed. In other words, the negotiations procedure maximized cohesion among the member states, but produced sub-optimal outcomes with regard to enlargement negotiations.

The hope of concluding negotiations in time faded when, in preparation for the meeting, COREPER spent seven hours discussing issues surrounding enlargement -olive oil among them- without progress. On the one hand, Greece announced that it would block agreement unless the financial arrangements for the IMPs were established. On the other hand, Germany with the less determined backing of Britain and the other non-producing countries, took a tough line, insisting on a clear statement that a threshold would be introduced, and that it should come into force on the day of accession, or the following season at the latest.[24] Discussions on olive oil and other issues linked to it were therefore postponed until the next meeting in early October when a parallel Finance, Foreign Affairs and

[23] *Agra Europe*, 7/9/1984, P/3.
[24] 'Optimism fades on budget and enlargement negotiations', *Agra Europe*, 28/9/1984, P/1.

Agriculture Councils was to be held in Luxembourg.[25] But instead of a solution, this attempt to break the 'monopoly' of the CAM over agricultural issues failed because of a new French demand for a surveillance mechanism for all products coming from Spain, instead of only for 'sensitive' ones as previously agreed. The debacle was such that it left the Community with nothing to present to the Spanish and Portuguese negotiators at the 25th ministerial meeting of 3 October 1984. After several postponements and hours of waiting, only two EC Foreign Ministers showed up to talk to Spanish Foreign Minister Morán, who protested formally and canceled the meeting.[26] This dramatic episode represented one of the most extreme consequences of the bilateral procedure and the power asymmetry it institutionalized.

At the end of October, at another tandem of meetings of the Agriculture and Foreign Affairs Councils, the Community agreed on a mini-package to present to Spain, and it included a compromise on the olive oil issue. The threshold would be introduced and consumption aid would not be handed out until the fifth year, 'if there was an olive oil surplus' -that is, immediately after accession because a surplus was very likely- as the Germans had demanded. It was left to the Commission to determine how the threshold would be introduced.[27] The Community's position incorporated COPA's suggestion of a long transition period (although not the twenty years demanded, but ten) in two stages, in which the passage from one stage to the other would not be automatic, but subject to a revision of the situation. The Spanish had insisted all the way that the tax or some equivalent measure be found before their entry, but given the difficulties described above in changing the *acquis communautaire*, the solution had to

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25 Agriculture Ministers would start with a session devoted to wine. Meanwhile, Finance Ministers would discuss budgetary discipline and in the late afternoon Foreign Ministers would try to tackle the remaining issues of enlargement and the budget together; *Agra Europe*, 28/9/1984, P/2.

26 *Agra Europe*, 5/10/1985; 'La CE se mostró incapaz por tercera vez en un mes de presentar una oferta global a España', *El País*, 4/10/1984.

27 *Agra Europe*, 26/10/1984, P/2.

consist instead of a long transitional period to diffuse the costs over time, together with limits to the expansion of production in Spain.[28]

The transition period for olive oil finally agreed with Spain was to last ten years. The approximation of prices was divided into two stages. During the first stage, prices in Spain would be raised at a slow rate (5% of the difference) a measure intended to contain EAGGF Guarantee expenditure. During the second stage approximation would be accelerated, so that the complete alignment of prices would take place at the end of the tenth year. The passage from one stage to the next would occur after the reform in the Community's olive oil regime (possibly the introduction of the tax) had been achieved. This effectively postponed the full integration of Spain in this sector in a way that was somehow open-ended, because failure to agree to the controversial reform would mean that prices would be approximated by only 50% at the end of the tenth year. This was a considerable concession that reflected the weakness of the Spanish position. In exchange, this formula ensured that Spain's interests would have some input in the future reform of the sector. To moderate the impact of opening the Spanish market to imports of other oils and oilseeds, a 'stand-still' period of five years effectively segregated the Spanish market from the Community in a sector that was linked with many others.

Also, for Spain, displacing olive oil imports from third countries like Tunisia on the EC market could trigger retaliation against its other traditional exports to these Mediterranean non-EC countries. Obviously, the GMP of the 1970s was going to need reform as well, to tackle the many disturbances that enlargement would bring to non-member Mediterranean countries. As during the British accession, when Commonwealth interests were excluded from negotiations, in the case of the Spanish accession, third countries from the Mediterranean and Latin America (and even the US) had only a say in as much they could lobby the member states bilaterally.

[28] *Agra Europe special report*, p. 166.

The revision of relations with them was to occur *after* enlargement.[29]

In sum, the Community needed to take into account a great number of conflicting factors in its plans to reform the olive oil regime: the social importance of the sector; other non-EEC Mediterranean countries (Tunisia and Morocco); the costs; the effects of restrictions (tax) on other vegetable oil producers, EC consumers and the oil processing industry; the USA and other exporters of vegetable oils; the demands of dairy farmers for a tax; and calls to reform the sector and use regional/structural instead of guarantee funds. In this context, it is not surprising that this was among the most contentious issues in the accession negotiations with Spain, triggering as it did an internal EC debate with multiple ramifications. Olive oil producing countries (Greece and Italy) refused any reduction in the protection levels to the sector, while the US and those countries with an interest in margarine and oil seeds like the Netherlands refused the tax proposed by the Commission. Divisions cut along sectoral lines at the national level, and some countries like Belgium and Germany were torn between supporting the tax or paying up the bill of the EAGGF. These domestic dilemmas were exacerbated by the sectoral divisions in the Community's decision-making structures. The establishment of 'super Councils' showed the need to bridge the different views of the same problem that prevailed in each of the specialized Councils. There was also the tension between the 'political will' to enlarge and its concrete consequences, which were 'technical' problems that had to be addressed by the 'experts'. Yet, they could not agree on how to solve these problems on their own, as they had political, social and international consequences that had to be addressed at other levels. Thus, the 'de-coupling' of issues by the EC's decision-making structure (which is part of HNI's explanation 'lock in') did not only take place between sectors, but also among different levels of expertise.

29 See chapter 3 about the exclusion of third countries from the process. 'Decisión comunitaria de compensar a los países del Magreb por el ingreso de España y Portugal', *El País*, 26/11/1985. With regard to Latin America, see *EC Bulletin*, 5/1985, 2. 2. 8.

The result was that reform in the sector was postponed to a later date, and the transition period for Spain was tied to this. It showed the incapacity of the Community to adjust its rules to a new situation. Internal disagreement about how to reform the EC olive oil regime delayed accession negotiations and even threatened to bring the process to a *cul de sac* as the final deadline approached. In this context, Spain was left in a weak position, with just a few key items on the agenda, by the time the Community presented its views on this difficult issue.

3. Fruit and vegetables: protecting existing members from competition

This was a very heterogeneous sector that included many different perishable products. Regulations affected every single product and were region-specific, with a calendar by zones of production, making the regime extremely complex. There were no guaranteed prices as in other regimes, but only punctual and limited compensations to producers in situations of great market disequilibria applied by 'producer groups'. Protection from third countries was minimal and was managed through a 'reference price' which varied for each supplier.

As in olive oil -but with less intensity-, the problems stemmed from the creation of new surpluses, and from the financial and trade repercussions of aligning prices and approximating support measures. The problem of creating new surpluses existed, but was not major in this sector where there were no significant 'mountains' of produce to dispose of. It was only acute for a few products, like peaches, in which the EC had attained 'self-sufficiency' after the Greek accession. Only in the citrus sub-sector, was enlargement to have repercussions in the world market at large, because the EC absorbed 60% of world citrus imports, and Spain accounted for 20% of world exports.[30] But in other products like apples, pears and tomatoes, the EC still had a deficit, and Spain's accession would not pose major problems in that dimension.

[30]*Agra Europe special report*, p. 129.

3. 1. Complex problems and multiple coalitions

The main problem in this sector had to do with the competition that Spanish horticulture would represent for French and Italian Mediterranean farmers, who were already very critical of the regime for fruit and vegetables. They had long complained about the increasing sums of the EAGGF absorbed by northern products (milk, butter, wheat, etc.), while expenditure in their sector, which accounted for nearly 13% of total agricultural production, represented only around 7% of total EAGGF expenditure.[31] They were also discontent with the tenuous Community Preference faced by imports from third countries which, to make things worse, had been progressively reduced by the GMP initiated in 1973, after the first enlargement. Therefore, with the prospect of Spanish EC membership, their organizations stepped up their fight to strengthen the support regimes for their products, and asked to impose a long transition period on the applicant.[32] In this area, as in olive oil, the Spanish accession therefore provided a 'convenient new peg on which to hang old arguments' about the so called North-South imbalance of the CAP.[33]

The perception of Spain as a threat was due to its already dominant role in the European market of many products in spite of the discriminatory situation created by the 1970 agreement, because of cheaper labour, better climate and a long standing policy to promote exports, especially of citrus products. Given that Spanish productivity was lower than the EC average in most cases, the main fear was about its potential for expansion once it was stimulated by the higher levels of support existing in the EC.[34] Therefore the extent to which Spanish production could increase after accession and flood the EC market was the centre of controversy among EC and Spanish 'experts', for, on the basis of who won these 'statistical battles', the duration

[31] Tió Saralegui, *Lecturas*, p. 51; Harris, Swinbank and Wilkinson, *The food and farm policies of the EC*, p. 151. See Appendix 4.

[32] *Agra Europe special report*, p. 15.

[33] Tsoukalis, *The EC and its Mediterranean enlargement*, p. 137.

[34] The Commission's 'Opinion on Spain' devoted a special section to Spanish agricultural *potential*, §§ 77-81.

and modality of the transition period would be decided. Yet, this depended, in turn, on the development and combination of a number of unpredictable factors, like the Community's reform of its policy in the sector, increased irrigation and modernization in Spain, and whether the market situation would encourage an expansion of production. This was reminiscent of the 'statistical battles' about how to calculate the British contribution to the EC budget in the early 1970s, impossible to establish with a strictly 'objective' method as each side provided their own figures derived from different interpretations, collections of variables and estimates, but which were nevertheless the centre of the discussion.[35] Much of the work of Spanish officials, and of those inside the Community who supported Spanish accession, consisted in destroying the 'myths' and 'exaggerations' about Spain's potential.[36] These 'statistical battles', were almost entirely in the hands of experts and the interests involved, who imprinted their views in the decisions that ensued.

This image of Spain as an agricultural power eager to take over the EC market had been 'created' primarily by French agricultural organizations of the Midi.[37] As explained in chapter 5, these organizations demands were, in turn, part of their fight to redress not only the North-South imbalance of the CAP, but more immediately, the North-South imbalance within France and, specifically, within FNSEA and the CNJA. Once the issue had become politicized in such a way inside France, it could not be ignored by other

[35] For the complex controversy about the British contribution to the EC budget and the difficulties in evaluating the costs of accession during the negotiations see: De la Serre, *La Grande Bretagne et la CE*, pp. 59-66; Ruano, 'The British position', p. 15.

[36] For one of these extreme depictions of the Spanish agricultural 'sleeping monster' see 'Espagne: l'intégration impossible', *Le Quotidien de Paris*, 30/12/1983. For a Spanish reply to COPA's report on the problems facing the Community with Spanish agriculture (February 1980), see Carlos Moro González, 'Algunas precisiones sobre la realidad española de las organizaciones empresariales agrarias de la CEE', *Agricultura y Sociedad*, n. 22, 1982, pp. 327-334; see also 'Community exaggerates Spanish olive oil problem, [Spanish] exporters say', *Agra Europe*, 4/11/1983, N/1. For this purpose, González met the regional counselor of the Languedoc-Roussillon region at the end of 1983; see 'Comment exorciser l'élargissement de la CEE à l'Espagne', *Les Echos*, 26/12/1983. *Agra Europe special report* also called 'to correct this all too current misconception', p. 231.

[37] CNJA, *L'Espagne: un shock pour l'Europe*; 'Los agricultores franceses temen la entrada de España en la CE', *El País*, 3/2/1977; 'Les Agriculteurs du Midi manifestent leur hostilité a l'entree de l'Espagne dans le Marché Commun', *Le Monde*, 1/7/1978;

actors at the Community level, notably COPA, whose contribution to the debate was rather extreme. Taking on board the Midi farmers' views, it demanded a transition period for Spanish agriculture of at least fifteen years, divided into three stages, with the passage from one to the next made conditional on 'satisfactory progress'. COPA, as the organization where Midi farmers formed a transnational coalition with Italian (and later Greek) farmers, also stressed the need to channel structural aid for the Mediterranean regions, and in this it was widely supported.[38]

COPA's proposals, the Spanish claimed, exaggerated their potential for expansion, and disregarded the difficulties facing the modernization of their agriculture, and the costs involved in adopting the complex EC regime. More importantly, it was often forgotten that Spain was also a new market for northern products, on which it had a deficit.[39] It was true, however, that for Spanish farmers, accession was going to be very beneficial in this sector, despite the barriers likely to be raised by the Community. Prices were higher in the EC and Spanish producers' incomes would rise to catch up with them. Also, the prospect of an end to tariff discrimination with regard to other Mediterranean exporters was seen as beneficial. But from the Community's perspective, Spanish competitiveness, the prospective surpluses and the rising costs of supporting the regime, made fruit and vegetables one of the principal 'problem sectors' listed by the Commission in its '1982 Inventory'.[40]

The May Mandate of 1980 had instructed the Commission to think about how to modify the regime to allow for Spanish accession.[41] The first proposals on Mediterranean agriculture and regional policy were presented in October 1981, but sent back for amendment by the Council. The interim

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38 *Agra Europe special report*, p. 26.

39 *Agra Europe special report*, p. 131. Moro González, 'Algunas precisiones', pp. 327-334. 'L'Espagne est aussi un marché pour l'Europe -plaide le ministre espagnol de l'agriculture', *Le Figaro*, 11/9/1984. Albert Pelach Paniker and Wesley F. Peterson, 'Impacto de la adhesión española en el sector cerealista y ganadero', *Agricultura y Sociedad*, n. 22, 1982, pp. 131-172; Tió Saralegui, *Lecturas*, pp. 45-50; CEC, '1982 Inventory', Annex § 3.

40 CEC, '1982 Inventory', Annex §§ 14-19.

41 *EC Bulletin*, 5/1980, § 1. 1. 1.

report did not materialize until late June 1982, and the proposals themselves did not come up until March 1983.[42]

The sectoral divisions started to emerge, as with olive oil, in an intricate way, as concrete measures were envisaged by the Commission and the CAM. On the one hand, the North-South divide reappeared around the problem of finances and trade, while on the other, France, Italy and Greece held different views of what they wanted from the reform and did not present a very cohesive Mediterranean front. The first major issue that divided them concerned the *internal* regime for fruit and vegetables. The French demanded that the discipline of producer organizations be extended to non-members and intervention increased, but Italy and Greece were not very keen because they feared this might distort competition (i.e. allow France to protect its farmers from Italian and Greek imports). The second major issue was the *external* regime, which Italy and Greece wanted reinforced. But here, the northern member states, including France, opposed a protectionist stance against the non-EC Mediterranean countries, like Morocco and Israel, with which most member states wanted to keep trade links as undisturbed as possible.[43] In this instance the French representatives were in an awkward position, torn between their 'agricultural' interests in reinforcing the support level of the regime and their 'foreign policy ' interest in keeping a low level of external protection for non-EC Mediterranean countries.[44]

Commission proposals drew from a combination Italian and French views, which indicated both the need to increase protection against non-EC producers (raise the 'reference price') *and* to strengthen the role of producer groups. Also, an extension of public intervention was considered necessary, apart from that carried out by groups, at the consumer market level. Finally quotas for third country imports (which only applied in France to keep

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[42] *EC Bulletin*, 10/1981, §§ 1. 1. 1. - 1. 3. 13; 6/1982, § 1. 2. 4; and 3/1983, §§ 1. 2. 4 to 1. 3. 13.
[43] Duchêne, *The EC and the Mediterranean basin.*
[44] 'Cheysson seek support for non-EEC Mediterranean suppliers', *Agra Europe*, 22/3/1985, E/3.

Spanish produce off the French markets at key periods) would need to be removed within three years of Spain's accession. Their rapid removal was a major issue for Spain and a political problem in France.[45]

As with olive oil, coalitions did not run neatly along the North-South or national divides; they were complicated by specific sectoral concerns. Britain and the Netherlands aligned with the French in demanding a long transition period for Spain, to defend their glasshouse production which the Commission considered uncompetitive and thus susceptible of being progressively eliminated.[46] Agreement on this *dossier* was held back by Italy who wanted it linked to the one on the reform of the olive oil sector, and more generally by the impasse about the general reform of the CAP and the funding to support the new measures.[47]

3. 2. The decision-making process: in search of consensus

As with olive oil, the discussion on reform of the fruit and vegetables sector prevented the establishment of the Community's position with regard to Spain, and kept being referred back and forward to the Heads of Government, to the CAM to the GAC, the SCA, and the Special Councils, for further analysis. The Athens Special Council of October 1983 agreed to set up a special group of senior national agriculture officials and junior ministers, whose work was probably behind the agreement reached at the CAM by the end of that month. The compromises on the reform of the *acquis* in this sector, consisted of extremely intricate technical devices to accommodate a great diversity of interests.

With regard to internal aspects, the French partially got their way with the creation of new aids systems to set up producer groups and the

[45] *Agra Europe special report*, p. 128.

[46] See chapter 5; 'Los agricultores británicos, contra la entrada de España en la CE a causa de la competencia en las ventas de tomates', *El País*, 28/1/1977. 'Declaraciones del ministro holandés de agricultura, Van der Stee, sobre el posible ingreso de España en la CE', *El País*, 7/5/1977.

[47] 'Another inconclusive Agriculture Council', *Agra Europe*, 30/9/1983, E/2; 'Long transition period for Spanish citrus not necessary', *Agra Europe*, 13/4/1984, E/2.

definition of the specific circumstances under which their discipline could be extended. In exchange, the decision to intervene in 'serious crises' was taken from the hands of individual member states into those of the Commission, and extended to new products, to allay Italian and Greek fears about the distortion of competition. However, there were still a number of exemptions which were specifically aimed at protecting the French market from cheap imports of Italian and Spanish products. In exchange, the Italians obtained an increase in the number of products protected at the frontier and a new way of calculating the reference prices which allowed for some increases.[48] After this complex agreement had been reached, the 'new' regime for fruit and vegetables entered into force on April 1, 1984, although a further debate on the definition of terms and rules lasted another four months before it could present its paper on agriculture to Spain.[49]

The Spanish government, aware of the consequences of its exclusion from these crucial decisions, had been demanding in vain to participate in the process (see chapter 3) and Morán reacted unenthusiastically to the 'good' news of the agreement, as it was designed to protect the French market.[50] This illustrates how the bilateral procedure, by isolating accession negotiations from internal discussions on the reform of the CAP, separated issues and actors which were inextricably linked ('de-coupling'). As with the budget, fisheries, mutton and lamb and hops during the British negotiations, the Community rushed to modify the *acquis communautaire* on fruit and vegetables before the Spanish accession, in order to exclude the applicant's views and to protect existing member states' sectoral interests. Unable to influence any of these processes, Spanish negotiators could do nothing but wait until the Community came up with its proposals. It was clear that both processes (Mediterranean reform and the design of the

[48] 'Mediterranean accord opens path to enlargement', *Agra Europe*, 21/10/1983, P/2.

[49] *EC Bulletin*, 10/1983, § 2. 2. 2. 'Après l'accord des Dix sur les fruits et les légumes: L'Espagne souhaite négocier rapidement le volet agricole de l'élargissement', *Le Monde*, 20/11/1983; 'Mediterranean accord opens path to enlargement', *Agra Europe*, 21/10/1983, P/2.

[50] 'Madrid presse les Dix de réformer leur politique agricole et financière', *Le Monde*, 28/4/1983.

transition periods) were aimed at moderating the enormous benefits that Spain was to get from the CAP as it stood.

3. 3. Negotiating the terms of entry with Spain

The Community's position, presented in February 1984, although more moderate than COPA's, represented a 'tough stance'.[51] The two-stage transition period proposed by the Community angered Morán, because the first stage, lasting four years, envisaged the virtual maintenance of the *status quo*, and could hardly be called a transition period at all. During this period, there would be no dismantling of the Community's reference price system for Spanish imports, and although tariff barriers would be reduced, this left Spain facing the same conditions as non-member Mediterranean suppliers. Moreover, money was not to come from the EAGGF for the setting up of producer groups that were necessary to implement the policy in Spain. The real transition would only start in the fifth year and would be carried out in eleven steps, but, even then there would be 'indicator levels' for both the quantity and price of Spanish produce to keep imports at traditional levels (quotas).[52] The EC's intention to maintain the discrimination of Spanish produce, by treating them as coming from a third country for another ten years after accession irritated Spanish negotiators, who rejected the text saying it was 'too tough' and constituted a distortion of Community Preference.[53] According to the Spanish, these conditions amounted to making the access of their products to the EC more difficult than under the regime established by the 1970 agreement, which, at least, permitted national aids. This, President González insisted, constituted the

[51] 'Négociations CEE-Madrid: les conditions sont trop dures, disent les Espagnols', *Le Figaro*, 22/2/1984.

[52] The transition period organized in stages had been proposed by France and Italy from the beginning, and rejected by Spain; 'Oposición española a la propuesta del Gobierno italiano de adhesión por fases de España a la CE', *El País*, 6/10/1982; 'Francia plantea que la integración de España y Portugal en la CE sea hecha por etapas', *El País*, 23/11/1982; *Agra Europe*, 24/2/1984, P/3.

[53] 'Spain rejects EEC transitional arrangements', *Agra Europe*, 13/4/1984, P/1; Spanish products paid a tariff of 12% while the Maghreb countries paid 4% and Israel 8%, 'Aubaine ou désastre pour l'Espagne', *Le Monde*, 12/6/1985.

bottom line of what was negotiable for Spain, which would not accept to be worse off than under the 1970 agreement.[54]

The rejection further delayed negotiations, as the Community had to go through the lengthy process of formulating its common position again, and more than a year of protracted negotiations with Spain followed. When reworking the Community's position in preparation for the Brussels and Fontainebleau summits of March and June 1984, pressure mounted on the CAM to take as many decisions as possible on the technical realm so as to leave the European Council to decide on a limited number of issues. The idea was to take these items away from farm ministers and prevent them from hijacking these issues, which the heads of government had the political authority to trade for concessions in non-agricultural issues, for example a seven-year transition period for industry, instead of the five originally proposed by the Community.[55]

The Common position changed very little from one version to the next and became even tougher. It now turned out that during the first phase, Spain would have to adopt the complex support and marketing regime, but the availability of funds from the EAGGF for the creation of producer groups and intervention was not going to be automatic. This reflected British and German concerns with 'budgetary discipline'.

As observing the time-table for concluding negotiations now became as important as the contents themselves, and as it had become clear that a substantial change in the Community's position was unlikely, Spain accepted these tough conditions, while insisting that this violated the principle of Community Preference.[56] In exchange, the Community agreed

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54 'M. Felipe González déjeune avec MM. Mitterrand et Fabius', *Le Monde*, 11/3/1985.

55 *Agra Europe*, 2/3/2984, P/2; and 11/5/1984, P/1; 'M. Dumas souhaite que les discussions progressent avant le sommet de Fontainebleau', *Le Monde*, 17-18/6/1984; 'Mínimos progresos de la Comunidad Económica Europea en las ofertas que presentará hoy a España', *El País*, 18/9/1984.

56 'González takes a tougher stance on "illogical" EEC attitude', *Agra Europe*, 15/6/1984, E/5. Originally, Spain had accepted the idea of a long transition period, but rejected the idea of stages, 'El Gobierno español rechaza el sistema de fases para la agricultura elaborado por la CE', *El País*, 20/3/1984, but by June it had accepted it on condition that the passage from one stage to the next was made automatic, 'España acepta el sistema de fases para la integra-

to the application of a 'complementary mechanism' for dairy products, beef, wheat, and other products, that were 'sensitive' for Spain. This also departed from the 'classic' transition mechanisms and did not respect the principles of Community Preference and unity of the market because they were based on quotas. In that sense, most of the actual negotiations with Spain consisted of drawing up the list of 'sensitive' products which constituted exceptions to the rule, and establishing the 'complementary mechanism' to survey the implementation of the restrictions. At this point, it was the northern member states who posed the problems, as they wanted to keep the list to a minimal number of products. In the final deal, the list was limited and import restrictions of northern products into Spain were to last seven years, in contrast to the ten decided for most Spanish fruit and vegetables.[57] As a consequence, this was one of the sectors that Spain tried to modify after accession, brandishing the CAP principles of Community Preference, free movement of goods and unity of the market.[58]

In sum, negotiations on the fruit and vegetables sector illustrate important insights of HNI. The role of institutions in shaping perceptions, knowledge and interests was revealed by the 'statistical battles' among experts and the politicization of French southern problems. The role of decision-making processes in shaping outcomes was visible in the inter-sectoral disputes that delayed the formulation of the common position, as well as in the exclusion of Spanish views from the reform of the regime through the bilateral procedure. Also HNI's explanation of marginal change was clearly at work in the reform of the *acquis*, which modified and specified certain instruments (role

ción de su agricultura que propone Francia', *El País*, 20/6/1984.

On this point COPA sided with the Spanish cause. Its president declared that the basic principles of the CAP were under threat, because access to the Community market was being granted not just to the two new member states but to all the Mediterranean countries; *Agra Europe*, 22/3/1985, P/5.

57 'Enlargement agreed', *Agra Europe*, 29/3/1985, E/5; Community wholesale traders complained that their interests and those of consumers were disregarded by the agreement, 'La Unión Europea de Comerciantes se opone a que los cítricos españoles sean considerados productos sensibles', *El País*, 7/11/1984.

58 Shortly after the signature of the Treaty of Accession the Spanish started their battle against discrimination against their citrus products; see 'Oposición española a que los cítricos del Magreb se vendan en Europa al mismo precio que los españoles', *El País*, 22/10/1985.

of producer groups, level of protection) but not the basic principles on which the regime was based. The exceptions made to Community Preference in the transition periods were defined as 'exceptional' and were never intended to be permanent. Finally, the heterogeneous nature of the regime highlighted the 'de-coupling' of these issues along sub-sectoral cleavages that defied national and north/south divisions, as Britain and the Netherlands worried about their glasshouse products, while France, Italy and Greece failed to present a common 'Mediterranean front'. Despite all these complexities, fruit and vegetables was the first *volet* of the agricultural chapter to be solved. Wine was the last one.

4. Wine: the new dimensions of an old battle

The wine regime constituted the most notable case of the EC's incapacity to adapt its rules to the new reality after enlargement. The Community had long been attempting to deal with its wine surplus through the compulsory distillation of exceeding quantities and a number of incentives to reduce the vine area, which made this policy extraordinarily complex.[59] The EC's 'wine lake' was to grow with the inclusion of the large Spanish sector, and those of Greece and Portugal which were also substantial exporters. Spain possessed the largest vine area in the world, but had a very low level of productivity, so the main fear was that with the incentives of the CAP, its productivity would increase greatly and thus add to the 'lake'. However, as with the 'statistical battles' about fruit and vegetables and olive oil, much depended on future production and demand. The Spanish argued that the prospects for increasing production were hampered by poor soil conditions which did not permit higher yields and the prohibition of irrigation of new land by law.[60]

The Commission, reflecting a long-standing French view, argued the main threat was from stagnating consumption, rather than from rapid increases in production, and that a reduction of the taxes on wine to bring

59 For subsequent attempts to simplify the wine regime see Grant, *The CAP*, pp. 137-140.
60 *Agra Europe special report*, p. 176. CEC, '1982 Inventory', Annex § 26.

them in line with those for other beverages like beer to encourage consumption, should accompany any measure to reduce production.[61] As with olive oil, this tax antagonized producers and non-wine producers to such an extent that emphasis was finally put on the curbing of production.

4. 1. Complex problems and multiple coalitions

The reform of its instruments to accommodate Spain proved intractable when, as part of the revision of the Mediterranean *acquis* which started in May 1980, the debate was opened up. Again, disagreement ran along several lines, defying the North-South line and national divisions. Adding to the problem of finances present in the other 'problem sectors', in wine more than anywhere else, the Spanish fell right in the middle of an old battlefield between France and Italy. The 'wine wars' as they became known, dated from 1975 and involved attempts to limit imports of Italian wine, both on the part of the French government and of the militant French producers. The latter took direct action on shipments coming from Italy, and did not conceal their opposition to Spanish accession.[62] The dismantling of barriers for Spanish wine was to displace Italy as the main supplier to France of white cheap wines for *'coupage'* (blending to increase the alcohol content). In this charged atmosphere, the lack of trust pushed both Italian and French representatives at the CAM to make sure that the new regulations primarily defended their own producers as far as wine was concerned.

A sort of peace treaty between Italy and France was established with the decision to deal with the surpluses by additional measures to extend the facilities for subsidized distillation in July 1983.[63] But the specification of these mechanisms opened up another dispute as soon as the CAM started to review the rules for distillation. France proposed a system of production quo-

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61 CEC, '1982 Inventory', Annex § 27.

62 *Le Quotidien du Peuple*, 20/6/1978; 'El enfrentamiento franco-italiano sobre el vino impide de nuevo una oferta de la CE a España', *El País*, 2/10/1984. For the wine wars, see Neville-Rolfe, *The politics of agriculture in the EC*, pp. 511-516.

63 *Agra Europe*, 22/7/1983, P/5.

tas by region above which distillation should be made compulsory, as a way to limit Italian and Spanish exports. This complicated its relationship with Italy and made negotiations with Spain more difficult, as Morán and Marín angrily argued that a quota was not necessary because Spanish policies to limit production were already much stricter than those of the EC.[64]

Discussions went on inside the Community without much progress until the end of September 1984, when admitting that the deadline for the end of negotiations had already lapsed, the Irish presidency called an 'informal' meeting of agriculture ministers to discuss in detail the French proposals and work towards an agreement for the European Council meeting of December.[65] Predictably, Italian opposition was the main obstacle to the new Commission's compromise proposals, drafted in conjunction with the Irish presidency. Italy maintained that there was nothing wrong with the existing regime and rejected the idea of production thresholds, while most other members were in favour of some kind of restriction on the level of support for wine, because of the costs to the EAGGF.[66] On this point, like France for fruit and vegetables, Germany faced a difficult situation, because its concerns with 'budgetary discipline' conflicted with its sympathy for Italian arguments, as its wine producers would be hit by these measures.[67]

4. 2. The decision-making process: in search of consensus

In addition, two other debates re-emerged at the Council, in early October 1984, which complicated things even further. First, and related to finance, there was the dispute between the CAM and the ECOFIN Council, where British, German and French representatives had been raising reservations

64 'Wine quotas next?', *Agra Europe*, 24/2/1984, P/3; 'Spain rejects EEC transitional arrangements', *Agra Europe*, 13/4/1984, P/4; 'Francia insiste en el control de la producción vitivinícola en los países de la CE', *El País*, 9/5/1984.

65 'Member states prepare positions on enlargement', *Agra Europe*, 14/9/1984, P/4; 'El primer ministro irlandés intenta conseguir en París y Roma un compromiso sobre la producción vinícola en la CE', *El País*, 2/12/1984.

66 'Wine and structures will dominate Council', *Agra Europe*, 9/11/1984, P/4.

67 'Genscher pide un reglamento comunitario sobre el vino antes de que concluya el acuerdo para la entrada de España', *El País*, 21/11/1984; P/5; 'Italia, clave para conseguir un acuerdo en el problema del vino en la CE', *El País*, 3/12/1984.

about the costs of the new regulations. Here, as explained in chapter 5, even the French centralized EC policy exhibited its divisions, and Rocard, French agriculture minister, broke off the wine discussions at the CAM, when he learnt the position that his colleague had been defending among finance ministers. He claimed that he could not continue discussion reforms of the wine regime without knowing the details of the 'budgetary discipline' being discussed simultaneously by economic and finance ministers. Finance ministers, in turn, replied they could not work out the budget without knowing the contents of the CAP reform.[68]

Inside the CAM, Germany and Luxembourg objected to the relaunch of a proposal that had been on the agenda for years, of dealing with the white wine surplus by banning *'chaptalisation'* (the enrichment of low quality white wine with sugar) because this would harm their industries. As *Agence Europe* noted, 'one cannot say that the FRG is doing everything possible to facilitate enlargement'.[69]

The failure of the CAM to agree on the wine issue at the end of October 1984 turned this into the only sector for which the Community had no 'common position' for the first 'marathon' session held at the end of November 1984.[70] According to Marín, the positions of all sides were already well known, and what was now necessary was a political decision that could only be taken at the top: it was now time for the big trade-offs.[71] But, these still needed to be translated into technical language. It was the Director General for Agriculture, Claude Villain, who came up with the proposals for a new scheme of distillation which formed the basis of the subsequent agreement. The new proposed compromise put the main emphasis for controlling the surplus on improved structural measures

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68 'El desacuerdo de los ministros económicos y agrícolas de la CE dificulta la sesión con España', *El País*, 1/10/1984; 'Italy holds out against compromise EEC wine reform proposals', *Agra Europe*, 5/10/1984.

69 *Agence Europe*, 21/2/1985.

70 'La reforma del vino entre los países de la CE paraliza las negociaciones de adhesión de España', *El País*, 30/11/1984.

71 'Según Manuel Marín, el lenguaje técnico está agotado y ha llegado el momento del arbitraje político con la CE', *El País*, 15/11/1984.

instead of on fixed quotas. Distillation would should only be triggered by a situation of 'serious market imbalance', instead of by fixed quantities. This shift linked the wine issue to that of structural reform and, more precisely, to the issue of funding for the IMPs, which, together with fisheries, were the last contentious points of enlargement negotiations.[72]

But it took another six months to define what a 'serious market imbalance' was. After missing several deadlines, these unresolved 'technical' problems had to be put before the Heads of Government at Dublin, who issued a statement on their political will to go ahead with enlargement, and sent the issues back to the experts with new 'political' guidance. Italy had finally recognized the need for curbing the wine lake, although it still rejected the idea of production quotas. To allay Italian fears of French manipulation, it was decided that a 'serious market imbalance' could only be declared by the Commission and its definition combined a series of formulas which basically penalized *potential* productivity, rather than actual quantities produced.[73]

By this ingenious 'technical' modification, adopted at the Dublin European Council meeting, while Spain was excluded from the decision-making process, the volume of wine that it would have to distill was much higher than that of France or Italy, where yields were already very productive and their potential for growth limited. This measure was conceived to counterbalance the stimulus to Spanish productivity introduced by the approximation to higher Community prices. However, the Dublin agreement of December 1984 was a readjustment that did not tackle the underlying problems of the sector. It just managed to freeze the situation previous to enlargement and pass the costs of change to Spain.[74]

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[72] 'EEC faces enlargement delay as deadlock continues', *Agra Europe*, 30/11/1984, E/3; 'Ultime phase des négociations pour l'entrée de l'Espagne dans la CEE: rien n'est encore joué', *Le Monde*, 8/11/1984.

[73] For the agreement reached in Dublin on wine, see *EC Bulletin*, 12/1984, § 1. 2. 15.

[74] Tió Saralegui, *Lecturas*, p. 37; 'Spain demands less stringent entry terms for wine', *Agra Europe*, 25/1/1985, P/3; 'El acuerdo comunitario sobre el vino no resuelve el futuro del sector español tras el ingreso, *El País*, 28/2/1985.

4. 3. Negotiating the terms of entry with Spain

The Dublin formula opened the way for concluding negotiations with Spain, but specifying the details still took until the end of February 1985, threatening the whole enlargement exercise.[75] The simultaneous revision of the *acquis* and conclusion of the accession negotiations held the latter up to the very last minute. At the final 'marathon' session of 22 March 1985, after a five-day meeting, the 'mini-package' which Spain had accepted was held out by a French request over the question of fisheries and their back-tracking on the wine issue: they now wanted three million hectoliters of Spanish wine automatically distilled.[76] 'As the week progressed', *Agra Europe* reported, 'cautious optimism turned into exasperation as a constant flow of compromise proposals were rejected either by the Ten or the two applicant countries.'[77] After a week of intense haggling and an all night session of the GAC the French obtained a compromise, and once this last agreement on the common position was reached, Spain and Portugal swiftly accepted the terms offered by the Ten.

Beyond the formal conclusion of the negotiations in July 1985, the Community had still not reached an agreement on a number of new measures to restructure the sector, and the issue lingered on during the sorting out of the so called 'threads'.[78] This worried Spanish negotiators, who feared that the regulations would be changed before the end of 1985, while Spain was still out, with the danger of creating new discriminatory conditions for its wine.[79]

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75 'Espagne-CEE: vers une adhésion bâclée?', *Le Figaro*, 20/2/1985; 'Acuerdo de los Diez para reducir los excedentes de vino', *El País*, 27/2/1985; 'Difícil perspectiva para que el ingreso español se produzca el 1 de enero de 1986', *El País*, 2/3/1985.

76 The trigger point for compulsory distillation was fixed at 27.5 million hl, much lower than Spain's demand of 32 million hl, 'Summit agreement on enlargement', *Agra Europe*, 4/4/1985, P/1; 'Espagne: des "concessions"', *Le Figaro*, 26/3/1985.

77 'Enlargement agreed', *Agra Europe*, 29/3/1985, P/1; 'Fracaso de la maratón negociadora española por la oposición francesa en materia de vino y pesca', *El País*, 22/3/1985.

78 The threads started being discussed in April and May and went on until 20 December 1985, *EC Bulletin*. 4/1985, § 2. 2. 1 and 5/1985, § 2. 2. 7; 'Cerrados los últimos flecos de la negociación entre España y la CE', *El País*, 20/12/1985.

79 This was the case, for example, with Spanish sparkling wine; see 'Petición de Carlos Romero en la CEE de tiempo para regular los vinos espumosos', *El País*, 22/10/1985.

In the final deal with Spain, the Community adopted a tough stance, but it was impossible to hide that the Spanish wine sector would be a net beneficiary from enlargement. Prices were to raise to catch up with much higher ones in the EC, and Spanish wine would now have preferential access to a previously protected market. Prices would be approximated by equal stages during a 'classic' transition period of seven years. During the first five years, Spain would have to introduce the institutional measures to manage the regime: intervention prices for red wine, which it did not have previously, and establish a relative hierarchy among white wines, reds, intervention and distillation quotas. Apart from that, integration into the EC regime was not a major problem, since many of its provisions already existed in the Spanish regime (distillation, prohibition of irrigation and of sugaring). Moreover, Spain was to welcome the introduction of measures to reduce the vine area that would facilitate a restructuring of the sector that had been envisaged in Spain itself since 1966.

As in olive oil, Spanish competitiveness opened up a large room of maneuver, and almost any changes made to the existing EC wine regulation were acceptable, as long as they followed the EC's principles and did not imply a renationalization of policy. However, this is precisely what the Dublin agreement did. And Spanish negotiators denounced the extent to which 'the use of double language was a common practice in the Community', and how the sacred principles of Community Preference and freedom of movement of products were not to be applied to their wine, fruit and vegetables, or oils and fats in the final deal.[80]

The amount of haggling in the Council and of suspense in the Spanish accession negotiations created by the wine issue was not proportional to the importance of the problems themselves. After all, the surpluses were not enormous or as massive as in other products, and the costs for the EAGGF did not exceed 5% of the total. Institutions played a role in creating this dis-

80 Tió Saralegui, *Lecturas*, p. 37.

tortion. As with olive oil and fruit and vegetables, reforming the existing wine regulations to adapt to Spanish accession was difficult and complex, because the regime itself was complex and disagreements cut across several levels (North/South, national, regional, sectoral), and coalitions varied from one issue to the other (*'coupage'*, *'chaptalisation'*, finances, quotas). The 'deconstruction' of enlargement into its endless detailed technical components seemed to make the Community loose sight of the overall exercise, as each tiny bit was considered on its own merit and under the light of existing EC disputes. The salience of these technical disputes was not only a pretext or dilatory tactics on the part of the Community, especially since the deadline for accession had already been set. Instead, they offer a clear example of HNI's claim that rationality is bounded and therefore how states' 'interests' are defined differently as they are defended in different arenas. Also, these negotiations illustrate how lower level rules can bend general principles, and that is why technical aspects had so much significance: the devil is in the detail! and even details could create precedent. It took time and political pressure to put all the pieces of the puzzle together and make the big trade-offs which enabled enlargement to take place.

Conclusion

The detailed analysis of Spanish accession negotiations in these three specific sectors reveals how the general idea of enlargement was decomposed into specific parts following the institutional structure of the EC, which not only comprised national, but also sectoral logics that often entered into conflict. Many of the issues at hand did not only confront member states with each other, but also social groups inside them and with the wider world. The coalitions between olive oil and dairy producers in favour of the 'oil tax', the British and Dutch defence of their glasshouse production of fruit and vegetables and the German concern with wine are all interesting examples of how the complexity of the rules in this sector and decision-making procedures created a multiplicity of coalitions at several levels that did not stick within strictly national or North-South cleavages. Thus consensus was necessary on each detail and, for that reason, 'technical' difficulties often seemed to obscure the general purpose of the reforms, and sometimes it was feared that they could make the negotiations process fail altogether.

As the consequences of enlargement had to be specified in every area and were linked to the reform of the *acquis*, discussions drifted from the CFM to the CAM, the SCA and specific management committees, and the definition of the 'national interests' *varied* as their representation slipped away from the hands of generalists to the reign of 'experts' and members of the European agricultural 'policy community', beyond the comprehension of the middle citizen, or even of the heads of state and government. This ubiquity of the 'national interests' made the Community's position *vis à vis* Spain extremely tedious and cumbersome to define. Such complexity was not the result of technocratic malevolence, but of the difficulties of reforming a centralized policy that was applied to very different national, regional and sectoral realities, and which had important and clearly visible re-distributive consequences, both for national treasuries and for farmers' pockets.

Change, therefore, was not spectacular and, after much haggling, the Community left things pretty much as they were, and patched up at the margins. The modifications to the *acquis* did not take place at the level of principles. It was never questioned, for example that farmer's incomes should be supported. Rather, the argument was about how to support them: with external barriers? quotas? guaranteed prices? or structural funds? Any departures from the CAP's principles (like the introduction of quotas which violated the principle of unity of the market) were, first, intended to keep the *status quo*, and second, clearly established as *transitory* measures. So although arguments were formulated and justified in terms of these higher principles, change occurred at the level of regulations, where such principles (unity of the market or Community preference) could be bent, at least temporarily, without challenging the overall structure of the CAP directly. In this way, and notwithstanding bitter disagreements, the European agricultural 'policy community' was successful at upholding the CAP's main principles, and maintaining the existing situation against strong pressures that came from the budgetary constraints and Spain's accession. As this chapter has shown, most of the changes on the Mediterranean *acquis* were, in fact, intended to buffer, dilute or counter the effects of enlargement on the CAP.

This chapter also reveals that the degree of 'obstructionism' of the member states for specific products was not necessarily related to their 'global' support for enlargement or cost to the budget, as the German position on wine and the British and Dutch in fruit and vegetables suggest. Neither were they proportional to the actual amount of 'damage' that Spanish accession would inflict on them. While Italy was to suffer most, it was the French who were fiercest and who, in the end, obtained what they had demanded right from the start: a strengthening of the regimes for oils and fats, wine distillation quotas, an extension of producer group discipline in fruit and vegetables and a ten-year transition period in stages with many safeguards. After the signature of the accession treaty, French foreign minister Roland Dumas emphasized that the interests of French farmers had been successfully defended during negotiations.[81] By contrast, Italy only managed a modest increase in the level of external protection for some fruit and vegetables and to pass the onus of wine distillation to Spain, while it had to accept carrying out most of the restructuration in the olive oil sector, in order to gain from the IMPs. The over-representation of French southern farmers' views in the process has to do with institutional factors at national and EC levels, explained in chapters 4 and 5.

The accession of Spain was seen by EC Mediterranean producers as a disaster, because of its size and potential for expansion. Yet, the flooding of

81 'L'élargissement de la Communauté Européenne', *Le Monde*, 14/6/1985.

the EC market with Spanish produce was not that obvious and depended on many imponderable factors, like future demand and policy reform. This restricted the debate about accession to 'statistical battles' among the 'experts'. This highlighted the role of knowledge and ideas in a negotiations process like this one, because much depended on how problems were defined or 'framed' in the first place. And the ideas and views of those better organized, represented and informed tended to prevail.

Thus, the fact that the 'problem' sectors that delayed the negotiations were those that were 'sensitive' for the Community, instead of those that were 'sensitive' for Spain, puts in evidence the over-representation of Community farmers' interests in the negotiations process, as a result of the biases of Community decision-making structures and of the 'bilateral' procedure discussed in chapter 3. In contrast, the series of concessions that Spanish negotiators gave in their agricultural sector led Spanish farmers to claim that they had been 'sacrificed' to the EC, because the Community managed to protect its sensitive products better than Spain protected its own. The *Confederación Nacional de Agricultores y Ganaderos* (CNAG) was about the only group in Spanish society to oppose accession.[82] When Carlos Romero, Spanish Agriculture Minister, summarized the negotiations, he indicated that Spain had made many concessions and revised its initial positions many times concerning its sensitive sectors while the Community consented to little regarding its own. Spain would open gradually its market from the moment of accession while in certain sectors the Community would not open its doors until the fifth year.[83] This asymmetry not only reflected the power of the Community over Spain during the negotiations, but also, the fluidity of the Spanish institutional setting during and after the transition to democracy, which had left Spanish farmers divided and disorganized, especially when compared to European ones. These organizational factors allowed the Spanish government to make a number

82 'No bonanza for Spanish farmers', *Financial Times*, 26/2/1986.
83 'Aubaine ou désastre pour l'Espagne?', *Le Monde*, 12/6/1985.

of concessions which would otherwise have been more difficult, as was the case for fisheries. Also, the fact that, in contrast to the British accession, the rise in food prices for Spanish consumers was hardly mentioned at all, provides further illustration of how the salience of issues, or they identification as 'problems', greatly responded to organizational factors: unlike Spain, Britain had very strong consumer and farmers organizations who forced negotiators to 'watch their domestic backs' more carefully.

The conclusion of the agricultural chapter was only finally possible because it was made part of a wider package. Although a certain degree of consensus had to be found for every specific product, this was normally limited to keeping Spain out with long transition periods. Such conditions were accepted by the Spanish at the very end in exchange for some concession with regard to their imports of northern products for the Community and in the transition period for industry. But the reform of these three specific parts of the *acquis* itself was only possible because of their linkage into the 'Mediterranean package', through the common problem of finances. Deadlocks encountered at the level of specific products, were overcome by linking them to a wider level and taking their discussion away from the exclusive control of the European agricultural 'policy community', where additional elements for a trade-off could be found. The various efforts to break the monopoly of the CAM, COPA and DG VI with 'Super Councils', working parties of Commissioners and vigorous Presidencies eventually succeeded in partially re-defining the issues at stake in a 'regional' rather than merely 'agricultural' fashion. This, in turn, made them dependent on a wider package, the SEA, which underpinned the consensus that was needed to increase the EC's budget resources. How these two packages were related is the subject of the next chapter.

'Unpacking' the package deals

This chapter will explain how the problems in the agricultural sector that complicated and delayed enlargement negotiations with Spain were overcome in two steps. First, the 'Mediterranean package' addressed the concrete problems that Spanish accession posed for the sectors of olive oil, fruit and vegetables and wine, explained in the previous chapter, by framing them in regional rather than purely agricultural terms, with the introduction of the IMPs. This allowed to keep reform in agriculture to a minimum, provided the extra funding needed, and took the treatment of these issues away from the exclusive control of the European agricultural 'policy community' and involved in the decision-making process a wider variety of actors related to the administration of the regional, structural and social funds. Second, the funding for these programmes was secured because they were part of an even wider package, constituted by the emerging agenda that lead to the SEA in 1986. The Commission, which was uniquely placed to deal with such a complex set of issue-areas and actors, played a significant part in their design.

The chapter analyzes each package in turn and explains how they were related. In this way, it will be shown that the shape and contents of these two packages were influenced by Community and member state institutions (levels II and III), thus reflecting compromises not only among national governments, but more interestingly, across sectors as well. Path-dependence in the agricultural sector set clear limits to the extent to which the *acquis communautaire* could be reformed, and conflicted with the needs for restructuration brought by enlargement. Despite the great pressures for change generated by the inclusion of Spain to the EC and by other 'exogenous' factors, such as recession in the 1970s, enlargement in the end was achieved with minimum reform of the CAP and affected mainly the budget. The limits to CAP reform made the development of other new redistributive policies necessary if enlargement was to take place: this was achieved by the IMPs and the doubling of the Structural Funds. This link between policy areas is at the heart of the relation between 'deepening' and 'widening' and is important in understanding the way in which institutional change occurred in the EC.

1. The obstacles to enlargement and the Mediterranean package: the link between the agriculture *dossier* and the budget

1. 1. Obstacles to enlargement

In its '1982 Inventory', the Commission had made it clear that there were two categories of obstacles to the incorporation of new members into the Community: the 'internal obstacles' and the 'obstacles intrinsic to the negotiations'.[1] These two kinds of obstacles to enlargement were linked by the problem of finances. The distribution of the costs of enlargement was uneven among the members and the sectors, and some mechanisms to redistribute them needed to be found.

Among the internal obstacles, the most important problem was the exhaustion of 'own resources'. In some areas, the disruptions created by enlargement could not be addressed simply with transitional periods, and rather required a series of internal adjustments to accommodate the new members, and to reorganize the policies which dealt with re-distribution inside the Community. Agriculture in particular, being the most important re-distributive Community policy in terms of the time, regulations and resources devoted to it by European institutions, was bound to require a large scale re-

[1] CEC, '1982 Inventory', p. 8; CEC, 'Opinion on Spain', p. 20, § 65.

form and funding, since Spain was strong in that sector. Yet, the EC found it particularly difficult to agree on how to reform its agricultural policy, and therefore was unable to present its Community position to the Spanish, thus delaying the discussion on these crucial sectors until late 1984.

With regard to the 'obstacles intrinsic to the negotiations', the Commission explained that they arose 'from the fears engendered in the Member States by the prospect of change in an established situation'.[2] Most of these problems were the 'sectoral difficulties' relating to Mediterranean agricultural products, fisheries, textiles, iron and steel. In these areas, Spain's products could not easily be introduced without excessive disturbances in the markets. The mechanisms to deal with them were varied. In some instances, transitional periods sufficed. They served a double purpose: first, to allow Spain enough time to catch up with the Community's regulations and standards; second, and more important, to allow the both sides to delay and spread over time as much as possible the most disruptive economic consequences of accommodating Spain in the EC. These were negotiated at the last minute in a 'take it or leave it' situation, where Spain had to accept most of the Community's terms and conditions (Level I). The power difference between the two negotiators was enormous, with the Community controlling the agenda and the proposals, and knowing that Spain had no option but to join the EC. In this sense, the Spanish negotiating positions were not the main cause for delay.

In sum, the enlargement negotiations with Spain were tied in two ways to the internal developments of the Community. The first link was through the reform the CAP to correct its 'northern bias' and level of expenditure (Levels II and III). The second link was the need of an internal agreement on the Community position before transition periods could be negotiated with Spain (Level I). There had to be a consensus on what the *acquis* on Mediterranean agriculture was, before Spain could be asked to adopt it, and

[2] CEC, '1982 Inventory', p. 9. This quote shows that the Commission knew well what the problem was with Spain's accession. This thesis explains why this was the case.

transitional periods established. The difficulties that the Community experienced in reforming the CAP got reflected the long time that the Nine/Ten took to formulate their common positions. The Community's limited capacity to substantially reform the CAP also provided the rationale for increasing the Structural Funds and setting up the IMPs.

1. 2. The Mediterranean package

The most outstanding 'internal' problem appeared in the agricultural sector, under the form of an increase in budgetary expenditure. As explained in the previous chapter, difficulties were diverse and complex for the 'sensitive sectors' of olive oil, fruit and vegetables and wine, but all three shared the problem of finance. The costs of supporting these regimes were to rocket when Spanish farmers got the same support levels as Community ones, because they were numerous and leading producers in these sectors. This increase was impossible to finance, given the exhaustion of Community resources. For these reasons Spain was made to accept long and a-typical transition periods in these areas. In addition, the incorporation of this new member accentuated already existing pressure from two fronts to modify the CAP: to curb expenditure and to redress the North-South imbalance.

Yet, as the thesis has explained, reforming the *acquis* was difficult because the costs were not evenly distributed within the Community. Rather, they were concentrated in an over-represented and well insulated agricultural sector. The main losers would be the south of Italy and France and most of Greece. Farmers in those regions, who were already the poorest within the Community, would now have to compete against the Spanish, which enjoyed lower wages, higher productivity and very developed marketing skills. Both Italy and France therefore demanded a reform of Mediterranean *acquis* to further support and protect their Mediterranean producers, parallel to negotiations on enlargement. After 1981, they were joined by Greece, who also sought a more general re-negotiation of the terms of its accession.[3]

The Commission had seen this problem right from the start and, accordingly, had insisted that, for enlargement to go ahead, it was 'necessary to implement far reaching, long term measures in the framework of regional programmes', for the worst hit regions.[4] Clearly, the intentions of the Commission here were 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 the funding to pay for the costs of enlargement in the agricultural sector, while at the same time, complying with 'budgetary discipline' concerns of not creating further surpluses. They also allowed to bypass a thorough reform of the CAP itself.

The link between the reform of the agricultural Mediterranean *acquis* and regional policy was the problem of unemployment, which figured prominently among all Western governments at the time. Spanish competitiveness was going to put some EC Mediterranean farmers out of business in regions where unemployment was already the highest of the Community, so a variety of measures to promote alternative jobs had to be set up to avoid a new *éxode rural*. The Commission's proposals for the IMPs in response to the May 1980 Mandate to reform the CAP were presented to the Council, in February 1983, and had two basic objectives: 'to increase incomes and to improve the employment situation' in specific *regions*. Their novelty consisted in subsuming, supplementing and expanding a number of measures which the Commission was already carrying out or had proposed but *without any overall co-ordination* so far. They pooled resources from the Social Fund, the Regional Fund and the Guidance section of the EAGGF.[5]

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3 See the 'Greek Memorandum', *EC Bulletin*, 4/1982.
4 CEC, 'Opinion on Spain', p. 18, § 48.
5 *EC Bulletin*, 3/1983, § 1. 3. 3, italics added.

Most important, they were framed along 'geographical' rather than 'sectoral' partitions. The criteria for deciding which *geographical regions* would benefit from them were based on their dependence on Mediterranean agricultural products, having a general economic situation well below the Community average and not offering alternative employment. Thus they did not apply to large conurbations or to those parts of France and Italy where tourism was a year-round activity. In France, the selected regions were Languedoc-Roussillon, Corsica, Provence, Côte d'Azur, Aquitaine and Midi-Pyrénées, which had been active in opposing Spain's accession. Greece managed to get the whole country selected, with the exception of the Athens area. Italy also managed to get a large proportion of its regions selected: the Mezzogiorno, Latium, Tuscany, Umbria, Marche and Liguria.

With regard to contents, the Commission indicated that 'agricultural measures were at the heart of the programmes because agriculture is so important in the economies of Mediterranean regions and must become more competitive in the context of the enlarged Community'.[6] These fell into three categories: measures to improve the general conditions of farming (infrastructure); operations at farm level involving technical and socio-cultural support; and back-up measures (forestry, research, vocational training). They were to be applied on larger scale in inland areas (uplands) which had the greatest handicaps.

The most important part of the IMPs was that these actions were to be supplemented by non-agricultural measures which were intended 'to create job opportunities for those leaving farming and provide additional sources of income for those remaining'. They were to do so by supporting fisheries, small businesses, the artisanat, tourism and the energy sector.[7] In particular, the measures for promoting rural tourism and the artisanat were the first antecedent of what was later to become a re-framing of agricultural policy as

6 *EC Bulletin*, 3/1983, § 1. 3. 5.
7 *EC Bulletin*, 3/1983, §§ 1. 3. 6. - 1. 3. 10.

'rural' policy with the MacSharry reforms of the 1990s and Agenda 2000.

This remarkable progress in reforming the CAP was part of a renewed and more generalized attempt by the Commission to push forward its old intentions to enhance the role of structural policy, so other measures which were to apply in all member states were to be discussed as well. In particular Directives 159 on farm modernization, 160 on retirement aids, and 161 on socio-professional qualifications needed review, because they had been set up as part of the 1978 Mediterranean package but they had failed to benefit those for whom it was intended: the Italians. For example, Germany had been the target of 26% of all the plans for farm modernization and the UK of 16%, while the Italians had only used 1.1% of the aids granted. Similarly, 90% of the farmers who had taken up the offer of aids to get out of farming had been in France and Germany.[8]

The Commission gave its proposals on the IMPs to the Council with as much detail as possible in March 1983, but the implementation of the programmes still required the member states to establish an operational plan which was expected to take another year to be sorted out.[9] The IMPs required, of course, that the 'adequate funds should be made available', putting a further strain on an already controversial budget. The problem then was that, as with previous attempts to introduce structural measures into the CAP, like the Mansholt plan, Germany and Britain were not prepared to approve the extra finance. The Commission estimated that another 6 628 million ECU were to be needed over a period of six years (1985-1991) from the EC budget, plus a further 4 500 million ECU from the Italian, French and Greek governments to supplement it.[10] And on this point, discussions got stuck. So, instead of one year, it took two, and the threat of a Greek veto.

Although the funding issue was not completely settled, the adoption by

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[8] 'Agriculture Council postpones decisions on major issues', *Agra Europe*, 11/5/1984, P/1.
[9] *EC Bulletin*, 3/1983, § 1. 3. 11.
[10] '6.6 Billion ECU Mediterranean Programme would exceed own resources' *Agra Europe*, 25/2/1983, P/4.

the Council of the proposals for the IMPs opened the way to completing the reforms in the sectors of oil, fruit and vegetables and wine, which had been holding negotiations with Spain, because they set out the principles and guidelines within which reform was to take place. So, after March 1983, the IMPs themselves were almost forgotten until December 1984, when at the Dublin summit, the Greek Prime Minister Andreas Papandreou threatened to veto enlargement and the reform of the wine sector if a firm budgetary commitment to fund them was not given. From then until the end of enlargement negotiations, the funding of the IMPs featured prominently in the debate. This was because failure to agree on them would wreck the enlargement, which, in turn, would water down the addition of new resources to the budget, which Kohl had made conditional on Spain's accession. This 'boomerang effect', showed the double-edged consequences of using linkages to solve together complex bundles of issues.[11] While the linkage of Mediterranean agricultural reform to regional and structural policy had helped to solve the specific problems of the first, failure to agree on one component of the package (finance) threatened all the others.

So, upon taking office in January 1985, Commission President Jacques Delors took up personal responsibility for the matter, and suggested a compromise deal by proposing to include an additional source of funding for the IMPs: low-interest loans from the European Investment Bank (EIB) and other institutions.[12] The decision to finance the IMPs was postponed literally until the very last minute by the northern member states, who finally acquiesced on 30 March 1985, on the day when the negotiations with Spain and Portugal closed, to lift the threat of a Greek veto.[13] This was

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[11] 'Budget and enlargement: the boomerang effect', *Agence Europe*, 21/2/1985.

[12] 'IMPs block final enlargement and budget relief', *Agra Europe*, 1/2/1985, P/6. Apparently, this formula has been used again to get around the problem of reforming the CAP in view of the EU's enlargement to Eastern and Central Europe. Loans from the World Bank are already promoting the restructuring of agriculture in those countries; Sofia Davydova, 'Agriculture and EU Enlargement to Eastern Europe', talk delivered at St Antony's College, Oxford, 8 March 2000.

[13] *Agra Europe*, 7/12/1984, P/2; 22/2/1985, P/3; 1/3/1985, P/3; 22/3/1985, P/1; 29/3/1985, P/3; 4/4/1985, P/3.

interpreted as the price to be paid for enlargement by northern members. It showed how, with their unwillingness to increase their contribution to the budget, Britain and Germany and been, indirectly, also responsible for the delay in Spain's accession negotiations.

Yet, this is not the whole story. As explained in previous chapters, there was a substantive disagreement around how to reform the CAP and the budget, not only among the member states, but also inside them. Such disputes went beyond the mere distribution of costs among the member states and touched more fundamental questions, like the normative orientations underlying specific policy choices with domestic consequences. The northern member states agreed to pay for enlargement and pour more money into the CAP when they managed to satisfy two conditions. First, to impose their preferences on the outlook of the new Mediterranean measures, which emphasized structural reform, rather than price support, to curb surpluses. Second, to solve (or postpone) the domestic conflicts that their treasuries, in their zeal to push for 'budgetary discipline', had provoked with their own farmers associations: this meant establishing funds to compensate them for the introduction of measures that finished with the open-ended support system they previously benefited from, like the milk 'super-levy'. So, the Fontainebleau package included the authorization to the German government to introduce additional national measures to compensate their farmers from any loss which resulted from the new CAP measures. The French also had to find the national resources to undo at the domestic level the mild reforms that were carried out at the Community level.[14]

This highlights the often forgotten fact that, with Mediterranean policy receiving separate funding, the redressing of the North-South imbalance of

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[14] Apart from the reduction of the MCAs, some quotas were introduced to reduce the open-ended system of support for dairy products, known as the 'super-levy'; see Grant, *The CAP*, pp. 106-116. At the Fontainebleau summit Kohl demanded higher compensation for his farmers for the reduction of MCAs than had been previously agreed and a delay in the implementation of the new regime; Hendricks, *Germany*, p. 68; 'Promise of aid for French Mediterranean regions', *Agra Europe*, 15/3/1985, P/2.

the CAP no longer required thorough reductions of spending for northern products. The IMPs constituted a way to de-link enlargement and the budget dispute from a meaningful reform of the 'northern CAP', which northern farmers opposed. In this way, they involved more than intergovernmental side-payments from the northern member states to the southern ones: they also ensured that northern farmers did not pay for Spain's accession either. In this sense, despite important internal disagreements, the European agricultural 'policy community' as a whole was successful in minimizing the costs they would pay for the EC enlargement and the extent of CAP reform.

Finally, the IMPs and the imposition of even mild 'budgetary discipline' for northern products required a fair amount of money to go to structural funding. The commitment to increase the structural funds was, in turn, secured with the introduction of the 'Single Market' provisions contained in the SEA, to counter the negative consequences of further market liberalization. This 'sectoral spillover' had resulted from the Community's limited ability to reform the CAP. Previous studies of the SEA package and of the IMPs have overlooked these factors.[15]

2. The Single European Act and enlargement

Although formally, enlargement negotiations with Spain were carried out separately both from those of Portugal and those within the Community leading to the SEA, all three were closely linked to each other. The Spanish and Portuguese negotiated separately, but their accessions were synchronized by the decision of the Ten to 'globalize' enlargement.[16] They

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[15] Bulmer explains how intergovernmentalist and neo-functionalist accounts of the SEA have focused on actors -either states or otherwise- rather than on institutions, thus missing out an important part of the picture that HNI can reveal; see Bulmer, 'New Institutionalism', pp. 370-371.

[16] '1982 Inventory', p. 6. The case of Portugal is a stronger example of how the length and pace of negotiations were not proportional to the intrinsic difficulties posed by its accession. Its application was 'globalized' by the Community who found it more convenient to absorb the two Iberian countries at once. By 1984, the bulk of the negotiations had concluded with Portugal, which obtained from the Community a *'constat d'accord'*. This meant that an agreement on the fundamental areas had been reached, but that negotiations were not to be ready for ratification until the problems with the Spanish had been solved.

were also linked to the internal processes of the Community, by which the 'deepening' that accompanied the 'widening' was simultaneously negotiated: the SEA and the Single European Market (SEM) project.

The 'relaunch' of the Community took a long time to materialize and was the result of an extremely complicated process of bargaining over the distribution of costs and resources, dead-line setting, policy formulation, and ideological convergence around a new idea of what the Community's purposes should be. It had to take into account the myriad of different agendas that each actor was trying to push forward at the international, domestic, and sectoral levels. A large number of concrete sectoral agreements were slowly put forward throughout the early 1980s, and finally traded against each other at the European Councils in Stuttgart, Fontainebleau and the IGC called at Milan, to form a more general agreement that was held together in 1986 as the SEA.

2. 1. The Single Market project and the SEA

These two components of the package which allowed enlargement to take place had separate origins, but they were linked politically at the Milan European Council meeting, when the Commission presented its proposals for institutional reform (the Dooge Report) and for the completion of the Single Market (White Paper) together. The decision of the Italian Presidency to force a vote to call an IGC to negotiate these two sets of proposals tied them together.[17]

The proposals to streamline decision-making (SEA) were the result of a long period of soul-searching inside the Community to tackle the Eurosclerosis which the Luxembourg compromise had brought in the 1970s, and which the budgetary disputes over the British rebate and CAP reform had aggravated in the early 1980s. The Dooge report, had been preceded by the earlier Tindemans (1976) and Three Wise Men reports (1979), which

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[17] Armstrong and Bulmer, *The governance of the SEM*, p.14.

presented the European Council with possible institutional changes.

The SEA succeeded where previous proposals had failed because of its linkage to enlargement and to the Single Market's specific provisions. Although the first link was not explicit, informally, the simultaneous conditioning of the budget increase to enlargement and the Solemn Declaration on European Union at Stuttgart, in 1983, were no coincidence. Later on, during the 1985 IGC, the member governments knew that the accession of Spain and Portugal would add to the decision-making logjam, if countervailing measures were not applied. More important to the passage of the SEA, however, was the fact that the proposed changes to decision-making were concrete and their application was limited to specific policy areas relating to the completion of the Single Market (CCT, capital movements, services, air and maritime transport).

The Single Market project itself also had a long history which originated in the stagnation which international recession had brought during the 1970s, as nationalist responses to the crisis plagued intra-EC trade with non-tariff barriers (NTBs), thus hampering the completion of the Common Market envisaged by the Rome Treaty. In June 1981, the European Council expressed concern about NTBs and their effect on the internal market. Several similar declarations followed, and in January 1983, a Council of Internal Market Ministers was created to address this problem. Apart from these developments in the Council, the dynamics behind the formulation of the White Paper were different from those of the SEA, as they built upon the 1979 *Cassis de Dijon* ruling by the European Court of Justice (ECJ), which marked the use of the principle of mutual recognition rather than harmonization as the new instrument to complete the Common Market. They also involved a larger number of non-governmental actors which the Commission grouped in a transnational coalition, first in the area of research and development, and later in industrial trade.[18] The success of the

[18] Sandholtz and Zysman showed the role played by the Commission in organizing talks with the Union of Industrial and Employers' Confederation of Europe (UNICE) and the

Single Market project was largely due to the fact that its objective had been already subscribed to by the member states in the Rome Treaty and, in this sense, was potentially less controversial. Also, like the SEA's proposals for institutional reform, it was limited and concrete: the White Paper comprised 282 legislative proposals to remove physical, technical and fiscal barriers in order to complete the Single Market, instead of an open-ended commitment to market liberalization. The modest and clearly delimited character of the measures contained in both the SEA and the White Paper contributed to the success of the package, as its far-reaching consequences were underestimated at the time.[19]

A crucial element that allowed for the passage of the Single Market project was the SEA's inclusion of new provisions for a number of 'flanking policies', i.e. social, environmental, research and technology, cohesion, monetary policy, and political cooperation, most of which merely codified existing practices within the Community. In particular, the 'cohesion' clause, intended to assist peripheral regions in dealing with the effects of market liberalization was fundamental in securing the approval of the all the member states, especially Greece, France and Ireland.[20] Beyond mere side-payments to the southern members, the commitment to double the structural funds was integral to the Commission's view of the Single Market, in which some of the measures would also benefit the depressed areas of the 'north', notably in Britain. More important, 'cohesion policy' became the link between the SEA, the SEM and enlargement, as it provided the rationale for an increase in budget contributions, which in turn,

European round table of industrialists, out of which the concrete proposals of the White Paper emerged: '1992: recasting the European bargain', pp. 95-128. See also: Maria Green Cowles, 'Setting the agenda for a new Europe: the European Round Table and EC 1992', *JCMS*, vol. 33, n. 4, pp. 501-526.

19 *The Economist* announced: 'Europe has laboured long to produce a mouse', and Thatcher called it a 'modest decision', both quoted in Robert O. Keohane and Stanley Hoffmann, 'Institutional change in Europe in the 1980s', in Keohane and Hoffmann, *The new European Community*, p. 5.

20 Armstrong and Bulmer insist that some of these SEA clauses served to 'satisfy' some member states who wanted them *'as a complement to, or even in preference to,* the market liberalization of the White Paper': *The governance of the SEM*, p. 14.

constituted the solution to the redistributive problems posed by Spain's adoption of the CAP.

2. 2. Solving the enlargement puzzle

The first steps were taken a the Stuttgart summit of the European Council, in 1983, when Germany put an end to the agro-budgetary crisis by accepting a rise in national VAT contributions to the EC budget from 1% to 1.4%, and Britain obtained its refund. This allowed to keep the reform of the CAP mild. Chancellor Kohl made everything conditional on enlargement, showing the importance of Germany as a key actor, capable of resolving a Community dispute.

The timing of this crucial decision had to do, as explained in chapter 5, with German domestic politics, especially with the resistance of German farmers organizations and agricultural ministry to accept a reduction in the level of CAP support, notably, the removal of MCAs demanded by the French and the Commission, during the SPD/FDP coalition government. This inter-sectoral tension was manifested in cabinet rows that set Ertl against his colleagues. In turn, these were reflected at Community level in the disputes between the CAM and the ECOFIN Council. This situation changed from 1981 onwards, with the advent to power of Kohl's CDU/CSU government which, more reliant on their agricultural constituencies, decided to keep reform to a minimum and to pay more into the CAP.

In addition, Germany made its cooperation conditional upon ensuring that enlargement, in which it had great political and economic interests, took place. Access to new and old Community members' markets was further enhanced by the specific provisions put forward in the Commission's proposals for the completion of the Single Market. On institutional issues, the codification of European Political Cooperation, the use of qualified majority voting at the Council of Ministers for Internal Market legislation and the inclusion of foreign policy cooperation were initiatives that came from the Foreign Affairs ministry, under the form of the Genscher-Colombo initiative. Therefore, the Germans held the key to the solution of the budgetary problem which alone could save the EC from financial wreckage and, in turn, allow enlargement to take place. It is also likely that the German government was under pressure from the US to conclude enlargement, as the Spanish referendum on NATO membership approached, but this is an historical question which has to await the release of the pertinent documents to be answered with precision. In any case, German actions at the EC level required previous agreement at the national level between the finance, agriculture and foreign ministers under the Chancellor's leadership.[21]

Yet, many issues were left pending and had to await the Fontainebleau summit of June 1984, as the French also had to solve their domestic conflicts. One of the first indicators of domestic change came in early 1984, 'when the French government put its farmers on notice that France would no longer unquestioningly support their interests in Brussels .... Under Rocard's direction, a compromise was reached in March 1984, marking the first of several initiatives to bring agricultural spending under control.'[22] This was due to the fact that France was becoming a net contributor to the budget. It was also possible thanks to the autonomy regained by state authorities with the break-up of the exclusive *représentativité* of FNSEA/CNJA since 1982. Nevertheless, the French could not prevent the confrontation of their Agriculture and Finance ministers in Brussels -although to a lesser extent than their German counterparts- as late as October 1984. Still after Fontainebleau, a number of measures to hand out resources to Mediterranean farmers at the national level had to be agreed to tackle the French north/south imbalance, for enlargement to go ahead.[23]

21 Moravcsik, *The choice for Europe*, pp. 330-331.

22 Moravcsik, 'Negotiating the SEA', in Robert O. Keohane and Stanley Hoffmann, eds., *The new European Community: decision-making and institutional change*, Oxford, Westview Press, 1991.. p. 55.

23'Promise of aid for French Mediterranean regions', *Agra Europe*, 15/3/1985, N/3.

For this reason, France was the main protagonist of the story and it was largely responsible for the timing and terms of the Spanish entry. As has been shown, this role was not proportional to the extent to which its interests were affected (less than Italian or Greek ones), but to their influence and representation within France and within the Community's institutions.

As explained in chapter 5, this change in French attitudes towards CAP reform and Spanish accession was part of a more general u-turn that the Mitterrand government effectuated after serious economic mishaps in early 1983. According to Moravcsik, the French President opted for a *'fuite en avance'* which consisted in seeking the legitimacy of a European grand project dissociated from the Communist party. This 'unexpected French willingness to compromise' was the most crucial change that permitted the emergence of the consensus that sustained the SEA package, based on the new liberal *ethos* that became the core that emerged during the second half of the 1980s.[24] The causes and timing of such change mark the limit of HNI's explanatory power, as they are to be found elsewhere: party politics, exogenous economic shocks, and the views of particular individuals like Delors and Mitterrand.

Although largely explained by internal reasons, this shift in the French position also received a series of incentives in the package, like the clauses on political cooperation, which seemed to reinforce the Franco-German alliance. Another essential provision to the passage of this liberalizing programme for Mitterrand and Delors was the expansion of structural funds aimed at poorer regions of the EC. They both insisted that the Single Market project required the creation of *'un espace social Européen'*, and a 'cohesion policy', to deal with the negative social effects that increased competition would bring for the Mediterranean countries, Ireland, and the poorest

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24 Moravcsik, *The choice for Europe*, pp. 332-347; Milward also indicated that the end of welfare state ideology and a switch to 'supply-side' economics underpinned the signature of the SEA, *The European rescue*, pp. 440-442.

regions of Britain and France. In agriculture, the IMP compensated the 'anti-Mediterranean bias' of the CAP without a substantial cut in subsidies for France's northern farmers.[25] The SEA, with its provisions on liberalization of the internal market, political cooperation and resource re-distribution, provided the incentives for a compromise, which enlargement negotiations alone could not deliver. This link between enlargement and the SEA was most clearly evidenced by the fact that, it was during the week between the last two marathon sessions of negotiations with Spain, that Mitterrand announced he was about to present a 'surprising initiative in integration': his support for the convocation at the Milan summit of an IGC to revise the EC treaties and unify them in the SEA.

The final package reassured the main contributors to the budget, the treasuries of Germany, Britain and France, that their payments into agricultural and social and regional funds were exchanged for a more liberalized European market that their industries demanded. It also ensured their agriculture ministers that the CAP would not change substantially. In particular, Britain agreed to the rise in contributions and to the increased use of majority voting in the Council at Milan because it became a way to ensure the liberalization of the European markets and enlargement. In Thatcher's words, 'we wished to have many of the directives under majority voting because things which we wanted were being stopped by others using a single vote'.[26] Being the second largest contributor to the budget, Britain could help to solve the budgetary problem in the same way that it had been able to aggravate it since 1974. As in the German case, the British reluctance to contribute to the budget until the Community was reformed according to its own views was one of the primary causes of the delay in the negotiations. This was despite the fact that Britain was among the strongest supporters of enlargement, albeit for security and stability reasons. The

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[25] It was not until 1988 that the European Council could agree on a comprehensive reform of the CAP to limit expenditure to 74% of the overall budget.

[26] Quoted by Keohane and Hoffmann, 'Institutional Change', p. 17.

problem was that every successive year, the British demand for a refund of their 'net' contribution with a 'permanent' procedure, threatened to introduce the notion of *juste retour* in the *acquis communautaire*, which the European partners insisted was not subject to revision. In the end they agreed only to exceptional measures applied specifically to the UK, but it was accepted that no member state should be required to pay a budgetary contribution 'excessive to its relative prosperity'.

In general, the history of this package reveals, in line with Intergovernmentalism, that without an agreement between the three big powers within the Community, and the coincidence in their domestic agendas (notably economic policy), neither enlargement, nor any other policy could go ahead. Yet, as this thesis shows, this is not the whole story. The agenda of European Council meetings at Stuttgart and Fontainebleau was largely shaped by the Community's differentiated capacity to solve issues across sectors at lower levels of decision-making. The fact that the 'butter mountain', the 'wine lake' or the price of olive oil reached the top of the European Council meetings' agenda, and deserved to be discussed directly by the heads of state and government, revealed the failure of intermediate level co-ordination mechanisms to solve conflicts between the EC specialized Councils about how to manage agricultural markets and how to finance them, and the degree of insulation of the European agricultural policy community. It was this which had the effect of 'concentrating power at the top', where a 'global' perspective could be adopted and the larger trade offs between sectors decided upon. But at lower levels, the details and concrete measures had to be discussed by a large number of non-governmental actors, notably agricultural organizations, grouped by produce, regions, national and transnational structures. Moreover, the Commission played a crucial co-ordinating role in putting the package together and organizing industrial interest in favour of the Single Market, that even Moravcsik recognized as significant, because 'such a package deal was beyond the scope of any national bureaucracy'.[27]

The technical tone of the discussions owed a great deal to the character of European institutions themselves, sectorally divided and designed to depoliticize issues through a technocratic approach. The Commission contributed to the building of the new consensus in a significant way, by operationalizing the general political agreement into concrete measures to deal with the distribution of costs of enlargement (IMPs), and the specific proposals contained in the White Paper to implement the Single Market. More important, it was uniquely placed to spot the possible linkages amongst the myriad of specific and technical issues under discussion.

Moreover, while national leaders and governments came and went, the Commissioner responsible for enlargement, Natali, remained in his post, giving continuity to the process and keeping it on the European agenda. He was also uniquely placed to spot the problems as well as the opportunities for a bargain. Natali kept reminding the members states of the need to assure the applicants of the Community's commitment with some measures or declarations. He prevented them from being totally absorbed by the other more pressing issues and forgetting about enlargement.[28] The Commission's proposals had been largely worked out by the time when Delors and Cockfield came to their posts in 1985, but they had the skill and leadership to put them together in a 'global' package.[29] Of course, the role of the Commission was complex due to the double edged relationship it had with the states: it could influence their attitudes by providing information and constructing package deals, but it was also subject to pressures from the members states and constrained by what they would accept. In any case, given its central place in the European policy-making process, as policy-initiator, think-tank, consensus-builder and agenda manager, the study of

27 Moravscik, *The choice for Europe*, p. 485.

28 According to Natali, the Ten 'would have to find some way of signaling an EEC welcome for Spain in spite of the formidable problems involved', 'Madrid annoyed at EEC Delays', *The Guardian*, 4/6/1981.

29 Cini, *The European Commission*, pp. 73-77.

the Commission is unavoidable to get full picture of the package that allowed Spain's accession to the EC.

Finally, these linkages between the different components of the package made it necessary to negotiate all of them almost simultaneously. In that sense, as the Greek threat of a veto showed, it was not the case as Moravcsik suggests, that 'after resolving accession and the budget wrangles, they [the member states] turned their attention to this [the SEA] project'.[30] Rather, this project was part of their solution: the SEA 'was a deal about how to achieve both widening and completion and deepening'.[31] This repeated the 'triptych' formula of *'achèvement, approfondissement, élargissement'* that had allowed for Britain's accession at the Hague summit of 1969.[32]

It took several European Council Meetings and the accompanying preparatory work at lower levels by 'experts' to sort out a general deal that could accommodate this myriad of concrete sectoral concerns within a 'global' perspective. It was also under pressure to conclude remaining points that the Community offered Spain a 'global' mini-package in the final marathon sessions of March 1985. The long transition periods and harsh conditions for the access of Spain's Mediterranean products into the Community were traded against a (less) long and also unusual transition period for the accession of northern agricultural products to Spanish market. Since this agricultural package as a whole was still harsh on Spain, it was traded, at the last marathon session, against a Community concession in the industrial field: an extension of the transition period from the five years originally offered to seven. This concession was acceptable to the member states because the SEA ensured that access to the Spanish market would nevertheless be enhanced. Spain was joining a 'deeper' and more demanding Community than had ever existed before. Enlargement was an important element of the SEA package.

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30 Moravcsik, *The choice for Europe*, p. 369.
31 Wallace, *Widening and Deepening*, p. 5.
32 De la Serre, *La Grande-Bretagne et la CE*, p. 32.

Conclusion: EC enlargement, the SEA and marginal change in the CAP

The main obstacles to the Spanish accession had come from bitter internal disputes and the lack of consensus among the members. Amongst the generalized malaise caused by international recession, oil shocks, and decision-making paralysis, there was general will to reform the Community, but it was not clear how to do it and on what terms. In this context, enlargement could only arise suspicions and further aggravate the existing divisions and concerns about the distribution of costs. The crisis of the Community became 'the central issue of the southern enlargement and not, as some hitherto had thought, the other way around.'[33] In fact, Spain was ready to make almost any concession that the Community would demand, in order to get in. The problem was that the Community could not agree, before 1984, on what it would demand from Spain.

The deadlock was broken with a package deal, based on the Commission's report on the May 1980 Mandate to reform the CAP, launched by the Genscher-Colombo initiative on European Union, and taken up by the Delors' team in the 'White Paper' and the SEA. This complex package deal supported the enlargement process in various fronts. First, it presented a compromise for the resolution of the agro-budgetary deadlock; second, it provided a series of compensations and side-payments for the losers through the IMP and the increase of the structural funds; and third, it introduced a certain degree of institutional deepening (with QMV in relation to the Single Market) that prevented dilution and a paralysis in the policy-making process.

When this internal agreement started to take shape, the negotiations with Spain accelerated and it did not take more than a year to complete them. The new agenda provided the 'political guidance' to reform the *acquis*, that had been lacking for years, and which had thus impeded the formulation of the Community position in the negotiations with Spain. More importantly, once this new agenda had been set up, enlargement ceased to

[33] Duchêne, 'Community attitudes', p. 40.

be viewed as an additional problem that just aggravated the existing ones and became part of a wider package. It became an important argument in support for the reform in decision-making process, for the liberalization of the internal market and for the cohesion and regional policies.

Although largely an intergovernmental bargain, this chapter has shown that the contents of the SEA/SEM/enlargement package, i.e. the linkages between sectoral concrete proposals separately negotiated, were clearly influenced by EC institutions, especially by the path-dependent nature of change in the CAP. The relative stability in this policy area meant that the Community had to deal with the redistributive adjustments of enlargement by creating additional redistributive policies with new funds: the IMPs and the increase in the structural funds. The role of the Commission was central in binding together the wide and varied elements of the package, composed by a myriad of specific regulations in almost every sector. All these elements were bound together by the '1992 project', which enjoyed widespread support among national governments, their trade and industrial sectors, which the Commission mobilized.

The analysis made in this chapter coincides with the main claims of HNI. First, the Community's institutions were not mere neutral arenas were member states bargained, but structured processes and shaped outcomes to a large extent. Second the relationship between the various 'tiers' of the Community, i.e. the European Council and lower levels of decision-making, was almost as important as that between the member states themselves, as it was through it that the translation of political will into concrete policy was done. This link between the 'macro' and 'meso' levels, shows why looking at member states' preferences alone does not suffice to account for the changes agreed at Milan. The mediating role of institutions in structuring their weight and representation is also to be taken into account to understand the shape and contents of the package, as well as the ideas and values that accompanied it and that allowed to break the dead-lock.

Institutions, the CAP, and EC enlargement to Spain

Why was agriculture the main stumbling block for the Spanish accession to the EC? The fact that a sector of economic activity which represented less than 8% of the Community's population and even less of GDP (4%) could delay a process that was aimed at stabilizing southern European democracy and opening up a sizable market is indeed puzzling and tells us much about the nature of EC integration and change. This thesis argues that this phenomenon can be partly explained by the role played by institutions at three levels: first, the negotiations procedure between the EC and Spain; second EC decision-making and, third, the institutions that structure the formation of the member states' national interests.

Chapter 1 provided the historical overview of the relationship between Spain and the EC until 1986 and identified the main issues at stake and the delays in the negotiations. During the period before the start of negotiations, Spain had slowly broken the isolation of the 1940s and 1950s and managed to conclude a preferential agreement in 1970 with the Community. The negotiation of this agreement and its failed re-negotiations after the first EC enlargement revealed the main traits of future accession negotiations. The opposition between industry (where the Community wanted liberalization) and agriculture (where the Community wanted protection against Spanish competition) became clear during this years, as well as the demand by France and Italy to reform the *acquis* to redress the CAP's North-South imbalance. It was then that the first calculations were formed of what the economic integration of Spain into the EC would mean. Doubts appeared among the member states and the Commission on economic and agricultural grounds, and this was an early warning of the 'technical' problems in agriculture that would be the obstacles to enlargement, despite post-Franco democracy.

The first enlargement of 1973 had enormous impact in the EC's relationship with Spain. The costs of being excluded increased in the short term, while, in the long term, the British accession negotiations left a double legacy to Spain's own: a 'bilateral' procedure that had been designed by the Community in a defensive mood to deal with an awkward 'would-be' partner, and the 'budget problem', which would provoke subsequent enlargement 'indigestion'. In contrast to the British 'oblique' approach to the EC, in Spain the domestic consensus in favour of joining the Common Market was strong as it was associated with the removal of the Francoist past and the embracing of modernization and democracy. The fact that 'Spain had nowhere else to go' had been clear to the technocrats of the 1960s for economic reasons, and it had now become a necessity for the new democratic governments for political reasons. And this put Spain in a much weaker position as an applicant than the UK had been. Despite these differences, the negotiations procedure remained as explained in chapter 3.

Having provided a chronological overview of Spain's relations with the EC and pointed out the delays in its accession negotiations, the second chapter introduced the conceptual building blocks that underpin the argument of this thesis. This is largely derived from HNI, concerning institutional stability and change. Since enlargement represents institutional change for the EC, the CAP's stability turned into an obstacle to Spanish EC accession. This approach is more flexible in terms of the levels of analysis and focus than are the theories that have dominated the study of European integration (LI and NF), because it has no *a priori* assumptions about whether one should look at the member states or supranational actors, given that the main focus in on rules and the way in which they articulate interests and political processes. HNI also points to structural biases which account for the distortions visible in this process of enlargement.

At the level of EC-Spain relations (Level I), institutions mattered because the negotiations procedure structured the representation of the applicant and the Community in a way that exacerbated the already acute power asymmetry between the two. As explained in chapter 3, the 'bilateral' procedure, which required the EC to negotiate as a block, reduced Spain's influence in the agenda setting process and timing of the negotiations and prevented it from directly exploiting the divisions among the Nine/Ten. In this way, most of the substantial discussions on enlargement took place within the EC, rather than between it and the applicant. Like Britain earlier, Spain found itself excluded from major decisions that would affect its future within the Community. It also had to wait for the Community to formulate its 'common position', without having much input on the EC's agenda or pace of decision-making. A bargain in itself, the 'common position' changed very little from one version to the next giving the impression of an inflexible Community. Concessions were counted on the Community side, while Spain had to modify its positions considerably. So, if agriculture dominated these negotiations, it was because it was a crucial sector for the EC. This is clear from the fact that the difficult areas which created the delays were those that were 'sensitive' for the Community (olive oil; fruit and vegetables; wine), not those where Spain would be most affected: industrial liberalization, introduction of the VAT, and northern agricultural products. And, despite Spanish representatives' pleas from 1979 to open the discussions on the agricultural *dossier*, they could do nothing but wait until the Community sorted out what was to be its 'common position' on the matter in the last year of negotiations, 1984.

So why was agriculture such a salient issue for the EC? This is were the EC level of institutions (Level II) deserves close attention. As explained in chapter 4, the CAP has been an unusual but central policy in European institution building. It was the first redistributive policy of the Community, and for that reason it has dominated its budget, which in turn is one of the main characteristics that differentiates the EC from other international organizations. CAP costs are highly visible and that partly accounts for their politicization when the actual amounts involved were not that great. The CAP is also different from the rest of EC policies in that it is interventionist and is designed to buffer producers from market forces, rather than expose them to the logic of competition, as most other EC policies aim to do. For that reason, and also because it is managed at the supranational level, the CAP has grown in organizational terms more than any other policy, using up the largest amount of financial and bureaucratic resources: two thirds of the budget in 1980, the largest DG in the Commission. So, in purely organizational terms, the CAP has been -and remains- an over-represented and unusual policy in the EC structure, and follows a logic which is different from the rest. It also constituted the largest part of the *acquis communautaire* that Spain would have to adopt. As the cornerstone of the European integration process, the CAP became the centre of concerns about Community enlargement.

It must be remembered that the Spanish attempt to join the Community came during a bitter and complex dispute inside the EC about reforming the CAP and subjecting it to 'financial discipline'. Given its size and potential, Spain's agriculture could not be incorporated into the EC without aggravating the surpluses and exacerbating the already spiraling costs of supporting agriculture, which threatened the Community with bankruptcy in the early 1980s. It this way, its accession became hijacked by the fight for the 'retrenchment' of the CAP. And this internal problem was the major obstacle that held back these accession negotiations. Therefore, to understand why agriculture delayed the Spanish accession it was necessary to explore why it was so difficult to reform the CAP. This is particularly important because its link to enlargement has not been unique to the Spanish accession process, although it has certainly been the most acute case, given the imminent exhaustion of the Community's 'own resources' in those years.

The thesis has explained the CAP's unusual degree of stability by using the concept of path-dependence. In the language of HNI, the CAP was 'locked in': it was a set of institutions that persisted despite their high costs for the Community as a whole, but which narrowly defined (within its own logic), still brought 'increasing returns' to the actors involved (farmers associations, national agriculture ministers, DG VI of the Commission) as it stood. The costs of reform would be concentrated on the winners and masters of this policy, while benefits would be diffused across less organized and mobilized constituencies, like tax payers, consumers, and citizens in general, which were excluded from the decision-making processes. Thus chapters 4 and 5 reviewed the organizational factors which made these actors so vocal and able to respond to the challenge of reform, as well as the reasons for the incapacity of other actors and interests to keep them in check. For this, the thesis has looked at two key institutional variables: the interest intermediation mechanisms between public authorities and interest groups and the 'boundaries' of the agricultural sector both at the EC and national levels (Levels II and III).

With regard to interest intermediation mechanisms, chapter 4 has explained the reasons behind the 'symbiotic' relationship between COPA, the CAM and DG VI. Depending on each other for political, bureaucratic and financial resources, these organizations have, over the years, created a fairly stable and routinized way of relating to each other that precluded innovation and change beyond certain boundaries established by a series of shared principles and norms. The need to master very complex technical knowledge in order to participate in the CAP debate was an important informal institutional barrier in keeping together this policy community and isolating it from the rest of the EC. It defied the attempts by Foreign, Finance and trade Ministers and heads of state and government at the European Council Meetings to impose 'budgetary discipline' upon the CAP, or to speed up the reform of the specific regulations on Mediterranean agriculture that were holding up the definition of the Community's position in agriculture *vis à vis* Spain. Therefore, for cognitive reasons, agriculture is more insulated than other sectors of EC policy-making and this partly explains its resistance to 'exogenous' change, and its insulation from the pressures of enlargement.

With regard to the boundaries, sectoral divisions are strong in the EC by institutional design. The emphasis of the 'Monnet method' of integration on technical specialization has created a strong segmentation of the Commission and the Councils. Specialization is a general feature of modern industrial public administrations at the national level, but at the EC level inter-sectoral co-ordination mechanisms are weaker. This was shown by the wrangling between them: while the CAM was debating how to buffer the EC Mediterranean farmers and increase their degree of protection and support, the ECOFIN Council was insisting on devising ways to check expenditure and surpluses by introducing more market mechanisms into its management.

Several attempts to tackle this problem were made in 1983. A 'working party' of Commission Directors-General was instructed to examine together this cluster of related issues which had been de-coupled by sectoral partitions. Also, the special meetings of *ad hoc* 'Super Councils' which brought Agriculture, Finance and Foreign Ministers together for the first time, constituted an attempt to solve the problem of inter-sectoral co-ordination and prioritization at the EC level.

To understand the intractability of CAP reform at the EC level, it was indispensable to review the formation of national positions, especially those of France and Germany, the two most influential players (Level III). Chapter 5 therefore analyzed these two institutional variables (intermediation of interests and co-ordination mechanisms) at the national level, in order to explain the contradictory positions that characterized the member states attitudes towards Spanish accession. These attitudes varied from one member state to another, but they all shared a common trait: they supported Spain's entry for political, economic and strategic reasons, and this is why they had agreed to embark on the process of negotiations in the first place, but they were concerned about the effects on their agricultures and the financial implications. In other words, no single member was totally in favour or against Spanish accession; they all had mixed views and were divided along the same inter-sectoral cleavage. The fact that domestic contradictions were not ironed out before reaching EC level is crucial.

In this respect, Germany was the clearest case of the effective insulation of the farming community from the rest of the polity, and this was problematic, because Germans were also the main 'sponsors' of Spanish accession and held the financial key to enlargement. Germany had important geo-strategic, political, commercial, industrial and agricultural interests which would seem to support Spain's entry to the EC. However, it was torn between controlling the financial costs of the CAP and its own farmers refusal to accept any cuts in their level of support. In Germany, the federal structure and the degree of organization and power of farmers made them strong enough to go against the 'national interest' in Brussels. Also, until 1983 the pivotal position of the FDP minister of agriculture, Ertl, meant that sectoral and party cleavages coincided in the formation of Germany's attitude towards Spanish accession. In this way, the fight for CAP reform and financial discipline at the EC level can be interpreted as a German domestic conflict that reappeared in the quarrels between the CAM, ECOFIN and General Affairs Councils.

France, the most reticent of the member states with regard to Spanish accession, was an even more complex case of internal contradictions, because French divisions did not only run between sectors, but also within agriculture itself and, unlike in Germany, enlargement became politicized very early on. FNSEA, unlike NFU or DBV, experienced problems in holding the monopoly of representation of farmers, and in controlling the rank and file and break away organizations, which partly explains the politicization of southern concerns. Rather than 'captured' by well defined agricultural interests, the French agricultural authorities often found themselves taking part in the struggles of a *'monde rural'* which was deeply divided. This internal division turned into political conflict when the Spanish accession appeared on the agenda and threatened to worsen it. The politicization of the issue blew it out of proportion, as political parties, in particular the Communists, sought to exploit this inequality by claiming to represent those disenfranchised farmers' organizations, like MODEF. This is important because it explains the reasons behind President Giscard's 'pause' and why any meaningful discussion of the agricultural dossier in Brussels had to be postponed at least until the 1981 Presidential election had passed, and also until 1983, when the Communists left the government. These findings are interesting because they challenge the view that the CAP was inflexible due to semi-corporatist intermediation of interests at the national level. Although this was true for most member states, in the case of France, the problem was precisely the opposite. Neither the French authorities nor FNSEA had corporatist means of controlling the mobilized and politicized southern farmers and their break-away organizations. Thus, just as the 'budgetary discipline' problem was essentially a German domestic problem, the fight about the North-South 'imbalance' of the CAP was a French internal dispute. This conflict posed a challenge for the well organized and more centralized representation of French views at the EC level, which alternated between obstruction and sponsorship of Spain's accession.

The ideological U-turn of the Mitterrand government in 1983, with the introduction of a strong European dimension to re-define the crumbling French Socialist agenda provided a compelling reason behind the more accommodating attitudes towards Spain in Brussels. Also, the relationship between farmers organizations and government authorities changed substantially, with the break up of FNSEA and the CNJA's exclusive *représentativité*, allowing more autonomy to the French authorities to compromise in Brussels. In exchange, France obtained from the package deal, an increase in Structural Funds, additional protection for its southern farmers, better access to the EC market for its industrial production and a further anchoring of the German neighbour in Europe.

Italy, the most affected by the competition from Spanish agriculture, did not present so much resistance as France for institutional reasons. Farm lobbies there were well organized and had good access to the Commission, with whose views about structural support they coincided, but were not so influential through national channels, as the Foreign Ministry dominated the formulation of EC policy. The CAP's North-South imbalance and its minimal attention to structural reform until 1985 were a result of the weakness and isolation of Italian agricultural interests in the EC. Until the southern enlargement, French southern farmers were the only potential allies they had in the Community, but even then, they were weak within France and divided by different policy preferences. The 'wine wars' between France and Italy held up the reform of the wine regulation which retarded formulation of 'common position' with Spain until December 1984. This goes against the simplified idea that the conflict that about enlargement and the CAP was simply between the north and the south.

Britain had an important role in delaying the accession process with its claim on the budget and insistence on CAP reform before pouring in additional resources. Also, when there were direct concerns about Spanish accession, like over the glasshouse production of fruits and vegetables, British farmers' voice was heard at the CAM, even when this could delay enlargement, which for political, strategic (links to NATO) and economic reasons, the British government strongly supported. So, in this sense Britain was no exception to the insulation of agricultural interests behind the CAP jargon. Its agriculture ministers defied the strong co-ordination mechanisms in Whitehall and the cabinet, and approved annual price rises at the CAM, as cuts in expenditure were not very welcome by the NFU.

For the 'small' countries, whose agriculture figured prominently in the formulation of EC policies, Spanish accession presented similar dilemmas to those of Britain and Germany. There was support for democracy in Spain, but it could be countervailed by the 'costs' that it would implicate for the CAP, and the reluctance of their own farming communities to make the economies in their own sectors, like diary products. And when their interests were directly affected, they sided with Mediterranean countries in demanding long transition periods for Spain.

In short, chapter 5 shows the difficulties faced by member states in keeping together a unified and coherent 'national interest'. All countries presented strong relations between producers interest groups and government officials. The degree to which representation of interests was centralized by one organization seems to account for the degree of depoliticization in Germany and for the rioting in France. The degree of interministerial co-ordination seems to have been crucial in the translation of a 'coherent' view into the European arena, although given its technical nature, the insulation of the CAP was present even in the best co-ordinated member states like the UK. These findings constitute a challenge to LI which assumes the EC member states to be effective gate-keepers. The fact that domestic interests were projected into the Brussels arena without clear-cut guidelines about which should take precedence over which, is the main cause behind the wrangling between the ECOFIN Council and the CAM. Manuel Marín indeed recalls that over the years of negotiations, he discovered that when lobbying individual member states, the most important aim was to find who was in charge of 'arbitrage', of establishing the priorities between sectors which followed different logics, of co-ordination.[1] Moreover, sectoral segmentation worked both ways: not only were national sectoral divisions projected into Brussels, they were also exacerbated domestically by the EC institutional layer. The member states EC policies were more fragmented than normal 'foreign' policies as all ministries of agriculture had their own EC section and permanent representatives in the SCA.[2] The highly fragmented EC policy process meant that reconciling all the parts, with different logics and timings, made the formulation of the 'common

[1] Marín, *Interview*.

[2] This opens up a more general question about the nature of foreign policy-making in the IR field, in a world which is increasingly segmented by specialization and where international regimes are issue-area specific.

position' a slow and complex process which produced rather inflexible results.

Having looked at the institutional constraints that impinged on these enlargement negotiations at the three levels, the last chapters analyzed in detail the process itself, and showed the concrete manifestations and consequences of institutional factors.

Chapter 6 has analyzed the modifications to the *acquis* that were necessary to accommodate Spain and the debates that this triggered inside the Community. It has shown that, rather than being 'intergovernmental', the cleavages which separated the complex coalitions of interests in these disputes were sectoral and sub-sectoral. The issues were so complex that they even transcended the divide between northern and southern members and national positions, making the problems all the more difficult to sort out. Dairy farmers supported the tax on non olive oils, and German wine growers allied with Italian ones in resisting the imposition of distillation quotas. British and Dutch glasshouse vegetable producers' interests coincided more with their southern colleagues in demanding protection against Spanish tomatoes than with other British producers of milk and beef who would be looking to export more to Spain. For financial reasons, the northern member states also supported a long transition period for Spain and 'stand still' period for fruits and vegetables. On the Mediterranean front, France and Italy did not present a united position as they had different views about the direction that policy change should take, given that the French position was a compromise between its own northern and southern farmers. This multiplicity of coalitions at all levels, which varied even from one product to another, sabotaged the attempts of member states to have coherent national positions. At the EC level, the difficulty in finding a solution to the problems posed by Spanish accession in the Mediterranean *acquis* also came from long standing disputes with entrenched positions which prevented the formation of a new consensus. In this sense, Spain's accession was not only problematic *per se*, but more so because it accentuated old problems which had ramifications at many levels. The technical details involved in the reform of these regimes may seem trivial in consideration of a major strategic issue such as enlargement --but-- as the truism goes, the devil lies in the detail.

During this paradoxical process of translating political aims into technical language, proposals had to be sent 'up', 'down' and 'sideways' several times either for the expertise of working groups or political guidance from the GAC or the European Council. On the one hand, the experts seemed to lose sight of the overall picture and possible solutions through linkages with other areas, while on the other, the 'generalists' had only a limited ability to solve the specific problems because of the sheer technicality of the issues. Thus, the chapter traces how the deconstruction of enlargement into its 'technical' parts made the Community loose sight of the overall exercise as each bit was treated on its own merit. It took two complex package deals, described in chapter 7, to put all the pieces again together and, in that sense, the Community's internal incapacity to agree of a 'common position' was not simply a delaying tactic. On the contrary, once Kohl had made the solution to the EC's budgetary crisis dependent on enlargement, in June 1983, the Community started running against its own timetable. But still took two years to sort out the details, to operationalize the political commitments into concrete policies. As crowded meetings of joint Agriculture, Finance and Foreign Affairs Councils proved ineffective in closing the co-ordination gap, the need of a 'global view' had the effect of referring issues upwards, concentrating power at the top, in the European Council. It was there, under extreme political pressure to conclude the negotiations, that the 'common position' on olive oil was finally agreed.

The over-representation of EC farmers in the negotiations contrasts with Spain's interests, which did not play a very important role in the reforms, although they would be affected by them to a great extent, once they became members. The entry into force of a new fruits and vegetables regime on 1 April 1984 and the Dublin agreement of December 1984 on wine distillation (to both of which Spain protested) were the most explicit examples of exclusion. Like with Britain, the Community was keen in (re)establishing the *acquis* before accession took place in a way that was aimed at protecting the member states sectoral interests and pass the costs of adaptation to Spain. This practice was only moderated by the threat of another round of re-negotiations after the Spanish accession, mainly feared by the Commission, which had learnt from British and Greek experiences. Still, the design of the transition periods for Spain's adoption of the *acquis* responded more to the logic of protecting these mobilized EC interests than to the applicant's actual capacity to adopt the *acquis*.

This is important because it qualifies the commonly held view that an applicants' incapacity to adopt the *acquis* is the major obstacle to their accession. As this thesis shows, it was the Community's constraints on a recasting of its own previous bargains in the agro-budgetary sector which constituted the most important obstacle to enlargement, independently of whether Spain was ready or not to join. This fact has been often overlooked because of the Community's insistence that the *acquis* it is not open to revision, that it is the applicant which has to adapt to the Community and not the other way around. Yet, how could the Community remain the same, while increasing its size so dramatically? Some reforms were indispensable, notably of the CAP which was the major redistributive arrangement.

Despite all the difficulties described above, the regulations on Mediterranean agriculture were reformed and, in the end, Spain joined the EC. Chapter 7 explains that this occurred through two package deals that created the consensus for increasing national contributions to the budget. First, the IMPs put forward by the Commission allowed a 're-framing' of the Mediterranean problem as a 'regional' rather than a merely 'agricultural' issue. This ensured that funding would not have to come only from the EAGGF and, therefore, that EC farmers, both from the north and the south, would not have to 'pay' for the Community's enlargement or for the redressing of the CAP's North-South imbalance. This, in turn, provided the rationale for breaking the monopoly of the European agricultural 'policy community' over these issues, and their linkage to the wider 'cohesion policy' that became part of the SEA package, in the form of an increase of Structural Funds.

The rise in national contributions to the EC's budget had to be justified in Germany in terms of increased European integration in general, for which there was wide support (the SEA programme had started as a German-Italian initiative), and of concrete gains in particular (the specific recommendations of the White Paper for the completion of the Single Market). These initiatives ensured that, although Germany (and also Britain and France) would not 'get their money back' from CAP savings, at least they would get 'better value' through concrete gains for their investment in the European integration process.

These packages were also the result of important changes at the national level in Germany and France which, it has to be recognized, cannot entirely be explained by HNI. The degree of pressure that the Americans put on the Kohl government to sort out the Community's financial crisis and go ahead with enlargement, as the NATO referendum in Spain became closer, is likely to have been an influential factor that brought back the 'global perspective' and finally made it prevail over sectoral concerns. The changes in France which led to the more constructive attitude that the Mitterrand government adopted towards the EC and its enlargement after 1983 had much to do with the management of successive economic crisis and with the end of the coalition with the Communist party. Designed to study 'endogenous' change, HNI is ill equipped to explain the cause of these 'exogenous' changes. Why these changes took place are questions which probably can be better answered by historians, when the documents become available.

What HNI is good at explaining, however, is why it took more than two years to translate the compromises of Stuttgart into technical language. And, as this thesis has argued, such process deserves attention because it reveals the intricacies of institutional change in the EC. Path-dependent change in the CAP meant that, in strictly agricultural terms, reform remained within certain clear boundaries. The financial and political pressures to introduce radical modifications between 1978 and 1983 did not result in an overhaul of the CAP which, in the end, was even expanded with, for example, the addition of new products to the list of fruit and vegetables that were protected at the EC border and fresh resources in the form of the IMPs.

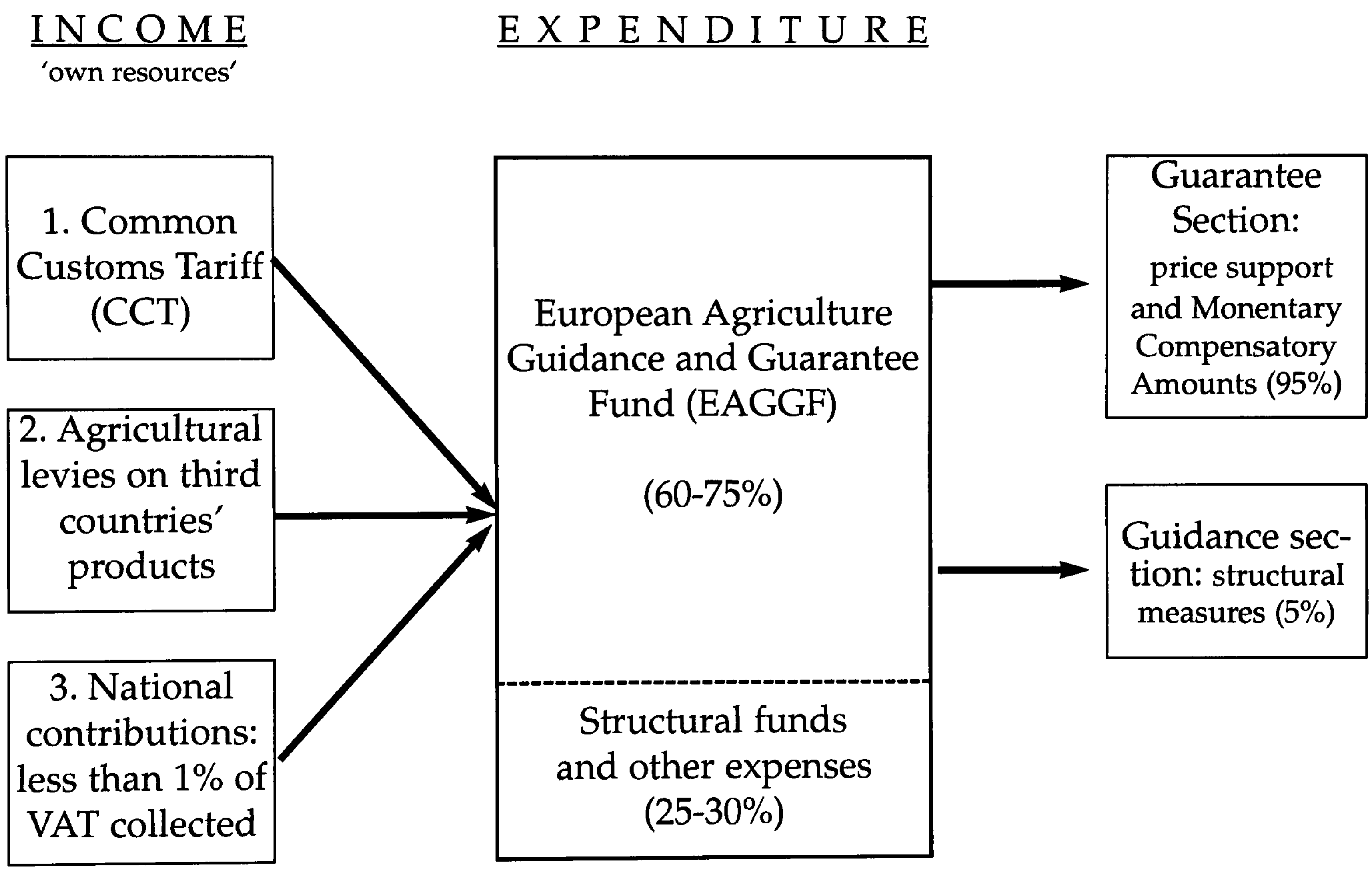
The degree of stability of the CAP was unusual given that everything else was changing around it with the SEA. In part, as a result of this inflexibility, new redistributive policies had to be added: IMPs, Structural Funds. The decision to pour in additional resources cleared the way for Spain's accession negotiations to be concluded, but only postponed the need for CAP retrenchment. By 1988 the 'own resources' were again depleted and a new rise in the VAT ceiling on national contributions had to be introduced by the 'Delors 2 package'. In sum, the EC changed a lot in order to accommodate Spain. But it did so by expanding and deepening the *acquis*, not by altering existing arrangements, especially not those of the CAP. So, although enlargement represented a major institutional change (if only, for the increased diversity of interests that were to be governed by the same rules) the *acquis communautaire* marked the EC path, setting important limits in each policy area to the extent to which the Community could reinvent itself.

This thesis contributes to the three sets of literature from which it draws in the following ways. With regard to the debate on theory and how to study European integration, it shows that there is an important qualification to LI: the strong sectoral partitions which reinforce each other at the national and EC levels fragment the member states' 'national interest' in such a way, that the latter can no longer be seen as 'gate-keepers' striking purely intergovernmental bargains at the highest level -at least not with respect to the CAP. Much to the contrary, on many occasions, each member state often found itself on both sides of the sectoral fences. The package deals which, in the end, allowed for the Spanish accession were constructed by linking sectors which had torn apart national interests. It was, in large part, the result of a long period of brewing within the EC's day-to-day decision-making institutions, where not only national governments, but also the Commission and transnational associations like COPA had considerable input. So although it is true, as LI suggests, that big trade-offs could only be done by concentrating power 'at the top', it is also true and important that without proper solutions previously worked out at lower levels by the 'experts', the heads of state were incapable of deciding. Thus, focusing just on the 'grand bargains' at the highest level of authority obscures the fact that there are significant structural constraints on what can be agreed which, not only come from domestic interests, but also from the EC level, where previous bargains cannot be easily undone. The difficulties that the EC faced while trying to reform the CAP to allow for Spanish accession cannot accurately be explained by LI, which simply points to the veto of a powerful 'loser', France, perhaps also Greece, captured by farm interests. By contrast, HNI's concepts of 'path-dependence', 'marginal change' and 'bounded rationality' provide more accurate tools for analyzing the formulation of this complex package deal, which ran across various sectors and decision-making levels, as much as across states' boundaries, and whose limits for innovation and change were narrowed down by organizational factors and past decisions. More generally, HNI seems to be well suited to study European integration, which has been a process centered around the creation of rules (institutions) and bureaucratic agencies (organizations) for joint policy-making in an increasing number of specific areas. Yet, the thesis has also shown the limit of this theory in explaining the exogenous political and economic factors which contributed to come back of the 'global perspective' in Paris and Bonn, after 1983.

With regard to the literature on the CAP, the thesis shows that the pressures generated by Spain's accession provided a powerful rationale for change that has often been overlooked. The treatment of CAP reform in the early 1980s has mainly concentrated on the budgetary constraints, while mentioning only in passing the fact that the prospects of Spain's EC membership shaped the adjustments made to the Mediterranean *acquis*. More important, the thesis also contributes with a conceptual framework to analyze the internal 'logic' of the CAP. The changes to the Mediterranean regulations to cope with the Spanish accession took place, as HNI would suggest, at the margins, rather than at the level of principles. Moreover, they were achieved by re-defining the problems in a 'regional' way which allowed the inclusion of non-agricultural actors in the decision-making process, by making them part of a wider Mediterranean package that extended to non-agricultural Community policies. This was the first of subsequent attempts to re-define the CAP as a 'rural' policy, which takes better account of environmental and regional issues, as a way to bring further reforms.

With regard to the literature on enlargement, and in particular, to the historical accounts of Spain's accession negotiations, the thesis shows that Spain's strategies and enthousiasm for membership did not have a significant impact in a process that was largely dominated by developments *inside* the Community. This might be a sobering thought for those from the 'second' wave of democratizing countries of Central and Eastern Europe who, more than ten years after the fall of the Berlin Wall, are still waiting at the doors of the European Union and have yet to start the plunge into the quagmire of 'substantial' negotiations. There are a few lessons that can be drawn from the Spanish experience, that still apply today, despite the impressive transformation of the EC into the EU in the last twenty years. The CAP's share of the budget has gone down, but only to around 50%, so it will still be important to find the funds to subsidize Polish and Hungarian farmers to the same level than their colleagues in France or Germany. The MacSharry reforms of the early 1990s and *Agenda 2000* managed (not without trouble) to introduce measures to control spending and increasingly linked the CAP to structural, regional and environmental policies, somehow undermining the barrier that insulated agricultural interests from the rest. Yet, for a large part, the CAP remains very much the same in most of the structural (institutional) features described in this thesis. HNI indicates that trouble lies ahead in the next round of EU enlargement.

The EC Budget in 1980: income and expenses



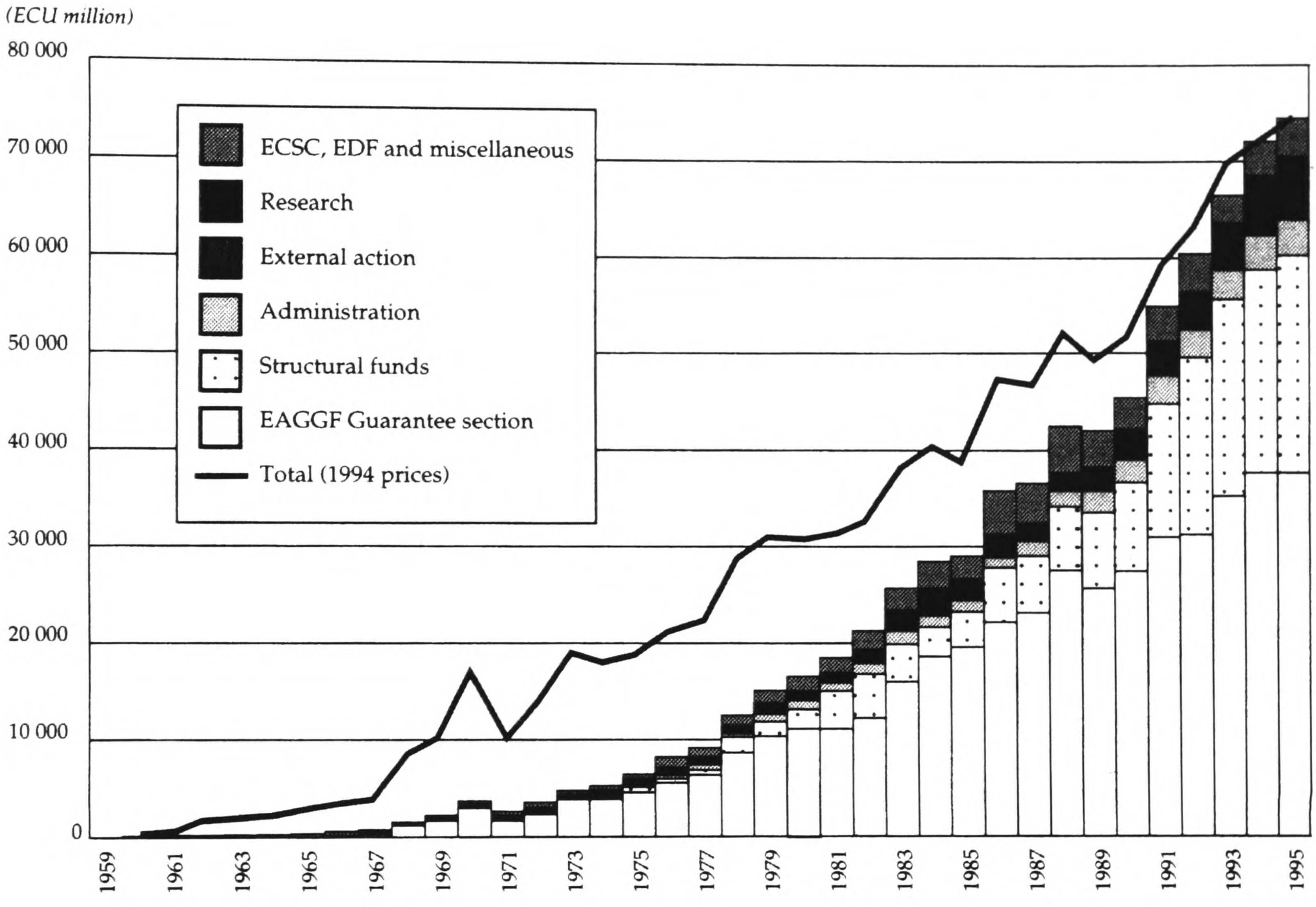
Taken from Geoffrey Denton, 'Re-Structuring the EC budget: implications of the Fontainebleau agreement', *Journal of Common Market Studies*, vol. 23 (1984), n. 2, pp. 117-140.

Marsh and Rhodes' typology of policy networks

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

Taken from table 11.1, Marsh, David and R. A. W. Rhodes, eds., *Policy networks in British government*, Oxford, Clarendon Press, 1992, p. 251.

EC expenditure, 1958-1995



SOURCE: EUROPEAN COMMISSION

Taken from: Martin Westlake, ed., *The Council of the European Union*, London, Catermill, 1995, p. 184.

The North-South imbalance

Table 1. Structure of EC agricultural market support expenditure and production (average 1974-1976)

Products	Proportion of EAGGF Guarantee expenditure (%)	Proportion of EC agricultural production (%)
Wheat	11.7	6.2
Rice	0.3	0.3
Sugar	5.6	2.5
Fruit and vegetables	3.3	10.7
Olive oil	5.0	1.0
Oilseeds	1.0	0.4
Wine	2.9	4.9
Tobacco	5.9	0.4
Milk	39.8	18.6
Beef	17.0	15.4
Other products	7.5	39.6
Total	100.0	100

Source: *Agra Europe*, 7/7/1978, E/1.

Table 2. Mediterranean products share of spending support and of production (%)

Year	Share of EAGGF Guarantee Section	Share of value of EC agricultural production
1974	16.4	19.0
1975	16.9	18.5
1976	20.6	17.1
1977	13.5	17.6
1978	7.7	18.4
1979	12.2	18.8
1980	15.9	19.7

Source: Simon Harris, Alan Swinbank and Guy Wilkinson, *The food and farm policies of the European Community*, New York, John Wiley & Sons, 1983, p. 149.

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