

**THE IMPACT OF POLICY NETWORKS
IN THE GATT URUGUAY ROUND:
THE CASE OF THE US-EC AGRICULTURAL NEGOTIATIONS**

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ABSTRACT

This thesis investigates the membership, activities and policy impact of three distinct groups of policy networks operating within and between the agricultural policy environments of the US and EC as well as at the multilateral level during the preparation for and negotiations of the GATT Uruguay Round between 1980 and 1993. Briefly defined, these three groups are: 1) epistemic communities - networks of professionals who share both specialized knowledge and expertise in a specific issue area; 2) advocacy coalitions - policy actors from various levels of the policy process who share common policy beliefs and work together to turn these policy beliefs into government policy; and 3) elite transnational networks - incorporating political leaders, political appointees and senior government and international institutional officials, these elite level networks are formed through regular contact in either an official or unofficial capacity.

The contention of this thesis is that various networks of actors within the distinct policy networks of epistemic communities, advocacy coalitions and elite transnational networks contributed significantly to bringing about the reform of agricultural policy that occurred within the EC and the US between 1980 and 1993 allowing for the establishment of consensus on the liberalization of agricultural trade policy at the multilateral level of the General Agreement on Tariffs and Trade during the Uruguay Round. The hypothesis of this thesis is that these three policy networks varied in their impact according to the specific stage of negotiations due to changing policy needs.

I argue that in general: 1) epistemic communities exhibited the most impact during the agenda-setting stage owing in part to their expertise in agricultural trade issues, the existence of a common framework for discussion and their work in creating analytical tools that allowed agricultural liberalization to be politically and economically viable; 2) advocacy coalitions had the most significant role during the second, or policy-making stage, due to their ability to work within the policy environment and shape domestic policy development; and 3) elite transnational networks, due to their ability to provide the necessary political pressure, had the greatest impact in the third, or breakthrough stage.

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DEDICATION

**This thesis is dedicated to my mother, Vera Marta Ullrich (née Schütz)
(1929-1997).**

My idol and my best friend.

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ABBREVIATIONS

AAA	Agricultural Adjustment Act
ACF	Advocacy Coalition Framework
ACTPN	Advisory Committee for Trade Policy Negotiations
AFB	American Farm Bureau Federation
AMS	Aggregate Measure of Support
APAC	Agricultural Policy Advisory Committee (within the US)
APEC	Asia-Pacific Economic Cooperation
ATAC	Agricultural Technical Advisory Committee (within the US)
ASCS	Agricultural Stabilization and Conservation Service
ASEAN	Association of Southeast Asian Nations
CAP	Common Agricultural Policy (within the EU)
CCP	Common Commercial Policy (within the EU)
CEP	Common External Tariff
CG18	Consultative Group of Eighteen of the GATT
COPA-COGECA	Committee of Agricultural Organizations in the European Union
COREPER	Committee of Permanent Representatives
C.P.s	Contracting Parties of the GATT
CSE	Consumer Subsidy Equivalent
CTA	Committee on Trade in Agriculture (within the GATT)
DG	Directorate General (within the European Commission)
EAGGF	European Agricultural Guarantee and Guidance Fund
EC	European Community
ECU	European Currency Unit

EEC	European Economic Community
EEP	Export Enhancement Program
EP	European Framework
EU	European Union (name for EC post 1 November 1993)
FAO	Food and Agriculture Organization of the United Nations
FAS	Foreign Agricultural Service
G7	Group of Seven including: Canada, France, Germany, Italy, Japan, the United Kingdom and the United States (the European Commission is a participant)
G8	Group of Eight consisting of the G7 + Russia
GATT	General Agreement on Tariffs and Trade
GNG	Group of Negotiations on Goods
GNS	Group of Negotiations on Services
IATRC	International Agricultural Trade Research Consortium
ITO	International Trade Organization
MFN	Most-Favored Nation
MTN	Ministerial Trade Mandate (within the OECD)
MTR	Mid-Term Review (of the Uruguay Round)
NCFAP	National Center for Food and Agricultural Policy
NFU	National Farmers Union
OECD	Organization for Economic Cooperation and Development
OMB	Office of Management and Budget
PSE	Producer Subsidy Equivalent
QUAD	Trade Ministers Quadrilateral consisting of Canada, the EU, Japan and the US
Quint	Agricultural Ministers of the Quad plus Australia

RTAA	Reciprocal Trade Agreement Act
SCA	Special Committee on Agriculture (within the Council of the EU)
SMU	Support Measurement Unit
STR	Special Trade Representative (in the US before 1974)
TNC	Trade Negotiating Committee (within the GATT)
UK	United Kingdom
UR	The GATT Uruguay Round
URAA	Uruguay Round Agricultural Agreement
US	The United States of America
USDA	United States Department of Agriculture
USTR	United States Trade Representative (also the Office of the USTR)
WTO	World Trade Organization

Chapter 1 Introduction

Introduction

Following eight years of contentious negotiations, the Uruguay Round (UR) was completed on 15 December 1993. The UR Agricultural Agreement (URAA) symbolized the first significant move toward the liberalization of global agricultural trade since the establishment of the General Agreement on Tariffs and Trade (GATT) in 1947. Concessions made in the URAA as well as the Blair House II Accord between the United States (US) and European Community (EC)¹ embody radical changes in approaches to agricultural policy, particularly between these two protagonists.

The complex nature of agricultural policy, and much more critically, its reform, is a matter that requires knowledge and understanding of extremely complex and technical issues. However, the ideological aspects and the resultant social perspectives that have evolved around agricultural policy have produced a politically motivated policy process seemingly immune from economic reality.² In order for reform to occur and agricultural policy to be liberalized, the elements involved in the process of determining agricultural trade policy need to be reconciled. These changes in approach, as well as the manner in which the

¹ During the course of its evolution, the EU has had several official names: 1) European Communities (1957-1967), consisting of the European Economic Community (EEC), the European Coal and Steel Community (ECSC) and the European Atomic Energy Community (Euratom); 2) European Community (1967-1993) in which these three communities were merged; and 3) European Union (November 1993 - present). I will use the term most appropriate for the context throughout this thesis.

² In terms of trade policy in general, Warley (1976) makes an interesting distinction in stating that “trade *theory* is expressed in economic terms, trade *policy* has additional social and political dimensions” (292; emphasis added).

accompanying necessary changes in perceptions among actors³ in the agricultural policy process between 1980 and 1993, specifically within and between the US and EC, were affected by the activities of distinct types of policy networks are the primary focus of this thesis.

As a necessary introduction to the issues being investigated, this chapter incorporates both empirical and theoretical elements that serve as a framework for the study being undertaken. The objectives of this chapter are: 1) to outline the significance of the URAA and the Blair House II Accord; 2) to establish the position of agriculture in the GATT, including its almost complete exemption from previous negotiating rounds and reasons why it was deemed necessary to include agriculture in the Uruguay Round; 3) to set out the argument, aims and relevance of the thesis including its theoretical approach; and 4) to lay out the plan of the thesis.

1. The UR Agricultural Agreement

1.1 The Protected Position of Agriculture

Agricultural policy in the US and Europe, as well as many other developed states, has enjoyed a uniquely protected existence since the inter-war period. The exceptional aspect of domestic agricultural policy is due to several factors including: 1) unpredictable supply and demand; 2) immobility of labor; 3) great political influence of interest groups; 4) rapid structural changes due to the pace of technological advances; and 5) great differences in productivity among states (Warley; 1976: 294).⁴ In addition to these features, Josling points out that

³ In this study, I use the terms actor, decision-maker and policy actor interchangeably.

⁴ More recently, farm labor has increased in mobility, particularly in the case of

particularly within agricultural exporting countries, the more general assumption of government responsibility for economic management in place over the last four decades served to “complement, reinforce, underwrite and facilitate domestic programs of price support and market guarantees” (Josling; 1977: 262). As a result of these elements, agricultural trade policy has historically been highly regulated which in turn has created deeply entrenched policy processes.⁵

Although US and EU agricultural policies differ in many key respects, outlined in chapters three and four, they have in common both an inordinate amount of regulation as well as broad objectives of internal⁶ agricultural policy. The agricultural policy objectives of the US and EU, as well as for other developed states, have in general included: 1) delaying the decline of agriculture and movement of the population from rural to urban areas; 2) compensating farmers for participating in a risk-prone sector; 3) maintaining sound environmental conditions including preventing soil erosion; and 4) preserving the traditional agrarian way of life (Stewart; 1993a: 131). However, the priority of these general policies has differed within the US and EC. While EU agricultural policies have tended to emphasize environmental factors and preserving the agrarian way of life, US agricultural policies have focused on compensatory

Mexican laborers working in the US.

⁵ Additionally, Winham sees the tendency toward regulation of agriculture being exacerbated by two reasons: 1) “agriculture tends to be viewed as more a social than an economic problem because of the implications of agricultural production for the distribution of people over land” and 2) “in many countries agriculture has been politically well positioned to look after its own interests” (1986: 148).

⁶ The term ‘internal’ is used in order to accommodate both the domestic policies of the US and individual member states of the EC working within the Common Agricultural Policy. The complex interrelationship of EC member state politics with those of Community-level decision-making is incorporated into my analysis.

issues including alleviating rural poverty.

1.2 The Significance of the Uruguay Round Agricultural Agreement

The most significant aspect of the URAA is that it alters the unique position of agricultural trade policy. While the actual amount of agricultural liberalization is less than many had called for, the critical element is that for the first time agriculture is placed within the framework of the GATT. In creating a common framework by which all Contracting Parties⁷ of the GATT would treat agricultural policy, the URAA brought about increased transparency in rules and regulations and has created “stable expectations” (Wolfe; 1998: 156). Crucial to the agreement being politically viable, it allows relative flexibility in determining the manner in which internal agricultural policy operates. Wolfe notes that the URAA “requires a reduction based on the *effect* of policies, without saying anything about the legitimacy of the remaining policies [and therefore] because of the nature of the commitments, states are free to choose the most suitable policy for their domestic purposes” (1998; 160-161; emphasis added).

For international agricultural trade policy, the URAA offers a new period of “tantalizing promise” (Josling, Tangermann and Warley; 1996: 217). Rather than having to individually develop new domestic approaches and justify them, countries or groups of countries may now look to both the URAA and the World Trade Organization (WTO)⁸ for guidance. Additionally, multilateral agricultural

⁷ Signatories to the GATT were considered Contracting Parties. Since the establishment of the World Trade Organization (WTO) on 1 January 1995, participating countries are known as Members.

⁸ The UR established the WTO that incorporated the GATT. It started operations on 1 January 1995.

agreements should be facilitated since “the existence of any constraint, however loose, is an important first step in international control of domestic policies. The precedent is set and the mechanism established. Further negotiations can build upon this start” (Josling, Tangermann and Warley; 1996: 219-220).

1.3 The Significance of the Blair House Accord

The Blair House final agricultural agreement between the US and the EC not only removed the largest barrier to the conclusion of the stalled UR negotiations, but also represented the first significant step toward the resolution of more than three decades of almost continuous tension between these two trading partners on the issue of agriculture. Following the initial agreement between the US and EC on 20 November 1992, elements of the Blair House Accord were called into question by some member states of the EC. After over a year of intense internal EC and bilateral US-EC discussion the agreement was successfully re-negotiated 7 December 1993, one week prior to the final deadline for the conclusion of the UR.

In the main areas of the agricultural negotiations known as the three pillars, the Blair House II Accord⁹ helped define the terms for the URAA: 1) export subsidies - reduced 36 percent by value and 21 percent by volume within 6 years with sharper reductions delayed until later years; 2) market access - the US agreed to accept the EC’s offers on tariffication and minimum access and 3) internal support - reduction of 20 percent between 1993-1999.¹⁰ Additionally, it

⁹ The re-negotiated Blair House Accord is often referred to as Blair House II, re-negotiated, or less frequently, the Breydel Agreement. In this study, I use the terms ‘re-negotiated’, final or Blair House II interchangeably when referring to the agreement of 7 December 1993.

¹⁰ The Dunkel Final Agreement, presented by GATT General Director Arthur Dunkel in

created a nine-year peace clause during which the US would refrain from charging the EC over its internal compensation payments under the WTO's dispute resolution mechanism and officially settled the long-running bilateral dispute of oilseeds.¹¹

For purposes of this study, the most remarkable features of both the Blair House II Accord and the URAA are the fundamental changes in the internal agricultural policies that they required. Exceptional amounts of coordination, compromise and consensus among key groups of policy actors at the internal, bilateral and multilateral levels were necessary to forge the amount of policy reform that is evident in these agreements. However, before discussing the manner in which these groups acted to bring about this reform, the background of agriculture in the GATT and the crisis that provided the impetus to end its historical exemption must be explained.

2. Agriculture in the GATT

2.1 Establishment of the GATT

In the early post-war period, with memories of the negative effects of the highly protectionist Smoot-Hawley Tariff Act unilaterally enacted by the US in 1930 still vivid, many Western governments recognized the need to create a multilateral forum in which trade policy would be agreed through negotiations following a set of established objectives. Between 1946 and 1947, with the US and United Kingdom (UK) taking the lead, discussions for the creation of the

December 1991 was the basis of the Blair House II Accord as well as the URAA.

¹¹ The US and EC reached a memorandum of understanding on the oilseeds dispute in July 1993.

International Trade Organization (ITO) took place in earnest.¹² Concurrently, a separate multilateral tariff negotiation between twenty-three governments was completed in August 1947. This General Agreement on Tariffs and Trade (GATT) was to be brought into the trade rules of the ITO.

After the conclusion of the ITO negotiations, participants were required to submit the charter to their governments for ratification. Although the US Truman Administration submitted the proposal to the Committee on Foreign Relations in the House of Representatives in 1949, a report of its findings never materialized. As other countries postponed their ratification in order to see the results of the charter in the US, in late 1950 the US State Department ended the suspense by announcing that the ITO Charter would not be re-submitted to Congress (Low, 1993: 41). The establishment of an institutionalized multilateral trade forum would be postponed for over 45 years.

However, in the wake of the ITO's failure to materialize, the GATT, which began operations on 1 January 1948, became the source of the multilateral trade regime. Goldstein aptly notes the primary similarities and differences between the GATT and the proposed ITO:

Like the ITO, the GATT was multilateral. Fundamental control of the organization was shared by all members; all agreed to give MFN status, and nondiscrimination was a central norm. But in operation, the GATT was a network of simultaneous bilateral reciprocal agreements. Unlike the ITO, the GATT did not aspire to be a multilateral mechanism for the formal control of all aspects of trade (1993b; 219).

¹² The US and UK both attempted to incorporate the primary principles of their approach to economic policy. While the UK attempted to include Keynesian ideas, significantly policies of full employment, the US was adamant to keep domestic policies out of the reign of the proposed ITO. This inevitably resulted in a clash of interests.

2.2 Basic Principles of the GATT

The key principles under which the Contracting Parties to the GATT, as well as the members of its successor, the WTO, operate have remained the same since its inception: 1) non-discrimination - all imported goods receive the same status as domestic products at the border and within the country; 2) reciprocity - members have the right to receive the same trading privileges from all other Contracting Parties as they themselves grant;¹³ and 3) transparency - greater openness (Greenaway; 1994: 9 and Josling, Tangermann and Warley; 1996: 10).

Since 1947, these liberal tenets of the GATT have brought about the reduction of average tariffs on industrial products from 40 percent to approximately 5 percent in the early 1980s. However, agricultural trade, owing primarily to its unique position in internal politics, as well as the efforts of entrenched actors within the policy process to maintain the special status of domestic agricultural policy, remained largely outside the multilateral trade regime until the conclusion of the UR, the eighth round of GATT negotiations.

2.3 Agricultural Exemptions in the GATT

The General Agreement did not distinguish between industrial goods and that of trade in agricultural goods. However, according to a former director general of the GATT, there existed “a big gap between obligation and performance in the field of agricultural trade” (Long; 1985: 68). Until the conclusion of the URAA, agricultural trade was for the most part exempt from GATT rules. One result of this lack of multilateral regulation was that until the

¹³ The concept of reciprocity is clearly discernable in the Most Favored Nation (MFN) status which contracting parties are required to grant to one another.

late 1980s agriculture was involved in 42.9 percent of total GATT disputes (Wolfe, 1998: 52-53). The two most significant exemptions are those found in GATT Articles XI and XVI.

Article XI, while prohibiting quantitative restrictions such as quotas and import or export licenses, allows these same restrictions to be lifted for any agricultural or fisheries product when they are “necessary to the enforcement of government measures (i) to limit the quantities of the like domestic product...or (ii) to remove a temporary surplus of the like domestic product” (GATT Article XI:2[c] in Wolfe; 1998: 58). This addition to Article XI was formally included in the GATT in 1955 through the adoption of Article XXV in order to prevent a conflict with the US’s Section 22 Waiver¹⁴. This exemption was largely included to fulfill the requirements of US agricultural policies (Josling, Tangermann and Warley; 1996: 13).¹⁵ Although the 1955 Waiver largely benefited the US, in later years it “left other nations with the impression that the United States was essentially hypocritical in advancing its policies on international trade” (Winham; 1986: 153). Significantly, the EC often used the 1955 Waiver as a means to dismiss claims against its own protectionist policies under the Common Agricultural Policy (CAP) (Cohn; 1993: 25).

Stewart notes that initially the GATT did not, in fact, prohibit export subsidies and it was only in 1955 that Article XVI obliged the Contracting Parties to refrain from the use of export subsidies on manufactured products (1993: 134).

¹⁴ Based in the Agricultural Adjustment Act (AAA) of 1933, Section 22 allowed the US to use import quotas over a large number of products.

¹⁵ For a more in-depth discussion of this article as it relates to agriculture, see Josling, Tangermann and Warley; 1996 and Stewart; 1993, Volume I: 136-138).

However, the article includes an exemption for agricultural products. While it was encouraged that export subsidies on primary products should be avoided, Article XVI:3 granted the Contracting Parties a legal right to use them (Josling, Tangermann and Warley; 1996: 31).

The primary consequence of these exemptions was that agricultural protectionism continued to increase, particularly within the US and EC. In the US, agricultural interest groups, bureaucrats and Congressmen with large farm constituencies contributed to an ever more firmly entrenched policy process that resisted any reduction in agricultural subsidies. Additionally, Goldstein argues that the GATT agricultural exemptions, stemming from US domestic requirements:

encouraged the creation of agricultural protections abroad. Europe could construct the CAP...and still be in compliance with GATT. And once protected, European agricultural groups made it politically impossible for governments to withdraw aid (Goldstein; 1993b: 224).

2.4 Agriculture in the GATT Prior to the Uruguay Round

When investigating the historical evolution of agriculture in the GATT prior to the successful conclusion of the URAA, two developments can be seen as pivotal turning points: 1) the 1955 Waiver and 2) the establishment of the CAP. These events, clearly considered major policy instruments for the US, and EC, respectively, illustrate the relative position of strength that each side was negotiating from. Hence, during the first four GATT rounds, it is evident that the US was able to shape the results of the negotiations. However, in the rounds following the establishment of the CAP, the voice of the EC is heard to a much greater degree.

The first four rounds accomplished little in terms of improving the means

of trade in agricultural goods. The Geneva Round of April - October 1947 focused on creating the text of the General Agreement on Tariffs and Trade as well as the first set of tariff concessions between the original Contracting Parties. Approximately 45,000 tariffs were either bound or reduced. Concerning tariffs on agricultural products, “their protectionist intent, links to national agricultural policy objectives, and political sensitivity resulted in few tariffs being bound or reduced, or only small cuts from high levels” (Josling, Tangermann and Warley; 1996: 23).

The Annecy Round of April 1949 largely focused only on bringing ten new countries into the GATT and the original Contracting Parties did not engage in negotiations to reduce tariffs. Held during the winter of 1950 - 1951, the Torquay Round resulted in little progress where agriculture was concerned since the primary issue was the reduction of tariffs. In 1956, the second Geneva Round was held soon after the GATT Review Session of October 1954 - March 1955 that had considered and rejected several proposals to both discipline as well as expand agricultural trade. Not surprisingly, the Geneva Round enjoyed little success in either industrial or agricultural areas.

For the US, the major concerns of the Dillon Round of 1960 - 1962 were the formation of the EC, particularly its CAP, and the possibility of Britain joining this new regional group. Given that the CAP was set to begin operations in January 1962, Josling, Tangermann and Warley (1996) note that “the timing was right in the sense that there was the opportunity to influence Europe’s decision-making in Brussels by agreements reached at the bargaining table in Geneva” (44).

Concerning the CAP, the greatest concerns for the other Contracting Parties involved the effect that the Common External Tariff (CET) would have on previously bound EC tariffs and retaining guaranteed access to its potentially enlarging market. However, the EC was not willing to agree to either establishing new ceilings for their variable levies or to granting any specific market access guarantees (Josling, Tangermann and Warley; 1996: 47). Significantly, the EC did agree to bind the duty on soya beans and other oilseeds to zero. This oilseeds agreement would become a source of much friction between the US and EC during the Uruguay Round.

Faced with the intransigence of the EC over the CAP, which was primarily due to the importance this new group of states placed on their first operating common policy, the US and other Contracting Parties were forced to settle for much-reduced results. Additionally, it has been noted that:

during the course of the Round, the rest of the world was shown the framework of the common policy that was to be introduced and expected that the exceptionally trade-distorting set of policy instruments chosen would be used to defend prices determined by the income needs of the operators of Europe's small farms (Josling, Tangermann and Warley; 1996: 50).

Planning for the Kennedy Round of May 1964 - June 1967 began even before the Dillon Round had ended¹⁶ and was seen to be the "first significant negotiation in GATT after the initial negotiation" as well as being the "first major attempt to negotiate a liberalization of trade in agricultural products" (Winham; 1986: 34 and 154). Given the stakes involved, the Kennedy Round was "destined to be a gladiatorial contest between the established but faltering world leader and

¹⁶ A 'Chicken War' between the US and EC from 1961 - 1964 gave the US added reason to bring agriculture into the GATT. For more on the 'Chicken War' see Josling, Tangermann and Warley, 1996 and Warley, 1976.

the emerging entity in Europe” (Josling, Tangermann and Warley; 1996: 54).

As would be the case in the following two rounds, at the outset of the talks, US negotiators insisted that without significant progress toward agricultural liberalization, they would not be able to get agreement from Congress. While the US wanted agriculture to be treated the same as other products, the EC refused. Instead, the EC proposed the *Montant de Soutien* (MDS) plan in which “a nation would measure the overall protection it gave to agricultural products through various methods, and would then negotiate to bind this protection against further increase” (Winham; 1986: 154).¹⁷ This plan was unacceptable to the Americans, who “did not have the necessary will to press to the limits its agricultural case against the Community” (Josling, Tangermann and Warley; 1996: 71)¹⁸. Thus, the Kennedy Round concluded with little accomplishment in agriculture.

Internal EC politics greatly disrupted the Kennedy Round negotiations. France, angered by disagreements over agricultural as well as budget and voting issues, caused a crisis within the EC when, beginning in mid-1965, it refused to participate in Community decision-making procedures. Eventually, the Luxembourg Accord, allowing member states to have veto power over Community decisions by claiming that vital national interests were at stake, resolved the situation in January 1966. The legacy of the compromise of the

¹⁷ Regarding the EC’s approach at this relatively early stage in the evolution of the CAP, it is important to recognize that the MDS plan “had the virtue of acknowledging that trade problems in agriculture arose from national farm price and income support programs and that the degree of distortion was a function of support levels” (Josling, Tangermann and Warley; 1996: 63). This concept of decoupling would emerge again in the UR. To the EC this had been a hard-won agreement among its member states. However, the reaction of the US was negative.

¹⁸ Reasons for the lack of political will demonstrated by the US include the fear of jeopardizing both the long-standing US policy of EC integration as well as the need for a strong Atlantic Alliance.

Luxembourg Accord, though diluted through subsequent acts and treaties, still weakens the supranational power of the EC to conclude international treaties.¹⁹

Several elements of the agricultural negotiations of the Uruguay Round were evident during the Tokyo Round²⁰ of 1973 - 1979: 1) US insistence that negotiations for the reduction in agricultural trade barriers be negotiated parallel to those for industrial products; 2) early EC claims that their negotiating mandate did not give them the authority to open the CAP to reform; 3) expert policy analysis pointing to the need for agricultural liberalization; 4) impasse of negotiations due to the US-EC dispute over the liberalization of agriculture and 5) high level political involvement. However, as I argue in this thesis, key factors involving both these particular elements as well as critical new features, led to the successful negotiation of the URAA.

Reeling from the successive monetary and political crises of the early 1970s,²¹ the US was eager to exploit its comparative advantage in agricultural production through multilateral liberalization.²² On average, the 1970s witnessed considerable expansion in world agricultural trade. Thus, increased access to expanding agricultural export markets and significant reductions in agricultural export subsidies were seen as the primary goals of the US

¹⁹Woolcock and Hodges (1996) note the example of the serious delay caused by Portugal threatening to invoke the Luxembourg Compromise over the Commission's suggested language during the 1988 UR mid-term review (311).

²⁰ The number of countries that participated in the Tokyo Round (99) was over twice the number that participated in the Kennedy Round (40). Many of the new participants were not yet contracting parties or still provisional members (Eckes; 1999: 87).

²¹ The US dollar went off the gold standard in August 1971 and the Watergate scandal involving President Nixon was deepening in 1973-1974.

²² For example, in 1974, the US had an \$11.8 billion surplus in agricultural trade compared to a deficit of \$14.8 billion in industrial products (Winham; 1986: 158).

negotiators. In contrast the EC, firmly insisting that the CAP was not open for negotiation, and concerned over the severe contracting of the world grain supply which occurred between 1972 - 1974, placed greater emphasis on ensuring the stability of the global agricultural market (Josling; 1977: 3 and Winham; 1986: 156-157). These differences in objectives led to an impasse in negotiations from 1974 - 1977 during which time no major negotiations took place.

Notably, Winham argues that when “positions are as tightly drawn as this, the only way a negotiation can proceed is by a redefinition of the issue or by a change of position by one or more of the parties. If this is to occur at all, it is usually an action taken at high political levels” (1986: 164). As witnessed in the Uruguay Round, albeit to greater extent, the heads of state or government of the Group of Seven (G7) provided a political impetus to successfully conclude the Tokyo Round during their London Summit of May 1977. However, it was only after the Carter Administration dropped the US demand over the inclusion of agriculture that the Tokyo Round was able to continue. As a result of the US backing down from its position, except for arrangements on dairy products and beef, there was no substantial agreement on the issue of agriculture (Greenaway; 1994: 11).

The difficult situation that confronted the US and EC over agricultural issues at the beginning of the UR was largely due to their combined actions (or more precisely, inaction) during the previous 40 years. Given that agriculture had been largely exempt from GATT rules, states had developed intricate and varied systems of agricultural regulations. The ideology and interests behind these systems often have proven to be more deeply ingrained in individual states’

agricultural policy processes than the actual regulations. The perceptions of a significant number of policy-makers involved in both domestic and multilateral agricultural policy processes needed to be changed if agriculture was to be brought under the authority of the GATT during the UR. The necessary conditions for a change in perception of this magnitude would:

require a major escalation of the external political costs and internal budgetary costs of operating contending farm programs before the international community was ready to consider fundamental agricultural trade reform. This finally occurred in the Uruguay Round” (Josling, Tangermann and Warley; 1996: 100).

2.5 The Rise of Agricultural Disputes and Fall of Agricultural Markets

The fact that after nearly 40 years, agricultural trade policy still largely remained unregulated by the GATT did not prevent Contracting Parties from filing formal complaints in the GATT against other Contracting Parties over agricultural disputes. Atkin points out that “between 1977 and 1990...formal GATT investigations were launched into 17 complaints covering agricultural trade. Eleven of these concerned the EC” (1993; 143). Six of the complaints involving the EC were brought to the GATT by the US between December 1981 and July 1982 alone (Wolfe; 1998: 63).

Unpredictable supply and demand, one of the reasons for the historically unique position of internal agricultural policy, was behind the rising crisis of the 1980s. Anderson and Tyers report that “real prices of many farm products collapsed to all-time lows in the latter 1980s, having peaked at exceptionally high levels as recently as 1974 and 1980” (1991: 1). In the US, adverse factors, including an over-valued dollar, declining agricultural exports, and a sharp decrease in the value of farm assets converged in the early 1980s to cause an

agricultural crisis not witnessed since the depression (Moyer and Josling; 1990: 118). The situation was similar in the EC, where ever increasing storage, disposal and market intervention costs led to a doubling of CAP spending during the years 1980 - 1986.²³

In the midst of a world-wide recession and increasing US-EC disputes over trade, the November 1982 Annual Session of the GATT Contracting Parties was upgraded to ministerial level in order to discuss a new round of trade negotiations. The severe agricultural crisis was foremost on the minds of the trade ministers and the Reagan Administration placed great pressure on the other Contracting Parties to not only include agriculture in the new round, but also to place agricultural reform high on the agenda.

2.6 Policy Networks and the UR Agricultural Negotiations

This thesis investigates the applicability of three defined policy actor groups within the broader policy network approach in explaining how and why multilateral agricultural liberalization was achieved during the GATT UR given the previous unsuccessful attempts. The policy network approach aptly describes a policy-making environment consisting of informal as well as both vertical and horizontal relations between interested policy actors. Reasons for using this approach over those within international relations or public policy are discussed below.

A preliminary discussion of policy networks within the UR agricultural negotiations first must offer a general definition. According to Peterson, “policy

²³ Josling, Tangermann and Warley note that between 1982 and 1986, US agricultural program costs increased six fold and peaked in 1986 at \$25 billion while between 1981 and 1986 CAP market support costs doubled from 11 to 22 billion ECU (1996: 103-104).

networks are an arena for the mediation of interests of government and interest groups” (1995a: 76). Thus, these groups are seen to form channels of communication and information exchange at various levels in the policy process that may lead to the generation of new, alternative policies. This thesis investigates the membership, activities and policy impact of three distinct policy networks operating within and between the US and EC agricultural policy processes at the internal, bilateral and multilateral levels.

Briefly defined, these three groups are: 1) epistemic communities - networks of professionals who share both specialized knowledge and expertise in a specific issue area;²⁴ 2) advocacy coalitions - policy actors from various levels of the policy process who share common policy beliefs and work together to turn these policy beliefs into actual government policy; and 3) elite transnational networks - incorporating political leaders, political appointees and senior government and international institutional officials, these networks are formed through regular contact in either an official or unofficial capacity.

While agricultural experts had provided large amounts of evidence of the trade-distorting effects of agricultural protectionism almost since the GATT was established,²⁵ it was not until the agricultural crisis of the 1980s, that bureaucrats and senior political actors recognized the relevance of this work and that it could assist them in better defining and reaching their own policy objectives. Goldstein argues that while a shock or crisis will encourage a change in policy, “change

²⁴ The names of members of the pro-agricultural liberalization epistemic community active during the UR are italicized. However, this thesis uses italics only in respect to their work between 1980-1993.

²⁵ For an excellent discussion on earlier studies, see Warley, 1976: 326-332 and Josling, Tangermann and Warley, 1998: Chapter 5 notes 29 and 30.

will not occur without an additional factor: an alternative idea that is available to and salient for use by political decision makers” (1993a: 250).

Beginning in the late 1970s, and increasing in the 1980s, members of an active pro-reform agricultural epistemic community, operating through conferences, publications and international institutions such as the Food and Agricultural Organization (FAO) and particularly the Organization for Economic Cooperation and Development (OECD) and the GATT Secretariat, made important theoretical and technical breakthroughs. These advances, specifically the development of the producer subsidy equivalent (PSE)²⁶ and consumer subsidy equivalent (CSE), allowed policy-makers to understand the economic and political barriers to reform and begin to offer politically and socially acceptable alternatives in agricultural policy.

Certain pro-reform decision-makers working within the internal agricultural policy process of both the US and EC during the mid-1980s saw a policy window opening during the UR negotiations.²⁷ However, rather than the multilateral nature of the UR being the requisite factor for policy reform, it is argued that:

changes in domestic policy are not made because an actor is ‘leant on; by external pressure. Rather, changes come about because domestic considerations and priorities create an internal climate which allows a new direction to be taken’ (*Miner* as quoted in Cooper and Skogstad; 1990: 10).

As the 1980s progressed, the need for internal agricultural reform in both

²⁶ The OECD defines the PSE as “the payment that would be required to compensate farmers for the loss of income resulting from the removal of a given policy measure” (OECD; 1987: 100).

²⁷ According to the literature on advocacy coalitions, “elections and crises provide ‘windows of opportunity’ to a coalition” (Sabatier and Jenkins-Smith; 1993: 230).

the US and particularly the EC, with the future of the CAP being threatened by both its inherent structural weaknesses and the prospect of enlargement, became ever more evident. By joining forces in advocacy coalitions, or alliances between like-minded actors from various levels of the policy process, I argue that pro-reform bureaucrats were able to develop viable domestic agricultural policy alternatives, permitting them to gain dominance over entrenched anti-reform bureaucrats and allowing for the successful negotiation of both the Blair House II Accord and the URAA.

The concept of interdependence is the basis for the third group of elite transnational networks. Included within this definition are the bilateral and plurilateral meetings between high-level political representatives of governments including: 1) The annual G7 summits - not only did these meetings encourage the establishment of the UR, but successive summits called for the successful conclusion of the negotiations. Notably, politically initiated breakthroughs occurred at the 1990 Houston Summit and the 1993 Tokyo Summit. 2) Meetings of the Quadrilateral Group of Trade Ministers (Quad) - formally established at the 1981 Ottawa G7 Summit, this group consists of the US, the European Commission, Japan and Canada. Winham points out that the Quad played an important role in all stages of the UR, but particularly in the final breakthrough stage of the negotiations (1992: 205ff). 3) Meetings of the Quint - consisting of the Quad + Australian agricultural ministers met regularly during the UR to discuss agricultural issues. At the second annual meeting of the Quint, EC Agricultural Minister Ray MacSharry presented his radical CAP reform proposal calling for a 30 percent reduction in overall agricultural support and protection.

While no official multilateral or bilateral negotiations occurred at these meetings, conversations allowed for new ideas and the seed of compromise and convergence to develop. 4) Senior negotiating groups within the GATT - various negotiators from the Contracting Parties met periodically throughout the negotiations to include the Group of Eight, Group of Four and Friends of the Chairman group. These groups, which met informally during the UR negotiation process in Geneva, brought both senior and junior officials together in a transnational forum to attempt to coordinate policies and perspectives.²⁸

This thesis contends that during the time of the UR these three distinct policy networks of reform-minded actors were active *within* both the internal agricultural policy process of the US and EC as well as *between* the US and EC at the bilateral level and *between* specific senior political and international institutions officials at the multilateral level.

3. Argument, Aims and Relevance of Thesis

Thus far, this chapter has provided the empirical elements of the URAA and the Blair House Accord, the historical background of agriculture within the GATT as well as the basic outline of the agricultural crisis that provided the impetus for policy reform. Throughout, the activities of the US and EC have been emphasized. The placement of historical empirical issues prior to the theoretical explanation is intentional since for clarity the context must first be established. This approach has the objective of creating the “stable structure of rules” that are necessary for the “dynamic process of inquiry” (King, Keohane

²⁸ Interview with Sharynne Nenon, USDA official, US Mission to the EU in Brussels, 14 May 1996.

and Verba; 1994: 12). The next section sets out the theoretical approach.

3.1 Argument and Hypothesis

The paradox that this study seeks to explain is: given 1) the decisive split in approach toward agricultural reform among individual politicians, bureaucrats and interest groups in the agricultural policy formulation process within the US and EC; 2) the entrenched position of anti-reformist policy actors; and 3) the historical exemption of agriculture in the GATT system, *how and why was agricultural trade policy liberalized and successfully brought into a regime at the conclusion of the Uruguay Round?* Additionally, how were the reformists within the internal agricultural policy processes of the US and EC able to bring about the acceptance of their approach that enabled the convergence of policy interests and allowed the liberalization of agriculture at the bilateral and multilateral levels?

The contention of this study is that the successful outcome of the UR agricultural negotiations was crucially determined by three groups of policy network actors (i.e., epistemic communities, advocacy coalitions and elite transnational networks) and that these groups either emerged or became active, especially within the EC and US, at particular times during the UR. Operating under conditions of increased uncertainty in a complex internal and international policy environment these three groups are explanatory factors in explaining how and why a reversal in policy occurred within the EC and US between 1980 and 1993. Through actively serving as both sources of and channels for the exchange of ideas, information and alternative approaches, individually as well as at times together, these policy network actors created a policy environment amenable to

compromise, coordination and convergence. This thesis offers an explanation of how and why the reformist approach to agricultural policy was accepted at the internal and bilateral levels allowing for its liberalization at the multilateral level in the form of the URAA.

I expect that each policy group was active during the three stages of the negotiations as used in this study:

1) Agenda-setting – January 1980 through October 1987

This stage incorporates the post-Tokyo Round discussions, the 1982 GATT Ministerial and the initial attempts to formulate a negotiating agenda for the Uruguay Round. The agenda-setting stage includes the 1986 GATT Ministerial that launched the Uruguay Round and concludes with the initial offers of the US and EC and the publication of the OECD's report "*National Policies and Agricultural Trade*".

2) Policy-making - July 1987 through July 1991

This stage incorporates internal agricultural policy-making activities within the US and EC, the 1988 and 1990 GATT Ministerials and the first two comprehensive agricultural proposals of the US and EC. The policy-making stage concludes with the Commission's acceptance of the MacSharry Reforms.

3) Final breakthrough – July 1991 through December 1993

This stage incorporates the heightened activity of elite transnational networks at the bilateral, plurilateral and multilateral levels with the acceptance of the MacSharry Reforms by the Commission. The final breakthrough stage includes the acceptance of CAP reform by the EC Agriculture Council, the Blair House I and II negotiations, the critical 1993 G7 Tokyo Summit and the conclusion of the Uruguay Round negotiations.

Given that each of these stages are not seen to have firm beginning and ending dates, I assume some blurring or merging of the stages is likely to have occurred.²⁹

The hypothesis of this study is that, in general, the influence and impact

²⁹ A primary reason for the likely merging of starting and ending dates of these three stages is that the specific actors involved would need to prepare and/or finalize their activities in the context of their particular stage as the other actors were simultaneously preparing and/or finalizing the stage they were involved in.

of the three policy network groups varied according to the specific stage of negotiations due to the changing policy needs and objectives. As a generalization, I posit that 1) epistemic communities have a greater impact during the first, or agenda-setting stage due to their sectoral expertise, ability to provide a framework for the relevant issues, effectiveness in illustrating causal relationships and advancing alternative policies;³⁰ 2) advocacy coalitions play a larger role during the second, or policy-making stage, given their capacity to alter internal policy development and forge consensus; and 3) elite transnational networks have an elevated role in the third, or breakthrough stage, when the issue has become politicized and requires political impetus.

3.2 Research Aims and Objectives

Given the stated hypothesis, various research aims become evident. My primary concern in this study is to analyze the internal and multilateral policy processes involved in formulating the US and EC positions for the UR agricultural negotiations by identifying three specific policy networks. Once this has been achieved, I evaluate the impact that these groups had on the change in perception among US and EC decision-makers in the agricultural policy process that allowed for the convergence of interests and compromise necessary for the successful conclusion of the URAA.

This study poses several related questions. The first is the degree to which epistemic communities, advocacy coalitions and elite transnational networks, both individually and collectively, influence changes in perceptions

³⁰ It has been argued that this “search for a framework for negotiations was...a search for the most appropriate way of incorporating constraints on domestic politics into international trade rules” (Josling, Tangermann and Warley; 1996: 163). For a brief discussion of some of the earlier epistemic community studies, see their footnotes 45 - 47 for chapter 7.

among decision-makers in the policy formulation process. In the context of this investigation, this leads to the second question of whether these policy network actors vary in their influence or impact during the established three stages of negotiations. If so, how and why? Third, why and in what manner did competing types of the same type of policy network gain predominance during the UR? For example, what factors allowed pro-agricultural liberalization advocacy coalitions to gain dominance over entrenched anti-agricultural reform advocacy coalitions during the policy-making and modification stage? Finally, I investigate whether any of the specific policy networks being evaluated merged their membership and/or roles with either of the other two groups and if so, when, under which conditions and to what effect.

3.3 Rationale and Relevance of Study

My rationale for investigating these questions is to first clarify and then expand the still limited knowledge surrounding the effects of policy networks on the policy process given an increasingly interdependent policy environment. This research stems from a dissatisfaction with the predominance of some international relations and public policy approaches that are frequently used to explain bilateral and multilateral relations and policy reform. As discussed in greater detail in chapter two, such approaches include those of interdependence and the concept of 'complex interdependence, Putnam's two-level game approach and elements derived from international political economy and regime analysis and decision-making theories. Previous investigations into the reasons for agricultural liberalization between the EC and US during the agricultural negotiations point to the role of US leadership (see Wiener; 1995) and the

application of Polanyi's double movement to the case of agricultural reform (Wolfe; 1998).

Although I do not disagree with these approaches, and, indeed, recognize the relevance of several of these approaches, my approach allows for greater emphasis to be placed on small groups of interested policy actors and their ability to work together to bring about a change in perception on other decision-makers in the policy process.

Several reasons exist for choosing the particular case of agricultural reform during the UR with a focus on US-EC negotiations. The agricultural policy process is ever more interdependent and consists of entrenched policy interests with strong beliefs toward the extremes of either liberalizing or protecting agricultural policy. Since the URAA signaled the first time that the issue of agriculture was incorporated to any extent at the multilateral level, the amount of liberalizing that occurred during this round was both exceptional as well as considerable.

The fact that the UR was negotiated as a single-undertaking in which the various negotiating issues would eventually be part of an overall agreement and thus were closely linked, could challenge this investigation's focus on agriculture. However, a US agricultural official active in the UR negotiations pointed out that the link between issue areas did not have a critical impact on the individual sectors until the final stage of negotiations.³¹ This study includes significant linkage elements and trade-offs as appropriate.

³¹ Interview with Gene Philhower, Agricultural Attaché with the United States Department of Agriculture Foreign Agricultural Service at the US Mission to the WTO. Interviewed in Geneva on 3 May 2000.

This thesis adds to the debate about policy networks. Earlier work on networks have either been based on national and/or transnational linkages in all their forms or focused on one particular type. Additionally, the policy network link with the policy process has to date been weak. Peters (1998) notes that within the network literature there is an:

absence of more explicit linkage between network models and models of the policy process. With some exceptions the network literature appears to assume that such a connection exists, whether at the stage of formulation or at the stage of policy implementation, or perhaps throughout the process. Unfortunately, a more specific statement of that linkage may be necessary for the more dynamic relationship between networks and policy that we argue are crucial for greater utility for this approach” (25-26).

This research is unique in that it identifies the members, analyzes their contribution to and timing within the policy process, investigates the extent of their inter-relationship and examines the empirical and theoretical impact of three specific policy networks throughout a defined period. In this manner, it is hoped that the theoretical implications resulting from this investigation will contribute to the study of each of the individual policy networks being researched and the broader policy network approach as well as to the manner in which trade policy within and between the US and EC is conducted.

4. Plan of Thesis

This thesis broadly consists of two inter-related elements: 1) the manner in which *agricultural trade policy was liberalized at the bilateral and multilateral level* during the UR; and 2) the *change in perception and approach to agricultural policy within the internal policy processes of the US and EC* that allowed for the successful negotiation of the URAA. The study is approached within a framework that first establishes the theoretical approach before

providing the empirical evidence. In chapter two, I define epistemic communities, advocacy coalitions and elite transnational networks, evaluate the current literature on these groups as well as policy networks in general and finally describe how I amend the literature. Additionally, I explain my theoretical and methodological approaches.

Chapters three and four describe the background and objectives of agricultural policy, the agricultural policy process, as well as the trade policy process focusing on the formulation of the negotiating proposals, within the EC and US, respectively. The focus of these two chapters is to explain and compare the various constraints and opportunities that were involved in the internal agricultural policy process of each. Given the different pressures and policy systems that US and EC decision-makers were working under, in order for reform to occur at the bilateral and multilateral levels, policy convergence and compromise is seen as critical.

A systematic discussion and analysis of the impact that the specified policy networks had during the three negotiating stages of the UR is the topic of chapters five through seven. These chapters are divided according to the established stages: 1) agenda-setting – January 1980 through October 1987; 2) policy-making - July 1987 through July 1991; and 3) the breakthrough - July 1991 through December 1993. These chapters are considered the core of the thesis and incorporate both empirical evidence and theoretical implications.

A concluding chapter provides a summary of the issues as well as the current state of the URAA. Additionally, I assess the policy network approach taking into account the applicability of distinguishing specific types. The

significance of my approach for US-EU bilateral as well as multilateral trade negotiations is appraised. Finally, I offer suggestions to place this approach into operation as well as for further study.

Chapter 2

Policy Networks - Epistemic Communities, Advocacy Coalitions and Elite Transnational Networks: Definition, Analysis and Placement within the Literature

Introduction

This thesis investigates the impact of three groups of actors, broadly defined as policy networks, on bringing about the liberalization of agricultural policy at the EC and US internal and bilateral levels as well as at the multilateral level during the GATT UR. These groups are 1) epistemic communities; 2) advocacy coalitions, and 3) elite transnational networks. For purposes of this study, these specific groups represent the internal and international networks utilized by reformist US and EC agricultural experts, bureaucrats, and politicians in order to bring about a policy environment conducive to significant reform in multilateral agricultural trade policy.

The contention of this thesis is that the successful outcome of the UR agricultural negotiations was crucially determined by these three groups of policy network actors and that these groups either emerged or became active, especially within the EC and US, at particular times during the course of the UR negotiations. Therefore, they may be identified as explanatory factors in analyzing both the manner in which and the reasons why a reform of agricultural policy occurred within the EC and the US between 1980 and 1993. These activities formed the basis of an agreement on the liberalization of multilateral agricultural trade policy within the GATT during the UR

The hypothesis of this thesis is that the influence and impact of these

three distinct policy networks varied within the three specific stages of the UR due to the changing policy environment. As a generalization, I posit that: 1) epistemic communities have a greater impact during the first, or agenda-setting stage due to their sectoral expertise, ability to provide a framework for the relevant issues, effectiveness in illustrating causal relationships and advancing alternative policies; 2) advocacy coalitions play a larger role during the second, or policymaking stage given their capacity to alter internal policy development and forge consensus; and 3) elite transnational networks have an elevated role in the third, or breakthrough stage when the issue has become politicized and requires political impetus.

While a core premise of this investigation is that these three individual *groups* have distinctly different dimensions and thus may be delimited, it is recognized that individual *actors* may fulfill the membership criteria of more than one group at certain stages of the policy process. Keohane and Hoffmann provide an explanation: “boundaries are difficult to draw in a world of complex interdependence: because relationships cross boundaries and coalitional patterns vary from issue to issue, it is never possible to classify all *actors* neatly into mutually exclusive categories” (1991: 12; emphasis added). In the course of this study, additional reasons why and the degree to which significant individual actor overlap occurred are investigated.

In order to determine the manner, timing and amount of impact that these three specific policy actor networks had on agricultural policy liberalization, their profiles, modes of operation and contributions to the policy process must be explained. This chapter has four objectives: 1) to define policy networks and

their distinguishing features; 2) to establish definitions and identify the distinguishing characteristics of epistemic communities, advocacy coalitions and elite transnational networks including their membership, forums of operation, and contribution to and role in the policy process; 3) to evaluate the literature on epistemic communities, advocacy coalitions, and elite transnational networks; and 4) to set out the theoretical and methodological approaches of this thesis.

1. Policy Networks

This thesis investigates the applicability of three defined groups within the broader policy network approach. To many, the policy network approach “clearly has gravitated to a position of central importance. It (has become) an accepted descriptor for policy-making arrangements characterized by a predominance of *informal, decentralized and horizontal* relations in the policy process” (Kenis and Schneider; 1991: 32). Before individually discussing epistemic communities, advocacy coalitions and elite transnational networks, it is necessary to first offer a definition and investigate the premises of the policy network approach.

1.1 Definition and Characteristics of Policy Networks

Peterson defines policy networks as:

an arena for the mediation of interests of government and interest groups. The term ‘network’ implies that clusters of actors representing multiple organizations interact with one another and share information and resources. ‘Mediation’ implies that networks usually facilitate reconciliation, settlement or compromise between differing interests (1995a: 76).

I use this definition as the general basis for discussion in this thesis.³²

³² However, as will be clarified later in this chapter, I add knowledge-based experts in order to incorporate theoretical/cognitive members of epistemic communities who enjoy legitimacy due to their unbiased scientific evidence.

Similar to the findings of Kenis and Schneider (1991: 36), the empirical evidence of this thesis illustrates that policy networks tend to be, but are not always, relatively stable. Therefore, the three specific types of policy networks investigated in this study show attributes closer to those of policy communities as compared to issue networks.³³

The conceptual basis of policy networks is that the policy process is not considered to be monolithic, but instead is recognized to be decentralized with a multiplicity of interdependent actors. According to Kenis and Schneider, policy coordination “emerges through the purposeful interactions of individual actors, who themselves are enabled for parallel action by exchanging information and other relevant resources” (1991: 26).

The policy networks model incorporates actors primarily within the meso-level. Early research on policy networks saw policy networks operating almost exclusively at the meso-level. However, later work such as Marsh (1998a) and Daugbjerg and Marsh (1998) argue that network analysis must incorporate both the macro and micro levels. According to Marsh: “the policy networks [model is] a meso-level, as distinct from a macro-level or micro-level, concept. However, it has little utility as an explanatory concept unless it is integrated with macro-level and micro-level analysis” (1998a: 15). Broadening the study of policy networks to include these levels is of critical importance in investigating epistemic communities and elite transnational networks.

³³ The literature on networks has developed several typologies including Rhodes; 1986 and 1997; Wilks and Wright; 1987; and Marsh and Rhodes; 1992. (See Rhodes; 1997 for a more detailed discussion on each of these typologies). According to Marsh and Rhodes “Networks can vary along a continuum according to the closeness of the relationship within them. Policy communities are at one end of the continuum and involve close relationships; issue networks are

Policy networks may emerge when certain policy objectives require the exchange of resources from many different levels of actors. This is particularly the case when a policy consists of technical elements or is a new policy area. However, rather than simply exchanging resources, policy networks are seen to have other functions. Van Waarden outlines these functions:

- 1) channeling access to decision-making processes;
- 2) consultation, or exchange of information;
- 3) negotiation;
- 4) coordination of otherwise independent action;
- 5) cooperation in policy formation, implementation and legitimization (1992; 33; numbers added).

Regarding policy change, factors outside the policy network are the main reasons for change in policy as well as to the network itself. Generally, “the driving force or change in the network and the outcomes lies in broader economic and political change and changes in knowledge” (Marsh; 1998a: 12). However, Marsh updates this view to include the importance of other networks in bringing about change, particularly within a specific network (1998c: 196).

1.2 Agricultural Policy Networks in Europe and the US

Recent research confirms the existence of agricultural policy networks within the US and EU³⁴ policy environments (See Browne, 1995; Adshead, 1996; and Daugbjerg, 1998). In investigating the US agricultural policy process, Browne concludes that “what seems to exist are exceptionally ad hoc networks

at the other end and involve loose relationships” (Rhodes; 1997: 43).

³⁴ For an earlier debate over the applicability of the policy network approach within the EU, see Kassim (1994) and Peterson (1995b).

where those who participate look less for long-term alliances on recurring issues than for short-term gains on what may or may not prove to be pending government decisions” (1995: 17).

In contrast, Daugbjerg claims that the EC agricultural policy network is relatively cohesive (1998). According to Daugbjerg, the EC agricultural policy network is dominated by DG VI (Agriculture), the Agricultural Commissioner and farmers (1998: 161). In his study on the 1992 CAP reform, Daugbjerg argues that the cohesiveness of the agricultural policy network “helps to explain why the Commission did not propose a third order, or radical, reform and why the MacSharry reform was only moderate” (1999: 420). Additionally, he concludes that:

the 1992 agricultural policy reform in the EC was a moderate one because there was a consensus within the agricultural policy network that EC agricultural policy should be highly interventionist in the setting of commodity prices in order to ensure farmers’ incomes (1999: 423).

However, his claim has two main caveats of particular relevance to this study. Firstly, Daugbjerg acknowledges that beginning in the early 1980s, the EC agricultural network lost some of its cohesiveness due to the loss of consensus within the network (1998: 163). Secondly, he concedes that the policy network approach is only one element in explaining the change and therefore institutional structures must be investigated as well.

2. Definition and Analysis of Specific Policy Networks

The vast majority of earlier work on policy networks has either been based on national and/or transnational networks in all of their forms or focused on one particular type of policy network group. However, recently there has been

recognition that distinguishing the various groups making up policy networks may offer increased explanatory value. Peters argues that importing the concepts of epistemic communities, advocacy coalitions, and elements related to agenda-setting from the American literature could provide the European network literature with “greater dynamism and predictive capacity” (1998: 29).

There has been some acknowledgment that different policy networks may have various functions during the stages of the policy process. Peterson points out that “different policy networks perform different policy functions at different stages in the policy process (1995b; 406 pt 23). Additionally, Richardson suggests that the various stages of the EU policy process would benefit from applying different “conceptual tools” including epistemic communities in the agenda-setting stage and the broader policy community/network approach in the policy formulation stage (2001: 6).³⁵ In discussing policy communities within international policy environments,³⁶ Coleman and Perl suggest that the role of experts, officials within advocacy coalitions, and politicians may fluctuate during various stages when a policy controversy emerges:

[At this point] the conflict breaks out of the established policy community, engaging actors in the partisan political, and drawing contributions from various expert communities. In such unsettled times, ideologies – explicit, articulated, highly organized meaning systems – compete to become the new policy paradigm that will provide the toolkit for devising new strategies of action...[At such times] different policy communities may be active at each stage of the policy process” (1999: 699).

This thesis is an attempt to add greater detail of the individual and joint operation

³⁵ See Peterson (1995a) and Peterson and Bomberg (1999) for a discussion of a multilevel EU decision-making model that places policy networks at the sub-systemic level.

³⁶ Coleman and Perl define internationalized policy environments as a situation in which “at least some part of policy making takes place at a more encompassing level than the nation-state” (1999: 700).

and impact of epistemic communities, advocacy coalitions and elite transnational networks to the continuing debate on policy networks.

2.1 Epistemic Communities

Definition and Analysis

In The Semi-Sovereign People, Schattschneider expresses his view that “the definition of the alternatives is the supreme instrument of power” (1993: 66). Whether knowledge is actually power rather than purely influence is a question that the epistemic community approach investigates. Radaelli states that “knowledge is the key variable defining epistemic communities”(1995: 165). However, since epistemic communities are formed when there are conditions of uncertainty in order to provide expert information on complex technical issues to decision-makers in the policy process, their knowledge is often institutionalized and thus members and their ideas become empowered. An early analyst of epistemic communities asserts that they “may be said to consist of interrelated roles which grow up around an *episteme*; they delimit, for their members, *the proper construction of social reality*” (Ruggie; 1975: 570). Adler adds that “reality thus results from a collective redefinition of problems that carries first the clout of ‘scientific knowledge’ and then the clout of political and institutional knowledge” (1992: 108). Knowledge and power are distinct yet closely inter-related. The latter following from the former.

Haas provides the definitive explanation of an epistemic community:

An epistemic community is a network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue-area (1992a: 3).

I use this definition in this thesis to evaluate the influence that an epistemic

community had on bringing about agricultural reform. However, similar to a study by Drake and Nicolaidis, I posit that tiers, or sub-groups, may be distinguished within an epistemic community. These sub-groups may consist of 1) policy-formulation members consisting of *government and organizational officials* who desire to formulate new alternative policies, and 2) theoretical/cognitive members including *academics and field specialists* whose reasons for acting are “more purely intellectual or a matter of professional entrepreneurship” (Drake and Nicolaidis; 1992: 39).

Epistemic communities are active at both national³⁷ and transnational levels. This study concurs with the generally accepted belief that where policy issues involve either bilateral or multilateral discussions, it is transnational epistemic communities that are often the source of knowledge, ideas, and concepts. Haas clarifies both the manner that this process occurs as well as the result:

A transnational community’s ideas may take root in an international organization or in various state bodies, after which they are diffused to other states via the decision makers who have been influenced by ideas. Because of its larger diffusion network, a transnational community’s influence is likely to be much more sustained and intense than that of a national community (1992a: 17).

Once the new ideas and policy options provided by epistemic community members are shared internationally, policy coordination and convergence between governments is increased.

³⁷ For a discussion on the impact a domestic epistemic community had in shaping environmental policy in the US, see Thomas (1996). See Adler (1992) for an explanation on the manner in which a US domestic arms control group successfully diffused their ideas to the Soviet Union.

Membership and Characteristics

Haas has also defined the requirements for membership in an epistemic community:

Although an epistemic community may consist of professionals from a variety of disciplines and backgrounds, they have 1) a shared set of normative and principled beliefs, which provide a value-based rationale for the social action of community members; 2) shared causal beliefs, which are derived from their analysis of practices leading or contributing to a central set of problems in their domain and which then serve as the basis for elucidating the multiple linkages between possible policy actions and desired outcomes; 3) shared notions of validity - that is, intersubjective, internally defined criteria for weighing and validating knowledge in the domain of their expertise; and 4) a common policy enterprise - that is, a set of common practices associated with a set of problems to which their professional competence is directed, presumably out of the conviction that human welfare will be enhanced as a consequence (1992a: 3, emphasis added).

The “professional pedigrees” or academic degrees that epistemic community members hold serve as an additional barrier to membership (Haas; 1992a: 17). In his study on an arms control epistemic community, Adler observed that admission was “based not only on the sharing of epistemic criteria but also on an active dedication to ‘the cause,’ collectively recognized expertise, and ‘the ability to come up with new proposals and arguments’” (1992: 112). Given these stringent requirements for membership, epistemic communities are relatively small in number. Haas and Adler estimate that the size of epistemic communities on average is less than 35 members (1992b: 380). Appendix A offers a selected list of members of the pro-agricultural liberalization epistemic community members active during the UR that corresponds to the estimate of Haas and Adler.

While similar to issues networks, advocacy coalitions and policy

entrepreneurs, epistemic communities differ in several important respects:

1) Scope - Hecló notes that “an issue network is much broader than an...epistemic community” (Hecló; 1978: 102).

2) Beliefs - While both epistemic communities and advocacy coalitions are heavily reliant on shared beliefs, epistemic community members base their beliefs on scientifically supported evidence and will “withdraw from the policy debate” (Haas; 1992a: 18) if their evidence is seen to be faulty.³⁸ In contrast, the beliefs of advocacy coalitions combine the self-interests of the members as well as the organizational interests of their respective public or private agency. Sabatier and Jenkins-Smith argue that the belief systems of advocacy coalitions remain relatively stable throughout the policy process even if challenged by a competing advocacy coalition (1993: 18-19 and 34).

3) Behavior - The behavior of epistemic community members toward a specific policy is shaped by their causal knowledge and normative objectives. Policy entrepreneurs, operating within bureaucratic agencies, are generally seen to act in order to advance their agencies’ objectives and budget (Haas; 1992a: 19-20).

4) Origin/persistence of interests - Epistemic community members, given the source and intensity of their beliefs, act independently of their government’s policies and demonstrate long-term persistence in advancing their cause.³⁹

Researching the influence of epistemic communities consists primarily of identification of members and evaluating their contributions in the formulation of the major issues surrounding a policy initiative. Haas establishes six required techniques: 1) identification of members; 2) determination of the members’ principled and causal beliefs;⁴⁰ 3) tracking their activities; 4) demonstration of

³⁸ Haas found that the chlorofluorocarbon epistemic community was “careful to constantly evaluate what they had learned as professionals in what seemed to them to be the most rigorous possible way, and they were reluctant to urge policy actions on problems that had not been fully documented, even if the actions were consistent with their broader objectives” (1992b: 189-190).

³⁹ In his study of an epistemic community of food aid specialists, Hopkins (1992) traced the actions of this community over a forty-year period.

⁴⁰ In order to identify the beliefs of an epistemic community, the following steps are suggested: 1) a detailed analysis of the work of epistemic community members; 2) an examination of their testimonies before legislative bodies and conference panels; 3) a survey of any speeches or interviews given by members; and 4) investigation into their biographical accounts (Haas; 1992a: 35). In analyzing minutes/attendance lists to identify epistemic community members, Thomas states that attendance at meetings is not enough to classify people

members' influence and impact on decision makers; 5) discern legitimate other courses of action that were dismissed due to the influence of epistemic community members;⁴¹ and 6) investigate alternative explanations for the positions taken by decision makers (1992a: 34). Following this recommended approach, I have identified members of the agricultural policy pro-reform epistemic community active beginning in the early 1980s.

Forums of Operation

Through examination of the literature on epistemic communities, several common types of forums of operation emerge. Hopkins found that the epistemic community of development experts read each other's work, met at workshops, and worked together "on advisory boards and in *ad hoc* working groups" (1992: 239). In investigating the chlorofluorocarbons epistemic community, Haas established that members exchanged and directed information through such manners as "drafting documents and reports, gathering data, organizing scientific panels, pressuring delegates stressing issues" it deemed important (1992b: 194). In evaluating the impact of the epistemic community on trade in services during the Uruguay Round, Drake and Nicolaidis determined that members "cultivated their connections and regularly jetted off to pleasant locales for what some called 'collective brainstorming exercises' designed with policy relevance in mind"

as members. Researchers must determine the manner in which they participated in discussions; "did they introduce new ideas, play the role of critic, foster cooperation, or primarily sit back in their chairs and watch the proceedings?" (1996: 15).

⁴¹ This could also include ideas advanced by competing epistemic communities. In a discussion on this topic with Peter Haas in Washington, D.C. on 29 August 1997, he stated that researchers must: 1) identify the number of competing epistemic communities that are active; and 2) clarify the degree of urgency that exists surrounding the specific policy since if this is positively correlated, the amount of time that bureaucrats and politicians have to search out the ideas being advanced by epistemic communities is increased.

(1992: 61). On the role of international organizations, Drake and Nicolaidis attribute great significance to the GATT secretariat and OECD as forums for this particular epistemic community (1992: 50-58). The selected list of studies and associations in Appendix B shows the result of research into the activities of the pro-reform agricultural epistemic community.

The legitimization of epistemic community members' knowledge and ideas is facilitated by their work being accepted by politicians and bureaucratic officials within the established policy process. In order for the work of specific epistemic communities to be legitimized within the policy process, their ideas and concepts need to be based on sound science as well as unbiased. In their study on an epistemic community active in the area of services, Drake and Nicolaidis found that their ideas and concepts "appear[ed] to benefit the community as a whole, rather than solely particularistic interests...Their ideas would not have enjoyed legitimacy...if they were recognizably biased" (1992: 39-40).

Government officials may choose to incorporate the ideas of the epistemic community that provides the most support to their own policy objectives or that provide the most convincing evidence. Thus, institutionalization of epistemic community knowledge is a necessary factor in the legitimization of their work.

While competing epistemic communities may exist in the early stages of any policy debate, they tend to withdraw as their evidence is seen to be weak or incorrect. As stated, Haas contends that since epistemic community members base their beliefs on scientifically supported evidence, members will "withdraw

from the policy debate” if their evidence is seen to be faulty (1992a: 18).

Although a discussion of the symbiotic relationship between the three policy network groups being investigated is presented at a later point in this study, a thorough discussion of the forums of operation necessarily includes where epistemic community members are placed within the policy process. Similar to other studies, Adler found that members were “dispersed among government bureaus, research organizations and laboratories, profit and nonprofit organizations, university research centers, and think tanks” (1992: 112). Additionally, Haas explains that members can “insinuate their views and influence national governments and international organizations by occupying niches in advisory and regulatory bodies” (1992a: 30). Additional ways that the ideas advanced by epistemic communities may be diffused include providing evidence that strengthens government supported policies as well as persuading politicians to advance the view of an epistemic community.⁴²

Research into the positions of pro-reform agricultural epistemic community members resulted in findings consistent with those of previous studies. Identified members held positions within DG I (External Relations) and DG VI (Agriculture) of the European Commission; the US Department of Agriculture; academic institutions and research institutes.

Contributions to the Policy Process

The inter-relationship between knowledge and power, particularly institutionalized power, has a direct effect on the amount as well as success of epistemic community contributions to the policy process. Radaelli notes that the

⁴² Discussion with Peter Haas in Washington, D.C. 29 August 1997.

diffusion of the knowledge produced by an epistemic community is a “delicate process, as either an epistemic community acquires bureaucratic power...or the diffusion of policy paradigms is seriously hampered and the consensual knowledge promoted by the community will not be effective” (1995: 165). Additionally, Haas notes that “to the extent to which an epistemic community consolidates bureaucratic power within national administrations and international secretariats, it stands to institutionalize its influence and insinuate its views...”(1992a: 4). Therefore, institutionalization of the ideas of epistemic communities is a key factor in both their legitimatization as well as their contribution to the policy process. Gilpin suggests that at times experts may even become “full partners” with politicians and government officials (1962: 299 as quoted in Adler; 1992: 142). This ability to “persuade and forge alliances with policymakers” is considered a necessary requirement for the epistemic community’s contribution to the policy process to be successful (Adler; 1992: 127).

Concerning the content of epistemic community contributions, Adler discerns several including: 1) creating “an intellectual climate favorable” to a specific policy; 2) producing “the technical knowledge” necessary to bring about a change in policy; 3) opening the “way for the creation of vested interests”; 4) assisting in establishing “an awareness...[that] led to public support”; and 5) playing a part in the formulation of “specific norms and rules” (1992: 141-142).

Evidence of contributions of the agricultural reform epistemic community active during the Uruguay Round includes the generation of public awareness that agricultural liberalization would need to occur within a global context and

specifically through the GATT. Their work within the forum of the OECD, on technical details including the producer subsidy equivalent (PSE) and the aggregate measure of support (AMS) allowed policy-makers to gain the technical understanding necessary to develop and negotiate policy.⁴³ Several agricultural economists identified as members of the agricultural reform epistemic community wrote influential reports for the European Parliament advocating agricultural reform during the Uruguay Round negotiations.⁴⁴

Role in the Policy Process

A key role that epistemic communities play in the policy process is encouragement of policy evolution.⁴⁵ Policy evolution is said to consist of four steps:

- 1) policy innovation - through contextualizing new ideas and concepts, epistemic communities “bound the range of collective discourse on policy” (Haas and Adler; 1992: 375)
- 2) policy diffusion - the diffusion of epistemic community ideas “helps governments redefine their expectations, reach common understandings, and coordinate their behavior accordingly” (Haas and Adler; 1992: 379)
- 3) policy selection - interestingly, the authors imply that policy-makers may select the policy suggested by the epistemic community that agrees with their views in stating that “the decision makers’ primary goal of soliciting advice from an epistemic community may be the political goal of building domestic or international coalitions in support of their policies” (Haas and Adler; 1992: 381).⁴⁶

⁴³ Interview with Hans-Christian Beaumont, European Commission DG VI (Agriculture) official responsible for relations with OECD in Brussels, 19 December 1996.

⁴⁴ A 1990 report entitled “A Future for Europe’s Farmers and the Countryside” was written by Professors *Marsh*, Green, Kearney, Mahe, *Tangermann*, and *Tarditti*. (Identified members of the agricultural reform epistemic community are noted in italics.)

⁴⁵ In a later study, Haas implies that policy evolution may result in government learning (1993: 402).

⁴⁶ The literature on advocacy coalitions also supports this view.

- 4) policy persistence - the degree of consensus that exists among members of a particular epistemic community is a key criterion in keeping a particular policy intact. The authors note that “when an epistemic community loses its consensus, its authority is diminished and decision-makers tend to pay less attention to its advice” (Haas and Adler; 1992: 385).

Another role of epistemic communities is that of transmission mechanism.

According to Goldstein epistemic communities serve as a mechanism by which certain ideas have an impact on policy rather than other ideas (1998: 146). These ideas “help determine which of many means will be used to reach desired goals” (Goldstein; 1998: 146).

From the above discussion, it may be concluded that the influence of epistemic communities is likely to be strongest in the initial or formulation stage of the policy process due to their technical expertise, ability to provide a framework for the relevant issues, effectiveness in illustrating causal relationships and advancing alternative policy ideas. However, this thesis shows that some members of the pro-reform agricultural epistemic community, particularly those that were active in the policy process, continued to press the need for the liberalization of agricultural trade during the policy-making stage and to some extent the final breakthrough stage. This follows the evidence of Drake and Nicolaidis in their study on the epistemic community in services active during the Uruguay Round. They found that the first tier, or government and international organization officials, continued to have significant influence in the second stage of the policy process (i.e. negotiations stage of the Uruguay Round) while the academics of the second tier began to lose influence (1992: 76).

2.2 Advocacy Coalitions

Definition and Analysis

The key variable in the Advocacy Coalition Framework is the belief system.⁴⁷ However, similar to epistemic communities, advocacy coalitions also place a premium on knowledge. Sabatier states that members “seek to better understand the world within a particular policy area in order to identify means to achieve their fundamental objectives” (1993a: 33). Thus, a primary objective of the advocacy coalition framework is the manner in which knowledge is manipulated by advocacy coalition members to advance their policy beliefs and thus encourage both policy shifts and policy-oriented learning within a political context.

The links to a political environment is an area where members of advocacy coalitions differ from those of epistemic communities. Dudley and Richardson (1996) contend that advocacy coalitions offer a “more overtly political and value-based” approach to the policy process (69). In fact, Radaelli argues that the advocacy coalition approach “offers a link between policy and politics”(1995: 171).

Sabatier and Jenkins-Smith have provided several definitive explanations of advocacy coalitions. I use one of their more recent definitions in this thesis:

Actors from a variety of governmental and private organizations at different levels of government who share a set of policy beliefs and seek to realize them by influencing the behavior of multiple

⁴⁷ According to Sabatier (1993a), the belief system is divided into three levels: 1) deep core - normative beliefs extremely resistant to change; 2) near/policy core - basic policy beliefs; and 3) secondary aspects - research and decisions which are needed to implement the beliefs within the near/policy core (31).

governmental institutions over time (Sabatier and Jenkins-Smith; 1993: 212).

This definition stresses that actors actively attempt to change government policy to fit their policy beliefs through modification in the activities of bureaucracies.

Utilizing advocacy coalitions rather than institutional policy making models in order to investigate governmental policy change is intended to reduce the complexity which exists given the large number of organizations which may be involved at some point in bringing about a particular shift in policy. Focusing on members of advocacy coalitions rather than on specific institutions allows researchers to take into account the shift in position from one institution to another that actors may make within the period under investigation. Accordingly, Sabatier and Pelkey take the view that “rather than focus on formal organizations, we should use people who share a core set of beliefs concerning desirable policy in a specific policy area/subsystem - irrespective of their organizational affiliation - as the focus of analysis” (1987: 257).

Membership and Characteristics

Sabatier and Pelkey note that members of advocacy coalitions are policy elites including “interest groups, agency officials, legislators, executive overseers, intellectuals” sharing “normative and causal beliefs concerning the policy area” (1987: 237).⁴⁸ Additionally, evidence from several case studies using the Advocacy Coalition Framework found that “administrative agencies and university researchers are often not policy neutral, but instead are active

⁴⁸ It is interesting to note that these beliefs correspond to the first two elements Haas (1992a) identifies as membership criteria for epistemic communities. However, as mentioned in the section on epistemic communities, the critical differences between epistemic communities and advocacy coalitions is in their scope, beliefs, behavior, and origin/persistence of interests.

members of specific coalitions” (Jenkins-Smith and Sabatier; 1994: 188). The literature on advocacy coalitions does not specify the general number of members within one. However, Sabatier notes that within a policy subsystem, the number of important coalitions will generally be between two and four (1993a: 26).

This thesis investigates the two pro-reform advocacy coalitions that were active during the Uruguay Round negotiations. The first formed relatively early within the US agricultural policy process while the second became active late in 1990/early 1991 within the European Commission.

As mentioned, the defining element of advocacy coalitions is their belief system. The beliefs of members guide their actions and shape their ideology and interests. Sabatier stresses the common beliefs of members in stating “the concept of an advocacy coalition assumes that shared beliefs are the principal ‘glue’ of politics” (1993a: 27).

This belief system is broader in scope than interests alone and incorporates “ideology, material interests and information on causes of the problem and consequences of the policy options” (Heintz and Jenkins-Smith; 1988: 267). Advocacy coalitions use their unique belief systems to determine which policy issues deserve the “highest priority, the causal factors that need to be examined most closely, and the governmental institutions most likely to be favorably disposed to the coalition’s point of view” (Jenkins-Smith and Sabatier; 1993b: 41). Factors that may change an advocacy coalition’s belief system include new information as well as the general perception that a specific government policy is not having the desired effect.⁴⁹

⁴⁹ While policy-learning may influence the secondary aspects of a belief system,

Similar to epistemic communities, members of advocacy coalitions may alter the *secondary* aspects of their belief system when presented with new scientific and technical information. A distinguishing feature of advocacy coalitions is that “once something has been accepted as a policy core belief... powerful ego-defense, peer-group, and organizational forces create considerable resistance to change, even in the face of countervailing empirical or internal inconsistencies” (Sabatier; 1993a: 33). Additionally, unlike epistemic communities who “will withdraw from the policy debate” (Haas; 1992a: 18) if their evidence is seen to be faulty, among advocacy coalition members, “there is often a strong resistance to change even in the face of extensive evidence for such change” (Janis, 1983 as quoted in Jenkins-Smith; 1988: 171).

Among the ways that advocacy coalitions use new technical information, Jenkins-Smith and Sabatier note that after members have established a specific position toward a policy issue, “analysis is used primarily in an ‘advocacy’ fashion” in order to support that position (1993b: 45). Additionally, analytical debate is necessary in order for advocacy coalitions to claim that their approach is superior and worthy of implementation. Analytical debate may be one way that the knowledge and concepts developed by epistemic communities are utilized by advocacy coalitions given the need to support their policy position.

As has been illustrated, there are many similarities between members of epistemic communities and advocacy coalitions. Peterson points out that these two groups may compete within certain policy networks (1995a: 79). However, given the many important distinguishing characteristics as well as mutual

changes to deeply held beliefs most often are a result of events outside of the policy subsystem.

dependency, this study takes the approach that epistemic communities and advocacy coalitions who share similar opinions of a specific policy are complementary rather than competitive. The section on the epistemic community approach in the literature further compares epistemic communities to advocacy coalitions.

It is necessary to identify the members of relevant groups as well as the structure of their belief systems in order to determine the amount of influence that advocacy coalitions have on a particular policy. Sabatier and Jenkins-Smith suggest a method for identifying members which includes analysis of “records of participation in arenas in which subsystem members (or their representatives) regularly participate” and which include only those actors who were active over a time period of two years or more (1993: 241). To establish the elements of a specific belief system researchers should analyze government memos, documents and reports as well as the literature published by relevant interest groups as well as conduct content analysis of testimony given by members (Sabatier and Jenkins-Smith; 1993: 240).⁵⁰

Forums of Operation

Given that advocacy coalition members operate within policy subsystems, their forums of operation are intergovernmental, include all levels of government and involve continuous interaction between groups. Additionally, government agencies are not considered to be monolithic in nature.

The Advocacy Coalition Framework recognizes that various departments

⁵⁰ The authors provide three requirements for content analysis: 1) the identification of the target population a sample of which be coded; 2) the development of a coding frame which identifies the variables in their belief system; and 3) “attention to reliability and validity problems in inferring beliefs from documentary sources” (Sabatier and Jenkins-Smith; 1993: 240).

or units within government agencies may be dominated by opposing advocacy coalitions. During the Uruguay Round, this indeed seems to be the case within the US Department of Agriculture (USDA). According to a USDA official, there was a decisive split between the Foreign Agricultural Service (FAS) and the Agricultural Stabilization and Conservation Service (ASCS)⁵¹. Policy actors in the FAS had firm beliefs supporting agricultural liberalization and truly supported the ‘zero-option’ initial position of the US. In contrast the ASCS, whose organizational interests are to protect the benefits of US commodity groups, opposed the proposed agricultural reform advocated by the US.⁵² However, given that the FAS was involved to a much greater extent in shaping the US negotiating position as well as sharing the views of the Reagan Administration, the pro-reform advocacy coalition gained dominance. Importantly, a senior FAS negotiator notes that ASCS “didn’t stop the FAS from pursuing liberalization”.⁵³

Schattschneider (1960) notes that “different levels of government are semi-autonomous, and coalitions spend a great deal of time and effort trying to restrict authority to the level at which they have a competitive advantage” (as interpreted by Sabatier; 1993b: 216). This is visible in the deadlocks caused by continuous discussions on the issue of overlapping responsibility between the Council of the European Union (the members of the Agricultural and General

⁵¹ Since the 1994 reorganization of the USDA, this agency has been known as the Farm Service Agency.

⁵² Interview with George Pope, Minister-Counselor for Agricultural Affairs, US Mission to the EU in Brussels on 14 May 1996.

⁵³ Interview with Richard Schroeter, senior USTR FAS agricultural negotiator during the UR in Geneva on 1 October 1999.

Affairs Councils as well as the Special Committee on Agriculture) and the Commission.

The literature on advocacy coalitions accepts that governmental units often have established missions that indicate to which coalition they will most likely belong. Therefore, there are two questions that the Advocacy Coalition Framework attempts to answer. Firstly, what do advocacy coalitions contribute to the policy process that brings about a shift in policy? Secondly, why do competing advocacy coalitions change in their relative dominance within the policy process? According to the Advocacy Coalition Framework, the keys to both these questions is found in the idea of policy-oriented learning in which analytical debate plays the primary role (Heintz and Jenkins-Smith; 1988: 267). Jenkins-Smith and Sabatier comment that “policy-oriented learning is primarily concerned with changes over time in the distribution of beliefs of people within a coalition or within the broader policy subsystem (1993b: 42).⁵⁴ Policy-oriented learning may occur within and/or between advocacy coalitions. The likelihood of policy-oriented learning is determined by the degree to which the following three factors exist and interact within a specific policy environment: 1) the level of conflict; 2) analytical tractability, and 3) the nature of the analytical forum.

The level of conflict refers to the amount of incompatibility that exists between competing advocacy coalitions regarding a specific policy issue. This conflict becomes apparent through new information arising from analytical

⁵⁴ Shifts in beliefs will normally depend on different variables including: “1) individual learning and attitudinal change; 2) the diffusion of new beliefs and attitudes among individuals; 3) turnover in individuals with any collectivity; 4) group dynamics...and 5) rules for aggregating preferences and for promoting (or impeding) communication among individuals” (as quoted in Jenkins-Smith and Sabatier; 1993b: 42).

debate. However, “the more directly the analytical issue supports or threatens such precepts and values, the higher the stakes and thus the higher the level of conflict attending that issue” (Jenkins-Smith and Sabatier; 1993b: 49).

Tractability refers to the ease with which an issue may be dealt with and is increased when there are theories and quantitative indicators that are widely accepted in a particular policy area (Jenkins-Smith and Sabatier; 1993b: 55). In the case of agricultural reform during the Uruguay Round, the breakthroughs on the producer subsidy equivalent (PSE) and consumer subsidy equivalent (CSE) which allowed a general accounting of agricultural subsidies to be made, could be assumed to have increased the level of tractability in the agricultural policy subsystems of the US and EC. According to Jenkins-Smith (1988) “the greater the analytical tractability with respect to a policy issue, the wider the range of subsystem conflict that could accommodate the use of analysis to modify competing belief systems” (195).

There are three types of forums in which the analytical debate generally takes place: 1) open; 2) professional, and 3) closed. The amount of openness is important to note since this determines the degree to which membership screening occurs. Screening not only “may assure that those who do participate can speak a common analytical language and find common bases for verification of analytical claims [but also] may limit the number of belief systems represented in the forum and the degree of conflict among them” (Jenkins-Smith and Sabatier; 1993b: 53).

In an open forum, all active members of the policy subsystem may freely participate in the ongoing analytical debate. Since there is a wide-range of policy

specialties, a broad spectrum of beliefs will be discussed. However, this often reduces the possibility of the debate reaching a consensus.

The membership criteria of a professional forum could be considered those of an epistemic community since they involve participants based on “professional training and technical competence...[and include]...analysts committed to scientific norms who share common theoretical and empirical presuppositions” (Jenkins-Smith and Sabatier: 1993b: 53).⁵⁵ Given their similar methodological approaches, actors operating within a professional forum generally find the likelihood of reaching a consensus, even on a highly contentious issue, much greater than those operating in an open forum. Realizing the possible barriers to having a truly professional forum, Jenkins-Smith (1988) offers the idea of a ‘quasi-professionalized’ forum that would reduce the strict membership requirements (202). This concept goes far in explaining the broader two-tier epistemic community forum that Drake and Nicolaidis (1992) discuss in their study on the negotiations in services during the Uruguay Round.

Closed forums are generally used when the issue being debated is politically sensitive. Senior government officials determine admission to these types of forums. Since the views presented in such groups are extremely limited or constrained, radical policy shifts generally do not emerge. However, as was the case in the pro-reform advocacy coalition led by Agricultural Commissioner Ray MacSharry that resulted in significant reform to the Common Agricultural Policy, this is not always the case. Nevertheless, closed forums tend to result in

⁵⁵ Studies using the Advocacy Coalition Framework have found that while professional fora are not common in the US, they tend to occur more frequently within European policy subsystems (Heintz and Jenkins-Smith; 1988: 270, note 76). However, evidence of an active transnational agricultural epistemic community does not support this view.

excluded actors attempting to halt a change to existing policy during the later stages. Jenkins-Smith points out that problems resulting from decisions taken in a closed forum include that “voices excluded at one stage may be heard at another”(1988: 205). This is apparent in the initial rejection of the Blair House Agreement by the Council of Ministers and French farmers that was primarily a result of a lack of information and involvement in the negotiations.

The type of forum in which an analytical debate occurs is often dependent on the political strength of the advocacy coalition involved as well as the extent to which its members judge the evidence to be in their favor. Heintz and Jenkins-Smith note that if the analysis is supportive, a professionalized forum is most useful while if it is less so, but the advocacy coalition has political support, an open forum is recommended (1988: 272).

In addition to choosing the best type of forum for analytical debate, there are both direct and indirect guidance instruments through which advocacy coalition members attempt to achieve their policy beliefs. These guidance instruments include persuasion through providing testimony, obtaining media publicity and using supportive research reports. Using one or more of these methods, members of an advocacy coalition work to “affect the behavior of one or more agencies or target groups” (Sabatier and Pelkey; 1987: 248). How such guidance instruments are utilized by competing coalitions have strategic ramifications. Sabatier and Jenkins-Smith (1993) note that:

First and foremost, they suggest that members of a coalition will concentrate their efforts on agencies and sovereigns that are relatively sympathetic to their point of view (or at least neutral).... Second, coalitions will work hard to confine authority to agencies and levels of government where they have a competitive advantage while also seeking to minimize the authority of governmental units

unsympathetic to their point of view (1993: 230).

As this thesis illustrates, specifically in chapter 6, pro-reform advocacy coalitions active in the US and EC agricultural policy processes did in fact use several of the guidance instruments mentioned in the literature. With the assistance of epistemic community expertise, pro-reform bureaucratic actors were able to develop and analyze new data advocating agricultural liberalization. They then used this information in ways such as giving testimony at hearings and committee meetings; providing research reports; offering inducements;⁵⁶ and to some extent, changing the personnel making decision via a reorganization in agency responsibility.⁵⁷

Contribution to the Policy Process

As noted above, advocacy coalitions contribute the results of policy-oriented learning to the policy process. The Advocacy Coalition Framework offers additional insights into the contribution of advocacy coalitions to the policy process. The Advocacy Coalition Framework consists of four major components: 1) policy subsystem; 2) relatively stable parameters; 3) external events; and 4) constraints and resources. A policy subsystem is the arena where advocacy coalitions operate.⁵⁸ According to Sabatier, policy subsystems may be

⁵⁶ While perhaps part of the internal negotiating process, France ostensibly accepted the Blair House Agreement only after being reassured by the Commission that the agreement would be compatible with the 1992 CAP reform. However, trade-offs and monetary inducements were also offered to French farmers.

⁵⁷ Within the US policy system, responsibility for the agricultural negotiations shifted from the USTR to the USDA as the Uruguay Round progressed. The USDA could thus 'maintain pressure' to keep agriculture liberalization part of the negotiations (Interview with USDA agricultural negotiator/pro-reform advocacy coalition member Craig Thorn in Washington, D.C. 29 August, 1997).

⁵⁸ Peterson (1995a) uses the term "meso-level" rather than policy subsystem (79).

considered an expanded iron-triangle which include:

administrative agencies, legislative committees, and interest groups at a single level of government, (in addition to) actors at various levels of government active in policy formulation and implementation as well as journalists, researchers, and policy analysts who play important roles in the generation, dissemination, and evaluation of policy ideas (1993a: 17).

Thus, members of these coalitions contribute alternative policies to the policy process as well as serve as advocates of specific policies. Sabatier argues that advocacy coalitions develop when a number of actors who share the same policy beliefs “become dissatisfied enough with the neglect of a particular problem” (Sabatier; 1993a: 24).

Advocacy coalitions compete for dominance within a policy subsystem and accordingly, policy change is “the result of confrontation between different coalitions” (Radaelli; 1995: 171). Policy brokers monitor this confrontation. According to Sabatier, the main concern of policy brokers is to keep “the level of political conflict within acceptable limits and reaching some ‘reasonable’ solution to the problem” (1993a: 27). Their function is to “mediate the various approaches to the policy process and find a compromise” (Sabatier; 1993a: 34). In the cases under investigation, policy brokers may be identified as senior EC and US trade negotiators as well as some senior elected officials.⁵⁹

Described as ‘exogenous variables’ that influence the degree of action available to subsystem actors, the Advocacy Coalition Framework includes both fairly stable parameters and more dynamic external events. The approach acknowledges that external events such as changes in socioeconomic conditions

⁵⁹ According to Doggan (1975), the role of policy broker is a “traditional function of some elected officials and, in some European countries like Britain and France, of high civil servants” (in Sabatier; 1993a: 27).

or elections often are the defining elements in bringing about “*major* shifts in the distribution of political resources”(Sabatier; 1993a: 25) and that “elections and crises provide ‘windows of opportunity’ to a coalition” (Sabatier and Jenkins-Smith; 1993: 230). This is particularly noteworthy in the case of agricultural liberalization during the Uruguay Round, since the budget crises in both the US and EC played a critical role in the recognition of the need for reform.

The amount of resources available to advocacy coalition members is a significant factor affecting the policy subsystem and depending on the amount may help or hinder them. Similar to other bureaucratic policy approaches, the Advocacy Coalition Framework recognizes that competing advocacy members often have fluctuating amounts of political and economic resources. Coalition members attempt to increase their “budgets, recruit new members (especially those with legal authority, *expertise*, or money), [and] place their members in positions of authority” (Sabatier; 1993a: 29; emphasis added in order to stress that expertise provided by epistemic community members as well as the members themselves are actively sought). Additionally, Sabatier argues that “while belief systems will determine the *direction* in which an advocacy coalition will seek to move governmental programs, its *ability to do so* will be critically dependent upon its resources” (1993a: 25).

Role in the Policy Process

Advocacy coalitions operating within the Advocacy Coalition Framework offer an explanation of actor interaction and coordination within and between various government agencies and interest group associations on any given policy issue area. Regarding the influence of advocacy coalitions, “the more structured

the coordination, the greater the influence the coalitions have on policy decisions” (Coleman and Skogstad; 1990a: 22).⁶⁰

Analytical credibility also increases both the role and ease with which members of an advocacy coalition may influence the direction of government policy. Thus, Heintz and Jenkins-Smith note:

The loss of analytical credibility forces the coalition to expend more scarce political resources in support of translation of its belief system into policy via other avenues - such as lobbying. In the extreme, a convincing and sustained analytical assault on the belief system of the dominant coalition within a subsystem - like the extensive body of research produced in the tobacco policy subsystem indicating that significant health problems result from the use of tobacco products - can result in a loss of support from the system-wide governing coalition, in return resulting in forced changed from outside the system (1988: 270-271).

Additionally, legitimacy is an important factor in the influence assigned particular advocacy coalitions within a specific policy system. Coleman and Perl argue that in general, “the groups or advocacy coalitions granted most legitimacy by the policy paradigm become the core civil society actors who participate in the sub-government or actor constellation of the policy community” (1999: 698).

Given the above discussion on advocacy coalitions contribution to and role in the policy process, preliminary conclusions indicate that their influence, while evident throughout the various stages of policy negotiations, is likely to be greatest during the second, or policy-making stage of negotiations. This is due firstly to the capacity of certain advocacy coalitions to bring about a shift in the

⁶⁰ According to an official in DG VI (Agriculture) of the European Commission, this was the case with the sugar lobby during the reform of the CAP and the Uruguay Round negotiations that exhibited extremely high coordination among its various producers and thus was able to achieve its objectives through presenting a single offer. Other commodity groups were not this coordinated and did not have the same level of success (Interview with Hans-Christian Beaumont in Brussels on 26 March 1998).

current policy, through policy-oriented learning and analytical debate. Secondly, the activity of policy brokers as developed within the Advocacy Coalition Framework, may facilitate consensus and coordination among various groups of policy makers. Analytical debate within professionalized forums is posited to occur on the fringes of the end of the first stage, in which epistemic communities are argued to have the greatest influence, and the beginning of the second stage. It is following this debate that policy-oriented learning may occur thus encouraging a shift in policy.

2.3 Elite Transnational Networks

Definition and Analysis

The basis for the term elite transnational networks is developed from the definitions of transnational relations as developed separately by Keohane and Nye and Risse-Kappen. According to Keohane and Nye (1971): “The broad term transnational relations includes both *transnational* and *transgovernmental* interactions – all of world politics that is not taken into account by the state-centric paradigm” (733; emphasis the authors’). Risse-Kappen contends that the term transnational relations encompasses “transgovernmental and transinstitutional relations, leading to *transnational networks* [which] involve the creation and utilization of channels of communication in order to facilitate policy cooperation in an ever more interdependent policy environment (1995a: 9. Emphasis added).

This study agrees with the need for a broad interpretation of transnational relations that includes formal or informal international interactions between non-governmental, governmental and international organization officials at various

levels of seniority. Such a broad definition is particularly necessary given the complex policy making process of an issue such as agricultural trade policy that involves actors ranging from farmers and consumers, academics and bureaucrats to senior officials in governments and international organizations.⁶¹ However, this investigation focuses on one dimension of transnational networks that has generally been ignored in the literature, namely the activity of senior actors within governments and international organizations operating within elite transnational networks.

Elite transnational networks as used in this thesis are defined as: formal and informal interactions between political leaders, political appointees and senior government and international organization officials in the attempt to increase policy cooperation and consensus. Such networks are formed through *regular contact* in either an *official or unofficial* capacity. Although I distinguish between elite transgovernmental and elite transinstitutional networks,⁶² the more general term elite transnational networks is applied given the significant impact resulting from interaction between senior officials within governments and international organizations in this study of multilateral agricultural trade policy reform. Notably, given that the concept of elite transnational networks incorporates policy actors from government and international organizations interacting in both formal *and* informal settings and includes personal contacts, it goes beyond the concept of institutionalized summitry.

⁶¹ For an excellent discussion of the need to merge the concepts of intergovernmental, transgovernmental and transnational networks within the context of transatlantic relations, see Pollack and Shaffer (2001b).

⁶² I make a distinction between the more general terms of transgovernmental and transinstitutional networks in the section on transnational networks in the literature.

Membership and Characteristics

The membership of elite transnational networks is limited to actors in senior political positions including the heads of state or government, their cabinet ministers and the heads of international organizations. It is acknowledged that elite transnational networks potentially include a large number of complex networks of senior government and international organization policy actors. However, for purposes of this study, elite transnational networks are limited to senior government actors within the Group of Seven (G7); the trade ministers of the Quadrilateral (Quad) consisting of the US, the European Commission, Japan and Canada; the Quint meetings of the agricultural ministers of the Quad and Australia; the annual ministerial meetings of the OECD and the networks utilized by the secretariats of the GATT and the OECD.⁶³ As is often indicated by their names, elite transnational networks generally are relatively small in terms of membership ranging from the four senior trade ministers in the Quad to approximately 40 within the networks used by the GATT and OECD.

The distinguishing characteristic that all members of elite transnational networks share is that they hold a senior position within a national or international policy environment. However, given that elite transnational networks include senior elected government officials as well as appointed national and international officials, some distinguishing characteristics vary. Key distinguishing characteristics of elected members of elite transnational networks include their recognized position of leadership. Additionally, the democratic

⁶³ The role of the regional elite transnational network known as the European Council is not a focus of this study. This thesis limits itself to investigating only plurilateral or multilateral elite transnational networks due to the emphasis being on bilateral US/EU and multilateral activities. However, when relevant, the results of European Council meetings are included.

legitimacy of holding an elected office provides them with power and authority within the policy process. Dror adds that a characteristic of a head of government is their ability to rise above bureaucratic competition:

The inter-departmental and pan-governmental nature of modern-day problems augment the essential coordination and integration functions of heads of government...and requirements for innovation and necessary policy entrepreneurship demand centers of government not caught in departmental interests (1987: 188).

Appointed members of elite transnational networks, including national ministers and heads of international organizations, possess the characteristic of a high degree of influence within the policy process. The degree of influence is frequently dependent on many factors including the relationship with senior elected government officials, the extent of their knowledge of the particular policy area and whether the appointed official chooses to take a pro-active role. Personal relationships among elite transnational networks were also important. As Peterson (2001) argues in the specific case of US and EU relations during the UR, the round “illustrated that personal relationships at the highest, intergovernmental level continue to matter” (55).

Forums of Operation

The forums in which elite transnational networks are seen to operate can be divided into two categories: 1) high-level meetings, or summits, that take place on a more-or-less regular basis; and 2) activities within international institutions. In the case of agricultural trade liberalization during the Uruguay Round, regular high-level meetings occurred among the G7, the Quad and the Quint. The OECD and the GATT also served as key forums in which elite transnational networks, involving EC and US agriculture and trade ministers

among others, worked to move the negotiations forward.⁶⁴

As demonstrated in this thesis, the individual forums in which elite transnational networks operate can frequently be considered to be part of a larger system of high-level international meetings. Using the G7 summits as an example, Putnam and Bayne point out: “In analyzing summitry from the point of view of international political economy, we must keep in mind that the summits themselves are merely one moment in a continuous flow of domestic and international discussion and bargaining about these issues” (1987: 13). The authors quote a foreign policy assistant of a European head of government that highlights the element of a system of meetings:

You cannot understand the summits without taking account of all the other ongoing international meetings. When we set out to influence another government – and I presume the same is true of anyone trying to influence us – we say, ‘We’ll start off at the OECD Ministerial in May, follow up at the summit, and then hit them again at the IMF in September’ (Putnam and Bayne; 1987: 13).

High-level Summits/Meetings

The G7, re-named the G8⁶⁵ in 1998, consists of the heads of state or government of eight major industrialized countries together with the participation of the European Union (EU).⁶⁶ The annual G7/8 summits provide a unique opportunity for leaders to discuss multilateral trade issues in an expanded context incorporating political and economic perspectives. According to Putnam and

⁶⁴ For an interesting discussion of ‘minilateral’ cooperation on international trade issues between the major developed states within such forums as the G7, the OECD and the Quad, see Cohn 2001b.

⁶⁵ The members of the G8 are Canada, Germany, France, Italy, Japan, Russia, the US and the UK. For more on the G7/8 see Bayne, 1999, 2000a and 2000b and Putnam and Bayne, 1987.

⁶⁶ The European Commission represents the EU in the G8, especially the non-G8 members of the EU, and in the WTO. For additional reading on the EU’s role in the G7/8, see

Bayne: "Summits bring together those individuals who par excellence link the domestic and international" two level games (1987: 16). The forum of the G7/8 allows leaders to discuss in person the priorities as well as constraints of their counterparts. According to a former US sherpa who helped prepare the US president for the summits, "the seven-power summit is different in kind from any other multilateral meeting by virtue of its regularity, its intimacy and the influence of its participants" (Hunt; 1984: 659). Thus, the personal relationships that may develop through these regular summits can lead to useful networks that heads of state or government can utilize when necessary. Personal relationships included the ability to discuss issues with their counterparts in informal ways.

Related to the Uruguay Round agricultural negotiations, Bayne points out:

The manifestation of personal involvement, (led to) the issue of agriculture within the Uruguay Round being a frequent topic of bilateral summit meetings. The nature (of the personal involvement) was to finish the round by the end of 1990. They used the telephone. This remained throughout 1991, 1992 and 1993.⁶⁷

The forum of the G7 provided the heads of state and government of some of the largest trading states the opportunity to call for the launch of the Uruguay Round as well as work together to find the necessary compromises in order to conclude the negotiations. Critics of the G7/8 point to the lack of consistent positive impact of the summits on the Uruguay Round. The difference between the political dialogue of the summits from that of the technical discussions of the negotiations is frequently cited as the cause of G7/8 ineffectiveness (Bayne; 2000a; Cohn; 2001). However, Kirton argues that the G7 summits have "been neither a continuous success nor a continuous failure, but [have] exhibited widely

Ullrich and Donnelly 1998.

varying performances over the years” (1995: 65). Regarding the impact of the G7 on the UR, Bergsten (2001) notes:

Through repeated efforts in the early 1990s the leaders kept the Uruguay Round negotiations going through global recession, held protectionism at bay, ensured agreement on a binding dispute settlement mechanism and the institutional breakthrough of creating the World Trade Organization itself, and in 1993 finally provided the pressure that drove the trade ministers to strike the essential deal on agriculture and market access. All histories of the G7 concur that trade has been one of its issue-areas of greatest impact, perhaps the greatest of all the topics it has addressed over the years (18).

The findings of this research are that the elite transnational network of the G7 played a significant role, particularly during the critical breakthrough stage, in bringing about the successful conclusion of the Uruguay Round.

The G7 endorsed the establishment of the Trade Ministers’ Quadrilateral at the 1981 Ottawa Summit. Known as the Quad, this forum allows the trade ministers of the US, EU, Canada and Japan to discuss trade-related issues.⁶⁸ While the Quad has evolved as a relatively autonomous ministerial group, Bayne notes that “the G7 leaders can ask to arrange (for the) Quad to meet as was the case in Tokyo in 1993”.⁶⁹

This group played a key role during the Uruguay Round. Winham points out that the Quad played an important role in all stages of the Uruguay Round negotiations (1986: 205ff). However, Wolfe argues that the Quad played a particularly critical role in the final six to eight months of the round (1998: 89). This was due to their negotiating a critical market access agreement on the eve of the 1993 Tokyo Summit. Observers see the Quad as forming a link between the

⁶⁷ Interview with Sir Nicholas Bayne on 29 November 2000 in London.

⁶⁸ A unique feature of the Quad is that, unlike the G8 where the European Commission is considered a participant rather than a full member, in this forum the European Commission speaks for all member states of the EU on matters of trade.

G7 and the Uruguay Round negotiators. Cohn states: “Although the Quad functions at the ministerial level, it decreases the distance somewhat from the G7 Summits to the technical negotiations in Geneva. Thus, the Quad, in conjunction with the G7, ...played an important role before, during, and after the UR” (2001b: 22).

The Quint, established in 1989 early in the UR negotiations, consists of the agricultural ministers of the Quad members in addition to Australia. During the Uruguay Round, the members of the Quint met informally to discuss agricultural issues. At the second meeting of the Quint meetings in 1990, EC Agricultural Minister Ray MacSharry presented his radical CAP reform proposal calling for a 30 percent reduction in overall agricultural support and protection. While no official multilateral or bilateral negotiations occurred at these meetings, informal discussion allowed for new ideas to be presented and developed.

International Organizations

International organizations serve as key forums for elite transnational networks due to their ability to serve as good offices for the development of increased cooperation and the evolution of compromises. Additionally, as Keohane and Nye point out, international organizations facilitate communication between senior policy actors:

“...as governments deal with the [international] organizations, networks develop that bring officials together on a regular, face-to-face basis. International organizations may therefore help to activate ‘potential coalitions’ in world politics, by facilitating communication between certain elites, secretariats or organizations may speed up this process through their own coalition-building activities” (1989: 240).

⁶⁹ Interview with Sir Nicholas Bayne on 29 November 2000 in London.

They also caution that: “Leadership will not come from international organizations, nor will effective power; but such organizations will provide the basis for the day-to-day policy coordination on which effective multiple leadership depends” (Keohane and Nye; 1989: 240). However, as this thesis demonstrates, under certain circumstances, particularly when the director of an international institution possesses exceptional will power, conviction and a *de facto* mandate, these directors may take on a leadership role. This was the case with successive GATT Directors General Arthur Dunkel through 1993, and particularly Peter Sutherland, during the closing stages of the Uruguay Round. Operating within various elite transnational networks, Sutherland diligently campaigned for policy-makers and negotiators to bring the Uruguay Round to a successful conclusion. In 1991, Dunkel used elite transnational networks to formulate the Dunkel Draft Final Act.

According to a former Director General of the GATT, the role includes several functions:

- 1) Guardian of the General Agreement: the Director General uses what influence he can on governments to observe the rules. In so doing, he can only use his powers of persuasion. He has no formal mandatory authority;
- 2) Initiator: it falls to him to look beyond current problems and to reflect on, and anticipate, the best course for the Organization and its member countries to follow in pursuit of their objectives. Unlike, governments, he has the advantage of not being submitted to the daily pressures of national political constraints. The expectation is, therefore, that he will be better placed to judge where the general interest lies and the best ways to promote it;
- 3) Conciliator: it is his task to assist countries overcome their differences when these arise;
- 4) Manager: he directs the secretariat, manages the budget and all administrative matters concerning the contracting parties (Long; 1985: 53. Numbers added).

It is the second function of initiator that is of particular importance in investigating the role of elite transnational networks given that the extent to which this task is carried out is dependent on the individual's desire to facilitate a compromise.

The OECD also served as a key target for the work of epistemic communities as well as a forum for elite transnational networks. In the early stages of the agenda-setting stage, EC and US members of a pro-agricultural liberalization epistemic community provided expertise to the OECD's Committee for Agriculture to develop the policy tools needed for agricultural liberalization. In a few cases, such as with Director of the OECD Ministerial Trade Mandate Maury Bredahl, who is both an identified member of the pro-reform epistemic community member as well as part of the US pro-reform advocacy coalition, the OECD was also a forum for operation.

Bayne states that "In the context of multinational trade rounds, the function of the OECD is to provide the intellectual basis for deals that are struck."⁷⁰ In the final stage of negotiations, the OECD served as a forum for ministers to work out the details, frequently of a political nature, of a compromise, not only on agriculture but in other UR issues. Cohn observes "Since the GATT did not meet regularly at ministerial level, ministers had more opportunity to provide overall political direction in the OECD" (2001: 10-11). At the OECD annual meeting, which is scheduled six weeks prior to the G7/8 summit, ministers prepare the policy issues that their political masters discuss at the summit.

Contributions to the Policy Process

Elite transnational networks may contribute three primary elements to the policy process: 1) leadership; 2) direction; and 3) political will. Although leadership is most often contributed by elected officials, appointed senior ministers and heads of international institutions also may contribute leadership in a more specific policy area such as agriculture or trade. According to Machin leaders have several attributes of leadership:

- 1) policy initiation;
- 2) policy coordination and arbitration;
- 3) party and coalition leadership and liaison in parliament and elsewhere within the political structures
- 4) social coalition building and maintenance of contacts with interest groups and the media” (1987: 159; Numbers added).

Most relevant for this thesis are the attributes of policy initiation and policy coordination.

Beginning in 1980, the issue of agricultural liberalization climbed higher on the international policy agenda. The 1980 OECD Ministerial Conference requested that the Committee for Agriculture prepare an in-depth study on agriculture in the world economy. At the 1981 G7 Ottawa Summit, the leaders called for a convening of a GATT ministerial to discuss the possibility of a new trade round. At the 1982 GATT Ministerial, a GATT Committee on Trade in Agriculture was established to initiate the steps required to re-examine the multilateral rules for agricultural trade. Thus, elite transnational networks of the OECD annual meeting and G7 summit contributed to the initiation of a process that would result in the multilateral liberalization of agricultural trade.

Elite transnational networks, both individually as well as working within

⁷⁰ Interview with Sir Nicholas Bayne on 29 November 2000 in London.

a system of interlinked networks, worked to ensure policy coordination as the issue of agricultural liberalization progressed through the various stages of the Uruguay Round negotiations. Research indicates that this activity was important to some extent in the agenda-setting stage but was particularly critical during the final stage of the negotiations.

The ability of providing direction to a policy issue is seen as a key attribute that elite transnational networks contribute to the policy process. Disputes or conflict of interest between states or internal departments may lead to lack of direction or even impasse. However, the power, authority and influence of members of elite transnational networks combined with the shared objective of finding a workable compromise frequently result in their meetings providing fresh direction.

The attribute of political will is a contribution primarily of elected leaders within the forum of the G7/8. For example, Bayne outlines three unique contributions of the leaders taking part in the G7/8 summits:

First, the heads of government could integrate policies normally treated separately by ministers or departments with specific responsibilities. Second, they were best placed to reconcile the various demands of foreign policy and domestic policy and to work out the lines of action where domestic and external considerations could reinforce each other rather than conflict. Third, they carried an authority which other ministers did not have" (2000: 21).

The political will shown by leaders translates into policy direction at ministerial level. During the Uruguay Round, the contribution of political will was of heightened importance during the final breakthrough stage when the successful conclusion of the negotiations became politicized and required political impetus.

Role in the Policy Process

The role of elite transnational networks differs somewhat depending on the forum used and whether the contacts are formal or informal. The annual formal G7/8 summits have several roles including: 1) calling for new rounds; 2) shaping the negotiating agenda; 3) breaking impasses through increasing pressure on individual member governments to offer concessions; and 4) serving as useful deadlines for negotiators (Ullrich; 2001: 3). Wolfe adds that: "Acceptance of new ideas about agricultural trade...had to be translated into concrete negotiating objectives. The annual Economic Summits played an important role in consolidating the political consensus for the UR" (1998: 113).

The more informal activities of the Quad, Quint and the directors general of the GATT had slightly different roles in bringing about liberalization of agricultural trade. The Quad met when the Uruguay Round negotiations required consolidation, coordination and compromise. The Quint met in order to present new proposals, gain understanding into their colleagues' constraints and discuss potential compromises relating to the Uruguay Round agricultural negotiations.

However, all elite transnational networks played the role of catalyst. Through increasing pressure on negotiators, convening special meetings and negotiating sessions, using the press to encourage public support and politicizing the negotiations, these senior policy actors served as a catalyst to bring about the Blair House I and II Accords and the final Uruguay Round Agricultural Agreement.

3. Literature Review of Policy Actor Networks

3.1. The Epistemic Community Approach in the Literature

The epistemic community approach is a relatively new method for investigating the interrelation between knowledge, power, and the manner in which these concepts interact institutionally. In 1992, a special edition of *International Organization* on epistemic communities helped to establish the epistemic community approach as a dynamic concept within the larger theoretical framework of policy networks. The contributors to this volume define the epistemic community approach as examining:

the role that networks of knowledge-based experts - epistemic communities - play in articulating the cause-and-effect relationships of complex problems, helping states identify their interests, framing the issues for collective debate, proposing specific policies, and identifying salient points for negotiation. We argue that control over knowledge and information is an important dimension of power and that diffusion of new ideas and information can lead to new patterns of behavior and prove to be an important determinant of international policy coordination (Haas; 1992a: 2-3).

This section assesses the current debate on the epistemic community approach as presented in the literature.

One issue that must be addressed is the reason for the emergence of the epistemic community approach in only the last several years given that there is evidence of epistemic community activity since the late 1940s. In an innovative article in the mid-1970s, Ruggie first suggested that epistemic communities might be one explanation for collective responses to changing international situations brought about by increasing interdependence. According to Ruggie, 'global enmeshing' and rapid scientific and technological advancements were "outpacing the capacities of our systems of international organization to manage

them...[requiring a restructuring of] international institutional frameworks..."(Ruggie; 1975: 557). Thus, it is only due to the "growing need of specialist knowledge which is no longer the preserve of government" that epistemic communities have been recognized as potentially significant policy actors (Hocking and Smith; 1997: 20).

While uncertainty and institutionalization, along with their interpretation, are seen as the key issues that are investigated in the still developing epistemic community approach, Haas argues that primary concern of the approach is the political influence of its members (1992a: 23). A central tenet of the epistemic community approach is that this influence subsequently initiates a process of learning by bureaucratic and political actors through which policy is changed. Emphasizing the political aspects over those of the actual scientific knowledge advanced by an epistemic community, governmental learning is therefore theorized to turn the "study of the policy process into a question about *who learns what, when, to whose benefit, and why...*"(Haas and Adler; 1992: 370; emphasis the authors').

Within the epistemic community approach, the literature often focuses on policy issues that were experiencing a shock or crisis to the status quo system of operation. Haas states "decision-makers do not always recognize that their understanding of complex issues and linkages is limited, and it often takes a shock or crisis to overcome institutional inertia and habit and spur them to seek help from an epistemic community" (1992: 14).

Although this point is recognized and generally accepted, there are additional reasons why government policy-makers 'out-source' for solutions to

complex technical policy problems. As William Wallace argues in the case of increased reliance on think tanks “the more complex the problems which governments face, the more developed their societies and economies, the greater their need for advice and for intelligent criticism” (1998: 223). This element is also seen to apply to the increased reliance on the input of epistemic communities. Other reasons for a greater dependency on sources outside of the government for policy advice include such situations as issue overload in which there are an overwhelming amount of policy issues to be negotiated,⁷¹ public acceptance of ‘expert advice’ over government-produced policies, and simply a matter of efficiency versus costs. Further empirical research of the timing, content, and degree of impact that epistemic community activity has had is required in order to verify these assertions.

Within both the larger literature of policy networks as well as that encompassing the more specific epistemic community approach, there is a need for the clarification of their varying roles. In a 1992 study on the UR negotiations in services, Drake and Nicolaidis identify two tiers of the epistemic community active in the area of services. According to the authors:

The first [tier] includes personnel from governments, international agencies, and private firms - individuals who work for organizations with direct interests in alternative policy solutions. In contrast, the second tier includes academics, lawyers, industry specialists, and journalists - individuals whose stakes, if any, are more purely intellectual or a matter of professional entrepreneurship. But the members of the first and second tiers share a conceptual framework and agenda, and this, coupled with the latter’s organizational

⁷¹ An example of this may be seen to have occurred both within the EC and the US agricultural policy processes during the Uruguay Round negotiations. German unification in 1990 suddenly brought the issue of incorporating the agriculture produced in the former East Germany on to an already overloaded agenda. Simultaneous agricultural trade negotiations within the context of the UR and NAFTA also stretched the resources of the USTR and the USDA.

independence, helps legitimate the former's views in the eyes of cautious policymakers (Drake and Nicolaidis; 1992: 39).

This investigation resulted in similar findings in the pro-agricultural reform epistemic community. However, this thesis stresses that in order to be placed within any such first tier of an epistemic community rather than as a member of an advocacy coalition, members must meet the qualifications of scope, beliefs based on scientifically supported evidence, behavior and persistence of interests as established in the definition and analysis of epistemic communities above. Otherwise, there exists the possibility of definitional blurring between these two policy network groups.

Additionally, Drake and Nicolaidis seem to allow for a greater number of members than the average of 35 set out by Haas and Adler. Drake and Nicolaidis state that "by the mid-1980s, there was a large and still expanding multinational 'trade in services mafia'"(1992: 61) and "the epistemic community grew tremendously in terms of membership and visibility" (1992: 75). This study is an attempt to further clarify the individual concepts of epistemic communities and advocacy coalitions as well as the possible overlap or shifting roles of their members.

In a more recent comparison of the epistemic community approach with that of the Advocacy Coalition Approach, Peters notes that the epistemic community approach has some of the "same virtues as the Sabatier conception of networks and their role in generating policy change" (1998: 30). Although both approaches begin with the assumption of various like groups competing with each other to bring about a specific type of policy change through the use of information, the content, specifically the scientific content, is emphasized in the

epistemic community approach (Peters; 1998: 30). However, the scientific training of epistemic community members may lead to what Peters calls their “trained incapacity to see problems other than through the lens provided by their training” (1998:30). Thus, epistemic communities may depend on the more politically astute members of advocacy coalitions to utilize their ideas and concepts. This supports the argument that epistemic communities and advocacy coalitions who share a similar perspective toward a policy issue are complementary rather than competitive.

3.2 The Advocacy Coalition Framework in the Literature

The Advocacy Coalition Framework (ACF), as developed primarily by Sabatier, Jenkins-Smith, Heintz and Pelkey since the late 1980s, draws significantly from the earlier works of Heclo (1974, 1978) on policy change through time. Sabatier, in fact, acknowledges that he has attempted to continue Heclo’s “focus on the interaction of political elites within a policy community or subsystem who attempt to respond to changing socioeconomic and political conditions” (1993a: 16).

There are four basic premises of the Advocacy Coalition Framework:

- 1) a period of investigation of a decade or more is needed to understand policy change;
- 2) the most useful/practical way to investigate policy change over time span of a decade is to focus on ‘policy sub-systems’ which are the actors who seek to influence government decisions;
- 3) these sub-systems must include an intergovernmental dimension which includes all levels of government;
- 4) public choices/programs may be conceptualized in the same manner as belief systems - which include “sets of values priorities, and causal assumptions about how to realize them”

(Sabatier; 1993a: 16).

The agricultural negotiations, both at the multilateral and bilateral US - EC levels, fulfill these established criteria. For example, the time period of 1980-1993 that is being researched in this thesis surpasses the recommended ten years. Additionally, the internal policy processes of the US and EC that are investigated in this thesis clearly involve an intergovernmental policy sub-system.

Contributors to the Advocacy Coalition Framework have compiled several hypotheses that provide a starting point for researchers.⁷² Hypotheses 5, 7, 9 and 12 are particularly relevant for investigating the change in approach to agricultural policy within the EC and US. Hypothesis 5 states that in order to change the policy core attributes of a government policy there must be significant external shocks to the subsystem as well as adept use of opportunities by the minority advocacy coalition within the subsystem. During the Uruguay Round agricultural negotiations, broader budgetary issues within the US and EC, as well as additional pressure from other policy areas within the EC, acted as shocks to the relatively stable subsystem of agricultural policy. As is discussed at length in chapter six, Agricultural Commissioner Ray MacSharry and a small team of policy makers used the opportunity presented by the failed 1990 Brussels GATT ministerial to present their ideas for significant reform of the Common Agricultural Policy. Serving as steadfast advocates of their proposals in conjunction with a willingness to make compromises that did not hinder their overall policy reform objectives, this coalition managed to gain dominance within the EC agricultural policy process.

⁷² For the complete list of hypotheses, see Sabatier and Jenkins-Smith (1993).

Hypothesis 7 states that problems for which accepted quantitative data are seen to be part of the solution are more likely to benefit from policy-oriented learning than those in which data is primarily qualitative or inadequate. As discussed in chapter five, the quantitative tools known as the Producer Subsidy Equivalent and the Consumer Subsidy Equivalent developed by a transnational pro-agricultural epistemic community within the OECD provided policy-makers with a way forward in the multilateral efforts to liberalize agricultural trade as scientific evidence continued to accrue.

Hypothesis 9 states that policy-oriented learning may occur more often if the analytical debate takes place in a forum that is prestigious as well as based on professional norms. In the case of the Uruguay Round agricultural negotiations, various forums in which epistemic community and advocacy coalition actors participated included the OECD, GATT⁷³, and European and US agricultural policy institutes.

Similar to Hypothesis 7, Hypothesis 12 states that while perhaps not altering the beliefs of the opposing coalition, increasing amounts of technical information supporting the previously minority advocacy coalition may positively influence the view of senior government decision-makers. This factor involves the third group of elite transnational policy actors consisting of senior bureaucrats, political appointees and political leaders. Chapters five, six and particularly seven, illustrate the manner in which the views of senior politicians increasingly supported the liberalization of agricultural trade.

⁷³ Within the GATT, there were several informal negotiating groups which met as issues required. These included the Chairman's Group, the Group of Four, the Group of Eight and the Group of 32. These allowed both senior and mid-level bureaucrats to discuss the latest positions and seek consensus.

As stated earlier, the Advocacy Coalition Framework draws much of its inspiration from Heclo and his work in the field of policy communities or policy networks. However, Sabatier distinguishes the Advocacy Coalition Framework from Heclo's work in stating that the "concept of advocacy coalitions aggregates most actors within a subsystem into a manageable number of belief-based coalitions, whereas Heclo views individuals as largely autonomous" (1993b: 212).

In a critique of the Advocacy Coalition Framework, Schlager argues that the model does not adequately address several behavioral issues. She sees four primary weaknesses in the model:

- 1) There is no attempt to account for how actors with similar belief systems overcome collective action problems and cooperate to pursue common strategies and common goals;
- 2) Even if such coalitions manage to form, the structure that different coalitions are likely to take (i.e., a loose structure with minimal coordination versus a well-defined structure with high levels of coordination), their stability and longevity, are paid little attention;
- 3) While belief systems are assumed to be stable, it is not known whether that translates into stable advocacy coalitions;
- 4) The Advocacy Coalition Framework gives little sense of the strategies that coalitions are likely to pursue in pressing for preferred policies, and confounding undesirable policies. (1995: 246).

This study addresses the two of these purported weaknesses of the Advocacy Coalition Framework. Firstly, regarding the issue of structure that these groups are likely to take, this investigation finds that in the case of the US and EC pro-reform advocacy coalitions, the larger the group and the greater the institutional diversity of members, the looser the advocacy coalition is likely to be. For example, the US pro-reform advocacy coalition is seen to have included

policy makers from several different government departments, interest groups and agricultural experts. The level of coordination depended on the needs of those with greatest responsibility for agricultural policy. In the case of the EC, the pro-reform advocacy coalition was a small group primarily within the European Commission closely coordinated by Ray MacSharry.⁷⁴ In fact, MacSharry's role may be seen as that of a policy entrepreneur.

Kingdon identifies policy entrepreneurs as “advocates for proposals or for the prominence of an idea” who are particularly noted for:

their willingness to invest their resources – time, energy, reputation, and sometimes money – in the hope of a future return...that might come to them in the form of policies of which they approve, satisfaction from participation, or even personal aggrandizement in the form of job security or career promotion” (1995: 122-123).

Policy entrepreneurs advocate policies to promote their self-interests and/or values while others simply “enjoy being part of the action” (Kingdon; 1995: 123). This thesis finds that the existence of a well-placed and highly-regarded policy entrepreneur within an advocacy coalition may increase its chances of gaining dominance in the policy environment.

Secondly, Schlager's claim that the Advocacy Coalition Framework offers little sense of the strategies that advocacy coalitions may take to achieve their policy objectives is weakened both by the literature and by the findings of this investigation. As mentioned above, Sabatier and Jenkins-Smith address possible strategies taken by coalitions in their discussion of a series of guidance instruments. They note that advocacy coalitions choose to work with ‘friendly’ agencies or government officials (Sabatier and Jenkins-Smith; 1993: 230).

⁷⁴ These results are similar to those of Browne (1995) and Daugbjerg (1998/1999) in

Additionally, Sabatier acknowledges the possibility of coalitions using various strategies in arguing that a minority coalition “is likely to resort to any tactic that will garner additional votes” (1998: 119). The extraordinary efforts of the EC pro-reform advocacy coalition to shape the initial stages of the 1992 CAP reform process, including limiting entry to the group, is an example of such strategic tactics. Peters highlights two other perceived weaknesses of the Advocacy Coalition Framework:

- 1) The approach does not specify the manner in which conflicts between competing advocacy coalitions are likely to be resolved;
- 2) There is not enough distinction between the various types of networks involved thus limiting the ability to determine the kind of policy learning that may occur within an advocacy coalition (Peters; 1998: 29-30).

Peters claims that since the Advocacy Coalition Framework allows the resolution of policy conflict to occur by means of both policy learning, specifically through the “triumph of better policy ideas over inferior ideas” (1998: 29), as well as by bargaining between competing groups, policy outcomes are likely to differ depending on the approach applied. This reduces the predictability of policy outcomes. However, this study argues that given the policy environment as seen in the Advocacy Coalition Framework, when advocacy coalitions work in conjunction with epistemic communities, and elite transnational networks when the policy issue concerned is at the multilateral level, the likelihood of their policy objectives being achieved increases.

The second weakness is the assertion by Peters (1998) that there is insufficient distinction between the various types of networks. However, this

their research on agricultural policy networks in the US and EC respectively.

study argues that by distinguishing between such networks as epistemic communities, advocacy coalitions and elite transnational networks, as well as investigating their interaction, the ability to determine the possible amount and type of policy learning increases.

The developers of the Advocacy Coalition Framework acknowledge that the model requires development and encourage further research on the impact of advocacy coalitions. Specific areas of investigation include: 1) the amount of information that is exchanged as well as the level of coordination that exists between advocacy coalitions; 2) the true impact and scope of professional fora; 3) the types of conditions which affect the impact that new research may have; and 4) whether or not the internal dynamics of advocacy coalitions differ from country to country (Sabatier and Jenkins-Smith; 1993: 232).

This study is an attempt to advance the Advocacy Coalition Framework through investigating the influence that pro-agricultural liberalization policy advocacy coalitions operating within the US and EC had on bringing about the acceptance of agricultural liberalization during the Uruguay Round. Also investigated is the degree to which advocacy coalition members interacted with epistemic communities and elite transnational networks.

3.3 Elite Transnational Networks in the Literature

A trend in the literature on transnational relations has been to refine the definition of precisely what this term means as well as the actors included. Keohane and Nye (1971, 1973, 1974, 1989); Kaiser (1971); Katzenstein (1976); and Risse-Kappen (1995) have created the basis for the further development of the term.

In the introduction to their initial study on transnational relations, Keohane and Nye (1971) define them as “contacts, coalitions, and interactions across state boundaries that are not controlled by the central foreign policy organs of governments” (331). In contrast, state-led transnational activity, where the state is seen to act as a unit, is defined as “interstate” (Keohane and Nye; 1971: 332). However, in the study’s conclusion, the authors introduce the concept of transgovernmental interactions to include “interactions between governmental subunits across state boundaries” (Keohane and Nye; 1971: 733). Nonetheless, their revised definition of transnational relations remained admittedly broad: “The broad term transnational relations includes both *transnational* and *transgovernmental* interactions – all of world politics that is not taken into account by the state-centric paradigm” (Keohane and Nye; 1971: 733; emphasis the authors’).

In a later study, Keohane and Nye adjust their earlier definition due to perceiving it as being “unnecessarily confusing” (1974: 41: footnote 5). The authors restrict “the term ‘transnational’ to nongovernmental actors, and the term ‘transgovernmental’ to refer to sub-units of governments on those occasions when they act relatively autonomously from higher authority in international politics” (1974: 41). The formulation of these terms implies that states were no longer seen to be the sole unit in international activity and that states ought not to be considered as single units.

Further developing the definition of transgovernmental relations, Keohane and Nye include lower-level bureaucratic activity while excluding senior government officials such as executives and cabinet members. Their

explanation for this distinction is:

It is quite conceivable that executives entrusted with responsibility for central foreign policy, such as presidents and prime ministers, will themselves attempt to collaborate with one another in ways that conflict with the behavior of their respective bureaucracies. Yet we will regard only the relatively autonomous activities of the lower-level bureaucracies, as opposed to those of top leadership, as being transgovernmental. Otherwise, we would find ourselves in the anomalous position of regarding a head-of-state meeting, at which new initiatives that deviated from established policy are taken, as an example of 'transgovernmental politics' when indeed it is almost the paradigm case for the state-centric model whose inadequacies we are criticizing (Keohane and Nye; 1974: 43-44).

This study argues that the exclusion of national leaders and their cabinets from the definition of transgovernmental actions due to equating the full extent of their words and actions as the result of the domestic policy process does not allow for the personal preferences or policy initiatives of these actors to be taken into account. The extent to which senior governmental initiative may influence international policy outcomes is illustrated in this investigation by the formal and informal, as well as official and unofficial interaction of, and at times cooperation between, senior government actors within the G7, the trade ministers of the Quad, the Quint meetings of agricultural ministers and the annual ministerial meetings of the OECD. Thus, this investigation includes these elite actors within the definition of transgovernmental relations, specifically as elite transgovernmental relations.

The placement of international organizations within the definition of transnational relations has also been debated. Kaiser incorporates them in his definition of transnational politics: "political processes between national governments (and international organizations) that have been set in motion by interaction within a transnational society" (1971: 804). Keohane and Nye

acknowledge that an important, yet often ignored, role played by international organizations within transnational relations is to “turn potential or tacit coalitions into explicit coalitions characterized by direct communication among the partners” (1974: 51). This is due to international organizations providing a forum, an established agenda and legitimacy (51). In addition to this role, the authors noted that international organization secretariats also had an active role of catalyst in achieving the broader objectives of the organization (Keohane and Nye; 1974: 52).

Over a decade later, Keohane and Nye refined their view of international organizations and urged theorists to “think of international organizations less as institutions than as clusters of intergovernmental and transgovernmental networks associated with the formal institutions” (1989; 240). Additionally, international organizations and their sponsored meetings were seen to be “centers of *informal* networks” (Keohane and Nye; 1989: 241; emphasis added) and even “institutionalized policy networks (Keohane and Nye; 1989: 256).

This study agrees with both the view that international organizations serve as forums for governmental interaction leading to increased cooperation and that secretariats may actively seek to achieve certain organizational objectives. In addition, I also highlight the critical role of the head of international organizations, specifically the director general of the GATT, in serving as a facilitator and catalyst to reaching consensus among the national members of the international organization. As Keohane and Nye argue, “in a world of multiple issues imperfectly linked, in which coalitions are formed transnationally and transgovernmentally, the potential role of international

institutions is greatly increased (1989: 35). Therefore, this study incorporates the concept of elite institutional actors actively working within policy networks, specifically elite transnational networks.

To conclude, to a large degree this study shares Keohane and Nye's views on transnational relations. However, as stated earlier it utilizes Risse-Kappen's definition of transnational relations that is seen to encompass "transgovernmental and transinstitutional relations, leading to *transnational networks*" (1995a: 9; emphasis added).

4. Theoretical and Methodological Approaches

4.1 Theoretical Approach and its Critics

This thesis investigates the applicability of three defined policy network groups, applied to the EC and US, within the broader policy network approach. Similar to Kenis and Schneider (1991) and Dowding (1995) this thesis does not claim that the policy network approach constitutes a theory of policy making. However, Dowding makes two additional related arguments. Firstly, he argues that the structures of policy networks do not in themselves influence policy outcomes, but rather it is the characteristics of the individual actors involved that determine policy (1995: 142). Secondly, according to Dowding since the policy network approach does not constitute a theory, it cannot serve as an explanatory factor. Regarding the issue of influence versus determining policy, this thesis takes the view of Rhodes who argues "The existence of a policy network...influences, although it clearly does not determine, policy outcomes..." (Rhodes; 1997: 29).

Additionally, this study sees the sum of individuals and their relationship

with other members within each of the policy network groups under investigation as being the source of influence rather than the characteristic of any one individual. Thus, this thesis concurs with Kenis and Schneider who point out that the analysis of policy networks “is not theory in *stricto sensu* but rather a toolbox for describing and measuring relational configurations and their structural characteristics” (1991: 44).

This thesis also does not claim that the existence of various groups within the broader policy network approach is the only explanation for the liberalization of agriculture during the Uruguay Round. However, by dividing policy networks into specific groups that distinguish between their unique characteristics and demonstrating their varying impact within the stages of a multilateral trade round, this thesis attempts to further the policy network approach. This thesis argues that under certain circumstances, policy networks, specifically epistemic communities, advocacy coalitions and elite transnational networks, may be considered explanatory factors in cases of a shift in policy.

4.2 Addressing Alternative Explanations

The broader issues being addressed in this thesis, in particular the interconnectedness between the domestic and the international levels and between various state and non-state actors within the policy process, have been widely considered in the literature of international relations and public policy. The growing interdependence between domestic and international politics such as developed in the concepts of complex interdependence and transgovernmental networks (Keohane and Nye; 1973, 1974 and 1989) and transnational politics (Kaiser; 1971) widen the level of analysis to link actors at the individual, state

and international levels and are a primary assumption in this study.

Expanding on the interplay between the domestic and international levels as well as the role of international negotiators, Putnam's two-level game approach (Putnam; 1988 and 1993) contributes much to the explanation of the large number of bilateral disputes, the series of negotiating impasses as well as actions taken by US and EC delegates during the agricultural negotiations. As Blair notes, rather than weakening a state's bargaining position, Putnam's two-level game analysis "argues that internal divisions in a government may actually strengthen the hand of delegates, who can claim that any modification of their country's position is impossible due to such divisions" (1993: 31).

Explanations derived from theories of international political economy point to such factors as out-of-control agricultural support costs and impending budget crises as influencing the preferences of policy-makers and the institutional forums in which they work to seek their policy objectives. Within regime theory, Krasner discusses the essential element of reciprocity in studying international regimes. He points out that when state actors "accept reciprocity, they will sacrifice short-term interests with the expectation that the other actors will reciprocate in the future" (Krasner; 1983: 3). Thus regime theory may explain the EC's eventual agreement to bring agriculture within the multilateral trade regime as long as it received trade-offs in other issue areas as well as the US agreeing to substantial, progressive reductions in agricultural subsidies rather than its original demand of complete elimination of subsidies during the UR.

There are several possible alternative explanations of why multilateral agricultural liberalization was achieved during the Uruguay Round. The theory

of hegemonic stability, with its emphasis on the power structure within the international system, provides convenient explanations for the disturbances in the international trading system beginning in the early 1980s. According to hegemonic stability theory, the frictions over agricultural trade encountered between the US and EC could be seen as “indicators of a breakdown in relations that is thought to occur when hegemonic international structures erode” (Wiener; 1995: 220). Thus, the US used coercion, including an increase in unilateral trade policy tools, to force the EC into liberalizing agricultural policy both at the internal and multilateral levels during the UR.

However, in his 1995 study Wiener argues that the theory of hegemonic stability does not accurately account for the role of leadership, both domestic and international, in the context of the Uruguay Round negotiations. He claims that the willingness of the US to exercise leadership was the primary reason for the liberalization of agricultural policy within the EC and at the multilateral level.

Wiener contends that the US:

strategically manipulated all of the instruments which its interdependence with the EC placed at its disposal, including the structural power of the dollar and the structural power of American agriculture. It escalated a subsidy war, repeatedly arraigned various aspects of the CAP before the dispute settlement mechanisms of the GATT, and it unilaterally targeted the CAP with Super 301 at every opportunity. Furthermore, it launched a public relations salvo against the CAP to expose the full extent of its exploitation of consumers, taxpayers, and agricultural producers everywhere (1995: 225).

Although this study concurs that the theory of hegemonic stability cannot fully explain the liberalization of agriculture during the UR, Wiener’s emphasis on US leadership neither fully explains why nor how US agricultural policy changed in the US during the agenda-setting round of the UR as well as why the

US retreated from its call for the complete elimination of agricultural subsidies during the policy-making stage. Through utilizing the policy network approach, this study is able to more fully explain these events.

Wolfe focuses on the interplay between the domestic and the international arenas in addition to the role of regimes in explaining the liberalization of agricultural policy during the UR. Wolfe applies Polanyi's double movement⁷⁵ described as "the *expansion* of the market...*countered* by society" (1998: 17; emphasis author's own) to the UR agricultural negotiations. In stressing the role of social forces, Wolfe concludes that:

Governments are not forced by the instruments of a global economy. They are forced by their own social purposes and by the prevailing *intellectual consensus* on how to achieve those purposes. Governments could opt out of the WTO for example, but at a cost. The normative implication is that this phenomenon requires international regulation not national disengagement from the world economy (1998: 162; emphasis added).

While briefly acknowledging the work of a pro-reform agricultural epistemic community in forging an intellectual consensus and even suggests that political consensus was derived through meetings of the OECD and the G7, Wolfe's study neither pursues the activities of epistemic community nor places them within the broader policy network approach.

It is acknowledged that these explanations could potentially pose a challenge to the significance or validity of the proposed hypothesis. However, rather than considering them as rivals, I use certain factors within these approaches as part of the broader analytical framework of this study while being respectful of their basic principles. Each of these various theoretical approaches

⁷⁵ See Karl Polanyi's (1944) The Great Transformation for a more detailed discussion of the

and previous studies lend credible elements to my research. However, they each fail to satisfactorily address several key factors in a comprehensive manner, including the critical components of increasing economic and policy interdependence between states and regional grouping of states, the role of actors within international organizations as well as the impact of expert knowledge and expertise in the development of alternative policy options in a complex and technical subject matter.

This study considers the concept of interdependence and the role of individual or groups of decision-makers acting in internal and transnational arenas within a policy process to be critical aspects for understanding and explaining international policy-making, especially in matters of trade policy. Each of the three types of policy groups offers an as of yet underdeveloped means of analyzing the interdependent policy process that exists between the US and EC at the internal, bilateral and multilateral levels focusing on three specific networks of actors.

4.3 Methodological Approach

In order to provide evidence with which to support the stated contention and determine whether the proposed hypotheses correctly explain the results, primarily qualitative data is analyzed. Qualitative data includes analyses of written sources as well as interviews of relevant EU, European, and US officials (See Appendix D for a description of resources consulted and a list of interviews). The objective of these interviews is twofold: 1) to gain expert knowledge of the policy process involved in the agricultural negotiations of the

double movement.

Uruguay Round, and 2) to determine whether, the way in which, and the extent to which, the three types of linkages under investigation affected the views of decision-makers during each stage of the negotiations.

Journal articles, reports, statements, and agricultural trade studies play crucial roles in determining the impact of the three linkage groups on the policy process, especially that of the agricultural epistemic community, since it is through this channel that their knowledge and views are initially conveyed. There are numerous reports and studies that advocate agricultural liberalization from the period under study. The analysis of expert studies as well as of official statements, policy papers, and comprehensive negotiating positions allows this investigation to judge whether pro-reform agricultural epistemic community recommendations were being incorporated or whether the pro-reform advocacy coalitions and elite transnational networks were having an impact. For purposes of this study, the content and timing of these written sources are of particular importance.

Evidence that serves to confirm the positive impact of epistemic communities consists of studies and statements attributed to agricultural experts that support agricultural liberalization. Specifically, these studies are expected: 1) to suggest detailed, yet clear, alternative agricultural policies, (e.g. new methods of tariffication) which are based on the same principled beliefs; 2) to establish the major issues of agricultural liberalization discussed during the Uruguay Round, including its advantages for global trade; and 3) to be developed prior to these ideas being incorporated within government policies. However, Drake and Nicolaidis (1992) suggest that epistemic communities divide into two

tiers (i.e., policy-makers and academics/theoreticians) during the later stages of the policy process. Therefore, the large numbers of academic studies during the second two stages as academics publish articles discussing the theoretical aspects of agricultural policy liberalization developed during, or deriving from, the earlier stage support my argument. Disconfirming evidence is the existence of a large number of expert studies and activities advocating the *continuation* of agricultural protectionism or strong support for an alternative explanation of the manner in which the new ideas and approaches advanced during the Uruguay Round were taken on board by policy-makers.

Evidence confirming the positive impact of advocacy coalitions includes the identification of groups consisting of actors from the various levels of the policy process (i.e., senior politicians, bureaucrats and interest groups) who “share a particular belief system - a set of basic values, causal assumptions, and problem perceptions - and who show a non-trivial degree of coordinated activity over time” (Sabatier and Jenkins-Smith; 1993: 25). Through examining the agricultural policy process of the US and EC, relating to both internal policy reform as well as multilateral trade policy development, this thesis found the existence of such groups who operated within their respective established policy processes who supported the liberalization of agriculture.

Evidence confirming that senior politicians and senior internal and international bureaucrats acted within elite transnational networks to achieve the necessary policy convergence and compromise, especially for the acceptance of the original and revised Blair House Accord which led the way to the conclusion of the Uruguay Round and multilateral agricultural liberalization, consists of the

examination of the timing and results arising from their informal interaction. I find support through analysis of minutes of meetings between senior EU and US government officials and between high-level actors within international organizations and senior government bureaucrats as well as from communiqués, written reports, interviews and media reports. Political impasses are frequently overcome following a series of such meetings. Disconfirming evidence would be no demonstrable indication of policy advances having followed from this type of interaction.

5. Conclusion

This chapter has presented a detailed explanation of the three policy actor groups under investigation. The objectives have been to identify and define the key terms and concepts as they are to be used in the context of this study as well as to review the current literature on the three specific groups used in this thesis. The discussion of policy network literature allows for a more complete framework with which to investigate the impact that these groups had on agricultural liberalization during the Uruguay Round.

As stated earlier, the hypothesis of this work is that the impact of epistemic communities, advocacy coalitions and elite transnational networks on internal agricultural policy and the agricultural negotiations varied during the three stages of the Uruguay Round negotiations. Chapters five through seven provide the empirical evidence to support this hypothesis. This thesis also examines the interdependence between experts and their knowledge; government officials and their policy-shaping activities; and senior politicians and their leadership abilities.

Chapter 3

EU Agricultural and Agricultural Trade Policies: Principles, Process, and Policy Actors

Introduction

The unique position of agriculture within society has long resulted in it being accorded privileges often seemingly immune from the economic theories that drive trade in other goods and services. The exceptional nature of agriculture created deeply entrenched policy processes in many states that, until the conclusion of the UR of multilateral trade negotiations under the auspices of the GATT on 15 December 1993, continued unabated. Although there had been consistent calls for reform, protectionist forces within the agricultural policy processes of these states were able to dominate government actions in this area. While supporting the tenets of free trade, the Contracting Parties to the GATT were unable or unwilling to achieve the necessary consensus to bring agriculture under the rules of the GATT.

With the conclusion of the UR, agricultural trade policy lost its exceptional status. For the first time in the history of the GATT, significant moves toward the liberalization of agriculture were achieved. However, GATT negotiations were concluded only after the EC agreed to significant reform of its Common Agricultural Policy (CAP) and reached the bilateral Blair House II Accord concerning agricultural trade with the US.

This thesis investigates the process that brought about the liberalization of agriculture within and between the US and EC as well as at the multilateral level of the GATT applying a policy network approach. In particular, the impact of

groups of policy network actors consisting of reformist EC and US politicians, bureaucrats, interest groups and academics operating within epistemic communities, advocacy coalitions, and elite transnational networks in order to bring about a policy environment amenable to a change of this magnitude are examined.

In order to establish the framework in which these various policy networks acted, the agricultural and trade policy environments of the European Union (EU)⁷⁶ and US as well as the circumstances surrounding their evolution must be explained. This chapter focuses on the EU. It is divided into two main sections: 1) a brief discussion of the legal aspects of EU trade policy as established by the Treaty of Rome establishing the EC and revised by successive treaties⁷⁷ as well as an examination of the ideologies and objectives, along with their implications, that shape its agricultural policies; and 2) an analysis of the institutional structure of agricultural and agricultural trade policy processes in the EU, emphasizing the manner in which policy actors interact, formally and informally, at the Community level as well as at the national and interest group levels.

Only through analyzing the various actors and channels in which they formulate policy may the potential for policy network activity and influence during the agricultural negotiations of the UR be investigated effectively. The

⁷⁶ With the entry into force of the Maastricht Treaty on 1 November 1993, the European Community (EC) changed its name to the European Union (EU). When referring to events previous to this date, this thesis uses the technically correct term of EC.

⁷⁷ In general, references to treaty articles are given according to both the 1997 consolidated version of the Treaty Establishing the European Community or the consolidated version of the Treaty Establishing the European Union Treaty and the original Treaty Establishing the European Community. However, when referring specifically to an event during the UR, the original articles from Treaty Establishing the European Community in place at the time are used.

objective of this chapter is to provide the necessary background and clarification of the need for, manner, timing, and sources of new ideas within the EC policy process concerning agricultural reform in order to bring about its liberalization at both the EC, bilateral and multilateral levels. Thus the derived question of how it is that “these new ideas - whether born out of the material interests of groups, derived from the writing of intellectuals, or developed out of the practice of governance - enter the political marketplace” (Goldstein; 1989: 32).

1. The EU Policy Process

1.1 The Evolution of EU Trade Policy

In most issue areas, with the notable exception of agriculture, the EU has shown itself to prefer a multilateralist approach to international trade. Unlike the long-running discussion between multilateralist and unilateralist elements in the US, there exists general agreement among Europeans on the need for a multilateral approach (Woolcock; 1990: 31).

1.1.1 The Legal Basis of EU Trade Policy

The authority to conduct trade negotiations and reach accords with third countries is arguably the EU’s most powerful foreign policy instrument. Article 281 (ex 210) of the Treaty of Rome Establishing the European Community grants the EC legal personality. In terms of its external relations, the EU therefore may enter into contractual links with third countries.

Article 3 (Ex 3) of the Treaty of Rome authorizes the appropriate transfer of certain powers from the Member States to the institutions of the EU in order to implement specific objectives. Included among these objectives, Article 3 (Ex

3), paragraph b creates a common commercial policy (CCP) as a critical element of a customs union. In forming this union, the intention of the member states as stated in Article 131 (ex 110) is to contribute “to the harmonious development of world trade, the progressive abolition of restrictions on international trade and the lowering of customs barriers” (European Communities;1997a). Among the provisions for the CCP established by the Treaty of Rome, those that are outlined in Article 133 [ex 113] provide key criteria. While granting the EC exclusive authority in conducting international commercial relations and setting out the institutional structure for conducting negotiations, the article also sets out the parameters for the CCP. Article 133 (ex 113), paragraph 1 states that the:

common commercial policy shall be based on uniform principles, particularly in regard to changes in tariff rates, the conclusion of tariff and trade agreements, the achievement of uniformity in measures of liberalization, export policy and measures to protect trade such as those to be taken in case of dumping or subsidies (European Communities; 1997a).

Several articles in the Treaty of Rome address Community relations with international organizations. Concerning multilateral trade relations, Article 229 of the original Treaty of Rome establishing the EC makes specific reference to the GATT: “It shall be for the Commission to ensure the maintenance of all appropriate relations...of the General Agreement on Tariffs and Trade” (European Communities; 1957). However, this direct reference to the GATT and even its successor, the WTO, is absent in the consolidated treaty. Instead, Article 302 states that in addition to relations with the United Nations and its specialized agencies, the “Commission shall also maintain such relations as are appropriate with all international organizations” (European Communities; 1997a). Since during the time-frame of this investigation, the Organization for

Economic Cooperation and Development (OECD) contributed many influential studies advocating agricultural liberalization and its experts interacted with EC and US officials, mention should also be made of Article 304 (ex 231) which calls for the Community, rather than exclusively the Commission, to “establish close co-operation” with the OECD “the details of which shall be determined by common accord” (European Communities; 1997a).

1.2 Elements of EU Agricultural Policy

An understanding of the dynamics involved in the establishment and operation of the CAP requires awareness of not only the Community institutions and programs that have developed around it but also the political interests of individual member states toward agricultural policy. At the time that the CAP was created there were only six countries in the EC. Of these, Germany and France played the greatest roles in the formulation of the CAP and its creation must be recognized as a political compromise between these two states. Since its entry into the EC in 1973, the UK has actively sought to influence the development of EU agricultural policy.

The sacrosanct position that agricultural policy has historically enjoyed within the EU is partially due to what Keeler has termed its “policy legacy” (1996: 136). Additionally, Nugent states:

Since agriculture policy has always featured the most fully integrated or “common” policy in the EC, its advocates have been able to argue from an apparent moral high ground that criticism of the CAP is “*non communautaire*,” that is, criticism undermines the symbol of “unity” and is thus tantamount to an attack on the entire integration venture (1991: 335-336).

1.2.1 Objectives, Principles and Implications of the CAP

In addition to calling for the establishment of a CCP, Article 3 (ex 3) of

the Treaty of Rome also addresses production and trade in agriculture. Paragraph e instructed the Community to create a “common policy in the sphere of agriculture” (European Communities; 1997a), thereby making a common agricultural policy one of the essential foundations of the European integration process. Articles 32-38 (ex 38-47) of the Treaty of Rome discuss agriculture. As stated in Article 33 (ex. 39) paragraph 1 the objectives of the CAP are:

- a) to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilization of the factors of production, in labor;
- b) thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;
- c) to stabilize markets;
- d) to assure the availability of supplies;
- e) to ensure that supplies reach consumers at reasonable prices (European Communities; 1997a).

In pursuing these objectives, the founding members strengthened the exceptional character of agriculture through making note of its special relationship with the economic and social structures of the individual member states. Additionally, Fennell notes that the Treaty of Rome “provides for a derogation in the case of production and trade in agricultural commodities from the rules on competition” as provided for in Articles 81-89 (ex 85-94) (1987: 9). The operation of the CAP is also to “effect the appropriate adjustments by degrees” (European Communities; 1997a: Art. 33 [ex 39] para. 2b).

The Treaty of Rome instructed the Commission to draw up the principles and guidelines of the CAP incorporating the results of a conference attended by

representatives from the member states and the food and farming sectors. Taking the conclusions of the July 1958 Stresa Conference into account, the Commission outlined the basic principles of the CAP:

- 1) unity of the market - free movement of agricultural products within the EC;
- 2) Community preference - priority given to EC agricultural products;
- 3) common pricing system - utilization of a three-tiered pricing system including the target price, intervention price, and threshold price (Schwok; 1991: 140-141).

Several implications evolve from these principles. According to Korte, unity of market expresses the intent of the Community to do away with all barriers to internal trade, the annual setting agricultural prices valid throughout all member states as well as a guarantee that all surpluses will be bought back by the EC (1993: 49-52). The concept of Community preference results in EU agricultural products being granted priority over those of all third countries. The economic tools used to ensure the existence of this preference involve a common pricing system. A commitment to financial solidarity in meeting the costs of the CAP is included in these basic principles. In sum, the CAP resulted in barriers being placed upon global competitors thereby interfering with market forces of supply and demand.

1.2.2 Operation of the CAP

The CAP, which began operations in 1962, is financed through the European Agricultural Guarantee and Guidance Fund (EAGGF)⁷⁸ which, as its

⁷⁸ It is often cited as FEOGA which is the French acronym for *Fonds Européen d'Orientation et de Garantie Agricole*.

name suggests, is divided into two broad sections: 1) Guarantee section- funds the price support system for a large variety of commodities⁷⁹; 2) Guidance section- intended to correct structural problems within the agricultural sector. While originally the allocation was to be approximately 3:1, the funds allocated to the Guarantee section have consistently significantly surpassed those of the Guidance section.⁸⁰ Due to the elaborate CAP payment system involving target, threshold, and intervention prices, prior to the 1992 reforms the income of EU farmers was not actually supported by direct payments derived from the CAP budget, but indirectly through paying for the storage, processing, and exporting of surpluses (Gardner; 1996: 30).

Although the CAP has made it possible for the EU to become self-sufficient in agriculture, and even a major exporter of certain products within three decades, this achievement places a high price on EU consumers (Stewart; 1993: 149). The CAP program is by far the largest expenditure in the EU budget. In 1992, the year that significant reform of the CAP was agreed, the program represented approximately 50% of the annual Community budget. Gardner points out that the combined costs of protection and support that the CAP incurs must include not only direct budget outlays but also the additional costs to EC consumers (1996: 55). In a 1986 background paper for the World Bank, Tyers and Anderson estimated that in 1985 when the CAP budget of the EC-10 was approximately 20 billion ECU, the additional consumer cost of higher

⁷⁹ Most notably these include milk and milk products, cereals, beef and veal, oilseeds, sugar, wine, and olive oil.

⁸⁰ In 1987, Guarantee appropriations totaled 22,406 billion ECU while the Guidance section total was 919,674 million ECU (Official Journal of the European Communities. Series L86, 30.3: 1987).

food prices was approximately 49 billion ECU (Tyers and Anderson, 1986 as quoted in Atkin, 1993: 88). Thus in the 1980s, the CAP resulted in costing each non-farm household⁸¹ in the EC approximately \$800 per annum (Gardner; 1996: 58).

Prior to the establishment of the CAP, it had been necessary for European agricultural ministers to balance the demands of their domestic farm lobbies with those of the national budget. However, since agricultural policy has been transferred to the EU level, agricultural ministers of the member states making up the Agriculture Council, the Agriculture Commissioner, Commission agricultural officials, and farm organizations work together to ensure that the wants and not just the needs of the farmers are met. The fact that the EU is not allowed to run a budget deficit results in “a stark and immediate trade-off between competing uses of funds” (Moyer and Josling; 1990: 26). That the CAP has consistently been able to succeed in not only maintaining but also actually increasing its extreme share of the budget attests to the strength of national and community-level agricultural interests within the EU decision-making process.

An approach to agricultural policy which is influenced more by interests than by economics, combined with ever increasing storage, disposal, and market intervention costs led to a doubling of CAP spending during the years 1980-1986 from approximately 10 billion ECU to over 25 billion ECU (Moyer and Josling, 1990: 24-25). Although both internal and external pressure to reform CAP policies existed, any such move resulted in vehement opposition from member states claiming reform would threaten their national interests.

⁸¹ A household is normally said to consist of four people.

1.3 Agriculture in the Member States

While each member state in the EU has its own particular reason for supporting agriculture, the focus here is on France, Germany and the UK given their extreme views and ability to influence Community policy.

The strength of agricultural interests in France is notorious. During the simultaneous negotiations to bring about reform of the CAP and an agreement on agriculture in the UR between 1991 and 1993, resistance by French officials under pressure from farmers groups was a, if not *the*, major stumbling block. The *Federation Nationale des Syndicats d'Exploitatants Agricoles* (FNSEA), representing larger producers of such commodities as wheat, and the *Centre National des Jeunes Agriculteurs* (CNJA), representing smaller livestock farmers, are the two major farm organizations. Given their particular interests, the more powerful FNSEA has traditionally favored price supports, while CNJA lobbies for increases in structural funds. FNSEA, although not happy with the CAP agreement, eventually agreed to it.

Following the Agricultural Council's approval of CAP reform in June 1992, radical French farmers formed Coordination Rurale. These farmers consisted of small and poor farmers who took part in militant demonstrations opposed to CAP reform. As discussed in detail later in this study, the French government was particularly concerned over the actions of Coordination Rurale since in September 1992, the French would vote on the Treaty on European Union (Maastricht Treaty).

French government officials cannot ignore the interests of these farmers groups. The weight of the farm vote in France is disproportionate to their actual

numbers.⁸² Also, there is a strong emotional relationship between French citizens and the countryside that tends to translate into sympathy and support for the ‘plight’ of farmers. Since France is both the largest EU agricultural producer and exporter, French farmers have great interest in “the encouragement of the expansion of exports, [and] the exploitation of all national and Community means to discourage imports” (Gardner; 1996: 22).

German agriculture is dominated by the *Deutscher Bauernverband* (DBV) that has been successful in securing a policy ensuring parity of income for farmers with that of industry⁸³. Throughout most of the history of the CAP, West Germany took advantage of the CAP Guarantee section in order to achieve the required parity of income. However, German unification in 1990, by incorporating the vast amounts of Eastern German agricultural land to West Germany, forced a sudden conflict of interests between economic ministry officials who saw the need for agricultural reform and West German agricultural interests favoring continued income support to relatively small farmers. The resultant change in traditional German support from that of maintaining the status quo in CAP policies to one recognizing the need for structural change is critical to understanding the politics of the 1992 CAP reform.

In contrast with the French and German primary objective of income support for their farmers, the prime British motivation for agricultural support programs is the “provision of food supplies at ‘reasonable prices’”(Gardner;

⁸² While French farmers make up only 4% of the electorate, a ‘demographic multiplier effect’ that includes voters sensitive to agricultural interests is calculated to raise their impact to 17% (Keeler; 1996: 130).

⁸³ This is guaranteed in the 1955 *Landwirtschaftsgesetz* or ‘Agriculture Law’.

1996: 27). Another factor that distinguishes British agriculture from that of continental Europe is the relatively large size and efficient operation that characterize its farms. Thus, despite attempts by British agricultural ministers and the National Farmers' Union to protect smaller farmers, the UK has generally favored CAP reform. Additionally, Prime Minister Margaret Thatcher was highly critical of CAP spending policy during 1979-1983, particularly due to claims of an excessive UK contribution to the EC budget. Nonetheless, regarding the CAP Taylor notes that "there was no long-term alteration of the budgetary mechanism in Britain's favor, and there was no ceiling on agricultural expenditure" (1982: 399). These examples illustrate some of the internal Community constraints that the more liberal member states were forced to operate against in their attempts at EC agricultural policy reform.

1.4 Pressure for CAP Reform

Although the CAP stayed within its budget during the 1960s and 1970s, for reasons explored at length within this study, the 1980s witnessed a drastic increase in spending which continued into the early 1990s. Short-term reform efforts during the 1980s including quotas, budget stabilizers and stockholding limits failed to address the fundamental structural defects of the CAP. External pressure, primarily from the US, to force a reform of the CAP, as well as new perspectives on the benefits of liberalizing global agricultural trade emerging from the OECD and GATT Secretariat, added to the mounting internal pressures (Atkin; 1993: 140 and Gardner; 1996: 29). However, due to entrenched anti-reform agricultural interests within the EU "despite the strong economic case for agricultural reform in the early 1980s, the political environment generally

remained hostile to change” (Murphy; 1990: 75).

2. EU Agricultural Trade Policy Formulation

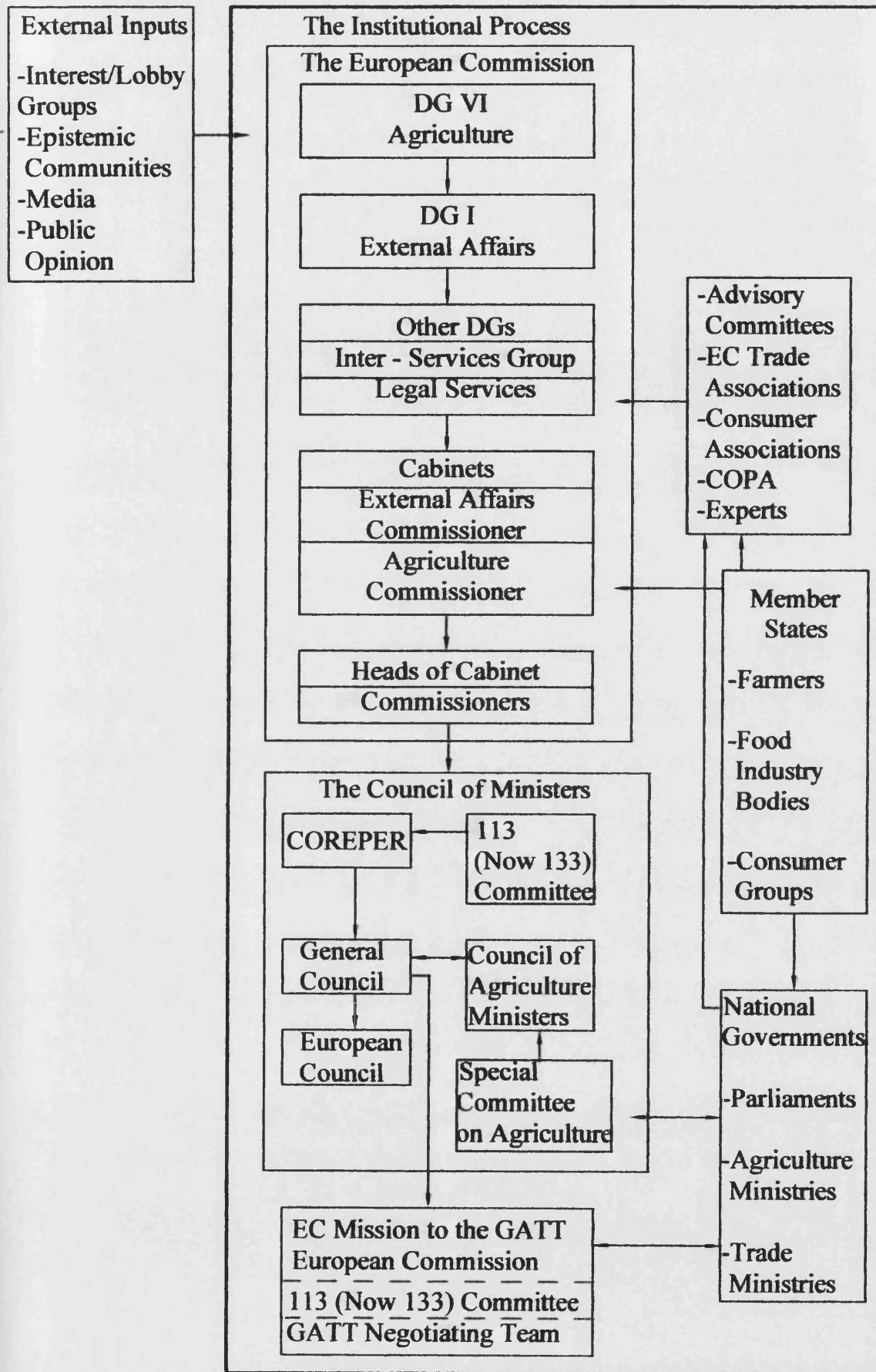
Within the agricultural and external trade negotiating policy processes of the EU, the institutional framework of the Community provides the primary arena for activity and influence. This is not to suggest that national representatives and interest groups do not play important roles in determining the final shape of EU policy. However, the complex relationship of interaction and interdependence of EU institutions including the European Commission, the Council of the European Union, and the various preparatory and advisory groups are where the interplay of actors and coalitions is most visible. This section explains the primary functions of each of the EU institutions involved in the processes leading to internal and multilateral agricultural liberalization (See Figure 1 for a chart on the EC agricultural trade policy process during the UR negotiations). Actor profiles, including their degree of specialization, policy objectives, and amount of interaction with other actors are included in this discussion.

2.1 The European Commission

At the core of the EU policy process is the dual level European Commission: 1) the college of Commissioners - consisting of 20 (there were 17 during the UR) senior national officials pledged to act as guardians of the various EC Treaties rather than in the interest of their respective member states⁸⁴; and

⁸⁴ The larger member states of France, Germany, Italy, Spain, and the UK each have two Commissioners while the smaller states each have one. Each Commissioner is allocated one vote.

Figure 1: The EC Agricultural Trade Policy Process during the Uruguay Round



Adapted from Moyer and Josling, 1990.

2) the Commission Services - comprised of the functionally separated directorate generals (DGs) in which civil servants produce legislative proposals.⁸⁵ This section investigates the key role of the Commission⁸⁶ in internal CAP reform as well as the UR negotiations.

Ludlow separates the functions of the Commission into five distinct categories: 1) strategic goal setting; 2) policy formulation; 3) drafting of legislation; 4) preparation of the budget; and 5) political management (1991: 96-100). In order to successfully carry out its diverse responsibilities, the Commission possesses political, bureaucratic, technical, and most importantly, diplomatic, expertise. In contrast to the members of the Council who focus on the impact a particular policy may have in their member state, the Commission seeks to take a long-term Community-wide perspective in drawing up proposals.

Members of the College of Commissioners are allocated portfolios at the beginning of their term⁸⁷ and the amount of policy innovation that occurs in a particular policy area is largely dependent on the assertiveness of the individual Commissioner. During the UR, successive Agricultural Commissioners Frans Andriessen, from the Netherlands, (1985-1988), in particular Ray MacSharry, from Ireland (1989- 5 January 1993), and Rene Steichen from Luxembourg (1993-1995) played critical roles in pushing for agricultural reform.

⁸⁵ Commission President Romano Prodi re-organized the Commission DGs in September 1999 as part of the reforms following the resignation of the Santer Commission. Although this thesis applies the system in place during the UR, changes relevant to trade and agriculture policy are noted.

⁸⁶ The term 'Commission' technically refers only to the senior group, however, it is common to apply the term to both levels. While this study follows standard practice, it distinguishes between the 'College' and 'services' as appropriate.

⁸⁷ The term was for a period of four years until December 1991 when it was increased to

Commissioners are assisted by their self-selected Cabinet. Members tend to be “young and action-oriented, with little inherent commitment to current policies” (Moyer and Josling; 1990: 53).

In developing agricultural proposals, Commissioners are under intense conflicting pressures from various groups of actors, especially DG VI (since 1999 known as the Agriculture DG) and the Agriculture Council consisting of member state agricultural ministers. In order to be effective, Commissioners must often balance all of their diverse demands. Moyer and Josling argue that this leads to “strong organizational incentives to proceed incrementally” (1990: 54). Thus, proposals advocating reform are often generated only during periods of crisis.

The Commission is responsible for trade negotiations with third countries.

Paragraph three of Article 133 (ex 113) states:

Where agreements with one or more States or international organizations need to be negotiated, the Commission shall make recommendations to the Council, which shall authorize the Commission to open the necessary negotiations. The Commission shall conduct these negotiations in consultation with a special committee appointed by the Council to assist the Commission in this task and within the framework of such directives as the Council may issue to it (European Communities; 1997a).

During the UR, the three successive Commissioners for External Relations that negotiated officially on behalf of the EC were Willie De Clercq (1985-1988), Frans Andriessen (1989-1993) and Sir Leon Brittan (1993-1999) delegated responsibility to officials within DG I (since 1999 known as the External Relations DG) based both in Brussels and in Geneva. However,

five years in order to parallel the term of the members of the European Parliament.

retaining its sense of autonomy, agriculture was the exception in that it was negotiated by senior officials within the international affairs unit of DG VI.

Within the Commission services, the Agriculture DG is the source of all agricultural legislation. Having exclusive responsibility since the origin of the EC has allowed the Agriculture DG to develop significant expertise in this complex policy. According to Spence, DGs are “strategic nodes in politico-administrative networks working with and through national administrations as well as with other institutions and organizations at the European level” (1997: 104). More specifically, the technical aspects of EU agricultural policy have necessitated the formation of policy networks to serve as “process managers” (Pierson; 1996: 133 as quoted by Coleman and Tangermann; 1999: 390).

Due to the increasing importance of trade to the EU, a separate Trade DG with responsibility for trade negotiations was established in 1999. However, during the UR, DG I (External Relations) had primary responsibility for external trade policy. During the UR, there were differences in perspective between the agricultural and external relations DGs on the extent and source of agricultural liberalization. In response to the question whether DG VI (Agriculture) attempted to persuade other DGs and institutions on the need for agricultural liberalization during the UR, a senior DG VI official exclaimed “Absolutely yes!”⁸⁸ However, a senior official in DG I (External Relations) stated that it was his DG that advocated multilateral agricultural liberalization since they could be “more forthcoming about the reality of agricultural liberalization” and, in fact,

⁸⁸ Interview with Commission official Soren Olsen, Deputy Head of Unit for International Affairs in DGVI (Agriculture) in Brussels 20 November 1996.

“DG VI was the most conservative. They were brainwashed for so long to protect agricultural interests that they didn’t accept the need for reform”.⁸⁹

In order to prepare a single voice on policy legislation, the Commission services establish Inter-Services Working Groups with all relevant DGs consisting of the director or head of division. During the UR, these Working Groups circulated proposals applicable to the negotiations and were the “only formal mechanism for policy-coordination” within the Commission concerning the various issues being negotiated (Murphy; 1990: 119). The results of these meetings are relayed to a select group of Commissioners including those responsible for external trade and agriculture. Additionally, within DG I (External Relations) a UR Steering Committee existed in order to “give a thrust to policy-making and to provide overall direction” (Murphy; 1990: 120).

Internal agricultural policy, including the pro-reform MacSharry Plan, develops through established procedures including ‘thinking papers’, outlines, and then an initial Commission proposal. Spence notes that in the case of new proposals, the Commission establishes “consultative committees of ‘technical experts’, some of whom are independent consultants from academia or interest groups, while others are desk officers from the national governments” (Spence; 1997: 104). After being revised in Inter-Services Working Groups and adopted by the full College of Commissioners, the proposal is submitted to the appropriate level of the Council hierarchy for consideration. In the case of external agricultural trade issues, the proposal is submitted to the Article 133 (ex

⁸⁹ Interview with epistemic community/advocacy coalition member *Eckart Guth*, currently in DG XIX (Budgets) in Brussels 16 December 1996.

113) Committee. With respect to international trade negotiations, the Commission may be “generally characterized as more liberal than the majority of the member states” (Meunier; 2000: 112). Thus, the Commission is considered to be the primary source of EU agricultural reformist policies.

2.2 The Council of the European Union

The Council of the European Union represents the member states within the EU policy process. Within its institutional structure exists a multi-layer system of decision-makers including the European Council made up of heads of state or government, various Councils of Ministers presided over by national ministers, and various officials working in committees or groups.⁹⁰ Except for what Peterson and Bomberg (1999) term ‘history-making’ decisions, it is the various Councils of Ministers that are the final link in the long and intertwined EU policy-process.⁹¹ Within the preparatory groups, junior member state officials negotiate the substance of Commission policy proposals with officials from both the Commission and the European Parliament in order to be ultimately accepted or rejected by the relevant national ministers comprising the Council of Ministers. It is the role of these national ministers, for purposes of this study specifically the foreign ministers meeting within the General Affairs Council and the agricultural ministers within the Agriculture Council, that are the focus of this

⁹⁰ Prior to the entry into force of the Maastricht Treaty on 1 November 1993, the institution of the Council of the European Union was known as the Council of Ministers named after its primary decision-making body. Following convention and the fact that the vast majority of the UR was negotiated prior to the change in official name, this study generally uses the term Council or the Council of Ministers to refer to the General Affairs Council of Ministers. Note will be made when referring to technical Councils, for example, the Agriculture Council of Ministers or the institution as a whole.

⁹¹ According to Peterson and Bomberg, the European Council and European Court of Justice at the super-systemic level, are involved in history-making decisions (1999: 5).

section. Nonetheless, several elements concerning the Council as an institution are worth noting.

National interests are promoted during Council meetings. However, there exists a pragmatic sense of cooperation within the bargaining process frequently leading to consensus. According to Helen Wallace, the bargaining process thus lends itself “not to the production of bright ideas but to the translation of ideas into palatable decisions” (1996: 59). Participants see the decision-making process as consisting of trade-offs rather than a zero-sum game (Wessels; 1991: 146).

Given their wider margin for maneuver and the development of issue-linkage, the General Affairs Council has a much greater ability for trade-offs than the Agriculture Council with their limited portfolio and special interests. This was a significant factor during the UR negotiations due to the insistence of the Agriculture Council that it should be involved in the external agricultural negotiations in addition to the legally responsible General Affairs Council.⁹²

To facilitate trade-offs ministers and their various national officials form coalitions with both their Council colleagues as well as with officials from the Commission and national delegations (Wallace and Hayes-Renshaw; 1997: 7). As with other Council decision-making forums where trade-offs occur, the activities of the Council of Ministers historically have lacked transparency.

The General Affairs, Agriculture Council and combined Economic and Finance (ECOFIN) Councils generally meet monthly. Other Councils meet less

⁹²While legally not having the authority to influence a Community mandate or to accept or reject an agreement negotiated by the Commission, beginning in mid-November 1988 the Agriculture Council demanded that it should be informed of the state of the UR agricultural negotiations and that its recommendations be adopted by the General Affairs Council.

frequently. In order to supplement their limited formal interaction, ministers meet informally over lunch or at weekend meetings during which impasses are often overcome (Wessels; 1991: 139 and Wallace and Hayes-Renshaw; 1997: 41).⁹³

The ever-increasing role of the Council Presidency is an important factor in the internal operation of the Council as an institution. Rotating every six months on a set schedule, the approach taken by the member state which holds the Presidency greatly affects the content and style of Council activities. In addition to sharing agenda-setting responsibilities with the Council Secretariat, the Presidency also chairs all levels of Council meetings and is responsible for seeking consensus and compromise among the other member states (Nugent; 1994: 127-128).

In seeking compromise positions to policy proposals, the Presidency has two powerful tools available: 1) the President's confession involving bilateral meetings with member states who 'confess' in confidence the parameters of what is required to reach an agreement; this often leads to 2) the President's compromise involving an agreement brokered through the Presidency, Council Secretariat and Commission.

The Council's power as initiator of policies, although considerably weaker than that of the Commission,⁹⁴ is positively correlated to the aptitude,

⁹³During the Uruguay Round, these informal weekend meetings occasionally included senior politicians from the US, Japan, Canada, and the Cairns Group. Such interactions constitute elite transnational network activities and will be explored in this study.

⁹⁴Article 208 (ex 152) of the Treaty of Rome grants the Council only the right to request the Commission to carry out studies that forward the common objectives of the Community. However, as the scope of issues covered has expanded beyond the Treaty of Rome, the Council has increased its role as a policy initiator.

ambition and strength of the member state that holds the Presidency. Moyer and Josling note that the chance for policy reform increases when one of the larger member states (i.e., France, Germany or the UK) or those with administrative strength holds the Presidency (1990: 59). Except for France, these specific member states generally favor liberalization of trade policies. While each successive Presidency is somewhat obligated to continue with the general direction of past Presidencies, the evolution of its role as a pivotal institutional actor empowers the Presidency in its ability to influence Community policies (Nugent; 1994: 124 and 128).

During the UR, agricultural policy as concerned both internal and external reform was noticeably influenced by the member state holding the chairmanship of Council meetings. During the French Presidency of July-December 1989, Agricultural Commissioner Ray MacSharry, later a key promoter of CAP liberalization, was obligated to announce that the EC insisted on retaining the current principles of the CAP and rejected the US proposal for tariffication (*Agence Europe*; 18 October 1989: 8). In contrast, immediately after ascending to the six-month Presidency in July 1992, the British began “an urgent relaunch...of bilateral talks between the EC and US on the UR” after being deadlocked for several months (*Agence Europe*; 3 July 1992: 8). It was during this British Presidency that the initial Blair House Accord was negotiated.

2.2.1. The European Council

Within the Council's hierarchy, the European Council is the most senior group given that it is composed of the heads of state or government of the member states. While several Council meetings, known as summits, occurred early in the EC's history, they were not on a regular basis. The original Treaty of Rome makes no mention of this forum and regular summits were first initiated at the 1974 Paris Council as a 'pragmatic response' to the institutional difficulties resulting in a lack of progress encountered by the Community (Kakabadse; 1980: 82). Article 2 of the Single European Act (SEA), coming into force 1 July 1987, first made official note of the European Council.⁹⁵ Article 4 (ex D) of the Treaty on European Union, or Maastricht Treaty, outlines the responsibilities of the European Council as providing the "Union with the necessary impetus for its development and shall define the general political guidelines thereof" (European Communities; 1997b).

Although the decisions of the European Council are not legally binding they serve to break deadlocks and offer direction to broad EU policy issues. Bulmer and Wessels argue that rather than strictly focusing on their respective national interests, participants have "been able to see the interrelationship between the international level, the EC and national politics. They have seen that success in the latter is impossible in isolation from the other levels" (1987: 134).

The European Council, when united, is thus seen to have played a crucial role in providing political pressure to the negotiations.⁹⁶

⁹⁵ The Treaty on European Union repealed this article.

⁹⁶ Although this thesis does incorporate the conclusions of specific European Council meetings during the three stages of the UR, it does not include them among the policy network of elite transnational networks. This is due to this thesis focusing on plurilateral and multilateral

At their June 1986 meeting, the assembled heads of state and government, joined by Jacques Delors, President of the Commission, discussed the state of world agriculture and announced that:

the EC must continue to adapt the CAP to changed circumstances. Whilst retaining the objectives and principles of the CAP and upholding the Community's interests as an exporter, total production must be better controlled in order to reduce the share of public expenditure claimed by agriculture (*Agence Europe*; 27 June 1986: 5)

However, one year later there were already visible divisions on the issue of CAP reform, particularly between British Prime Minister Thatcher who advocated the need for a reduction in CAP funding as well as the necessity for the CAP to reflect market realities, and French President Mitterrand who expressed the importance of continued CAP support (*Agence Europe*; 1 July 1987: 7).

2.2.2 The General Affairs Council

The General Affairs Council has ultimate responsibility and authority concerning matters of external trade negotiations. Since no official Trade Council exists when matters of external trade are voted on, national trade ministers accompany their foreign ministers in the General Affairs Council (Woolcock; 2000: 382; Nugent; 1994: 127; Murphy; 1990: 120). Johnson points out that reasons for the lack of a formal Trade Council include: 1) the reluctance of foreign ministers to surrender responsibility for trade at this level; 2) the fact that some member state foreign ministries are also responsible for trade; 3) the view that trade, when discussed at this senior level, ought to be considered foreign policy; and 4) the frequently urgent nature of trade policy requires the ability of

elite transnational networks. However, as defined, these networks may indeed be regional.

ministers to meet more often than trade ministers could (1998: 17). However, during the UR EC trade ministers occasionally met separately (*Agence Europe*; 20 March 1985: 8).

As required by the Treaty of Rome, the General Affairs Council was involved in the UR negotiations from the beginning. Accordingly, during the pre-negotiation stage, it was the Council that officially announced the intention of the EC to participate in a new round of multilateral trade negotiations on 19 March 1985. However, no consensus was reached on the issue of liberalizing agriculture,⁹⁷ with the statement outlining the Council's position that "the fundamental objectives and mechanisms both internal and external of the CAP shall not be placed into question" (Bulletin of the European Communities; 3-1985:2.2.12). On 17 June 1986, the Council presented to the Commission the Overall Approach stating the conditions, principles and objectives under which the negotiations were to be carried out (*Agence Europe*; 18 June 1986: 5).

The Overall Approach is the general blueprint used by Commission negotiators during external negotiations. The official negotiating mandate is formulated in Geneva by the Commission in consultation with the Article 133 (ex 113) Committee during the actual negotiating sessions. As the negotiations proceed, the Commission may request a new Overall Approach from the Council if it is judged necessary. After the initial Blair House I Agreement in November 1992, there were accusations from the European Parliament and more vociferously from France, that the Commission had exceeded its negotiating

⁹⁷ Of the ten states that were members, all accepted the need for the strengthening of international rules for agriculture - except France.

mandate. During a meeting of the General Affairs Council, France declared that the agreement negotiated was 'incompatible' with the CAP and threatened to 'protect its interests'⁹⁸ (*Agence Europe*; 9 December 1992: 7). Staying within such narrow mandates constrained EC negotiators to a greater extent than the American negotiators working under the provisions of the President's 'fast-track authority'.⁹⁹ In matters concerning trade issues, the Council uses qualified majority voting (QMV). However, as is the case throughout the EU policy process, consensus is attempted. This approach slowed decision-making during the UR since some member states resisted imposing decisions that were unacceptable to others (Murphy; 1990: 122).

There is some disagreement on the role that the General Affairs Council has in resolving impasses within the technical Councils. Wallace and Hayes-Renshaw state that the General Affairs Council enjoys unquestioned seniority that translates into it having indefinite scope "partly because foreign ministers in most member states have an anchor role in coordinating national policy on EU issues and as the pivot for resolving cross-sectoral disputes (1997: 29). However, in the case of the UR negotiations Nugent argues that the General Affairs Council had "only limited effectiveness" in terms of brokering agreement (1994: 142). Nugent's view seems to be borne out in the case of agriculture since the national ministers in the General Affairs Council time and again were unable or unwilling to prevent their colleagues in the Agriculture Council from slowing the pace of the multilateral and bilateral agricultural negotiations. This may be explained by

⁹⁸ This implied that France would be willing to use the Luxembourg Compromise veto.

⁹⁹ Under the George W. Bush administration, Fast-Track Authority has been re-named

the fact that foreign ministers and agricultural ministers receive their instructions from the same governments. However, according to Woolcock and Hodges, the foreign ministers were pre-occupied by various political events and “left the ‘technical’ issues to the Agricultural Council and thus effectively left the farm ministers with a veto over the EC’s position in the UR” (1996: 15).

2.2.3 The Agriculture Council

The national agricultural ministers, meeting within the Agriculture Council are granted the right of chief consideration for all CAP policy proposals under Article 37 (ex 43) of the Treaty of Rome. CAP proposals that may impact external relations are also considered within the General Affairs Council. However, given that the foreign affairs ministers have limited knowledge concerning agricultural issues, there is hesitance to “tinker with the details worked out by the Commission and Agriculture Council” (Moyer and Josling; 1991: 35). The fact that the Agriculture Council was given almost the sole responsibility of deciding, and thus shaping, agricultural policy from the beginning of the Community has given it a ‘quasi-autonomous character’ (Wallace and Hayes-Renshaw; 1997: 32).

Due to their almost singular control and comprehension of CAP policies in the Council, relations between agricultural ministers are extremely close. However, the advantages that this close relationship may have in reaching agreements on CAP issues are disadvantages for promoting policies of agricultural reform. During most of the UR agricultural negotiations, the EC policy actors advocating agricultural liberalization encountered their most

strident opposition within the Agricultural Council. In May 1987, in the early stages of the negotiating process, Agriculture Commissioner Andriessen stated his frustrations over coordinating the approach of internal and external agricultural policy between the General Affairs and Agriculture Councils:

I was struck by the fact that in the bilateral talks most of the Ministers completely ignored this budget deficit situation. Apparently the problem has become so great that the best solution is to pretend it does not exist. It also struck me that the majority of the Ministers completely overlook the international context...Nothing, of course, could be further from the truth. The international context is the central factor in the agriculture ministers' own policy-making (*Agence Europe*; 9 May 1987: 13-14).

Given its dual role as representative of the member states and chief legislator of Community policies, the Council of Ministers "interacts perpetually and simultaneously with other EU institutions and with the political life of the member states" (Wallace and Hayes-Renshaw; 1997: 20). This is particularly the case in relations with the Commission. In fact, Wallace and Hayes-Renshaw suggest the image of a tandem bicycle as describing the inter-relationship between the Council of Ministers and the Commission since "the two need sustained peddling in the same direction for movement to be sustained. If either brakes hard, movement is virtually impossible" (1997: 179). During the agricultural negotiations of the UR, the delay of the Agriculture Council in agreeing to Commission plans for CAP reform and later to the Blair House I Agreement, in spite of the Commission urging their necessity, are clear examples of the difficulties arising from this dual or tandem decision-making.

The senior officials within the Council have no formal consultation procedures with interest groups such as the large agricultural umbrella group,

COPA-COGEA.¹⁰⁰ Although there is some interaction, the influence of interest groups at the highest levels of the Council is considered negligible. A Council official notes that “at times COPA representatives arrange to meet the Council Presidency and in this way may influence the Council. (However,) it is a high level meeting and is a public relations exercise.”¹⁰¹

2.2.4 Preparatory Groups

Within the institution of the Council of the European Union, preparation of agendas and dossiers are the responsibility of the series of preparatory groups. Consisting of both Council officials and representatives of the member states, these groups work with Commission officials in order to formulate policy proposals for eventual acceptance by the Council. While the majority of the groups examine the technical details of Commission proposals and their implications, some also shape the political approach to be taken by Council members. According to Helen Wallace, the effect of these preparatory groups has been to “lock armies of national officials into recurrent negotiation with each other and to change the equilibrium point in the Council/Commission relationship in favor of a greater weight for the Council” (1996: 47).

This section examines the membership, role, and inter-relationships of the preparatory groups relevant to the EC decision-making process relating to internal agricultural policy and external trade negotiations during the UR. These groups are: 1) the Committee of Permanent Representatives (COREPER); 2) the Article 133 (ex 113) Committee; 3) the Special Committee on Agriculture

¹⁰⁰ Committee of Agricultural Organizations in the European Union.

¹⁰¹ Interview with Paul Reiderman, UK Representative to the SCA, Council of Ministers, in Brussels on 18 December 1996.

(SCA); and 4) the various working/technical groups.

COREPER

Serving as the final stage of the policy legislation process within the Council system of preparatory groups, the Committee of Permanent Representatives (COREPER) is widely considered to serve as a filter to the Council of Ministers (Nugent; 1994: 130; Wallace and Renshaw-Hayes; 1997: 78). Due to this privileged position and wide responsibilities, COREPER is generally, with the exception of agricultural and monetary policies, considered senior among the preparatory groups and enjoys the closest relationship with the ministers who make up the various councils.

COREPER meets at two levels every week: 1) COREPER II consists of the senior Permanent Representatives from the national delegations based in Brussels. Their primary responsibilities are to prepare the agenda and provide both information and direction to the General Affairs Council, which rule on matters relating to negotiations with third countries, as well as the European Council and ECOFIN Council (Nugent; 1994: 130; Wallace and Hayes-Renshaw; 1997: 80). Additionally, issues specific to any Council that are extraordinarily complex or politically controversial are prepared by COREPER II. 2) COREPER I is made up of deputies either from the foreign ministries or the more technical ministries. Matters relating to external agricultural trade are among those discussed within COREPER I.¹⁰²

In serving as the final filter of policy legislation to the Council,

¹⁰²The internal agricultural policy process is explained in detail in the section on the Special Agriculture Committee.

COREPER is seen as wielding extensive power in the decision-making process. Given their detailed knowledge on each proposal, the national ambassadors and deputies are often the primary and final policy advisors to their ministers. The members of COREPER are a trusted source of information and often shape the political direction taken by ministers (Wallace and Hayes-Renshaw; 1997: 86).

By the time that a specific policy proposal is discussed in COREPER, it has passed through several levels of decision-making bodies. Only points of disagreement, known as 'B' points, or political issues of a Commission proposal are discussed within COREPER. All points that are agreed on in the earlier stages within working groups or other committees are normally passed straight through COREPER on to the Council as 'A' points to essentially be rubber-stamped for approval.¹⁰³ While no officially binding voting occurs within COREPER consensus or unanimity, depending on the policy issue, is attempted. If agreement is reached within COREPER, the proposal is passed on to the Council of Ministers as an 'A' point. In the case of EU trade policy, since technical matters are negotiated in the other preparatory groups, members of COREPER concern themselves more with the political aspects than the technical details (Murphy; 1990: 122).

COREPER's activities, perhaps due to the requirements surrounding top-level negotiations, lack transparency. There is a dearth of official information surrounding their members, internal operations and results of their meetings. The mechanics of the multi-level decision-making apparatus, of which COREPER is

¹⁰³ However, members of the Council or COREPER have the right to request further clarification on any 'A' point.

the senior forum for most policy areas, results in a situation of nebulous responsibility. Wessels believes that “neither the political leadership nor parliaments can really control how decisions are prepared on this level” (1991: 150).

Relations among participants, especially within COREPER I, are informal. A Commission official who had been a member of the British Permanent Representation for several years characterized the atmosphere as a ‘social club’ and noted that, while COREPER cannot act against the general will, ‘corridor requests’ to gather support are commonplace.¹⁰⁴ Relations with the Commission are primarily with officials from the Commission’s General Secretariat. These Commission officials, at times accompanied by officials from relevant Directorates General, support the Commission proposals.

Article 133 (ex 113) Committee

Named after the Treaty of Rome article that grants the group its power, the Article 133 (ex 113) Committee plays a crucial role in the EU’s external trade negotiations. Paragraph three of Article 133 (ex 113) in part states: “The Commission shall conduct these negotiations in consultation with a special committee appointed by the Council to assist the Commission in this task” (European Communities; 1997a: 133: 3).

Originally purely an advisory committee, it has evolved into the primary forum for the preparation, consultation and discussion of the position taken by

¹⁰⁴Interview with Commission DGVI official, Matthew Hudson in Brussels on 19 November 1996.

the Community in external trade negotiations (Edwards; 1996: 136).¹⁰⁵ Michael Johnson, who served as UK Deputy on the Article 133 (ex 113) Committee from 1985 to 1993, describes it as “a forum for centralized information exchange: for gathering and weighing data and opinion, and for coordinating a response” (1998: 35). According to Robin Gray, British *titulaire* between 1975 and 1984, the Article 133 (ex 113) Committee became “more and more respected and relied upon” from the mid-1970s (1985: 25).

The Article 133 (ex 113) Committee meets at two levels: 1) *Titulaires* or full members, which are generally the Director General or Head of Department of national ministries of foreign affairs or trade, concentrate on the major issues. Meeting in Brussels once a month, they are assisted by experts and policy advisors from their capitals as well as officials from their permanent representation. 2) Deputies work on the details involved in external trade negotiations as well as prepare the agenda and supplement the meetings of the *titulaires*. They meet three times per month and consist of officials from either the national capitals or the permanent representation. While minutes of meetings are made, they are not extensive since members rely on their own national reports.¹⁰⁶ Given this committee’s responsibilities in GATT/WTO multilateral trade negotiations, a technical body is located permanently in Geneva. It is

¹⁰⁵The Article 133 (ex 113) Committee was preceded by the Article 111 Committee during the transitional period which ended in 1970. In both membership and operation, the two committees were for the most part the same.

¹⁰⁶Interviews with British *Titulaire* Christopher Roberts in London on 3 December 1996 and DGI (External Relations) liaison Americo Beviglia Zampetti in Brussels on 21 November 1996 contributed generously to the information presented here.

important to note that members do not make 'serious' negotiating decisions¹⁰⁷ since negotiating responsibility belongs to the Commission.

The member states have considerable latitude in choosing their representative for the various versions of the Article 133 (ex 113) Committee¹⁰⁸ and they may differ depending on the issue being discussed. During the UR, the members of the deputy level were "always agricultural people"¹⁰⁹. Interesting, however, is the comment by Christopher Roberts, the acting British *titulaire* during the UR, that agricultural issues were discussed by the Special Agriculture Committee.¹¹⁰ This seems to indicate that senior members realized internal CAP reform was necessary before the Community could negotiate at the level of the GATT. Official EC statements denied there was a connection between the two until the early 1990s.

The Article 133 (ex 113) Committee is the central point of contact between the Commission and the individual member states during external trade negotiations. Murphy (1990) states that "the Committee serves as a sounding board for the Commission" (121). The Commission is represented at all meetings of the Article 133 (ex 113) Committee. Given the close interaction between the Article 133 (ex 113) Committee and the Commission as well as their

¹⁰⁷ Interview with Soren Olsen, Commission official in DG VI (Agriculture) in Brussels on 20 November 1996.

¹⁰⁸ There are several versions of the Article 133 (ex 113) Committee which, along with separate working groups, focus on different external trade issues. These include investment, services and textiles.

¹⁰⁹ Interview with Soren Olsen, Commission official in DGVI (Agriculture) in Brussels on 20 November 1996.

¹¹⁰ Interview with Christopher Roberts, Deputy Secretary of the UK Department of Trade and Industry (DTI) and member of Article 113 Committee in London on 3 December 1996.

shared objectives of bringing about a successful conclusion to the UR, which they realized would need to include some amount of agricultural liberalization, members sought to find pragmatic consensus among divergent interests.

The parameters of the Committee's power and authority are not clearly stated in the Treaty of Rome, which has caused some controversy between individual member states and the Commission (Wallace and Hayes-Renshaw; 1997: 87). This controversy aside, according to Nugent the two primary responsibilities of the Committee are: 1) to draft the mandate by which the Commission negotiates for the Community; and 2) to serve as a consultative committee to the Commission and the Council (1994: 131). Beginning on 5 March 1985 the Commission and Article 113 Committee, using Commission position papers as the primary source, worked closely with each other in order to successfully negotiate the content of the initial EC position in the UR. Similar to other preparatory groups, no formal voting took place, but consensus was attempted. A Commission official termed agreement between the Article 113 (ex 113) Committee and the Commission on the composition of the general negotiating mandate as being "crucial [since] if there is a problem at this level, then it does not bode well".¹¹¹

After the Committee and Commission agree to the text of a Commission proposal,¹¹² it continues on to COREPER and then the General Affairs Council.

¹¹¹Interview with Americo Beviglia Zampetti, Commission official in DG I (External Relations) responsible for relations with the Article 113 Committee and the WTO in Brussels on 21 November 1996.

¹¹²Realizing that the Article 113 (ex 113) Committee is the representative voice of the member states, the Commission generally accepts the demands of its participants. However, the Commission has the legal right to proceed in the manner it believes best.

Woolcock and Hodges note that during the UR, the Council generally ‘rubber-stamped’ the position as agreed to in the Article 113 Committee (1996: 321). However, the members of the Committee do not make political decisions concerning the negotiations and leave controversial issues concerning the successive negotiating mandates to be settled by the Council ministers (Gray; 1985: 25).

Its role as a liaison between the Commission and the Council during the UR is visible already starting with the December 1982 Ministerial Meeting of the GATT. Robin Gray, the acting British *Titulaire* at the time, commented that:

Commission representatives returned daily from their talks with representatives of other Contracting Parties and, notably, then USTR William Brock, to report on what had occurred and to receive new guidance for the next stage from the assembled European Trade Ministers” (Gray; 1985: 25).

During international trade negotiations, the Article (133 (ex 113) Committee maintains continuous consultation with its working groups (Wallace and Hayes-Renshaw; 1997: 88) and is in close contact with Commission negotiators and the Council.

However, their role as communicator to the Council was not without a degree of dissatisfaction on behalf of some ministers during the UR. In late April 1989 the General Affairs Council, responding to complaints from several ministers over the lack of communication with the Article 113 Committee, requested that there be a greater amount of transparency in the activities of the Committee (*Agence Europe*; 26 April 1989: 6) and increased effectiveness in communication between the Council, Commission and the Article 113 Committee (Woolcock and Hodges; 1994: 311).

Relations among members of the Article 133 (ex 113) Committee are close, and at times seem to be almost like an exclusive club. In the following quote, Robin Gray offers a glimpse of the internal workings of *titulaire* meetings:

...the habit has grown up of discussing more difficult or sensitive subjects over lunch where it is easier to explain them frankly or to find a way through them. It must be acknowledged that at lunch members refresh themselves with more than a glass of water and a certain mellowing seems to occur (Gray; 1985: 24).

Given the large amount of time working with their respective ministers, *titulaires* are well informed of national political positions and know the general parameters of what is considered politically acceptable to them. The effective working relationship between the Article 133 (ex 113) Committee and the Commission may be explained by their mutual objective to reach agreement on negotiation positions. They tend to help each other rather than hinder progress. An official in DGI (External Relations) explains that since the College of Commissioners is political in nature, the Article 133 (ex 113) Committee interfaces primarily with the bureaucrats in the Commission services.¹¹³

Special Committee on Agriculture

Unlike the Article 133 (ex 113) Committee, the Special Committee on Agriculture (SCA) has no legal basis in the Treaty of Rome and was created through a Council decision of May 1960. According to Wallace and Hayes-Renshaw, its establishment was “dictated by administrative necessity” due to the technical complexities involved in agricultural policy (1997: 84). Community decision-makers realized early on that COREPER was overwhelmed with

¹¹³ Interview with Americo Beviglia Zampetti, Commission official in DG I (External Relations) responsible for relations with the Article 113 Committee and the WTO in Brussels on 21 November 1996.

agricultural issues that hindered its effectiveness in other areas.

Accordingly, the SCA comprises agricultural civil servants who focus on the broad technical aspects more than purely the political aspects of EC agricultural policy.¹¹⁴ The SCA consists of four officials from the Council Secretariat; the Director General of DG VI (Agriculture) of the Commission as well as a head of division; and three representatives from each member state including a senior official from the agricultural ministry.

Given its special privileges within the EU agricultural policy process, the Special Committee on Agriculture is aptly named. Perhaps the most exceptional structural characteristic is that its members report directly to the Agricultural Council rather than going through COREPER as required by most other policy areas.¹¹⁵ This bypassing of COREPER has resulted in the SCA being “granted a degree of operational autonomy” (Wallace and Hayes-Renshaw; 1997: 84).

While this procedure illustrates the potential for the entrenchment of agricultural policy development within the EU, it is tempered by the fact that agricultural matters relating to external trade or affecting other Community policies are considered by COREPER. Fennell points out that “it is quite feasible for both the SCA and COREPER to present papers to the Council covering different aspects of the same question” (1987: 21). However, as observed during

¹¹⁴ Interview with David Swift, UK representative to the SCA, Council of Ministers, in Brussels on 18 December 1996.

¹¹⁵ The Monetary Committee, which prepares the work of the ECOFIN (Economic and Finance) Council, by-passes COREPER and reports directly to the ministers. Additionally, the Treaty on European Union, which established Common Foreign and Security Policy (CFSP) and Justice and Home Affairs (JHA) as separate pillars of the EU, strengthened the autonomy of the Political Committee (CFSP) and the K.4 Committee (JHA). However, COREPER still plays significant roles in their operation.

the Uruguay Round, when the policy initiatives of internal CAP reform and multilateral agricultural liberalization are simultaneously attempted, this division of responsibility, without formal coordination mechanisms, may contribute to conflicting and contradictory approaches.

Prior to discussion in the SCA, the technical details of Commission proposals are examined within specialized working groups (discussed in detail below). Upon reaching the SCA, agricultural legislation is assessed for the policy implications likely to result from the technical details as well as to a degree for its political ramifications (Nugent; 1994: 311). In matters of procedure, the SCA mirrors that of COREPER.¹¹⁶

According to a UK SCA representative, the national delegations enjoy cordial working relationships with one another even though some of the delegations change members (i.e., UK) more often than others (i.e., Germany).¹¹⁷

In their relations with other Community agricultural policy actors, the members of the SCA show an interesting variance. In carrying out their advisory duties, members are in close contact with the Agricultural Council, Council Presidency and Council Secretariat and are characterized as 'amicable' with COREPER (Wallace and Hayes-Renshaw; 1997: 86). Association with members of the Article 133 (ex 113) Committee is limited to issues that overlap with those of the SCA.¹¹⁸

¹¹⁶ Interview with David Swift, UK representative to the SCA, Council of Ministers, in Brussels on 18 December 1996.

¹¹⁷ Interview with Paul Reideman, UK SCA representative, Council of Ministers, in Brussels on 18 December 1996.

¹¹⁸ Interview with Paul Reideman, UK SCA representative, Council of Ministers, in Brussels on 18 December 1996.

In the early 1980s the Commission began to increasingly consult the SCA over EC agricultural policy rather than the *Comité des Organisations Professionnelles Agricoles* (COPA), the main umbrella farming group. As COPA was unable to present realistic proposals, DGVI (Agriculture) looked to the SCA for assistance (Phillips; 1990: 52). Moyer and Josling add that relations between the SCA and the Commission are “close and informal” (1990: 34). According to Daughjerg, the SCA’s role in advising the Commission on agricultural policy indirectly strengthened the influence of national farm organizations since “the most important influence is that which these associations achieve through the national civil servants who are members of the SCA”(1998: 164). No contact occurs between members of the SCA and Community agricultural umbrella groups, agricultural experts or US Department of Agriculture officials.

Working Groups

The starting point for all EU policies within the Council decision-making process is the examination of a Commission proposal by working groups, consisting of three or four officials and experts from each member state. Nugent notes that non-civil servants also take part when exceptionally complex and technical issues are discussed (1994: 133). During meetings of working groups, “technical knowledge is at a premium” (Rometsch and Wessels; 1994: 213).

Considered the ‘backbone’ of EU decision-making, working groups are established by either COREPER or the SCA, depending on the issues involved (Nugent; 1994: 133; Wallace and Hayes-Renshaw; 1997: 97-98). It is generally accepted that there are approximately 50 permanent and 150-200 *ad hoc* working

groups. Keeler notes within the agricultural policy process there are “many more working parties and advisory groups¹¹⁹ in this issue area than in any other” (1996: 137). The frequency of working group meetings varies as they meet only as required and thus is dependent on the agenda of the specific issue. Generally, they meet weekly or monthly. Edwards suggests that “political foot-dragging” from certain member states may influence the timing of some working groups (1996: 136).

The primary tasks of these national representatives comprising working groups are: 1) to closely examine Commission proposals for areas that may be unacceptable to their government; 2) to offer their national ministry’s view; and 3) to negotiate an acceptable solution to any conflicts of interest. In their work, national representatives are joined by Commission officials who explain and defend the Commission proposal under discussion, as well as relevant officials of the Council Secretariat who offer procedural and administrative advice (Wallace and Hayes-Renshaw; 1997: 98). In preparing for external trade negotiations, it is at this level that the Council’s Overall Approach is initially discussed.

As in all of the preparatory groups, no formal voting occurs within the meetings of the working groups and discussion continues until a consensus develops or remaining reservations noted. Final reports dealing with external trade negotiations are then passed on to the Article 133 (ex 113) Committee and then the appropriate level of COREPER. Reports dealing with internal agricultural policy are transferred to the SCA. These reports constitute the basis

¹¹⁹ Advisory groups consist of representatives from both national ministries and specific agricultural sectors. They are discussed in greater detail within the sections on national level and interest group representation.

for further discussion in the Council hierarchy. Attesting to the importance of working groups, approximately 70 per cent of the legislative issues are decided at this level (Wallace and Hayes-Renshaw; 1997: 78). However, in the case that a significant amount of technical aspects are left unresolved, COREPER and the SCA may return the legislation to the relevant working group.

Concerning working group members' relations with various other actors, Rometsch and Wessels, point out that "various coalitions and counter-coalitions are possible" (1994; 213). Given their diametrically opposed tasks of technical versus general examination of policies, the potential for conflict between members of working groups and officials in COREPER or the SCA must be considered. While the latter generally have considerable flexibility, the technical members of the working groups often have a limited degree of latitude within the instructions given to them from their national ministries (Wallace and Hayes-Renshaw; 1997: 99).

2.3 The European Parliament

Other than requiring the assent of the European Parliament, the various treaties of the European Union do not provide for the involvement of the European Parliament in the area of trade policy (Woolcock; 2000: 385-386; Johnson; 13: 1998). The original Treaty of Rome establishing the European Community does not give the European Parliament any official right to participate in the decision-making process of the CCP. However, due to frustration growing out of their limited role during the Tokyo Round, in 1979 the European Parliament passed a resolution calling for an investigation into ways to increase its role in future trade negotiations (Kakabadsee; 1980: 86).

Nonetheless, Johnson notes that the Council has not been in favor of granting the EP greater powers in trade policy since “it is wary of conferring on the Parliament powers like those which the US Congress has to control trade policy” (1998: 13). In contrast, Woolcock argues that as the agenda of the WTO expands to include issues requiring co-decision between the Council and the European Parliament and involving institutional or budgetary matters, the European Parliament is likely to gain political leverage in the area of multilateral trade policy (2000: 386).

The co-operation procedure established in the 1987 Single European Act (SEA) enlarged the role of the European Parliament in Community decision-making. However, issues relating to the Treaty of Rome’s Article 43 concerning the operation of the CAP do not fall under the co-operation procedure (Moyer and Josling; 1990: 37). Nevertheless, the SEA mandates that any EC external agreements, trade or other, be approved by the European Parliament prior to their implementation (Murphy; 1990: 71).

However, during the UR negotiations, the European Parliament played a larger role than is often attributed to it. Although not directly involved in the negotiations, members of the European Parliament (MEPs) actively supported both studies showing the necessity for CAP reform and global agricultural liberalization.¹²⁰ Some of the EP studies, written by members of a pro-reform agricultural epistemic community, had the effect of placing outside pressure on

¹²⁰EP studies include 1) the 1986 Zahorka Report which advocated the elimination of export subsidies in the long-run and the establishment of an international agriculture regime with increased discipline; 2) the 1990 Stavrou Report which supported a new approach on agricultural subsidies; and 3) a 1990 EP commissioned report entitled “A Future for Europe’s Farmers and the Countryside” written by Professors *Marsh*, *Green*, *Kearney*, *Mahe*, *Tangermann* and *Tarditti*. (Identified members of the agricultural epistemic community are in italics.)

politicians and ‘pushing out’ the influence of the agricultural umbrella lobby group, COPA and other lobbyists.¹²¹ MEPs also promoted US-EC cooperation in bringing about the global liberalization of agriculture.¹²² Several European Parliament officials enjoyed very close relations with certain US negotiators and kept in close contact regarding agricultural and trade issues. According to an official in the European Parliament involved in its activities on the UR agricultural negotiations, the primary roles played by the European Parliament include: 1) being a positive force in the liberalization of agriculture rather than a neutral force and 2) offering suggestions to break the various deadlocks of the negotiations.¹²³

In matters concerning the UR agricultural negotiations, the two most relevant committees within the European Parliament are the Committee on External Relations and the Agricultural Committee. Moyer and Josling (1990) note that the Agriculture Committee in the European Parliament “actively explores ways for improving policies: in this sense it can constitute a constructive element in the reform process” (55).

In its relations with other actors during the UR, Commissioners often informed MEPS of the latest developments in negotiations during plenary sessions of the European Parliament in Strasbourg. Murphy states that in

¹²¹Interview with Quinton Huxom, assistant to James Provan, MEP, in Brussels during November 1996.

¹²²In September 1987, the EP’s delegation for relations with the US met with representatives from the US Administration and Congress, including USDA Secretary Lyng, in order to discuss trade issues. The MEPs “called for greater cooperation in order to avoid trade disputes and proposed a joint EC-US approach in the current UR negotiations” (*Agence Europe*; 2 October 1987: 8).

¹²³This information was derived from several interviews with Quinton Huxom, assistant

general, the European Parliament was “generally supportive” of the Commission’s approach (1990: 125). Nonetheless, it has been observed that the European Parliament remains “excluded from the key consultations (between the Commission and the Council) that determine EU negotiating positions” (Woolcock: 2000).

3. Member State Agricultural Trade Policy Formulation

As seen in the operation of the different levels of the Council, the views of the member states are accorded numerous opportunities to influence proposals within the Community policy process. This section explores the role of the permanent representatives operating in Brussels as well as the individual national administrations with respect to decision-making as related to agricultural policy and external trade policy, particularly their relations with the Commission during the UR negotiations.

Although each member state may structure their permanent representations as they wish, the officials within them, who are often generalists rather than specialists, carry out two primary functions: 1) represent the views of their national governments to the institutions of the EU, and 2) educate and inform officials working in the national capitals about EU activities (Hayes-Renshaw *et al.*; 1989: 123-125). Officials working in the permanent representations are usually expected to take instructions only after they have been coordinated through various national inter-ministerial meetings. However, Hayes-Renshaw *et al.* report that the:

tendency for certain ministries to try to circumvent inter-ministerial

to James Provan, MEP, in Brussels during November 1996.

coordination by exerting direct pressure on the Brussels-based negotiators is a fact of Community life. It happens regularly, particularly on the part of the influential ministries (foreign affairs, agriculture and economic affairs) (1989; 131).

Given their more specialized backgrounds, national representatives, rather than Brussels-based bureaucrats in the Permanent Representations, participate in the numerous EU Consultative Committees, with the various Management Committees (*Comites de gestion*) being the most important. Within the agricultural policy process, these committees, consisting of five representatives from each member state and a non-voting Commission official, exist for each of the supported commodity groups.¹²⁴ These committees provide a mandatory channel through which the member states may express their opinions directly to the Commission. However, Fennell points out that the Commission is not bound to decisions reached by Management Committees (1987: 31).

Although the member states are generally secure in the knowledge that the Commission is negotiating on their behalf, during the UR, the relevant national ministries continue to consult with one another bilaterally and established inter-ministerial coordinating mechanisms headed by the national economics ministry (Murphy; 1990: 123-125) or trade ministry. The extent to which these bilateral negotiations influenced both internal CAP reform and agricultural liberalization at the multilateral level contributes to the continuing debate whether EC decision-making is best characterized by supranationalism or intergovernmentalism. Moravcsik notes that the EC has from its beginning been “based on interstate bargains between its leading member states” (1991: 47).

¹²⁴ These include a Committee of the European Agricultural Guidance and Guarantee Fund and a Standing Committee on agricultural structures.

However, Ludlow regards the question as moot since “the Community does not...have to choose, as is so often suggested, between intergovernmentalism and supranationalism. It functions best when it combines both” (1991: 88).

4. Interest Group Representation in Agricultural Trade Policy Formulation

Within the EU policy making process there are numerous forums in which representatives from specific sectors of the economy as well as interest groups may attempt to influence the institutions of the EU. This section details those forums dealing with agricultural policy. The lack of formal consultation mechanisms dealing with external trade matters is also discussed.

4.1 EU Level

The Economic and Social Committee was established by the Treaty of Rome to provide a forum for representatives of various groups, including farmers, to advise the Council and the Commission. According to the Treaty of Rome Article 258 (ex 194) members, chosen by the Council from lists drawn up by the member states, are appointed for a term of four years and pledge not to “be bound by any mandatory instructions” (European Communities; 1997a). While members produce well-reasoned opinions, due to their non-binding nature it is widely acknowledged that the Economic and Social Committee is limited in influence.

Similar to the Management Committees are the non-mandatory Consultation Committees consisting of interest groups such as agricultural cooperatives, agricultural producers, and commercial food groups. While there are three broad types of Consultation Committees, the most relevant to this study are those which attempt to achieve cooperation between the Community and

various economic interests including: 1) Agricultural Advisory Committees on the organization of markets similar to those in the Management Committees and 2) Joint Advisory Committee on agricultural structural policy. In 1992, there were 25 such committees (Daugbjerg; 1998: 167). These meetings allow the Commission to give information concerning proposals to the interest groups and at the same time gather information from the different groups. However, beginning in the 1980s, the number of Commission meetings was reduced, which according to Daugbjerg, was a sign of the decrease in the importance of these advisory committees (1998: 167).

Among the substantial number of advisory groups, it is important to note the absence of groups advising the EU on external trade issues. Murphy argues that the “absence of formal consultation mechanisms on trade issues, as exists in the US,”¹²⁵ means that the EC’s, and particularly the Commission’s involvement in the UR is less structured and less transparent (1990: 126). She further states that “formal consultation processes with industry, modeled along the lines of the US system of hearings and specialized committees” should be implemented by the EC in order to “increase awareness among the business community of the GATT” as well as to “introduce an element of democracy” into the process of consultation with industry (Murphy; 1990: 129-130). A senior US agricultural negotiator during the UR echoes her concerns that “the EC doesn’t have a sense of responsibility to industry. There needs to be more direct pressure”.¹²⁶

¹²⁵ Institutionalized US advisory committees active during the UR agricultural negotiations include the Advisory Committee for Trade Policy and Negotiations (ACTPN), the Agricultural Policy Advisory Committee (APAC), and the Agricultural Technical Advisory Committee (ATAC).

¹²⁶ Interview with Craig Thorn, at the time Director of the Europe, Africa and the

A formal consultation mechanism among the Commission, member states and agricultural interests would also increase the sense of responsibility among agricultural policy makers. An official working in DGI (External Relations) during the UR expressed his view that French officials started too late to educate their agricultural sector on the need for reform and that even those interests which wanted to know about the effects of CAP reform and multilateral agricultural liberalization were not able to get it.¹²⁷

The lack of importance that the Commission grants to the various advisory committees is likely to be a major reason behind this perceived lack of responsibility to interest groups. Fennell states “the Commission tends to give greater weight to the opinions of - above all - the Management Committees, but also of the European Parliament and the ESC than it does to the deliberations of the Advisory Committees” (1987: 57).

4.2 Lobby Groups

Keeler notes that within the Community agricultural policy process:

farmers have long wielded disproportionate organizational clout both in Brussels and nationally...Agriculture’s interests are defended by a total of no less than 150 different Euro-groups, which together overwhelm the lobbying capacity of potentially countervailing interests such as consumers and environmentalists (1996: 133-134).

The most influential and firmly established agricultural producers’ umbrella group is the *Comité des Organisations Professionnelles Agricoles* (COPA)¹²⁸. Its membership is composed of the major agricultural organizations

Middle East section of the Foreign Agricultural Service of the USDA, in Washington, D.C. on 29 August 1997.

¹²⁷ Interview with Eckart Guth in Brussels on 16 December 1996.

¹²⁸ Closely associated with COPA is the smaller COGECA (*Comité de la co-opération*

in each of the member states of the EU. At the peak of its organizational structure is the Praesidium consisting of one or two representatives from each member organization. Within the Praesidium is a General Experts Group that prepares policy studies. According to a sectional director in COPA, this organization “starts the stone rolling by formulating ideas. ‘Non-papers’ [unofficial] got the idea of CAP reform started”.¹²⁹

While either the Praesidium or the Presidency represents COPA in meetings with the Commissioner for Agriculture, the President of the Agricultural Council, and the Parliament, Fennell notes:

while its contacts with the Commission are many and are at every level from the most formal to the most informal, its contacts with the Council and Parliament are less well developed. Indeed particularly as far as the Council is concerned, the national producers’ organizations are more important than COPA in terms of lobbying power. The reason is that as the Council is composed of government ministers from the member states, it is inevitable that the individual national farmers’ organizations make representations direct to the relevant minister in the national capitals. He then comes to Council meetings briefed by his own farmers and not by COPA (1987: 56-57).

Moyer and Josling argue that COPA’s “incoherence has been aggravated by the expansion of the Community from nine to twelve members which has added a whole new range of divergent farm interests into the bargaining process” (1990: 47-48). This particularly affected the influence of COPA.

Internal discord within COPA became evident in the 1980s. For example, a senior member of COPA stated that even though he was for the idea of CAP reform as well as global agricultural reform early on, he knew COPA would be

agricole) that represents Community agricultural co-operatives.

¹²⁹ Interview with a senior COPA official on 27 November 1996.

officially against the idea.¹³⁰ Daugbjerg argues the primary reason for such internal conflict was the changing agricultural environment in which budget issues and surplus production increased:

Before these problems came to dominate the agricultural agenda, it could always reach a compromise by increasing price demands, but such a strategy was inadequate in the 1980s. Agricultural policy making was no longer primarily a matter of increasing farmers' income, but also became a matter of decreasing overproduction and curbing spending increases (1998: 163).

Throughout the UR, COPA/COGECA consistently protested both EC attempts to reform the CAP and the objective of GATT to liberalize world agriculture. Concerning the MacSharry Reforms, late in 1991 the Presidency of COPA categorically rejected them and announced its plans to "mobilize the entire profession" against the package (*Agence Europe*; 22 November 1991: 14). Following the initial Blair House Agreement, COPA/COGECA accused the Commission of being irresponsible in giving in to the "hegemonic determination of the US, which plans to dominate world agricultural markets using any means possible (*Agence Europe*; 25 November 1992: 15-16).

There is also some evidence that the farm lobby was already becoming more fragmented in the individual member states. Daugbjerg notes that farmers within the EU have diverging interests which results "in an inability to act in unison" (1998: 161). Similar to COPA, national farmers groups opposed CAP reform during the UR.

However, other interest groups urged the EC to negotiate a successful UR agreement including the liberalization of the CAP. In 1991 the Confederation of

¹³⁰ Interview with a senior COPA official on 27 November 1996.

Food and Drink Industries of the EC expressed concern that the deadlock over agriculture would result in increasing protectionist behavior among trading nations. EUROCOOP, a consumer cooperative, called upon the Commission to submit substantial proposals in the agricultural area in order achieve a reduction in export subsidies since “the EC is not an institution for the protection of uneconomic productions, nor of inferior qualities. He who continues to defend this agricultural policy violates the spirit of the EC Treaty” (*Agence Europe*; 9 January 1991: 15).

Nonetheless, neither European consumer groups nor food processing lobbyists play a significant countervailing force within the EC agricultural policy process during the UR. This was primarily due to these groups not possessing the information valued by DGVI (Agriculture) in the formation of agricultural policy.

Conclusion

This chapter has presented the objectives, process, and actors involved in EU agricultural policy formulation in both the internal (i.e., Community and national) and external arenas. It has been demonstrated that there existed a high degree of interdependence between the various levels of actors involved in CAP reform and the UR multilateral agricultural negotiations. This allowed for an environment amenable to the development and operation of policy networks.

However, this chapter has also illustrated the degree to which agricultural policy was entrenched among interests favoring the continued operation of the CAP rather than its reform. As shown, the CAP is exceptional not only in practice but also in its formulation. This exceptionalism also extended to

agricultural trade at the bilateral and multilateral levels. Until almost the final stage of the UR agricultural negotiations EC negotiators, under pressure from agricultural policy-makers, insisted that CAP reform could not be linked to the GATT negotiations. As chapters five through seven illustrate, the reform of the CAP required the combined work of a pro-agricultural reform epistemic community, a pro-agricultural reform advocacy coalition based within the entrenched agricultural policy process and consistent pressure from elite transnational networks. However, the US agricultural policy process must first be explained.

Chapter 4

US Agricultural and Agricultural Trade Policies: Principles, Process and Policy Actors

Introduction

After nearly four decades of adhering to a policy of agricultural protection, reflected at the multilateral level by agriculture's exception in the GATT that it had done much to encourage, the early 1980s witnessed a dramatic turnaround in US agricultural policy. As plans were being made to initiate the GATT Uruguay Round (UR), decision-makers in the US agricultural policy process were faced with liberalizing agriculture at the multilateral level in order to reduce the skyrocketing financial burdens of agricultural support while at the same time encountering increased pressure from certain domestic agricultural lobby groups to retain their support programs in the face of a severe agricultural market downturn.

At the multilateral level, the US initially called for a radical elimination of national agricultural export subsidies. However, by 1990 US negotiators recognized that this was politically impossible for many Contracting Parties, including Japan and more visibly, the European Community (EC). The final Blair House Accord between the US and the EC, agreed on 20 November 1993, that allowed for the completion of the UR Agricultural Agreement (URAA), symbolized not only the result of great compromise among these two agricultural trading partners, but also consensus on the causes and effects of agricultural protection. This thesis investigates the forces that led to this critical consensus.

The various policy network actors, consisting of agricultural experts, interest groups, bureaucrats and politicians, operating within and between the US and EC as well as, significantly, at the multilateral level, are this study's level of analysis. Although these networks, identified as epistemic communities, advocacy coalitions and elite transnational networks, existed to some degree prior to the UR negotiations, I contend that during the UR their activities operated in an environment of uncertainty creating a window of opportunity. These specific policy network groups searched for potential alternatives to the complex and contentious issue of agricultural liberalization thus giving them greater influence. Additionally, unlike during the Tokyo Round, US pressure to liberalize world agricultural policy continued throughout the three stages of the UR sustained by political will and supported with innovative and technically sound policy options. The domestic US policy process that contributed to a policy change of this magnitude is the topic of this chapter.

Following a similar format as the chapter on the EC policy process, this chapter is divided into two sections: 1) discussion of the legal basis of US trade policy, an examination of the objectives and principles of US agricultural policy together with their implications as well as a brief description of the state of the agricultural environment which existed in the early 1980s; and 2) an analysis of the institutional structure of the US agricultural policy process focusing on the interaction between the various actors.

1. US Trade and Agricultural Policy

The complexity of trade policy is partly due to the competing forces that shape it. Crabb and Holt argue that "it is in connection with economic issues that

foreign policy and domestic policy become inextricably mixed. Nowhere is this more evident than with respect to trade” (1992: 197). Cohen, Paul and Blecker (1996) set out four principles that contribute to the complex nature of US trade policy:

- 1) the frequent conflict between economic logic and political necessity;
- 2) the conceptual disagreement among economists as to whether optimal trade policy is one that relies on free markets or one that incorporates repeated government interventions;
- 3) the intricate, ever-changing linkage between trade and other economic and political policy sectors, both domestic and foreign;
- 4) the diffusion of authority between the executive and legislative branches in formulating trade policy...(4).

1.1 The Evolution of Trade and Agricultural Policy in the US

Lake notes that the 1930 passage of the Smoot-Hawley Act in the US brought on a wave of protectionism in the international economy directed at the US (1988: 219).¹³¹ Even though the Reciprocal Trade Agreement Act (RTAA)¹³² of 1934 made an effort to reduce protectionism,¹³³ for the next four decades US agricultural policy continued to be primarily inward looking and protectionist (Hillman; 1994: 28).

¹³¹ The Smoot-Hawley Act raised US tariffs to their highest point averaging 53 percent. The immediate effect of this act was the establishment of beggar-thy-neighbor protectionist tactics among the world’s trading nations. Between 1929 and 1933 US trade stagnated with US exports falling from \$5.16 billion to \$1.65 billion and imports suffering a similar decrease from \$4.4 billion to \$1.45 billion (Destler; 1995:11).

¹³² Interestingly, US Secretary of State Cordell Hull, who is credited with promoting the RTAA, “relied on a small group of academics and New Deal advocates” in the development of the RTAA (Stokes and Choate; 2001: 14). These actors may have shown characteristics of both epistemic communities and advocacy coalitions.

¹³³ The RTAA allowed the president to “negotiate reciprocal tariff reductions of up to 50 percent with other countries” (Crabb and Holt, 1992: 199). Notably, the RTAA also included Congressional delegation of trade authority to the executive branch.

Crabb and Holt state that the RTAA initiated the evolution of US trade policy from unilateral to bilateral while the GATT, established in 1947, moved the negotiating forum to the multilateral level (1992: 200). However, Goldstein argues that “while liberalization in nonagricultural goods was guided by the twin assumptions of reciprocity and Most Favored Nation agreements, agriculture policy was far more influenced by the idea of parity” (1997: 30).¹³⁴ Bovard notes that due to ignoring the concept of economies of scale, the concept of parity “makes no sense when setting prices for individual crops because some farmers have ten acres and some ten thousand” (1989: 53).¹³⁵

Although some government officials realized early on that the key to effective agricultural policy was in expanding exports, the dominant opinion was that “a strategy of domestic intervention appeared to be the only solution” (Goldstein; 1989: 68). It was only in the expanding global agricultural market of the 1970s that liberal minded elements in government began to gain some headway. However, as the extremely protectionist US farm bill of 1981 illustrates, once funds are pledged to specific agricultural sectors, vested interested groups tend to make reductions difficult to implement.

1.2 The Legal Basis of US Trade Policy

The US Constitution grants Congress full authority in the area of

¹³⁴ Goldstein explains that the concept of parity “implied that the agricultural sector should garner prices and profits akin to those found in industrial production...” (1997: 30).

¹³⁵ Farmers demand parity since they believe only full parity will give them a fair return. However, critics claim that such an approach is outdated since it does not reflect changes in methods of agricultural production.

international trade policy. Article 1, Section 8 states in part that “the Congress shall have the Power...to lay and collect Taxes, Duties, Imposts, and Excises...[and] to regulate Commerce with foreign Nations...” (As quoted in Janda, Berry and Goldman; 1994: A-6). As Destler states, “the Constitution grants the president no trade specific authority whatsoever. Thus, in no sphere of government policy can the primacy of the legislative branch be clearer: Congress reigns supreme on trade, unless and until it decides otherwise” (1995: 14). With the implementation of the RTAA in 1934, Congress decided otherwise.

Recognizing that trade policy was being overly influenced by protectionist pressure from interest groups as well as becoming extremely detailed and complex, Congress delegated its constitutionally mandated trade authority to the executive branch. However, in terms of shaping medium-term trade policy and multilateral trade negotiations, Cohen, Paul and Blecker point out:

Congress has only ‘leased’ authority to the executive branch to reduce import barriers and to impose export controls. Trade legislation grants circumscribed reciprocal trade liberalization authority on a limited-time basis (usually three to five years). Behavior of the executive branch has been affected by the knowledge that it will periodically need to seek both the renewal of existing authority and passage of new authority by Congress as future rounds of international trade negotiations expand efforts to reduce barriers (1996: 114).

Congress grants the Executive continued authority over trade policy through the approval of trade acts. The Trade Expansion Act of 1962 and the Trade Reform Act of 1974 largely defined the structure of contemporary US trade policy.

Crabb and Holt argue that the reason behind replacing the RTAA¹³⁶ with the Trade Expansion Act of 1962 was the establishment of the EC in 1958 since “the challenge was to ensure that this market would remain open to the United States” (1992: 201). Regarding multilateral negotiations, O’Halloran notes that with this act Congress:

empowered the president to negotiate both bilateral and multilateral trade agreements, allowing the president to pursue broad tariff reductions with the EEC. However, Congress coupled this delegation of authority with safeguards against injury to American industry and agriculture (1994: 92-93).

As will be examined in greater detail later in this chapter, a major innovation of the 1962 trade act was the creation of the Special Representative for Trade Negotiations who would act as the chief US negotiator in trade negotiations as well as head of interagency trade policy committees (Cohen, Paul and Blecker; 1996: 33).

The US Trade Reform Act of 1974¹³⁷ ushered in “the modern era of trade institutions” (O’Halloran; 1994: 108). Congress “reserved to itself the power to review” international trade agreements by mandating new procedures that the president was required follow (Crabb and Holt; 1992: 203). These procedural limitations included the need for the president to be granted Fast-Track Authority by Congress as well as to solicit advice from private-sector committees.

The Act also established a potentially powerful and contentious unilateral weapon into the arsenal of US protectionist elements known simply as Section 301. When petitioned by domestic interests, Section 301 gives the president the

¹³⁶ The RTAA had been renewed 11 times when the Trade Expansion Act of 1962 replaced it.

authority to unilaterally retaliate against ‘unjustifiable’ or ‘unreasonable’ acts which restrict US exports. In 1988, as the UR agricultural negotiations were proving extremely acrimonious, Congress strengthened this tool. With the Omnibus Trade and Competitive Act, Section 301 was expanded to include Super 301 which, when enacted, *required* the Office of the Special Trade Representative to “initiate Section 301 investigations against major foreign barriers to US exports” (Cohen, Paul and Blecker; 1996: 154).¹³⁸

1.3 Elements of US Agricultural Policy

Similar to the sacrosanct position that agriculture historically enjoyed in Europe, to many in the US the image of farming was that of rural idyll. Browne provides a description:

The romantic image assumed that farming encompassed all rural life. In this vision, country life is commonly portrayed as a bucolic landscape of hard-working, middle-class farmers. Pictures of rolling hills, carefully crafted rows of corn and soybeans, pure white homesteads and neat barns beside blue silos readily come to mind (1992: 17).

Deriving in part from this romantic image, US agricultural policy has also been shaped by societal values. Moyer and Josling argue that among the most influential of these is that of Jeffersonian agrarianism which “holds that the strength of a democratic society depends on a strong, independent yeomanry” (1990: 126). The structure of domestic US agricultural support programs exists in sharp contrast to these commonly held images and values. It has been noted

¹³⁷ The legislation was signed into law by President Ford on 3 January 1975.

¹³⁸ Cohen et al (1996) note that the “Super 301 statute epitomized foreign perceptions that some US trade statutes have fueled an “aggressive unilateralism” in which the US government, arrogantly and against GATT rules, establish[ed] itself as trade policy judge, jury and executioner” (43).

that “there is irony in the fact that an agrarian philosophy that stresses the importance of community and the public good should be used to promote the interests of the few” (Browne; 1992: 15).

1.3.1 Objectives, Principles and Implications

The exceptional nature of agriculture has been promoted by US agricultural interests and policymakers to a similar degree as in Europe. However, the objectives have been different. In Europe, preservation of the rural environment and a secure supply of reasonably priced agricultural products are the dominant objectives. In contrast, US policy historically emphasized parity of prices and profits with those in the industrial sector (Goldstein; 1997: 30).

The 1933 Agricultural Adjustment Act, on which US agricultural policy was based at the time of the UR, mandated that government should play a large role in regulating agricultural production. Within the US Department of Agriculture (USDA), the Agricultural Adjustment Administration (AAA) was created to oversee the government’s objective of reducing agricultural production and increasing prices. Aware that large amounts of agricultural imports could offset the impact of government support programs, Congress authorized the imposition of trade restrictions including the setting of import quotas and granting of export subsidies.

The implications of a protectionist approach to agricultural trade affected not only US domestic farm programs but also those in many other countries. For example, Cohn notes that the 1955 Waiver that granted the US exemptions in agricultural trade at the level of the GATT so the US could protect its agriculture, was often used by the EC as a means to dismiss claims against its own

protectionist policies under the Common Agricultural Policy (1993: 25).

The reasons for the continued protectionist approach to agricultural policy in the US is clearly stated by Goldstein:

Few could ignore the importance of agriculture to America's export economy. Yet both farm groups and elected officials were politically wedded - because of organized private interest, congressional committees and existing legislation - to government controls on price and supply" (Goldstein; 1997: 33).

1.3.2 Operation of US Agricultural Policy

The operation of US agricultural policy is determined to a large degree by omnibus Farm bills that require Congressional approval before being signed into law by the president. These bills are enacted for four to five year periods. In discussing the comprehensive nature of the bills, Moyer and Josling¹³⁹ note that the legislation "includes provisions on commodity programs, farm credit, conservation, research, food stamps and ... foreign food aid" (1990: 118).

Bovard points out that in the late 1980s, farm subsidies cost "roughly \$25 billion in federal handouts and \$10 billion more in higher food prices..."(1989: 1). However, the US policy of agricultural price supports had begun to show structural flaws already in the late 1940s as agricultural production first recovered from the Depression and WWII and then began producing surpluses. Already in fiscal year 1961, US agricultural storage costs were approximately \$1 billion (Destler; 1980: 28). Increasing storage costs led many USDA officials and certain agricultural interest groups, particularly grain lobbies, to look to

¹³⁹ Timothy Josling has been identified as a member of the pro-reform epistemic community.

foreign markets. Warley¹⁴⁰ (1976) states that “there was a spreading awareness that agriculture was one of the few industries in which the US had an unassailable economic advantage and in which it could meet foreign competition head to head and win...”(320). The Farm Bills of 1961 and 1970 included provisions in which some agricultural price supports were reduced nearer to that of world market levels while farmers who agreed to limit their production were given direct payments (Warley; 1976: 320).

However, as the world agricultural market increased significantly in the mid-1970s, agricultural support costs remained relatively low at between \$2 billion - \$3 billion.¹⁴¹ When it seemed an impending agricultural crisis had been averted, politicians in the US as well as the EC lowered agricultural reform on their agenda. Notably, in order to conclude the Tokyo Round that had been at an impasse over agriculture, the Carter Administration removed agricultural policy reform from the GATT agenda.

Designed with continued expansion in the world agricultural market and high inflation expected, the 1981 Farm Bill increased market support prices for commodities. However, as both exports and inflation decreased, these legislated high support prices caused US agricultural exports to be unable to compete in the world market. As in the early 1960s, agricultural storage costs soared. Browne

¹⁴⁰ T.K. Warley has been identified as a member of the pro-reform epistemic community.

¹⁴¹ Additionally, Wolfe points out that the “apparent food crisis of 1973-4 had created an illusion of global scarcity, diverting attention from structural surpluses” (1998: 63).

views the 1981 Farm Bill as contributing “to the poor export performance of US agriculture in the early 1980s” (1992: 84).

In 1985, recognizing that new policy prescriptions were necessary for the US to control its agricultural support costs as well as regain its competitiveness in the world market, a series of corrective actions were taken. The 1985 Farm Bill, while keeping direct payments to farmers high, also introduced significant supply controls.

In addition to the Farm Bill, Browne points out that the Food Security Act of 1985 signaled the start of incorporating “foreign-trade enhancement programs...into the agriculture domain” (1995: 80). Partly in response to EC sales of heavily subsidized wheat to traditional US markets which incensed an already protectionist Congress, in 1985 the Reagan Administration approved the Export Enhancement Program (EEP). With access to \$2 billion worth of US government agricultural stocks, the program involved providing US exporters with in “in-kind subsidies for exports” (Browne; 1992: 84). Browne outlines the program’s high costs:

The average subsidy for wheat exports under the Export Enhancement Program from 1985-1989 was 26 percent of sales value. In other words, for every dollar of wheat exported, US taxpayers paid 26 cents and foreign buyers paid 74 cents (1992:85).

USDA Secretary John Block defended the EEP by stating it “had been forced on the US Administration by the general clamor for protectionism over France’s refusal to agree a date for talks on a new trade round at the [1985] Bonn economic summit” (*The Financial Times*: 8 June 1985). However, aside from the \$2 billion in surplus stocks, this unilateral action had a higher cost in the deterioration of relations between the US and other agricultural exporters,

particularly the EC in the closing stages of the agenda-setting stage of the UR.

1.4 Down on the Farm in the US

1.4.1 Changing Patterns of Agricultural Production

An important aspect of US agricultural production is the changing nature of farming away from a large number of small farms towards that of fewer farms of greater size and increased efficiency. According to statistics gathered in the 1992 Census of Agriculture, the number of farms peaked in 1935 with 6.8 million working farms while in 1995 there were only 1.9 million (American Farm Bureau; 1995: 2). Regarding the size of these remaining farms during the time of relevance for this investigation, Albrecht and Murdock note that “in 1982, farms with 1,000 or more acres controlled 61 percent of the land in farms. Continuing to decline were the medium-sized farms of 50 to 499 acres” (1988: 33). Along with the decline in actual number of farms, the percentage of Americans living on farms has shown a steady decrease from approximately 25 percent in 1930 to only 2.2 percent in 1985 (Kalbacher and DeAre; 1986 in Albrecht and Murdock; 1988: 31).

However, as farms have increased in acreage and become more commercial, ownership has remained family-oriented. According to American Farm Bureau statistics, in 1995 “99 percent of US farms [were] owned by individuals, family partnerships or corporations with fewer than 10 stockholders.¹⁴² Only .04 percent of farms [were] owned by non-family corporations” (American Farm Bureau; 1995: 1). It is interesting to note that

¹⁴² Albrecht and Murdock note that family-held corporate farms are generally run the same as large family-owned farms and that the decision to incorporate is based on reasons of tax or inheritance reasons (1988: 37).

even though corporate farms, both family and non-family, made up only 2.7 percent of the total number of farms in 1982, they produced 24 percent of the total amount of agricultural products sold in the US (Albrecht and Murdock; 1988: 38). Together, family-owned and corporate farms account for approximately 20 percent of the US workforce. The manner and reasons why family farms differ from both non-family farms and other agribusiness in lobbying strengths and tactics are discussed later in this chapter.

Another critical change in the make-up of agricultural interest representation is the growth in commodity groups with a corresponding decline in the influence of general farm organizations. Moyer and Josling offer an explanation for this trend: "These [commodity] groups had a very narrow focus, working to protect and enhance the special benefits to producers of a particular commodity through farm legislation" (1990: 131). The impact of this trend is examined in the section on US agricultural interest groups.

1.4.2 1970s - 1980s: Boom to Bust

Since the early 1970s, agricultural exports in the US have been the foremost element in determining agricultural demand. While domestic demand has continued to show small annual increases, exports comprise an increasing percentage of total agricultural sales. The interrelationship between agricultural exports and government support programs is explained by Browne (1992): "Because exports are the primary growth point in demand, they are a major determinant of farm prices and incomes...During the last twenty years, government payments have been inversely related to the level of export sales" (78).

The extent to which US agricultural policy relied on food exports became clear in the early 1980s when a sudden downturn in global demand resulted in skyrocketing support costs and a sharp increase in farm foreclosures. Between 1980 and 1986, agricultural exports plummeted from \$44 billion to only \$26 billion with a corresponding jump in government support costs from \$4 billion to more than \$20 billion (Browne; 1992: 78). Although this placed severe pressure on the Reagan Administration and the USDA, some American farmers were of a different view: “With farm prices falling, anything that props up the market is good news down on the farm, no matter how bad for everybody else” (As quoted in *The Financial Times*; 16 April 1982). However, even with extensive government assistance, Moyer and Josling note that “the sudden decline in farmer prosperity was unprecedented since the Depression years” (1990: 110).

There are several reasons for the severe decline in agricultural exports in the early 1980s: 1) the increase in the value of the US dollar between 1980-1985; 2) the global recession, exacerbated by the 1979 oil crisis, decreased demand although “agricultural production in industrialized countries had continued to increase, partly because of government subsidies, and partly because of the continuing revolution in agricultural productivity” (Moyer and Josling; 1990: 109); 3) foreign protectionism, particularly in the EC, had closed off traditional US export markets;¹⁴³ and 4) high interest rates on third-world debt negatively impacted the ability of indebted countries to purchase US exports.

The implications of the convergence of all of these elements was

¹⁴³ Browne argues that the high support prices of the EC’s Common Agricultural Policy (CAP) brought about a surge in grain production. This surplus, which was then exported onto world markets, transformed the EC from a net grain importer to a net grain exporter (1992: 80-81).

succinctly stated in a special analysis of the world agricultural crisis produced by the *International Herald Tribune*: “Intense battling for markets, bitterness over trade policy, serious threats of trade wars and cries for policy reform are the immediate results” (21-22 April 1984: 9).

1.5 Pressure for Agricultural Reform

Although the crisis in the farming sector witnessed increased pressure for continued government support from many agricultural interest groups, a growing number of US government policy-makers realized that in its present state, agricultural policy was unsustainable. It also became a political issue. Moyer and Josling contend that “increased farm program costs presented real problems to the Reagan Administration, which had entered office dedicated to cutting taxes and spending” (1990: 118).

Combined with high support costs was the additional pressure of a rapidly increasing trade deficit. Destler states that the deficit:

went up 70 percent within five years, to a level 40 percent above that at which US firms were broadly competitive...Foreign goods poured in as never before, and the United States suddenly faced a trade imbalance without parallel in its modern history (1995: 9).

Liberal-minded policy actors, who had been discouraged by the lack of achievement at the 1982 GATT ministerial meeting, had the additional burden of keeping growing protectionist pressures from Congress in check. Destler argues that in this environment, reform would need to be multilateral and equitable since US trade officials “were willing to compete, but they demanded a ‘level playing field’, not one tilted against the United States” (1995: 9).

2. US Agricultural Trade Policy Formulation

The US policy process is characterized by the exchange between public

and private actors. This pluralist relationship is often carefully cultivated by both sides in order to harvest the rewards at the proper time. In fact, political decision-makers “sometimes directly encourage private groups to enter the political process to support their initiatives, including trade liberalization, or to oppose others, including protection” (Destler and Odell; 1987: 98-99).

Related to this interrelationship, another key characteristic of the US policy process is the extent to which institutions are open to access from other actors. Hence, interest groups have multiple points of access to decision-makers at all stages in the policy process. Indeed, the US Trade Reform Act of 1974 mandated that the Executive branch not only seek advice from interest group representatives but also incorporate their views. This is particularly important when contrasted with the EU policy process for external trade, and to some extent for agriculture, since the European Commission is not under any obligation to be bound by external advice.

Although the various US institutions are indeed open, they are also noted for their division of authority both between and within the various branches. With regard to the impact of such division, Destler and Odell (1987) point out that “the same machinery that gives private groups much access to the policy-making process also creates, among other things, a status quo bias. Any proposal to change a basic policy must clear numerous hurdles” (99-100).

One such hurdle may be the entrenched bureaucratic power and expertise of federal agencies. Ernst Haas argues that US federal agencies tend to act as self-sufficient, goal seeking, goal attaining units that are “not subject to simple control by way of presidential wish or formal interagency coordinating

machinery (1970: 30). This lends itself to interagency confrontation.

However, this study finds that in the specific case of agricultural liberalization during the UR, there was limited interagency confrontation between the Office of the United States Trade Representative and the United States Department of Agriculture. Reasons for this lack of confrontation include, firstly, the clear desire of successive administrations, particularly under President Reagan for agricultural liberalization. Secondly, the overwhelming constraints placed on the USTR given the simultaneous NAFTA and UR trade negotiations stretching the ability of trade officials. Finally, restricted expertise in the area of agricultural policy existed among officials within the United States Trade Representative.

An additional institutional hurdle is the relationship between the Executive and Congress. Given that Congress has lent the Executive responsibility for trade policy while retaining oversight, communication between these two branches would be expected to be well-developed. However, Vernon and Spar note that “the obvious fact is that neither body is well designed to handle sustained consultation with the other, especially when the consultations involves a package of issues” (1989: 202). This issue is developed in the following chapters.

Thus, the change away from a protectionist approach toward agricultural policy to that favoring liberalization is made interesting not only as a policy issue but also as an institutional issue.

This section explains the primary functions and the interrelationship between the relevant US institutions involved in the process leading to domestic

as well as multilateral agricultural liberalization. (See Figure 2). As in the chapter on the EC policy process, this discussion includes examination of key actors, the degree of their specialization, general policy objectives, institutional constraints and the amount of interaction with other actors. Analysis of these issues is critical to understanding the roles of the various policy network actors during the UR that are being investigated.

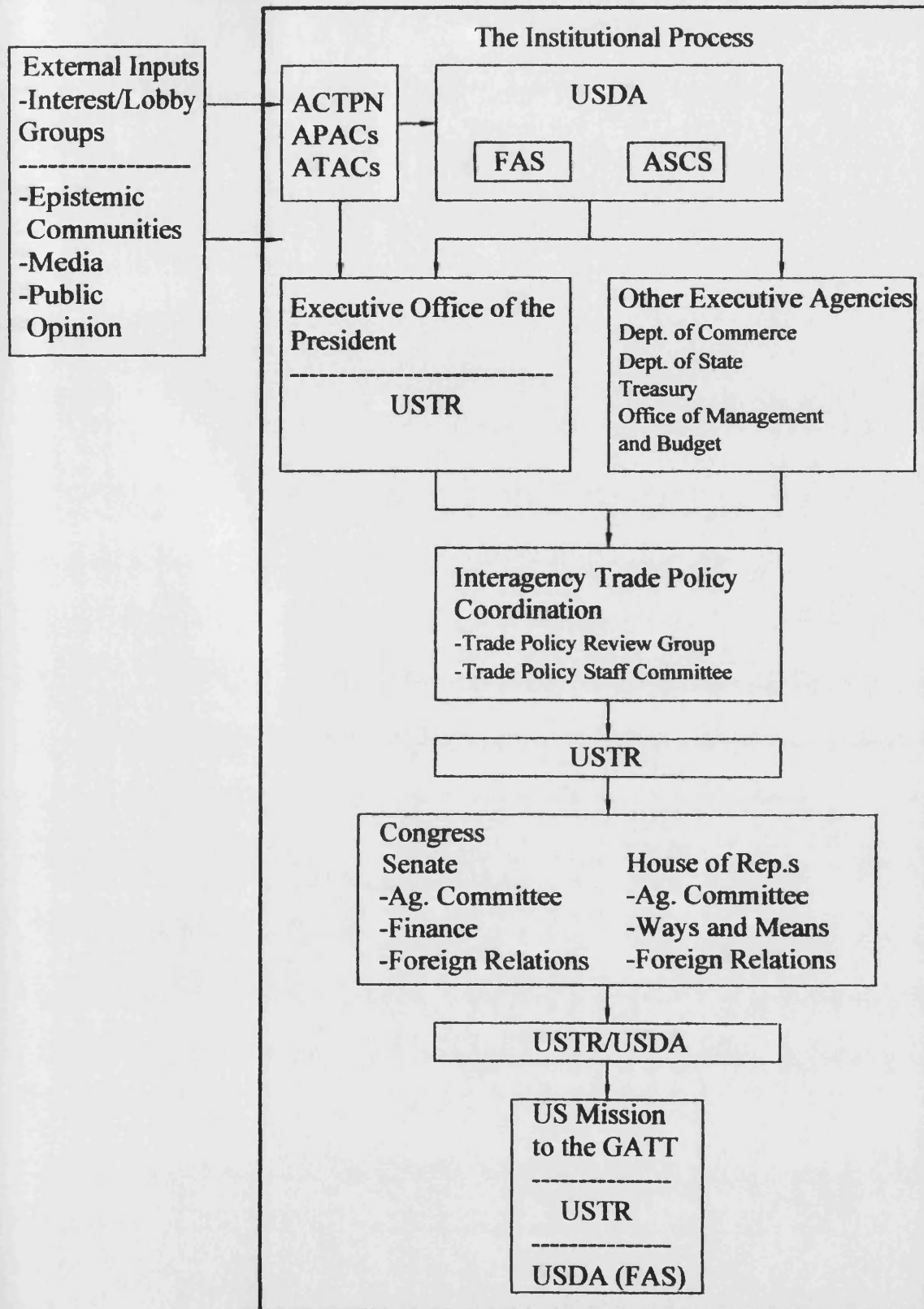
2.1 The Executive Branch

In March 1982, USDA Secretary Block expressed before the House of Representative's Committee on Agriculture the Reagan Administration's approach to agricultural trade policy with regards to the EC:

The decision was made early in this administration that the United States would no longer tolerate what we consider the unfair trade practices of the European Community. We focused these efforts and the USDA took the lead in developing a comprehensive interdepartmental strategy for the United States-European Community trade relations. This plan was approved at the cabinet council level, and for the first time, the United States is taking a Government-wide approach to the problems of agricultural trade with the European Community (As stated in Blair; 1993: 154).

This statement is illustrative of the policy coordination that occurred within the executive branch concerning the objectives of the UR agricultural negotiations. Official executive branch acceptance of the need for simultaneous multilateral and domestic agricultural reform already was evident in the early 1980s. This came at a much earlier stage than EC Agricultural Commissioner Ray MacSharry's 'conversion' of his colleagues in 1991. Following is a discussion of the role that the relevant actors within the Executive play with respect to trade and agricultural policy.

Figure 2: The US Agricultural Trade Policy Process during the Uruguay Round



Key:

- ACTPN = Advisory Committee for Trade Policy Negotiations
- APAC = Agricultural Policy Advisory Committee
- ATAC = Agricultural Technical Advisory Committee
- USDA = United States Department of Agriculture
- USTR = United States Trade Representative

Adapted from Moyer and Josling, 1990.

2.1.1 The President

President Kennedy is reported to have stated the following to his chief agricultural policy advisor: “I don’t want to hear about agriculture from anyone but you...Come to think of it, I don’t want to hear about it from you either” (As quoted in Runge; 1990: 61).¹⁴⁴ As indicated by this quote, the president’s interest and role in agricultural trade policy is often limited. However, in circumstances where the president does show an interest and particularly in times of crisis the president’s role increases significantly. Talbot and Hadwiger (1968) argue that since the 1930s:

farm leaders have gradually come to the realization that the legislative and administrative leadership of the President is mandatory in the area of farm policy. The deeper the crisis, the more they look to the White House. When the emergency has diminished, so have the powers of the President...(142).

In issues pertaining to trade policy, the president’s attention may be similarly bounded by interests and other issues. Cohen, Paul and Blecker state that:

only on a few occasions have presidents taken time away from more pressing (and more appealing) matters of domestic politics and national security to take the initiative on a major trade matter. In most cases, presidential involvement in this area consists of approving a cabinet-level recommendation or arbitrating relatively rare cabinet-level stalemates (1996: 109).

However, important exceptions exist. The presidential fiat, while rarely used, involves the president taking an active part “at the onset of an international trade issue by making a forceful declaration of policy intent that immediately and unequivocally dictated the nature of subsequent US actions” (Cohen, Paul and

¹⁴⁴ To be fair to Kennedy, he “was a man of the city who never understood the farm economy” (Sorensen, 1965: 402 as quoted in Talbot and Hadwiger; 1968:152).

Blecker; 1996: 130).¹⁴⁵ The approach of elite transnational networks supports this activity. The presidential fiat leads to lower-level decision-makers taking actions which support the president's view.

The influence of a presidential fiat is evident, albeit over several years, during the agenda-setting stage of the Uruguay Round. President Ronald Reagan was a staunch supporter of starting a new trade round. After disappointing progress at the 1982 GATT ministerial meeting, Reagan, supported by United States Trade Representative William Brock, continued applying pressure for a new round. This pressure took the form of numerous speeches, including Reagan's forceful call for a new round at the 1985 G7 Bonn Summit. In these speeches, Reagan was "true to the executive tradition [in that] the administration stressed productivity – the belief in Americans' ability to compete" (Conti; 1998: 88). However, due to pressure from Congress, the Reagan Administration also pushed for a more open trading system through policy initiatives, such as the establishment of the Export Enhancement Program in 1985, intended to prod resistant countries forward. Thus, President Reagan was actively involved in US trade policy initiatives for establishing a new round. In fact, there was some discussion in US policy circles whether the round should be called the 'Reagan Round' (*The Financial Times*; 6 February 1984).

However, during the course of the UR, successive presidents turned their attention to other trade agreements. President George Bush called for a Free Trade Agreement of the Americas, and personally led trade delegations to Asia.

¹⁴⁵ The authors indicate that the personal values and ideology of a president may dictate the substance of the presidential fiat.

President Bill Clinton focused on the establishment of the North American Free Trade Agreement (NAFTA). However, in the final stages of the UR, Clinton worked hard, at times with other heads of government, to bring about the completion of the Uruguay Round. Thus, the role of the president in trade negotiations is heightened during the agenda-setting stage and the breakthrough stage when presidential clout has the greatest impact. As is demonstrated in chapters five through seven of this thesis, the role and timing of the US presidents in trade negotiations is as predicted by the concept of elite transnational networks. A key exception to the president's general non-involvement in trade policy is his need to acquire Trade Promotion Authority (termed fast-track authority until 2001) in order for the United States Trade Representative to negotiate multilateral trade agreements. Established by the 1974 US Trade Reform Act, Trade Promotion Authority procedures require the president to notify Congress ninety days before signing any trade agreement and to inform them of the reasons for entering it. Congress must then approve or disapprove the agreement by majority,¹⁴⁶ without amendment, within sixty days.¹⁴⁷

2.1.2 The United States Trade Representative

The establishment of the position of Special Trade Representative (STR) as part of the 1962 Trade Expansion Act signaled a significant power shift within the executive branch. The Act transferred authority for international trade

¹⁴⁶ Trade Promotion Authority procedures require only a majority in both houses as opposed to the normal two-thirds in the Senate for a treaty to be approved.

¹⁴⁷ Cohen, et al. note that "either house of Congress [can] terminate the fast-track rule by a simple majority vote restoring the usual rules of procedure" (1996: 142).

negotiations from the State Department to a new official who would be more likely to “put US trade interests ahead of diplomatic interests” (Crabb and Holt; 1992: 201-202). However, Stokes and Coate (2001) argue that Congress established the post of STR to “move trade policymaking out of the State Department, where it had often proven beyond Congress’s reach, and into the White House, where it would be more politically accountable to Capitol Hill” (15).

As STR, the official was “the titular head of ‘overall’ trade policy formulation, ‘chief’ trade negotiator for the US government, and designated ‘representative’ of the US in the major international trade organizations” (Cohen, Paul and Blecker; 1996: 109).¹⁴⁸ According to Bowles, an Executive Order was implemented in January 1980 which had the effect of increasing its powers and making the USTR responsible for: 1) issues relating to the GATT/WTO; 2) trade and commodity talks within the OECD; and 3) “all other *bilateral* and *multilateral negotiations* concerning trade policy, direct investment incentives and incentives to trade, incentives and barriers to cross-border investment” (1998; 388, emphasis included).

With the implementation of the 1974 Trade Act, the STR was officially placed within the Executive Office with both the office and its head given the new title of United States Trade Representative (USTR).¹⁴⁹ However, Destler points out that organizationally, the office “was an anomaly. Though housed in the Executive Office of the President, few of its heads had close personal contact

¹⁴⁸ A total of three Deputy USTRs, two in Washington, D.C. and one in Geneva assist the USTR. All are accorded the rank of Ambassador.

with the chief executive” (1995: 20).¹⁵⁰ This had the effect of increasing the flexibility of the office since officials within the USTR were able to work with whom they chose thus “drawing in some interests to balance others, and keeping the trade policy game as open as possible” (Destler; 1995: 21).

Nonetheless, the interrelationship between the president and USTR is critical. The USTR is in a “unique position as a builder of political coalitions in support of a basically open trade policy, *if* the President backs him or her when necessary” (Destler and Odell; 1987: 137-138, emphasis added). Writing at the beginning of the UR, Destler (1986) sees the relationship as “basically right”, but argues that in order for the Office of the USTR to be more effective during a trade crisis, it is critical that the USTR be seen as “one of the senior foreign and economic policy players having the visible and personal backing of the Oval Office’s occupant (107). During the stages of the UR, the position of USTR was filled by four strong personalities in succession: William Brock (1981-1985), Clayton Yeutter (1985-1989); Carla Hills (1989-1993) and Micky Kantor (1993-1996) who significantly elevated the reputation of the USTR as a powerful force in the US trade policy process.

Relations between the Office of the USTR and Congress show that the USTR is fully aware of where its existence originated. Cohen, Paul and Blecker (1996) even go so far as calling it a “creature of Congress” (109). USTR

¹⁴⁹ The new chief trade official was also given Cabinet rank.

¹⁵⁰ As trade policy becomes more visibly important, particularly to the president, this aspect is changing.

officials are often called upon to report to Congressional committees in order to inform them of a specific trade policy issue or the state of trade negotiations. Additionally, with regard to Trade Promotion Authority rules, Winham (1986) notes that:

this procedure meant that the major provisions of the implementing bill would be known to Congress for some time, and the relevant committee...would be required to work closely with the special trade representative during the transmittal phase (134).

The USTR defines its role as ‘policy broker’ and ‘problem solver’.¹⁵¹ For purposes of this study, it is important to point out that within the Advocacy Coalition Framework, policy brokers are seen to play a large role in resolving the conflict between two competing advocacy coalitions.

In the case of the simultaneous domestic and multilateral agricultural policy reform in the 1980s, the USTR played an instrumental role in encouraging pro-reform actors, especially within the US Department of Agriculture (USDA), to gain dominance in the policy process. According to a USDA official, throughout the UR the US agricultural position was developed through interagency cooperation and that “no big battles occurred”.¹⁵² The fact that the USDA, and specifically the pro-agricultural Foreign Agricultural Service division, negotiated agricultural policy during the UR for the US is a potentially significant factor in explaining how pro-reform advocacy coalition members were able to gain dominance over entrenched anti-reform interests, particularly among agricultural lobbyists and members of congressional agricultural

¹⁵¹ Cohen et al (1996) indicate that a USTR insider used these terms to describe its role (109).

¹⁵² Interview with Merritt Chesley, Group Leader for Western Europe, FAS, USDA in Washington, D.C. on 28 August 1997.

committees.

It is interesting to compare the US process to the situation in the EC where the Council of Ministers accused the Commission on several occasions of surpassing its negotiating mandate. However, similar to some degree to the situation in the EC where the General Affairs Council was legally in charge of negotiations, while the Agricultural Council became ever more involved in the agricultural negotiations, during the UR the USTR voluntarily gave responsibility for the agricultural negotiations to the USDA. This shift in responsibility was confirmed by a USDA official in stating that “while the USTR had the legal lead, the USDA was later given the practical lead”.¹⁵³ In the case of the US policy process, this transfer of *de facto* negotiating responsibility had little of the political tension that was evident between the two EC Councils or between the Commission agricultural and external relations directorates general.

In stark contrast to the EC, relations with interest groups over trade issues became institutionalized after the 1974 Trade Reform Act with selected interests contributing reports to the USTR during several points of the negotiations as well as members of these advisory groups joining the US negotiators in Geneva, Toronto and Brussels. While these advisory groups will be discussed in greater detail in a later section of this chapter, it is important to note their relationship with the USTR. Winham argues that the procedural requirements establishing the system of private-sector committees:

created a right, even an obligation, for sectoral interests to pass judgment on the negotiation...[and that] the advisory procedures

¹⁵³ Interview with Merritt Chesley, Group Leader for Western Europe, FAS, USDA in Washington, D.C. on 28 August 1997.

virtually amounted to a report card on the conduct and substance of the negotiation, and even on the performance of individual executive agencies” (1986: 135-136).

The 1974 Trade act stipulated that the USTR would act as the chair of the Advisory Committee for Trade Policy Negotiations and assure that all committees have access to confidential USTR information.

Organizationally, the Office of the USTR is divided into several ‘offices’ based on regional areas such as Europe and the Mediterranean, sectoral areas including agricultural affairs, or having responsibility for functional activities such as multilateral affairs and relations with the WTO and with Congress. With a relatively small staff of approximately 150 full-time employees, it often depends on the personnel of other cabinet departments to assist them (Cohen, Paul and Blecker; 1996: 109). In order to facilitate relations with the WTO and the UN Conference on Trade and Development (UNCTAD), the USTR has an office in Geneva. This location is headed by the US representative to the WTO who has ambassadorial rank.

2.1.3 The Bureaucratic Level

Within the bureaucracy, the United States Department of Agriculture (USDA) plays the key role in both defining and promoting the US agricultural position during trade negotiations. Similar to the individual USTRs during the UR, successive Agricultural secretaries have been strong-willed people, adamant about the need for agricultural liberalization. During the various stages of the UR, the position of Agricultural Secretary was held by: Bob Bergland (1977-1981); John Block (1981-1986); Richard Lyng (1986-1989); Clayton Yeutter (1989-1991); Edward Madigan (1991-1993) and Mike Espy (1993-1994).

Although Moyer and Josling rightly note that the organizational process¹⁵⁴ and Allison's Bureaucratic Politics Model¹⁵⁵ would predict the USDA to produce incremental policies given their conflicting agencies, they explain that there is a "need to take into account the fact that the Secretary of Agriculture, Deputy Secretary, under-Secretaries, assistant secretaries and some other key officials are political appointees, responsive to the President" (1990: 122).

Most relevant to this investigation at the time of the UR are two USDA agencies. The first is the Foreign Agricultural Service (FAS) that is responsible for promoting agricultural export programs and gathering agricultural statistics from other countries. Of key importance to this study is the view taken by Moyer and Josling that as the US has become more dependent on agricultural exports, the FAS has witnessed an increase in its influence within the agricultural policy process (1990: 120). As is discussed later in this study, during the UR, senior FAS officials were extremely pro-active in urging the liberalization of agricultural trade policy and often provided "ideological focus".¹⁵⁶

The second relevant agency is the Agricultural Stabilization and Conservation Service (ASCS) (since the 1994 reorganization of the USDA, this agency has been known as the Farm Service Agency) that is concerned with domestic agricultural support programs. With its constituency well aware of the

¹⁵⁴ Allison's organizational model (1971) establishes that government leaders' decisions elicit organizational routines or standard operating procedures (S.O.P.s). Thus, policy is determined primarily by these often short-sighted organizational routines rather than medium or long-term objectives.

¹⁵⁵ A key point of the Bureaucratic Politics Model is that perceptions, and the resultant priorities set by them, are a product of the position/role held by the decision-maker (Allison; 1971).

¹⁵⁶ Interview with Craig Thorn in Washington, D.C. on 29 August 1997.

role of the ASCS, a deep relationship developed between it and lobby groups. Thus, “when threatened, ASCS ha[d] the ability to mobilize a formidable ‘grass-roots’ army of farmers and commodity groups to protect its interests vis-à-vis the Secretary of Agriculture, the OMB and Congress’ (Bonnen; 1987: 11).

Given the often contrasting pressures its various department encounter, relations with interest groups are at times problematic. Cohen, Paul and Blecker (1996) point out the USDA has difficulties “in trying to please an agricultural community that is split between farmers who are import-sensitive (dairy, meat, sugar, peanuts) and those who are highly efficient exporters oriented to free trade (soybeans, corn, wheat)” (112).

Several other departments are involved in either policy making or implementation of US agricultural and trade policies. The State Department provides expert advice on the likely reaction and impact of US policy on foreign states. With general responsibility for the domestic economy, the Treasury Department “exerts a major voice in the formulation of trade policy” (Cohen, Paul and Blecker; 1996: 111). Implementation for trade policy overseas is the mandate of the Commerce Department. Officials working in Washington, D.C., as well as in US consulates and embassies, work with private and public US business interests to prevent or remedy perceived unfair trading practices. Bowles (1998) contends that the Commerce Department’s “structure and programs encourage such receptivity through triangular political relationships between the private sector, executive agencies, and Congressional Subcommittees” (389).

2.1.4 Coordinating Groups

Consisting of both relevant cabinet members and senior advisors to the president, the cabinet-level coordinating group “represents the operational principle of cooperative policy-making at the highest political level” (Cohen, Paul and Blecker; 1996: 110). These groups may only be formed through executive order and the president is the official chairman, although he is rarely present (Cohen, Paul and Blecker; 1996: 110). Unless the matter at hand concerns a trade issue of such national importance that the president takes full responsibility, this senior-level coordinating group is the “final decision-making stop” for both foreign trade and domestic economic policy issues (Cohen, Paul and Blecker; 1996: 110).

The USTR is responsible for interagency trade policy coordination of 17 federal agencies and offices. Meeting at the level of undersecretary and assistant secretary is the Trade Policy Review Group. Another is the Trade Policy Staff Committee (TPSC) that is divided into working groups and task forces. Within these groups, “all relevant bureaucratic actors have the opportunity to state their policy recommendations and to influence the search for consensus” (Cohen, Paul and Blecker; 1996: 113).

These groups are the key reason for the “comparatively little internal strife within the US government...The State Department, USDA and the Office of the USTR all worked together without any significant divisions” (Blair; 1993: 151) and were therefore able to present a coordinated position at the earlier OECD agricultural discussions and at the GATT during the UR negotiations.

2.2 The Legislative Branch

With the RTAA, Congress indeed had “legislated itself out of a process so

imbued with log-rolling and pressure-group sensitivities as to make a coherent international trade policy impossible” (Low; 1993: 54). However, given its Constitutional responsibilities to its constituencies and other political interests, Congress retains influence in trade policy (Low; 1993: 130 and O’Halloran; 1996: 109). Cohen, Paul and Blecker (1996) state four ways by which Congress influences trade policy:

- 1) passage of trade legislation (or refusal to pass legislation requested by the administration);
- 2) approval of budgets and appropriations of funds;
- 3) confirmation of senior policymakers;
- 4) general review and evaluation¹⁵⁷ of existing policies and programs (114, number added)

The voice of Congress often is most strident in demanding ‘fair’ or even protectionist trade actions. However, there are distinct differences in the level of protectionism demanded by senators and representatives. Senator Thad Cochran (R-Mississippi) clearly states the reasons for these differences: “Every senator has some farmers to represent, but not every House member does. That is why the Senate is frequently more parochial, more partisan and certainly more stubborn than the House about defending farm subsidies...” (*Congressional Quarterly Almanac*; 1990: 1468).

Regarding domestic agricultural reform, between 1981 and 1985 reformists within the US executive had twice failed to convince Congress that a change in policy was necessary. It was USTR Clayton Yeutter, later supported with experts’ reports, who in 1985 first helped convince a protectionist Congress

¹⁵⁷ Formally known as ‘oversight’.

that a strong multilateral approach would not only bring about international agricultural liberalization, but also allow domestic reform.

To stay involved in the trade policy process as well as be less dependent on the executive for trade related data, Congress has several sources it can draw on for specialized information. For general background information Congressional staff may utilize the Congressional Research Service (CRS); for economic analysis and the likely economic impact of a specific trade agreement the Congressional Budget Office (CBO) is available; while the General Accounting Office (GAO) provides studies concerning trade issues. Additionally, beginning in the mid-1970s, the number of professional staff working for Congress increased significantly which increased its ability “to collect international economic data independently and to propose trade legislation and second-guess policy proposals without reliance on executive branch resources” (Cohen, Paul and Blecker; 1996: 115).

In order to retain an insider’s view of future international trade negotiations, the 1974 Trade Reform Act stipulated that congressional delegates be authorized to directly participate in international trade negotiations.¹⁵⁸ Thus, five members from both the House of Representatives and the Senate are formally appointed as official Congressional advisors. Additionally, members may be appointed as advisors on particular issues.

Cohen, Paul and Blecker state that standing committees within the House and Senate are the primary area of trade policy-making within the legislative

¹⁵⁸ O’Halloran describes the appointment procedure: “At the beginning of each congressional session, the Speaker of the House of Representatives, upon recommendation of the Chair of the Ways and Means Committee, and the president of the Senate, upon recommendation of the chair of the Finance Committee appoints delegates” (1994: 147).

branch (1996: 116). These committees tend to be involved by functional area. Thus, the House Ways and Means Committee and the Senate Finance Committee are responsible for general import policy and “jurisdiction over specialized import issues, export control policy, and export promotion programs scattered among agriculture, appropriations, banking, commerce, energy, and foreign relations committees in both houses” (Cohen, Paul and Blecker; 1996: 116).

With regard to agricultural policy, while the House and Senate’s Agriculture Committees are the primary source of agricultural legislation, the House commodities sub-committees are also extremely influential. In explaining why these sub-committees have historically had a vested interest in retaining the status quo, Moyer and Josling (1990) argue that these sub-committees consist of members who:

overwhelmingly represent the districts in which the included commodities are produced [and thus] Congressmen with agricultural constituencies can turn agriculture committee service into an election asset because they can deliver and protect benefits (128-129).

As noted above, these vested interests have historically resulted in the passing of protectionist farm bills.

Evidence of the existence of policy brokers as predicted by the Advocacy Coalition Framework is seen within the Congressional agricultural policy process. Moyer and Josling state that:

for agricultural legislation, one or two leaders trusted inside and outside the farm community, emerge in each chamber of Congress (not necessarily the agricultural committee chairmen) who fill roles as conciliators, ‘honest brokers’, compromisers and deal-makers (190: 131).¹⁵⁹

¹⁵⁹ The authors name Tom Foley (D, Washington) and Bob Dole (R,).

2.3 Interest Group Representation in US Agricultural Trade Policy Formulation

The US policy process incorporates interests from a wide array of sources. This section focuses on the system of advisory committees used during multilateral trade negotiations as well as the various agricultural interest groups.

2.3.1 Institutionalized Representation

US trade policy is structured to include institutionalized involvement of private interests from a many policy areas. This is in contrast to the scope and manner of interest group representation in the EC where it is legally required for agricultural policy but not for trade. Through actively involving interest groups in all stages of trade policy formulation, US negotiators were intimately aware of the extent of their mandate as well as its flexibility.

Established by the 1974 Trade Reform Act and strengthened by the Omnibus Trade and Competitiveness Act of 1988, the system of advisory committees consists of 1) an Advisory Committee for Trade Policy Negotiations (ACTPN) consisting of 45 participants; 2) seven separate Policy Advisory Committees including the Agriculture Policy Advisory Committee (APAC)¹⁶⁰ each composed of 50-60 members; and 3) several Advisory Technical Committees including Agricultural Technical Advisory Committees (ATACs) in such specialized areas as trade in oilseeds, and trade in grain and feed. Each ATAC generally has between 25-30 members who are agricultural experts,

¹⁶⁰ Although the 1974 Act established policy advisory committees for agriculture, industry and labor, during the UR, the scope of committees grew to include defense, investment, intergovernmental relations (from state and local governments) and services (Cohen, et al.; 1996: 118).

including academics.¹⁶¹

As set out by the 1974 Trade Act, the USTR is responsible for establishing the specific advisory groups, choosing their members and initiating meetings. While the ACTPN is required by law, all other groups have been created due to an observed need. Given its prestigious reputation and access to the Executive, the President chooses the members of the ACTPN, with advice from the acting USTR. For the other committees, the USTR makes recommendations after soliciting nominations from various areas including trade groups, Congress and think tanks. In the case of the agricultural committees, the secretary of the USDA assists in making recommendations.¹⁶²

According to the USDA program analyst for APACs and ATACs, the reason for their establishment was “to give the private sector a say in trade policy. These groups have their pulse on world trade. They indicate how policy will affect commodity groups”.¹⁶³ Additionally, Hrebenar contends that “advisory committee membership is an important tactic for interest groups to pursue because such membership enhances contacts between the interest groups and government officials” (1997: 117).

However, the system of advisory groups is mutually beneficial. Structured information channels have developed in which government and interests exchange detailed information and advice on an ongoing basis. Winham

¹⁶¹ Interview with Denise Burgess, Program Analyst for APACs and ATACs in the FAS of the USDA in Washington, D.C. on 27 August 1997.

¹⁶² Susannah Kang Official with the USTR. Interviewed by telephone on 21 August 1997.

¹⁶³ Interview with Denise Burgess Program Analyst for Agriculture Policy and Technical Committees with the United States Department of Agriculture Foreign Agricultural Service on 27 August 1997 in Washington, D.C.

notes that the system of advisory committees “bureaucratized the constituency groups” through organizing the various interests into functional units (1986: 314). Being responsible for initiating the advisory committee process, the USTR spent a great deal of time during the UR organizing meetings and providing information to participants. Nonetheless, the “system ensured that the effort spent would be coordinated and well organized, and that potential trouble spots could be identified quickly” (Winham; 1986: 315).

As expressed by O’Halloran, the required consultations by advisory groups serve two purposes:

- 1) groups sensitive to or threatened by the proposed agreement are given an opportunity to express their concerns and seek compensation
- 2) negotiators learn from these consultations which are the industries that, if ignored, may lobby members of Congress to veto any eventual agreement.” (1994: 144-145; numbers added).

Additionally, Cohen, Paul and Blecker note that in accordance with US trade law, before the Executive submits a trade agreement for fast-track approval, advisory committees must:

produce written evaluations that assess whether the proposed agreement is in their judgment compatible with US commercial interests. Since Congress is highly unlikely to enact legislation implementing a trade agreement that has been lambasted by a majority of the influential members of the private sector, members of the advisory committees collectively possess a *de facto* veto over key trade agreements. (1996: 118).

During the UR, APACs and ATACs met approximately once a month in Washington, D.C. while members of the ACTPN met quarterly. Members of all groups attended major negotiation sessions in Montreal (1988), Brussels (1990) and Geneva (various) and received continuous briefings from US negotiators

although they did not participate in the actual negotiations. A USDA official noted that this process made the interest representatives “feel part of the process”.¹⁶⁴ A USDA official in Brussels enthusiastically supported the advisory committee system and stated that they were “brilliantly effective”.¹⁶⁵ However, her senior colleague in Washington, D.C. stressed that while these formal links were influential, there were also effective informal links between government and interest groups.¹⁶⁶

2.3.2 Domestic Interest Groups

A growing trend in the US agricultural policy process has been the steady decline in the influence of agricultural interest groups matched by a corresponding increase in that of commodity groups. This section investigates the reasons for this trend as well as a discussion of the various groups.

Among agricultural interest groups, the American Farm Bureau Federation (AFB) and the National Farmers Union (NFU) represent family run farms. However, apart from this general aspect, these two groups are significantly different in their ideological approach and objectives.

According to an AFB representative, it is a “grass-roots, bottom-up organization” with resolutions working their way up from the local level to eventual discussion at an annual national meeting.¹⁶⁷ In 1997 the AFB had a

¹⁶⁴ Interview with Merritt Chesley, Group Leader, Western Europe, FAS, USDA in Washington, D.C. on 28 August 1997.

¹⁶⁵ Interview with Sharynne Nenon, USDA representative, US Mission to the EU in Brussels on 13 November 1996.

¹⁶⁶ Interview with Craig Thorn in Washington, D.C. on 29 August 1997.

¹⁶⁷ Interview with David Salmonsens, Government Relations, AFB in Washington, D.C. on 28 August 1997.

membership of approximately 4.7 million. The AFB “represents the wealthy farmer” (Hrebenar; 1997: 305) and are primarily commodity specialists. Their national farm policy includes a long-term program that would:

- 1) Rely less on government and more on the market;
- 2) Allow farmers to take maximum advantage of market opportunities at home and abroad without government interference,
- 3) Encourage production decisions based on market demand (American Farm Bureau; 1996: 18).

The pro-active approach to shaping agricultural policy of the AFB is illustrated in one of the stated beliefs listed in their policy book: “We believe that legislation and regulations favorable to all sectors of agriculture should be *aggressively* developed...” (American Farm Bureau; 1996: iv; Emphasis added). This includes members “going up to the Hill and telling their story” since this approach is the most effective.¹⁶⁸ During the UR, the AFB was an active member of the advisory committee system and advocated agricultural liberalization at the multilateral level to increase exports. However, the realization that liberalization was necessary evolved over time as the advantages of agricultural liberalization became clearer since “Farmers don’t like being told [things]”.¹⁶⁹

In contrast to the AFB, the National Farmers Union (NFU) has a relatively small membership of approximately 300,000 families and represent “the lower-income farmer, who wants government intervention and support for

¹⁶⁸ Interview with David Salmonsens, Government Relations, AFB in Washington, D.C. on 28 August 1997.

¹⁶⁹ Interview with David Salmonsens, Government Relations, AFB in Washington, D.C. on 28 August 1997.

farm products” (Hrebenar; 1997: 305).¹⁷⁰ Organizationally, the NFU is similar to the AFB with an annual policy program being adopted at a national convention. Among their general program provisions is a return to the parity prices calculated between 1909-1914 and restoring the agricultural safety net (National Farmers Union; 1997: 4-5).

According to an NFU representative, while the organization wanted to achieve a fair playing field in multilateral agricultural trade, their approach to the UR was “to wait and see”.¹⁷¹ Additionally, she stated that the NFU was not a member of any advisory committee during the UR and doubted the impartiality of the recruitment process. To gain fair representation, the NFU believes that Congress should be a “full partner in any international trade agreement” (National Farmers Union; 1997: 28).

As a group, the family farm lobby has become “confronted with divisions in its ranks and a decline in organizational potential” (Hrebenar; 1997: 305). These elements are similar to the situation in Europe with its declining farm population. Additionally, as has been noted, COPA, EC’s umbrella agricultural organization is becoming increasingly fragmented partly due to continued enlargement of the EU. However, with their long history of close relations with the USDA and Congress, these farm groups still retain political influence (Hrebenar; 1997: 304).

Given their financial strength and significant contribution to overall

¹⁷⁰ According to David Salmonsens of the AFB, NFU members are “mostly Plains people [who are] out of a Populist mode”.

¹⁷¹ Interview with Nancy Danielson, Legislative Relations, NFU, in Washington, D.C. on 28 August 1997.

agricultural production, agri-business lobbies would generally be expected to have a powerful presence in the agricultural policy process. However, this has not been the case. Moyer and Josling explain this seeming paradox: “[Agri-business] seldom exercises its full potential, probably because the stakes are usually not large. Agricultural legislation generally has less-clear effects on the welfare of large diversified companies than it does on farmers and commodity groups” (1990: 134).

The steady increase in political clout enjoyed by commodity groups such as the National Association of Wheat Growers and the National Milk Producers Federation, has been attributed to the fact that the US agricultural policy process has become ever more influenced by commodities due to the growth of price support programs (Moyer and Josling; 1990: 131). Their influence may have been due to their proactive approach toward relevant policy actors. For example, in 1984, the National Association of Wheat Growers established the Wheat Export Trade Education Committee that provided members of Congress and wheat growers with information and analysis relevant to the UR. According to their documents, this committee aimed to “help policy-makers understand the consequences of their decisions” (WETEC; 2002: 1).

While commodity groups have experienced differences in political influence depending on their specific approach to agricultural policy (i.e., pro-reform wheat producers vs. anti-reform dairy producers), overall they remain the strongest among the various agricultural lobby groups. Moyer and Josling argue that “their greatest strength is that they are defending price support and other programs already in place” (1990: 133). However, weaknesses include the fact

that various commodity groups have specific interests relating to international trade which frequently conflict with those of other groups as well as that increasingly one group's gain may be a loss for another (Moyer and Josling; 1990: 133-134).

The impact that the numerous agricultural lobby and industry groups that were active during the UR varied due to several factors including whether they had a pro-active or reactive approach to the negotiations and whether they viewed the GATT agricultural negotiations as being of direct interest to their operations. However, officials within the US Department of Agriculture repeatedly stressed that during the negotiations, channels of communication with both interest groups and industry were open and in use on a continuous basis.¹⁷²

Conclusion

This chapter has presented the principles, process, and actors involved in the US agricultural policy process. It has been shown that a sudden and unparalleled increase in agricultural supports costs in the early 1980s precipitated a crisis in the domestic agricultural policy process that left politicians and bureaucrats searching for politically and economically viable alternatives. The US Administration realized during the agenda-setting stage of the UR that agricultural liberalization would need to occur at the multilateral level in order to create a level playing field. Consensus, within the US agricultural trade policy process and between members of the GATT, particularly the US and EC, would be required.

¹⁷² Interviews with Merritt Chesley and Craig Thorn, Officials with the United States

The US agricultural trade policy process is pluralistic in nature. Various policy actors and interests are represented through institutionalized mechanisms. As the following chapter further demonstrates, during the agenda-setting stage of the UR, the voices of pro-liberalization of agricultural policy experts were heard increasingly over those advocating continued protectionism. Bureaucrats and legislators, convinced of the need for change due to the worsening agricultural situation, used the ideas of the pro-reform agricultural epistemic community to support their policy objectives.

Through separately examining the EC and US approaches to decision-making with regard to internal and multilateral agricultural trade policy, it becomes evident that institutional and political constraints existed between and within the EC and US agricultural trade policy environments. The impact of these various constraints and the manner in which they conflicted and eventually were reconciled to allow compromise and consensus in the field of agricultural trade policy to occur is analyzed in this investigation. The mode of operation, degree of impact, and extent of interdependence that epistemic communities, advocacy coalitions and elite transnational networks had in each of the three stages of the UR is examined in the following three chapters.

Chapter 5

The Impact of Policy Networks During the Agenda-Setting Stage (January 1980 - October 1987)

Introduction

This chapter provides the empirical evidence and evaluation necessary to support the primary contention and test the hypotheses of this thesis for the agenda-setting stage of the GATT Uruguay Round (UR) agricultural negotiations that took place between approximately January 1980 and October 1987.¹⁷³ This thesis contends that the successful outcome of the UR agricultural negotiations was crucially determined by three groups of policy network actors, namely epistemic communities, advocacy coalitions and elite transnational networks. These groups either emerged or became active, especially within the European Community (EC) and United States (US), at critical times during the course of the UR negotiations. Therefore, they may be identified as explanatory factors in analyzing both the manner in which and the reasons why the EC and US agreed to agricultural policy liberalization in the Blair House II Accord that formed the basis of an agreement on the liberalization of multilateral agricultural trade policy within the GATT during the UR

The hypothesis of this thesis is that the influence and impact of these three distinct policy networks varied within the three specific stages of the UR due to the changing policy environment. I argue that, as a generalization,

¹⁷³ This thesis divides the Uruguay Round into the following three stages: 1) Agenda-Setting Stage (January 1980-October 1987); 2) Policy-Making Stage (July 1987-July 1991); and 3) Breakthrough Stage (July 1991-December 1993). The dates of the three stages overlap slightly to allow for the fact that activity involved in either completing or preparing for a particular stage occurred simultaneously.

epistemic communities had the most significant impact during the agenda-setting stage due to their specialized knowledge of agricultural trade issues that enabled them to develop a common framework for discussion. This common framework allowed them to create new analytical tools that enabled liberalization to be politically and economically feasible.

The objective of this chapter is to assess the impact which the three policy network groups had in ensuring that the issue of agricultural liberalization was placed and retained on the agenda of the Uruguay Round negotiations. In order to establish the necessary basis for the assessment, this chapter reviews the process that resulted in the issue of agriculture being included on the agenda of the Uruguay Round negotiations at the Punta del Este Ministerial meeting in September 1986 (See Appendix D for notes on the research consulted). Activities at the internal¹⁷⁴ level of the US and EC as well as intergovernmental level, including the OECD, GATT and various senior level meetings are viewed as events which contributed to establishing the policy environment necessary to secure agriculture's place in the new trade round.

1. Post-Tokyo Round Activities

Other than relatively limited agreements in the dairy and beef sectors, the GATT Tokyo Round (1973-1979) achieved little success in bringing agriculture within the boundaries of the GATT. The lack of multilateral rules for agriculture contributed to the growing instability of world agricultural trade. This situation rapidly became a serious domestic problem for large agricultural exporting

¹⁷⁴ The term 'internal' is used in order to include not only the domestic activities of sovereign states but also the institutions of the EC.

countries, including the US and EC. Given their policies of subsidizing agricultural exports, the budget costs in these countries skyrocketed with the fall in agricultural market prices. Additionally, during the Tokyo Round negotiations, global agricultural trade had grown not only in volume but also in the degree of interdependence and competition for markets. Farmers and their produce were increasingly exposed to international economic and political factors.

1.1 The Agricultural Situation in the US

For US grain farmers, this fact hit home on 7 January 1980 when President Carter, in response to the Soviet Union's invasion of Afghanistan, implemented a grain embargo. This cut off access to a large US export market and contributed to a 40 percent decline in US farm income between 1979 and 1980. By August, Carter was "in political trouble with many American farmers [and] ordered a billion-dollar boost in federal price-support loans for grain producers" (*Congressional Quarterly Almanac*; 1980: 2205). Notably, soon afterward senior Republican Senator Bob Dole, from the traditionally conservative farm state of Kansas and member of the Agriculture Committee, stated "My whole philosophy is that I want to see farming out in the free market as much as it possibly can be" (*Congressional Quarterly Almanac*; 1980: 3107).

1.2 The Agricultural Situation in the European Community

Within the EC it had become clear that UK Prime Minister Margaret Thatcher's criticism of CAP spending policy from 1979-1983 and the resolution of the excessive UK contribution were symptoms of a serious structural problem. Limited reform took place in 1984 with the implementation of milk quotas.

However, they did not address the structural weaknesses of the CAP. Until the MacSharry Reforms of 1992, EC agricultural decision-makers continued to 'fix' problems associated with the CAP through pricing policies rather than with a reform of structural policy.¹⁷⁵ This resulted in the CAP demanding an increasing part of the EC budget. However, little action was taken in the form of CAP reform or multilateral agricultural liberalization since, as *Petit* (1985) notes, "the European Community felt that at the Tokyo Round, its trading partners had finally accepted the principles of the CAP" (58).

2. Elite Transnational Network and Epistemic Community Activity

In this unsettled atmosphere the 1980 OECD Council meeting at Ministerial level requested its Committee for Agriculture to undertake a study on agricultural policy. The purpose of this report was to analyze the interdependence between agricultural policy and the world economy as well as to offer recommendations for increasing the level and stability of agricultural trade (Activities of the OECD in 1980; 1980: 49-51).

A first step involving trade experts was taken by the GATT General Council in 1979 where it was decided to change the temporary nature of a senior level consultative group, first established in 1975, to that of permanent status (Ostry; 2000: 21). The forum for the discussions was the GATT Consultative Group of Eighteen (CG18)¹⁷⁶ consisting of senior government officials.

¹⁷⁵ Early in the 1970s, the EC adopted some structural reforms such as Reg. 159/72, Reg. 160/72, and Reg. 161/72. However, they were limited in their impact.

¹⁷⁶ The membership of the influential CG18 met in Geneva three or four times a year until it was suspended in 1990 by GATT Director General Arthur Dunkel. The group was designed to be representative of the GATT's membership. It included developed and developing countries, with developing members being in the majority. Non-member countries are allowed to attend meetings. Members include the EC (both the individual member states as well as the

According to a former Director General of the GATT, the group's responsibilities include to "ponder the issues before it, to foresee future developments in international trade relations, and to anticipate and lay the groundwork for future trade policies" (Long; 1985: 51). GATT Contracting Parties hoped that these experts, through regularly discussing agricultural trade policy, could diffuse some of the growing number of agricultural disputes.

Pro-active steps by agricultural experts were first taken through the founding of the International Agricultural Trade Research Consortium (IATRC) in 1980.¹⁷⁷ Currently consisting of over 100 agricultural economists with backgrounds in academia, government and private institutions in the US, Canada and seven other countries, its membership and objectives have evolved.

According to IATRC documents, its original objectives were:

- 1) to foster sustained efforts in international trade research with emphasis on domestic impacts of policy developments in international commodity markets;
- 2) to encourage and facilitate interaction between IED (International Economics Division, USDA/ERS) and university trade policy researchers;
- 3) to provide a forum for the exchange of research results, and the identification of problems and policy issues requiring research" (IATRC; 1996).

Its senior members, consisting of pro-reform agricultural experts part of a distinct agricultural epistemic community, played a vital and deliberate role in "fostering collaboration between government officials and academics in

Commission), the US, Australia, Brazil, Canada, India and Japan as well as representatives from Asia, the Eastern Bloc countries, Latin America and Scandinavia.

¹⁷⁷ Although the idea of founding the IATRC was formally discussed in 1979, the first meeting was held 30 June-2 July 1980 in St. Paul, Minnesota.

preparing for and carrying out the negotiations in agriculture in the Uruguay Round” (IATRC; 1996).

Included in their work, IATRC produced a series of commissioned papers under the general title of “Bringing Agriculture into the GATT”. Additionally, as will be detailed later in this chapter, IATRC assisted in the work of the OECD and many senior members served as witnesses during Congressional hearings concerning agricultural trade policy and the Uruguay Round.

Group of Seven (G7)¹⁷⁸ heads of state or government supported two key developments related to trade at their July 1981 Ottawa Summit. First was their endorsement of the CG18 proposal to convene a GATT meeting at Ministerial level, the first since 1973, to discuss the world trade situation (Glick; 1984: 151). Second was their endorsement of the establishment of a trade ministers’ forum that resulted in the formation of the Trade Ministers’ Quadrilateral (Quad). Members of the Quad are the US, EU, Japan and Canada. This elite transnational network played a key part in formulating consensus within the UR. It is notable that similar to the institutional arrangements of the GATT, during meetings of the Quad, the Commission speaks for the EU member states and thus is able to bring a more unified voice to the discussions.

3. The Reagan Administration Advocates Free Trade

US President Reagan came into office with a deepening farm problem and increasing inflation. In March 1981, Reagan proposed “a major withdrawal of federal involvement from the countryside” (*Congressional Quarterly Almanac*;

¹⁷⁸ Although not an official member of the G7/G8, the EU has been an official participant since 1977. See Ullrich and Donnelly (1998) for a discussion of the EU’s role in the G8.

1981: 459). Moyer and Josling argue that it could be inferred from his agricultural proposals “that the administration’s ideology was more important than the pressures of the commodity groups in shaping the policy debate within the Executive” (1990: 142).

Reagan’s new cabinet officials set about implementing his free market proposals. Early in April, USDA Secretary John Block announced that the long history of government subsidized low-interest farm loan rates was ending and that his objectives, shaped by his philosophy,¹⁷⁹ involved reducing government intervention in agriculture, emphasizing productivity and decreasing costs and administrative complexities (*Congressional Quarterly Almanac*; 1981: 592). In line with this focus on free trade, Reagan ended the Soviet grain embargo on 24 April 1981.

In an *Atlantic Monthly* article early in his tenure as Director of the Office of Management and Budget (OMB), David Stockman outlined his strategy to reduce the skyrocketing US farm subsidies: break the traditional congressional coalition between urban food and nutrition interests and rural agricultural interests. He stated “My strategy is to come in with a farm bill that’s unacceptable to the farm guys so that the whole thing begins to splinter” (Greider; 1981: 35). Included in Stockman’s plans, was the separation of the various agricultural commodity sectors in order for each to be ‘attacked’ on its own without the recourse to making trade-offs.¹⁸⁰ With the food stamp program

¹⁷⁹ Using personal beliefs to shape their policy proposals is a recognized attribute of members of an advocacy coalition.

¹⁸⁰ During House Agriculture Committee meetings in mid-1983, Stockman’s strategy would become a “rallying point” for reform-minded congressmen (As quoted by Rep. Dick Durbin, D-Ill. in *Congressional Quarterly Almanac*; 1983: 1713).

continuing to skyrocket in 1981,¹⁸¹ the opportunity that Stockman needed presented itself. The traditional cooperative partnership between the urban-oriented House of Representatives, which supported the food stamp program and the rural-oriented Senate, which supported farm support programs, was being threatened due to budget demands.

Throughout 1981, Congress battled with Reagan over the 1981 Omnibus Farm Bill. Bob Dole, who in the late 1970s had been a supporter of increased grain supports, now advocated lower agriculture spending and often stated to his Congressional colleagues that “there’s no money to shovel out of the Treasury” (*Congressional Quarterly Almanac*; 1981: 1805). Chairman of the Senate Agriculture Committee, Jesse Helms (Republican-North Carolina), also now recognized the need to reduce government expenditures on farm programs and believed that farmers in his constituency would be able to deal satisfactorily with reduced government subsidies (*Congressional Quarterly Almanac*; 1981: 371). After much deliberation and Reagan’s threat of a veto, the Senate passed the farm bill on 18 September with the House following on 22 October. During the conference committee to design the final bill, the surprise support of farm state Representative Thomas Foley (Democrat, Washington), who was the Democratic whip was, according to USDA Secretary Block, was “essential to victory” (As quoted in *Congressional Quarterly Almanac*; 1981: 2481).

President Reagan signed the 1981 Omnibus Farm Bill on 22 December.

In response to this bill, the chief deputy majority whip stated that it offered

¹⁸¹ Early in 1981, Congress approved an additional \$1 billion to the \$9.7 billion that had been appropriated for fiscal year (FY) 1981. It was reported that the costs of the program doubled between 1979-1981 (*Congressional Quarterly Almanac*; 1981: 275).

“definitive proof that the New Deal Coalition is dead” (As quoted by Representative Bill Alexander (Democrat, Arkansas) in *Congressional Quarterly Almanac*; 1981: 2434). The Administration, while not gaining everything it had sought in terms of policy, had scored its first small victory over the farm lobby.¹⁸² By the end of 1981, a growing pro-reform advocacy coalition within the US agricultural policy-making process had been joined by budget officials due to the budgetary crisis.

The Administration’s victory over the farm lobby also signaled that Stockman’s strategy had worked. *Congressional Quarterly* repeatedly reported that breaking the farm interest coalition by dividing the various sectors had been a ‘deliberate administrative tactic’ (*Congressional Quarterly Almanac*; 1981: 2434 and 1981: 2481). Although those groups that benefited from the bill, including corn, cotton, peanuts, soybeans and sugar as well as the American Farm Bureau Federation supported the bill, those that would lose, including dairy farmers, the National Farmers Union and the National Farmers Organization opposed it. Wheat growers were divided in their support.

However, the Administration’s victory celebrations were short-lived. Throughout 1982 the agricultural crisis continued to grow and now affected both domestic farm programs and agricultural trade. Farm income had dropped 50 percent from the 1979 level. The Commodity Credit Corporation (CCC), which is responsible for financing agricultural price supports, witnessed a rise in spending more than double its average of \$2.8 billion to \$10.5 billion. Since

¹⁸² Observers, in fact, point to the 1981 Farm Bill as the source of the worsening farm situation after 1981 given its miscalculation of continuing high inflation levels and strong agricultural exports. When these variables failed to occur as predicted, elements within the farm bill led to cost overruns of billions (Moyer and Josling; 1990: 147).

1978, the level of farm debt had doubled to \$2 billion resulting in farm foreclosures increasing dramatically.

The global context was also recognized to be a major contributing factor to the agricultural crisis. Of great concern to both USDA officials and US politicians was that beginning in 1982 for the first time in more than a decade, rather than rising, the value of US agricultural exports were predicted to decline.¹⁸³ This was worrying since according to the Commerce Department:

in 1981, foreign sales of American food and fiber were \$43.8 billion, about 19 percent of exports that totaled \$233.7 billion. When farm exports [were] balanced against imported goods, they made a positive contribution to the US balance of trade (*Congressional Quarterly Almanac*; 1982: 2911).

With the trade deficit climbing to all time highs, this new development resulted in considerable debate.

The key reasons behind this decrease in US agricultural exports were the increase in barriers to trade, the continued high rate of government support in other agricultural exporting countries and increased competition from other exporting countries, particularly the EC. In fact, in the early 1980s the Commission concluded in a report that “the Community has become more than self-sufficient [in agriculture] in many of the principal products, and has come to rely increasingly on exports, or on subsidized sales within the Community, for the disposal of its production” (Commission of the European Communities: 1983: 3). In response, Senator Helms spoke for many in stating “I know of no other issue of more importance to the US farm community than unfettered access

¹⁸³ Josling, Tangermann and Warley note that the \$44 billion recorded in 1981 represents a peak for US agricultural exports (1996: 103).

to foreign markets” (As quoted in *Congressional Quarterly Almanac*; 1982: 2910).

Additionally, there had been a high number of agricultural disputes being lodged at the level of the GATT. The US alone had brought six complaints against the EC between December 1981 and July 1982. This development was not only disturbing because it clearly illustrated the lack of rules governing multilateral agricultural trade, but also since in a time of recession and climbing trade deficits the existing level of agricultural protectionism among members was becoming increasingly difficult to justify.

4. Increase in Elite Transnational Networks and Epistemic Community Activities

In response to the deepening domestic and international agricultural policy crises, two simultaneous activities occurred: 1) senior political officials within the intergovernmental institutions of the OECD and GATT established work programs intended to develop viable alternative policies and 2) significant quantitative research and debate took place within academic circles (Josling, Tangermann and Warley; 1996: 105).

4.1 1982 OECD Ministerial Trade Mandate

The OECD¹⁸⁴ was designated by the major industrialized countries to address “the issue of domestic policy reform, [and] the reinstrumentation of farm programs in the developed countries to achieve a more market-oriented agricultural sector” (Josling, Tangermann and Warley; 1996: 105). Blair argues

¹⁸⁴ An OECD official provided an insider’s definition of the role of the Secretariat: “Fifty per cent of the OECD’s role is analysis. The rest is having the political ‘savvy’ to get so close to the political thinking of major governments that the Secretariat can put forward its point of view with astuteness.” (As quoted in *The Financial Times*; 19 January 1983).

that this action had significant consequences given that the “members assembled in Paris represented the world’s largest agricultural exporters, as well as the major parties to international agricultural trade disputes, [which ensured] that agreement reached there would have a decisive impact on a global scale” (1993: 147).

The OECD has discussed agricultural issues since the outset. However, Cohn notes that it was only in the 1980s that the OECD began focusing on agricultural trade (2001b: 18). The first of many agricultural expert reports was published by the OECD secretariat at its annual ministerial council on 10-11 May 1982. Produced by the joint Working Party of the Committee for Agriculture and Trade Committee, “*Problems of Agricultural Trade*” called for a gradual reduction of agricultural protectionism in a balanced manner, an investigation into the variety of agricultural support programs and the development of alternative methods. A newspaper report stated that the OECD secretariat deserved “to be congratulated for tackling the issue head on” (*Financial Times*, 13 May 1982).

Following the conclusions of this report the Ministerial Council gave the Joint Working Party a Ministerial Trade Mandate (MTM) albeit with visible misgivings from EC members. This mandate defined the Working Party’s duties for the next three years. It identified the three areas of international agricultural trade which the OECD would focus on: 1) exploration of the “possibilities for achieving a balanced and gradual reduction in protectionism”; 2) examination of the “impact of relevant national policies on agricultural trade; and 3) consideration of the “further methods by which the functioning of world markets

might be improved” (*Activities of the OECD*; 1982: 54).

The MTM was primarily carried out within the OECD Directorate for Food, Agriculture and Fisheries with additional assistance of the Trade Directorate and the Joint Working Party of the Committee for Agriculture. During this period, the Joint Working Party was chaired by pro-reform epistemic community member *George E. Rossmiller* from the USDA’s FAS and member of the IATRC. Blair argues that the US made a conscious effort to influence the results of the agricultural studies by bringing in US experts and developing “a close working relationship with key Secretariat personnel during the course of the study” (1993: 147). Throughout 1982 and 1983, agricultural economists were called upon for their expertise and analysis in establishing a framework for further research. Both qualitative studies of the primary commodity markets and a documentation of the various protective instruments as well as a quantitative framework were being prepared.

Among the agricultural experts were members of the IATRC. This group of agricultural experts was asked by US agricultural officials to:

provide input to the efforts at the OECD to improve the information base for negotiations on agricultural trade. This included advice on estimating and using measures of policy support (such as Producer and Consumer Subsidy Equivalents) and analyzing effects of trade liberalization on agricultural markets (IATRC;1996).

By 1983, it was decided that future OECD work would be based on two methodological approaches. First Producer Subsidy Equivalents (PSEs) and Consumer Subsidy Equivalents (CSEs) would be used to measure the “extent of assistance provided to agriculture in individual countries” (Josling, Tangermann

and Warley; 1996: 107). The work of *Tim Josling*¹⁸⁵, a respected agricultural expert who had prepared a ‘pioneering analysis’¹⁸⁶ on the developments of such a framework for the Food and Agricultural Organization (FAO) in the 1970s, “formed the basis for [this] crucial work at the OECD” (Wolfe; 1998: 118). Second, the “quantitative impact of policies on trade was to be estimated with the help of a multi-commodity trade model developed within the OECD Agricultural Directorate” (Josling, Tangermann and Warley; 1996: 107).

At the political level, the OECD Committee for Agriculture at Ministerial level which met 2-3 December 1982 accepted the MTM at the same time urging greater transparency of agricultural policies. OECD Agricultural Ministers issued a statement that “the present situation called for immediate action, as the problems arising from market imbalances could have potentially dangerous consequences. Pragmatic and multilateral action was required, inspired by a sense of urgency and collective self-restraint” (*Activities of the OECD*; 1982: 114).

4.2 1982 GATT Ministerial

Early in September, a transnational network of 45 executives and senior political trade leaders gathered for an informal weekend conference in England to discuss options for the fraying international trading system. Sponsored by the Trade Policy Research Centre, it was the first such meeting held in nine years. The main purpose was to form a consensus among influential business and government leaders in order to present a united front at the November GATT

¹⁸⁵ This thesis uses italics to indicate identified members of the pro-liberalization epistemic community active during the UR.

¹⁸⁶ See *Agricultural Protection: Domestic Policy and International Trade* [C73/LIM/9 (Rome, November 1973)].

Ministerial. The spokesman stated that free trade must be embraced “if the GATT is to remain a credible instrument of a stable institutional environment...” (*The Financial Times*; 7 September 1982).

Leading up to the GATT Ministerial, US and European press reports detailing the crisis in international agricultural trade increased significantly. Coverage included accounts of the upcoming GATT Ministerial, US and EC clashes over agricultural subsidies as well as articles explaining the mechanisms of agricultural trade and markets. In the US, USTR Brock and Commerce Secretary Baldrige advocated the halt of the ‘protectionist spree’ in Congress with Brock stating that the frustration over the GATT’s “seeming inability to deal with new forms of barriers and trade distortions is no justification for the US abandonment of our commitment to free trade, and certainly no justification for our resort to similar negative actions” (As quoted in *Congressional Quarterly Almanac*; 1982: 704).

While most observers consider the GATT Ministerial of 24-29 November 1982 a failure for not dealing conclusively with export subsidies, the meeting did echo the OECD’s sense of urgency, particularly in the area of agricultural trade. The Ministerial Declaration noted the “widespread dissatisfaction with the application of GATT rules and the degree of liberalization in relation to agricultural trade” (*GATT Activities*; 1987).

A GATT Committee on Trade in Agriculture (CTA) was established in order to carry out the Ministerial Mandate on agriculture and report to the Contracting Parties no later than 1984. According to Josling, Tangermann and Warley, the CTA was given the responsibility to address the “question of the

multilateral rule changes” required to implement the policies developed by the OECD (1996: 105). Glick adds that the CTA was “charged with examining such issues as market access and competition, including subsidies and other forms of assistance” (1984: 159). The GATT Ministerial Declaration went further politically than the OECD’s recommendations, stating that it was necessary “to bring agriculture more fully into the multilateral trading system by improving the effectiveness of GATT rules...” (GATT; Ministerial Declaration: 1982. Pt. 7(v): 12).

Although accepting GATT’s work program, the EC emphasized its refusal to open the CAP to reform by issuing an ‘interpretive declaration’ in which it “underline[d] that this acceptance is on the understanding that this is not a commitment to any new negotiation or obligation in relation to agricultural products” (*Agence Europe Documents*: No. 130).¹⁸⁷

In the US, it was reported that while the US delegation, which included Senators Bob Dole and Jesse Helms, had “asked for an agreement with ‘teeth’; it brought home one riddled with cavities’ (*Congressional Quarterly Almanac*; 1982: 2965). The weak agreement reinforced the view in Congress that the GATT was incapable of dealing effectively with the new trade problems and that the US would need to take tough unilateral action to protect its agricultural interests.

This disillusionment with the GATT resulted in two rapidly implemented policies that were directly aimed at the EC. In mid-December, USDA Secretary

¹⁸⁷ Indicative of the importance EC Agricultural Ministers placed on this GATT Ministerial, this was the first time that they accompanied Commission representatives to Geneva.

Block requested that Congress agree to the Payment-in-Kind (PIK) program. This mandated that American Government agricultural surpluses be released to US agricultural exporters in an amount equal to their own production. The result was a form of agricultural export subsidy. On 18 January 1983, the US announced the sale of a large quantity of government-owned wheat to Egypt, which had been a traditional market of France.

As the two main players in agricultural trade policy turned to protectionist policies, the work of the trade experts, not only limited to agricultural experts, but also within elite transnational networks increased in order to keep the earlier momentum towards free trade moving forward.

4.3 Elite Transnational Networks and Epistemic Community Activities During 1983 – 1986

With a broad framework for agriculture trade having been established through the work of national politicians and ministers with the assistance of OECD/GATT officials in the first few years of the 1980s, activity by research institutes and trade and agricultural experts increased in order to begin filling in the details and both introducing and explaining the subject to non-specialists. Beginning in 1983, these actors began to publicly address the major issues involved in agricultural reform. Press reports detailing their activities increased notably.

At the 3rd Annual Agra-Europe Outlook for World Grains Conference held in London 22 March 1983, speakers included heads of international organizations and international agricultural associations as well as government officials. Those present included the executive secretary of the International Wheat Council who was openly pessimistic about chances for compromise

between the ideological and philosophical approaches of the US and EC. However, Arthur Dunkel, Director-General of the GATT expressed his view that initial steps toward an international legal system for agricultural trade should be taken and that “consensus was required on the rules of the game” (*The Financial Times*; 23 March 1983).

In November 1983, in an attempt to establish the basis for consensus, Dunkel announced the formation of an Eminent Persons Group to investigate the major problems of the international trading system and offer suggestions on how to resolve them. This group of trade experts, known as the Leutwiler Group, was brought together by Dunkel after he recognized the “disparity between continued strong support by governments for the principles of GATT and the practical difficulties....they have in applying those principles in practice” (*GATT Activities*; 1983: 6).

Within the OECD, the Directorate for Food, Agriculture and Fisheries continued to implement the 1982 Ministerial Mandate on agricultural trade. Progress on Part I (investigation of approaches and methods) included “analysis of agricultural protection making it possible to compare all forms of assistance in terms of their effects on production...” and construction of an analytical framework “so that the effect of reducing the level of assistance could be evaluated” (*Activities of the OECD*; 1983: 42). This work would eventually lead to the crucial concept of tariffication.

While the European Commission is an observer within the OECD, Senior US and EC bureaucrats worked together within the OECD on the development of

the critical analytical tools required for agricultural liberalization.¹⁸⁸ Mutual professional interests and previous academic interaction at times facilitated the jobs of these bureaucrats.¹⁸⁹ Within the Commission's DG I (External Relations), agricultural economist *Eckart Guth* "took a personal interest in the PSE (producer subsidy equivalent) issue".¹⁹⁰ In serving as an advocate of agricultural reform, he translated the technical aspects of the concept into "words for the trade people of DG I".¹⁹¹ *Guth* was assisted by Soren Olsen and Rolf Möller of DG VI (Agriculture).

By April 1984, the GATT Committee on Agriculture, chaired by Aart de Zeeuw, had made considerable progress in proposing various recommendations for the multilateral liberalization of agricultural trade. These recommendations, clearly recognizable in the later negotiations, called for the elaboration of conditions:

under which substantially all measures affecting agriculture would be brought under more operationally effective GATT rules and disciplines, with particular reference to improving terms of access to markets, to bringing export competition under greater discipline, to reinforcing the linkages under Article XI and Article XVI between national policies and trade measures in a manner in which more

¹⁸⁸ The US and EC have permanent representatives at the OECD. During the agenda-setting stage, the US representatives were: Herbert Salzman (1978 -1980); Abraham Katz (1981-1983); Edward Streater (1984-1986); and Dennis Lamb beginning in 1987. The EC representatives were: Jean-Pierre Leng in the early 1980s followed by Pierre Duchateau. Their contribution is difficult to analyze given that one of the main procedural rules of OECD working sessions is that of confidentiality.

¹⁸⁹ For example, Commission official *Eckart Guth* stated that he knew *Ulrich Koester* and *Stefan Tangermann* from his time at the University of Göttingen. (Interview with *Eckart Guth*, DG XIX, 8 May 1998 in Brussels.)

¹⁹⁰ Interview with Robert Norris, Commission official Deputy Head of Unit; DG I (External Relations) WTO/OECD; Agricultural and Fisheries, in Brussels 27 March 1998.

¹⁹¹ Interview with Commission official *Eckart Guth*, DG XIX (Budgets) 8 May 1998 in Brussels.

clearly defines the limits to the impact of domestic agricultural policies on trade, and to more effectively implementing in relation to trade in agriculture the GATT provisions providing for differential and more favorable treatment for developing countries (*GATT Activities*; 1984: 11).

Progress was considered positive not only due to the proposal of establishing a two-year work program which would produce recommendations on liberalizing agriculture but also because of the participation of EC trade officials.

5. US/EC Internal Agricultural Policy Activities

While progress was being made at the multilateral level, within the internal agricultural policy process of the US and EC, political pressure prevented significant visible signs of reform.

5.1 US Agricultural Policy Activities

The Reagan Administration's PIK program had signaled a shift from the earlier advocacy of free trade to one of fair trade. However, despite this policy, the government experienced continued increases in federal outlays to farmers. In May 1983, David Stockman at the Office of Management and Budget reiterated his well-known dislike of the current farm program by estimating "that the federal government would contribute nearly \$38 billion to the rural economy" that year with \$21.1 billion of that going to price support loans and other program associated with the CCC (*Congressional Quarterly Almanac*; 1983: 1715).

As it became evident in Washington policy circles that "nobody really knows what do about farm programs" (As quoted by Representative Dan Glickman in *Congressional Quarterly Almanac*; 1983: 1711), Congress and the Administration began a series of hearings in order to develop viable policy options. Beginning in September 1981, the Joint Economic Committee had

started a series of hearings on various topics related to agricultural policy which it termed its 'agricultural initiative'. Divided into three sections, the hearings were entitled: 1) The Importance of Agriculture to the US Economy; 2) The Changing Economics of Agriculture; and 3) Toward the Next Generation of Farm Policy. These hearings continued through October 1983.

However, as this thesis documents, epistemic community members continued to be called as witnesses at Congressional hearings on the 1985 Farm Act, the Omnibus Trade and Competitiveness Act of 1988 and the agricultural dimension of the Uruguay Round negotiations. The Senate Agriculture Committee, although not holding hearings during this time, requested written reports from various interests and agricultural economists (Moyer and Josling; 1990: 153). Additionally, the Joint Economic Committee hearings, in which senior bureaucrats and agricultural experts participated, fall into the professional fora category as discussed by Jenkins-Smith and Sabatier (1993a; 1993b and 1993c) in their Advocacy Coalition Framework that is discussed at length in chapter two.

In March 1982 and continuing until May, the Subcommittee on Agriculture and Transportation of the Joint Economic Committee of the Congress held hearings on "The Changing Economics of Agriculture: review, evaluation and future directions". On Wednesday, 28 April, *Alex F. McCalla* and *Edward G. Schuh*, senior members of the IATRC, presented testimony on international agricultural policies. *Alex McCalla*, who had served as co-convener of the IATRC from June 1980 through June 1981, offered several options concerning international commodity markets. Multilateral trade liberalization was among a

number of international collaboration actions he discussed but cautioned that it was not an option that “would have immediate impact on the current situation” (United States Congress; 1982: 166).

During four days of testimony in May and June of 1983 as part of the series “Toward the Next Generation of Farm Policy” before the Joint Economic Committee and its subcommittee on Agriculture and Transportation, members of both a pro-reform advocacy coalition and pro-reform epistemic community offered their views.

In addition to stating that the PIK program did not deal “with the real source of the problem”, USDA Secretary John Block, an early member of the pro-reform advocacy coalition, also identified three alternatives for the future of US agricultural policy: 1) continue with the status quo; 2) “a greater commitment to market-oriented agriculture for us and the world”; and 3) “insulate American from the marketplace” (United States Congress; 19 May 1983a: 8-9). In personally supporting the market-oriented option, Block stated that the US “position in world markets would be strengthened significantly” and that “a market-oriented agriculture policy would continue to insure that we have the most efficient agriculture in the world” (United States Congress; 19 May 1983: 12).

In his testimony on 26 May, *G. Edward Schuh* called for the US to phase out its current commodity programs given their inability to be managed within the international system. This weakness of the international system (i.e. the GATT) would need to be addressed through reform of the GATT (United States Congress; 26 May 1983a: 153-158).

Dale E. Hathaway and *Fred H. Sanderson* were active members of the pro-reform epistemic community. On 4 August they testified on the role of Agriculture before the House of Representative's Subcommittee on Economic Stabilization of the Committee on Banking, Finance and Urban Affairs series of hearings on industrial policy. In foreshadowing the results of the OECD's 1987 groundbreaking analysis, *Hathaway* pointed out that the US was guilty of some of the protectionist activities policymakers were accusing the EC of practicing (United States Congress; 4 August 1983: 403).

Sanderson argued that current price support programs:

discriminate among specific agricultural commodities. Political pressures rather than economic considerations determine who gets help and how much. Losers are as likely to benefit as winners. This protects inefficient producers and delays structural change. Enormous resources-both budgetary and physical-are then wasted in futile efforts to contain buildup of surplus production that had been stimulated in the first place by excessive Government incentives" (As quoted in United States Congress; 4 August 1983: 457).

The concept of 'decoupling', or separating government assistance from production, introduced during the UR agricultural negotiations was seen as a way to reduce the extent of the government cost *Sanderson* highlighted.

Continuing the hearings that were part of the US government's efforts at developing viable agricultural policy options, the Joint Economic Committee held a meeting entitled "The Emerging Economics of Agriculture" on 5 October 1983. The results of a government mandated study, entitled "The Emerging Economics of Agriculture: Review and Policy Options, offering policy options was produced by the Council for Agricultural Science and Technology based at the University of Iowa. The study was presented by Luther Tweeten and *Bruce Gardner*, academics and respectively chairman and vice chairman of the Council.

Gardner discussed policy options surrounding the reduction of price support programs, including a market-oriented approach of supporting domestic farm programs through increasing foreign markets. He argued that simultaneous domestic agricultural reform would be necessary given that:

it does not seem likely to be a useful approach so long as our support prices are high relative to the world market price levels that would exist absent our policies. We can convince more to consider our products, but it is folly to expect foreign buyers to pay more for US products than they have to pay to get comparable products elsewhere (United States Congress; 1983b: 23).

In 1984, *Hathaway* and *Sanderson* testified again in a House meeting on “Agricultural Policy, International Competitiveness and Economic Growth”. In discussing the issue of agriculture in the upcoming trade round, *Hathaway* shared his view that “if we are to make progress in the agricultural negotiations, that means that the United States is going to have to be willing to put its agricultural programs, both import and export programs, on the table as part of the bargaining chips” (United States House of Representatives; 1984: 245)

Sanderson focused his comments on what he believed were the priority issues: 1) export subsidies; 2) market access; and 3) dispute settlement. Along with internal support, issues one and two eventually became the three primary negotiating items during the UR agricultural negotiations. In his view “paradoxically the prospects for reaching an accommodation in these [priority issue] areas may have improved precisely because of the aggressive stance adopted by the United States and because of the mounting budget costs of present policies” (United States House of Representatives; 1984: 248). The strong initial US negotiating position calling for the complete elimination of export subsidies continued until after the deadlocked GATT mid-term meeting in 1988.

Earlier in the year, *Sanderson* had been a founding member of The National Center for Food and Agriculture Policy based at Resources for the Future in Washington, D.C. Its objective was to “be a catalyst for new ideas that would enable the US food and agricultural system to cope effectively with fundamental changes in its structure and its economic environment and the global economy” (NCFAP; 2001). The manner in which it acted included “showing the consequences of pursuing alternative policy options [to] public policy officials in the US and in selected regions of the global economy” (NCFAP; 2001).

Throughout 1984 and 1985, debate continued on the direction of both domestic and multilateral agricultural policy. For the 1985 Farm Bill, the Reagan Administration proposed “a plan of extreme austerity”¹⁹² (*Congressional Quarterly Almanac*; 1985: 136), given the program costs of \$50 billion between 1982 and 1985 rather than the \$11 billion that had been re-authorized in 1981. Included was a plan to “put American agriculture in fighting trim to compete in increasingly tough global markets” (*Congressional Quarterly Almanac*; 1985: 136). As discussed below, President Reagan took this fair trade message to the 1985 G7 summit with mixed results.

Epistemic community members testified before House and Senate committees concerning the 1985 Farm Bill, although to a lesser degree than in debate over the future of agricultural trade and the Uruguay Round agenda. On 12 March and 14 respectively, *Don Paarlberg* and *Bruce Gardner* addressed the Senate Committee on Agriculture, Nutrition and Forestry in hearings on the

¹⁹² The Administration’s market-oriented proposals included plans to reduce farm loan rates, target prices and direct payments to farmers (Moyer and Joslyn; 1990: 154).

“Framework and Analysis for Agricultural Policy in 1985. *Gardner* supported market-oriented policies and argued against using production controls to solve US farm policy problems.

During two days of hearings in March and April before the House Subcommittee on Department Operations, Research and Foreign Agriculture of the Committee of Agriculture, *Fred Sanderson* focused on the problem of the large budget deficit and the overvalued dollar and argued that “no agricultural program could improve the economic health of our agriculture more than determined steps to reduce the budget deficit. It would bring down interest rates and help ease the dollar down to a more normal level...” (US House of Representatives; 1985: 469).¹⁹³

New pro-reform/pro-trade groups, including environmental interests and US agricultural multinational corporations, became involved in the agricultural policy process concerned that farmers would continue to have proportionally too much say. Within the tumultuous policy environment surrounding the 1985 Farm Act, Congress took a wait-and-see approach since “the inclination of members confronted with such conflicts is to avoid policy changes until some sort of clear consensus, in support of an alternative, emerges” (*Congressional Quarterly Almanac*; 1985: 138).

During debate in the Senate, Moyer and Josling point out that “the process was dominated by Senator Dole, the Senate Majority leader, who played the role of broker-dealmaker” (1990: 157). With the blessing of House

¹⁹³ The G5 Plaza Agreement of September 1985 reduced the value of the US dollar that resulted in easing the pressure on the US farm program budget.

Agriculture Committee Chairman 'Kika' de la Garza, Tom Foley (D-Washington) played a similar role in the House, particularly in the Subcommittee on Wheat, Soybeans and Feed Grains. Their power-broker roles were attributed to their expertise and interest in agricultural policy (*Congressional Quarterly Almanac*; 1985: 1638). Working for the Administration were a team, which until his resignation, was led by Assistant Secretary of Agriculture for Economics William Leshner and various working groups within the USDA.

After Congress approved the bill on 18 December, Reagan signed the 1985 Food and Security Act four days later. Included was a \$169.2 farm and nutrition bill of which a budget of \$52 billion was established for a three year farm support package. While it signaled a continuation of the New Deal's "protective federal intervention" (*Congressional Quarterly Almanac*; 1985: 2673), the administration, specifically the USDA, did gain significant discretionary powers to establish price-support prices for major commodities and loan rate reductions. Policies such as set-aside and de-coupling, which were later incorporated into the UR Agricultural Agreement (URAA) were introduced. Moyer and Josling argue that the bill "reflected the national consensus that farm programs should be more market-oriented to reduce costs and increase exports" (1990: 161).

However, despite all the evidence produced in support of reform of farm policies "an election-conscious Congress, swayed by powerful sentiment for struggling 'family farmers'" had been the primary reason for the bill's more protectionist elements (*Congressional Quarterly Almanac*; 1985: 2673). Additionally, Moyer and Josling state that even though budget pressures existed

to a greater degree in 1985 than 1981 “general public misinformation about the nature of the farm crisis worked to sustain narrow commodity interests” (1990: 161) and that the commodity lobbies had showed more cohesion than in 1981. The debate to re-open the 1985 Farm Bill would be a continuous factor within the US agricultural policy process during the early stages of the UR agricultural negotiations.

5.2 EC Agricultural Policy Activities

Due to both technological advancements as well as production incentives, EC milk production had increased throughout the late 1970s and early 1980s. The costs to the CAP’s milk budget grew from 3.3 billion ECU in 1982 to 4.4 billion ECU in 1984 with an even higher rate of increase predicted for 1983 (Kay, 1998: 37). By late 1982 the EC faced a budgetary crisis. Not legally allowed to run a deficit, the EC was forced to consider quotas on milk production. These actions were the first solid indications that under its current form, the CAP was unsustainable.

At the Stuttgart European Council meeting in December 1982, the EC heads of state and government instructed the Commission to prepare ‘concrete steps’ for limiting agricultural spending. In partial response to the CAP crisis, the Commission published a Green Paper entitled “*Common Agricultural Policy Proposals of the Commission*” in July 1983. Although claiming that the principles of the CAP were still basically sound, the document acknowledged that the adoption of a more market-oriented approach was necessary.

On 5-6 March 1984, the Agricultural Council agreed to a set of milk quotas as well as reducing the use of Monetary Compensation Amounts

(MCAs).¹⁹⁴ Kay points out that this agreement was made conditional on a few other elements, including notably the European Council solving the long-running UK budget rebate issue that was achieved with the July Fontainebleau Council's budget agreement (1998: 38). With additional proposals from the Commission, the Agricultural Council agreed 31 March to a package that for the first time "gave clear signals that the European Community would seriously attempt to check the growth of its surplus production" (*Petit*; 1985: 59).¹⁹⁵ However, the Fontainebleau budget agreement failed to stem EAGGF spending which grew at 18 percent between 1984 and 1987. (Kay; 1998: 40). While the 1984 milk quotas were a step in the right direction, by late 1987, the EC would face another budget crisis.

6. Growth in Support for New Round

Illustrating their interdependent relationship, elite transnational network meetings of the OECD in May 1984, the G7 London Summit in June and the Quad in July supported the establishment of a new multilateral trade round and referred to a great extent on each other's work. At the OECD Ministerial Meeting, USTR Brock stated his hope "that progress on a new round will be moved along by leaders at the London Summit" (*International Herald Tribune*; 21 May 1984). Indeed, the G7 Communiqué outlined the leaders' agreement to "consult partners in the GATT with a view to decisions at an early stage on the

¹⁹⁴ This package was based on the Commission proposal, *Common Agricultural Policy Proposals of the Commission*, COM (83) 500.

¹⁹⁵ However, included in this package was a Council mandate to the Commission to begin negotiations for limiting the imports of feedgrain substitutes (maize gluten feed and soybeans) within the GATT. This particularly angered the US Administration and Congress that, as the world's major exporter of maize gluten feed and soybeans, took the EC's action to be pointed at the US market (*Petit*; 1985: 59).

possible objectives, arrangements and timing for a new round” (London G7 Communiqué; 1984: Pt. 9:10). The informal Trade Ministers Quadrilateral (Quad) was more detailed in their conclusions with EC Trade Commissioner Wilhelm Haferkamp stating “In a climate of protectionist pressures, it is important to come up with a signal...towards dismantling tariffs” (*The Financial Times*; 2 July 1984).

The report of the GATT Committee on Trade in Agriculture, in progress since 1982, which was presented at the GATT annual meeting in November 1984 was hailed as “a major breakthrough in this politically controversial field” (*The Financial Times*; 17 November 1984). The crucial consensus was reached by 60 Contracting Parties on the agricultural issues that would be negotiated in the new round: 1) export subsidies, 2) domestic support, and 3) market access. The agreement was reached after the report was modified to meet the approval of the EC. While EC officials accepted the idea of reducing agricultural export subsidies, they stipulated that this was conditional on efforts to improve other GATT agricultural rules being made. This meeting represented “the first time the big trading nations...formally recognized that their domestic farm support policies [could] distort world markets” (*The Financial Times*; 17 November 1984).

With respect to determining a time schedule for a new round of negotiations and defining the agenda, the first half of 1985 saw a marked increase in activity within elite transnational networks and the results of the work international trade experts and a pro-reform agricultural epistemic community. At a meeting of the Quad in Kyoto, Japan on 11-12 February, trade ministers

agreed that a GATT preparatory committee should be formed as soon as possible in order to begin formulating the negotiating agenda. However, no firm agreement on a new round was made.

One month later, a high-level weekend conference in Germany brought about an apparent political breakthrough that resulted in an unanimous agreement to begin a new GATT round in 1986. On invitation by West German Economics Minister Martin Bangemann, trade ministers or senior trade officials from several GATT members including the US (USTR William Brock), the UK (Trade Minister Paul Channon), Canada, India, Sweden and Japan as well as Willy de Clercq, the EC Commissioner for External Affairs and GATT Director General Arthur Dunkel met for informal discussions. Bangemann, responding to the visible division among the EC member states on the issue of the new round, stated his opinion that the EC would have a unified position by the Bonn G7 Summit in early May (*Frankfurter Allgemeine Zeitung*: 3 March 1985). West Germany's role as that year's host of the G7 was likely the initiative for this meeting.

Within the EC, March witnessed progress toward the unified position to which Bangemann was referring. On 19 March, the Council of Ministers issued the mandate necessary for the Commission to negotiate in a new trade round. However, the issue of agriculture was still divisive. It was reported that all the Member States, except France, believed "that a strengthening of the international disciplines in agriculture are needed" (*Agence Europe*; 20 March: 8). Additionally, Commissioner de Clercq, meeting with USTR Brock and Secretary of Commerce Malcolm Baldrige a few days later in Washington, D.C.

reaffirmed the EC's support of a new round but that CAP principles were not to be part of the negotiations (*Agence Europe*; 23-24 March 1985).

Supporting the ideas behind the establishment of a new round of multilateral trade liberalization negotiations among its recommendations, the publication of the Leutwiler Group's "*Trade Policies for a Better Future*" on 27 March "could hardly have been better timed" (*The Financial Times*; 28 March 1985). Among the 15 proposals prepared by this group of seven eminent trade experts¹⁹⁶ one stated that "Agricultural trade should be based on clearer and fairer rules, with no special treatment for particular countries or commodities. Efficient agricultural producers should be given the maximum opportunity to compete" (Leutwiler Group; 1987). Another recommendation that had broad implications for the Uruguay Round negotiations as well as future multilateral talks was related to transparency in that "at the international level, trade policy and the functioning of the trading system should be more open" (Leutwiler Group; 1987). Speeches by members of the Leutwiler Group in the months following the publication of the report served to increase public awareness of the need for trade liberalization.

However, despite the recommendations of the Leutwiler Group, the G7 leaders were unable to agree among themselves a starting date of a new round at their 1985 Bonn Summit 2-4 May. Even though the OECD Ministerial meeting in April had resulted in agreement that a new round should begin as soon as possible, partly due to the 'serious tensions' in agricultural trade, G7 leaders were

¹⁹⁶ While this group consisted of experts, I do not include them in the pro-agricultural reform group, given that while they did actively contribute to the cause of liberalization, it was not specific to agriculture.

divided - with the US advocating its fair trade policies and pushing for an early start date and France refusing to accept the suggested start date of early 1986. In their summit communiqué, the leaders were only able to state that “*Most of us think that this (starting date of a new round) should be in 1986*” (Bonn G7 Communiqué; 1985: Pt. 10; emphasis added). However, it has been noted that this summit was exceptional for its lack of cohesiveness and that the Bonn Summit is only of only two Western Economic Summits which Putnam and Bayne view to have ‘exacerbated international tensions’.¹⁹⁷

Due to the lagging momentum coming from G7 leaders, elite transnational network activity increased significantly in the following months. GATT Director General Dunkel took the position of chairman at a meeting of the Consultative Group of 18 13-14 May in an attempt to revitalize progress. He told the group that “it was time for GATT to resume responsibility for the trade talks, which so far have been discussed at the political level, and to start work on their technical content” (*The Financial Times*; 15 May 1985).

In reaction to the EC’s refusal to compromise the CAP during the new round, on 16 May, the Reagan Administration announced the establishment of a \$2 billion Export Enhancement Program (EEP) to increase US agricultural exports to markets lost to other agricultural exporters, particularly the EC. Reportedly, American farm group lobbies had “urged an export blitz that would go far beyond the target program envisioned by the administration” (*The Financial Times*; 24 May 1985). Targeting France, on 23 May the US announced sales of approximately \$12 million in surplus dairy stocks to traditional French

¹⁹⁷ Interview with Nicholas Bayne in London in July 1998.

markets.

In an attempt to break the existing diplomatic deadlock among members of the GATT, Sweden hosted an informal meeting of trade ministers from 20 developed and developing countries as well as representatives from the EC and Arthur Dunkel on 8-10 June. Swedish officials stressed the point that since no communiqué would be released at the conclusion of the meeting, ministers were given “a chance to exchange straight arguments” (*The Financial Times*; 8 June 1985). At the conclusion of the meeting, it was announced that a breakthrough had indeed occurred¹⁹⁸ and that preparations for a new round would begin in the autumn.

In September, the G5 Finance Ministers concluded the Plaza Agreement that lowered the value of the US dollar. This made US agricultural exports more competitive on the world market which helped reduce the US trade deficit. These actions had the effect of diffusing the urgency in reforming agricultural trade policy thus reducing the pressure to reform agriculture.

At the GATT Ministerial Meeting in late November 1985, an agreement to establish a preparatory committee was reached. This committee, scheduled to begin talks in January 1986, would “determine the objectives, subject matter, modalities and participation of a new round of multilateral trade negotiations” (*GATT Activities*; 1985: 5). It was also decided that the new round would be launched in September 1986.

In contrast to the weak and divisive position G7 leaders took at the 1985

¹⁹⁸ The issue that had been overcome was where to include services within the negotiations. It was agreed that they would take place in “parallel yet separate” talks (Josling, Tangermann and Warley; 1996: 137).

Bonn Summit, the 1986 Tokyo Summit held on 2-4 May issued a strong and cohesive statement on the issue of agricultural trade. In addition to supporting a new round, the leaders renewed their commitment to agricultural reform taking into account the findings of the OECD and GATT and independent analysis by agricultural economists and trade specialists:

...a situation of global structural surplus now exists for some important agricultural products, arising partly from technological improvements, partly from changes in the world market situation, and partly from longstanding policies of domestic subsidy and protection of agriculture in all our countries. This harms the economies of certain developing countries and is likely to aggravate the risk of wider protectionist pressures. This is a problem that we all share and can be dealt with only in cooperation with one another. We all recognize the importance of agriculture to the well-being of communities but we agree that, when there are surpluses, action is needed to redirect policies and adjust the structure of agricultural production in the light of world demand...(Tokyo G7 Economic Declaration; 1986: Pt. 13).

Press accounts gave the G7 leaders “two cheers” for addressing the problem of agricultural surplus and congratulated the leaders that “at long last, the name-calling may be coming to an end, and that the leading agricultural powers are beginning to recognize that they have a common and highly intractable problem” (*The Financial Times*; 12 May 1986). In reporting the results of the Tokyo G7 Summit to the US Senate, USDA Under Secretary for International Affairs and Commodity Programs Daniel Amstutz emphasized the change in mood at the highest political level brought about by the new analytical tools and recognition of ‘mutual guilt’ in stating “Two years ago, the kind of statement that was issued from the Tokyo Summit would not have been forthcoming. Two years ago, the seven attendees at the summit would have been blaming each other for the problems” (United States Senate; 5 August 1986:

232).

The concept that domestic agricultural support programs adversely affect other countries and required international cooperation to resolve the problem continued to be increasingly discussed by academics, interest group leaders and in studies between the time of the G7 summit and the launching of the Uruguay Round. At an international conference on Global Grain Policy and trade issues held in Brussels late in May, Michel Fribourg, Chairman of the US Continental Grain Company criticized the price support programs of the US and EC, chastised countries for their past actions and offered solutions involving the decoupling of support and production.

In mid-June a bilateral US-EC study group was established by the Chicago Board of Trade with the objective of examining the problems of agricultural trade. Consisting of US and EC academics and representatives of agricultural organizations, according to the chairman, there was a need to “have an international response to the growing international farm crisis. We must look to an alternative based on a gradual program of limiting Government support through the developed countries” (*The Financial Times*; 13 June 1986).

Early in July, the World Bank published its annual *World Development Report* with the majority of the analysis devoted to the issue of agricultural trade.¹⁹⁹ The report quantified the problem of agricultural protection by noting that taxpayers and consumers in the US, EC and Japan could save over \$100 billion annually if their governments would eliminate agricultural subsidy

¹⁹⁹ G. Edward Schuh, who had earlier testified before Congress and was a senior member of the IATRC, served as the Director of Agriculture and Rural Development at the World Bank in Washington at the time this report was published.

programs while farmers could stand to lose \$56 billion. The report noted that a coordinated multilateral approach would cushion the impact for farmers. This study “provided the strongest case for liberalization yet made by any international economic institution” (*International Herald Tribune*; 19 August 1986). Governments publicized the high food costs to consumers as a way to stress the benefits of agricultural reform to their citizens.

The activities of these trade and agricultural experts in addition to the reports had the result of keeping the idea of agricultural liberalization on the GATT agenda despite the brief respite in both the EC and US agricultural policy brought about by the EC’s minimal reform of the CAP in 1984 and decreases in the value of the US dollar and the 1985 US Farm Bill.

7. The Run-Up to the GATT 1986 Punta del Este Ministerial

The GATT Ministerial in Punta del Este was to launch the new round. As the ministerial approached, activities in both the US and EC focused on development of their individual demands for the new round. This section outlines these activities and the agricultural trade policy environment in the US and EC.

7.1 US Activities

Throughout 1986, the Reagan Administration was increasingly feeling pressure from Congress to take a tougher stance on international trade. The record trade US trade deficit of \$148.5 billion in 1985 was a key reason for the protectionist fervor emanating from Capitol Hill. Additionally, a Commerce Department study reported that “farm imports eclipsed exports in May, resulting in a \$348.7 million deficit. This marked the first monthly agricultural trade

deficit since 1959" (*Congressional Quarterly Almanac*; 1986: 1632).

The high costs of domestic farm policy were also increasingly affecting the average citizen's opinion. A former assistant to Senator Dole offered his opinion in the spring of 1986 that "there's always been an unspoken tolerance of farm programs, but that attitude is going to go through some kind of change. People in the cities are going to look at the huge cost of farm programs and say 'Something is dreadfully wrong here'" (As quoted in *Congressional Quarterly Almanac*; 1986: 1637).

The inclusion of agricultural producing countries Spain and Portugal into the EC in 1986 added to the US interest in seeing the CAP reformed and brought under the GATT. President Reagan imposed import quotas on a number of agricultural products to offset losses brought about by the newest EC members. By May, the daily cost to the CAP of storing agricultural surplus had risen to more than \$1 million. In explaining the tough US trade measures, USTR Clayton Yeutter stated "We've tried rhetoric with the Community for 20 years and gotten nowhere. At some point in time, one has to raise the ante" (As quoted in *Congressional Quarterly Almanac*; 1986: 1640).

In order to develop practical policies for the US to propose during the UR Agricultural negotiations, a series of meetings before the Senate Subcommittee on Foreign Agriculture Policy; Agriculture, Nutrition and Forestry entitled "*Preparing for the GATT: a review of agricultural trade issues*" took place throughout the summer of 1986. A number of US pro-reform epistemic community members presented not only analysis of the issues but also discussed viable options to bring about the multilateral liberalization of agricultural policy.

In his testimony, *Dennis Avery*, an agricultural analyst with the Department of State, shared his optimism of simultaneous multilateral liberalization given that “It does seem likely that the national governments of the OECD countries could design and implement programs that would ease the transition from the kinds of programs that we have had in the past to programs more in line with the emerging reality...” (United States Senate; 3 June 1986: 30).

On the same day, *Fred Sanderson* presented predictions of a 25 percent increase in US agricultural exports. However, he urged caution given the way in which that small recovery occurred and recommended that the US reform its domestic agricultural policy. He stated:

This does not mean...that we are out of the woods...What we need to do is to complete the policy adjustment. We must phase out the system of target prices and production controls and replace it by more precisely targeted, less expensive and less market-distorting programs (United States Senate; 3 June 1986: 43).

On 22 July, *Don Paarlberg* and *Robert Paarlberg* provided testimony on the impact of the 1985 Farm Bill and the upcoming GATT negotiations respectively. *Don Paarlberg* considered US actions to reduce the level of domestic price supports correct since it lowered the ‘price umbrella’ the US had held for the EC. He argued that “this is likely to prove immensely costly to the CAP because it will increase, greatly, the cost of their export restitutions.” (United States Senate; 29 July 1986: 159).

Robert Paarlberg advocated the US taking the first step towards reforming world agricultural trade through domestic measures. Through reforming domestic farm policy by means of reducing support prices at an early stage in the negotiations, it would not only increase the budget pressures of the

EC but also pave the way for other countries. During questioning, he stated:

If we rely primarily and exclusively on international negotiations, trying to put together a package of bargained out deals in GATT talks, if we pay no attention to the opportunity and the obligation to address some of our domestic agricultural policies, we will make it easier for others to continue avoiding that opportunity and that obligation, and the international talks will come to very little (United States Senate; 29 July 1986: 131).

Early in January 1987, Reagan's proposals for the fiscal 1988 budget included measures to "overhaul the income-support system and slash subsidies to farmers of major crops" (*Congressional Quarterly Almanac*; 1987: 57). Apart from increasing pressure on the EC to reform its CAP, the Administration believed it would also ease the pressure on the US budget. The OMB estimated that a 10 per cent reduction in target prices would bring about savings of \$24 billion over a five year time period (*Congressional Quarterly Almanac*; 1987: 58).

A few days before the beginning of the GATT Ministerial, USTR Clayton Yeutter emphasized a multilateral approach to the trade negotiations stating that he would ask all GATT members to "reduce the level of insanity" that currently exists in global agricultural trade (As quoted in *Congressional Quarterly Almanac*; 1986: 2086). Additionally, USDA agricultural negotiator Daniel Amstutz argued that parties must reject the unilateral approach since "the international bargaining table is where the solution lies" (As quoted in Avery; 1993: 42).

The dual domestic and multilateral approach that the US took with regard to agricultural reform represented a change of great magnitude from previous attempts at reform. The EC would not adhere to this dual approach, at least not

publicly, until 1992. This difference in negotiating strategy between the US and EC would mire the agricultural negotiations for many years. Activities by a transatlantic epistemic community, US and EC advocacy coalitions and diplomacy facilitated by the work of elite transnational networks were significant factors in bringing about the eventual consensus in strategy and means to a compromise.

7.2 EC Events

Following in part from the G7 Tokyo Summit in which leaders had recognized that all countries, and not just the EC, were contributing to the problems in world agricultural trade, there appeared a degree of willingness on part of national agricultural ministers to discuss the issue of reform. At an informal meeting of the EC Agricultural Council on 9 June 1986, topics included US-EC relations and future CAP policy. Reports state that all the members recognized the necessity of taking some action due to the current situation being “untenable, both internally (i.e., mountains of unusable surpluses which are deteriorating) and internationally (i.e., unbalanced markets and escalation of subsidies)” (*Agence Europe*; 11 June 1986: 5). However, a visible difference of opinion over export subsidies developed between France, which argued for continued subsidies to keep European agriculture competitive, and Germany, which believed that there were limits to the amount that should be spent on agricultural subsidies given the demands of other sectors.

In preparation for the GATT ministerial, on 17 June, the Council submitted its Overall Approach to the Commission including the Council’s conditions, principles and objectives. While not considered a formal negotiating

mandate, the Overall Approach assisted the Commission in its work in the GATT preparatory committee. As a condition of its participation in the new round, the Council insisted that “the negotiations must be global - the Community would not agree to discuss certain CAP mechanisms (i.e., export subsidies) in isolation” (As quoted in *Agence Europe*; 18 June 1986: 5).

Similar to studies concerning agricultural policy reform being carried out in the US Congress, the European Parliament also debated the issue and published reports, including at least one being authored by members of the transnational epistemic community. Dated 6 July 1986, the Zahorka Report²⁰⁰ was astonishing in that it recommended the total elimination of export subsidies in the long-term and called for “a set of rules applying to the international trade in agricultural products [to be] established, and that a tighter international discipline be respected in that field” (As quoted in *Agence Europe*; 5 September 1986: 7).

In the last few months before the opening of the Punta del Este Ministerial internal EC differences, with France often the source of the strife, continued to prevent a unified EC position. However, on 14 September, EC Trade Commissioner Willy De Clercq and the twelve member states met in a final pre-ministerial coordination meeting. They were able to agree on two main points: 1) “support in principle for the draft proposed by Switzerland and Colombia, if it is revised with regard to some aspects”; and 2) “the chapter relating to agriculture should be balanced” (*Agence Europe*; 15-16 September

²⁰⁰ The report (EP Document A2-87/86) was named after the German Member of the European Parliament who sponsored it.

1986: 6).

7.3 Transnational Activities

In late August a group of 14 agricultural exporting countries formed the Cairns Group.²⁰¹ The only common element uniting its members was that agricultural liberalization would benefit them significantly. Throughout the UR negotiations, the Cairns Group attempted to narrow the gap between the positions of the US and EC. According to a USDA agricultural negotiator, the Cairns Group “stiffened the US spine” at times when the US would have lost its nerve.²⁰² This element may be behind the US position at the end of August that without the inclusion of agriculture and the new issues, the US would not take part in the round (*Agence Europe*; 28 August 1986: 5).

As the start date of the Ministerial neared, three different draft declarations were still being discussed within the GATT preparatory committee: 1) Swiss/Colombia - this version, which the US helped to draft, was supported by fifty developed and developing countries; 2) Brazil - emphasized issues important to ten developing countries; and 3) Argentina - this version was a compromise of the first two. Senior trade ministers would need to find an acceptable compromise during the week-long GATT Ministerial Meeting.

With one week to go, a meeting of the Quad in Lisbon on 5-6 September aimed to resolve the outstanding differences of the developed countries. The Swiss/Colombian text was discussed in detail, with some agreement being made.

²⁰¹ Members of the Cairns Group are: Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand and Uruguay.

²⁰² Interview with Craig Thorn, agricultural negotiator during the Uruguay Round, 29 August 1997 in Washington, D.C.

However, the EC's De Clercq claimed that the text "over-concentrates on the need to reduce agricultural export subsidies" (*Agence Europe*; 8-9 September 1986: 6).

8. The 1986 Punta del Este Ministerial Meeting

As the Ministerial Meeting opened in Punta del Este, Uruguay on 15 September 1986, the divisions that had occurred in the GATT Preparatory Committee, especially between the US and EC, rapidly became obvious. Additionally, disputes between the EC Commission, armed with the Overall Approach from the Council, and the French negotiating delegation over the inclusion of agricultural support subsidies not only weakened the negotiating position of the EC, but also delayed the development of the final text. However, after the EC submitted an alternative draft on 19 September placing agricultural subsidies into a wider context, a compromise began to develop.

The Ministerial Declaration of 20 September was an ambitious document that stated the overall objectives of the UR. On agriculture, the Declaration was vague enough to allow for significant maneuvering among the sectoral working groups responsible for the establishment of the negotiating framework. The declaration's aims on the issue of agriculture expressed the Contracting Parties' agreement that there was:

an urgent need to bring more discipline and predictability to world agricultural trade correcting and preventing restrictions and distortions including those related to structural surpluses so as to reduce uncertainty, imbalancing and instability in world agricultural markets [and therefore the negotiations should] aim to achieve greater liberalization of trade in agriculture and bring all measures affecting import access and export compensation under strengthened and more operationally effective GATT rules and disciplines (GATT; Ministerial Declaration: 1986).

These aims were to be achieved by having the Contracting Parties reach agreements on improving market access through the increase in market access, the reduction in export subsidies and the reduction of internal support by achieving an some form of aggregate measure of support (AMS). With these basic guidelines in hand, the individual working groups departed Uruguay to being preparing opening positions.

The first meeting of the Committee on Trade Negotiations, which took place in Geneva on 27 October, signaled the “effective start of the Uruguay Round” (*Agence Europe*; 10 September 1986: 12). However, by December there was no consensus on the next steps. Delegates to the GATT failed to agree to issues related to both the organization and time-table of the UR by the 19 December deadline. Talks were scheduled to begin again in mid-January 1987. Notably, it is reported that among some country delegates there was “great nervousness” about the contents of the synthesis report the OECD was planning on publishing early in 1987 since it was regarded by some OECD members as containing “political dynamite” (*The Financial Times*; 2 December 1986).

9. Post-Punta del Este Epistemic Community Activity

Late in January, the GATT Preparatory Committee reached agreement on the structure of the UR. After the US, supported by the Cairns Group, compromised with the EC over the manner in which agriculture would be discussed, a consensus was reached to establish 14 negotiating groups with a separate group to discuss trade in services. The Preparatory Committee was scheduled to meet again in the spring.

However, the publication of the OECD synthesis report, which was to

provide new tools of analysis related to multilateral agricultural trade, was continuing to be blocked by France and Japan. In a confidential memorandum to OECD governments, Secretary General of the OECD Jean-Claude Paye addressed the “scandalous” situation in domestic agricultural support programs and, referring again to transparency, expressed that “public opinion would find it difficult to understand that the acrimony of a trade war be consciously allowed to fester simply because some do not wish to enter into discussions...” (As quoted in *The Financial Times*; 19 February 1987).

The release of *National Policies and Agricultural Trade*, the long-awaited OECD synthesis report, at the OECD Ministerial Meeting 12-13 May was a watershed in the process of multilateral agricultural reform. In introducing the concept of producer subsidy equivalents (PSEs) and consumer subsidy equivalents (CSEs) which allow for a clear measure and comparison of domestic agricultural subsidies, the study was seen as the most detailed and authoritative study of agricultural protectionism among OECD industrial countries yet produced. These new tools, calculated through an OECD computerized framework, allow a “comprehensive measure of the degree to which farmers are supported by government programs” (*International Herald Tribune*; 14 May 1987).

Josling, Tangermann and Warley succinctly explain the policy significance of the study and its results:

The PSE and CSE figures presented in that report were the first ‘official’ estimates of the level of support provided to agriculture in the countries concerned. The fact that an institution that represented governments had made such figures public was in itself a great achievement. The study created a new dimension of transparency in agricultural policies at the international level, showing that between

15.5 percent (New Zealand) and 59.4 percent (Japan) of the value of agricultural production resulted from government policies rather than from markets. It also established the fact that governments could agree on a methodology for producing such politically sensitive figures (1996: 108).

The clarity and ease of use of the PSE model to politicians and negotiators was underlined by USTR Clayton Yeutter in stating that this new system was the best “mousetrap” ever developed for measuring agricultural subsidies and could “form the basis” for the UR negotiations (As quoted in *The Financial Times*; 15 May 1987).²⁰³

A key point made in this report was that all OECD countries were partly to blame for the problems in agriculture and that “given the scope of the problems and their urgency, a concerted reform of agricultural policies” was necessary (OECD; 1987: paragraph 20). The report had made it clear that the domestic agricultural policies of countries had an adverse effect on the world agricultural markets. Wolfe argues that “the real OECD contribution was in helping governments to rethink the domestic purposes of farm policy, and in showing the harmful interactions of domestic policies in different countries” (1998: 113).

In the months that followed the release of this OECD study, press reports widely covered the new concepts of PSEs and CSEs and the agricultural subsidy practices of the developed countries. Another important concept developed within the study was that world market prices, in the short-term at least, could

²⁰³ While the URAA actually used the idea of aggregate measure of support (AMS), the development of “such an aggregate indicator of support and protection (as provided by PSE/CSE) in the early years of the Uruguay Round helped to focus the mind of negotiators on the need to adopt an all-embracing and across-the-board approach” (Josling, Tangermann and Warley; 1996: 110).

increase with the multilateral reduction of support. This meant that “liberalization was not as politically dangerous as it might appear” (Josling, Tangermann and Warley; 1996: 109).

As part of the compromise reached with France and Japan, ministers agreed to authorize the OECD to continue to “contribute to their solution by deepening further its work; by updating and improving the analytical tools” as well as by monitoring the implementation of the agreed upon principles (OECD; 1987: paragraph 20). According to a senior DG VI (Agriculture) official, the series of country studies that followed, through clearly illustrating the need for agricultural liberalization and spreading the guilt among countries, were “clearly key” in the acceptance of multilateral agricultural reform.²⁰⁴

By 1987 agricultural policy reform had been established as a top agenda item for the UR through the attention of senior politicians, trade officials, and the work of technical experts within intergovernmental institutions. It was now critical that the issue remained active and that progress in developing reformist proposals, rather than backsliding toward protectionism, occurred. The failure of the Tokyo Round to carry out significant agricultural reforms was primarily due to a lack of consistent pressure by the major players. Continuous dialogue, development of viable alternative solutions and searches for compromise were necessary. It was at this stage that the work of a *transnational* pro-agricultural reform epistemic community, began to have a visible impact on policy.

The International Policy Council on Agricultural Trade (IPC) was formed

²⁰⁴ Interview with Commission official Søren Olsen Deputy Head of Unit in DG VI (Agriculture), 20 November 1996 in Brussels.

in 1987 by 31 agricultural leaders from 20 countries in order to “help develop the needed consensus on how to proceed” through “making specific proposals to governments, and by informing public opinion of techniques by which the problems can be addressed” (IPC; 1988: viii).²⁰⁵ According to its mission statement, the IPC “meets twice annually to develop policy recommendations to address the critical issues facing the world’s agricultural system. It then conveys its recommendations directly to policymakers through its personal contacts and through a variety of papers and studies” (IPC; 2001b).

Its members consist of an international group of senior agricultural experts in influential positions including senior US and EC officials that were involved in the UR agricultural negotiations.

During the early stages of the UR, members met four times in 1987 and 1988 in Washington, D.C.; Bangkok; Cologne; and Ottawa to formulate a “framework for action” to present to the leaders at the 1988 G7 Toronto Summit and the December GATT mid-term review.

As will be discussed in detail in chapter six, the activities of pro-reform epistemic community members continued after the agenda-setting stage. May 1988 witnessed the establishment of two influential groups and the publication of a series of studies advocating agricultural liberalization. The Reforming World Agriculture Trade Group, consisting of almost 30 agricultural experts from 17 countries issued a policy statement entitled “*World Agricultural Trade: Building a Consensus*” which outlined the crisis in world agricultural trade, recommended

²⁰⁵ Their clear “dedication to the cause” of agricultural reform is a condition of an epistemic community.

solutions and supported the need to solve the issue in a multilateral context. This group was formed under the auspices of the US Institute for International Economics and the Canadian Institute for Research in Public Policy. The policy statement consisted of over 100 pages of concise analysis and recommendations.

The National Center for Food and Agricultural Policy at Resources for the Future in Washington, D.C. issued a “*Declaration on Agricultural Trade by Twenty-Six Agricultural Trade Policy Experts from Eight Countries and Two International Organizations*” written by the Mutual Disarmament in World Agriculture Group.

Also in May, the Canberra Centre for International Economics presented its findings at conferences held in London at the Trade Policy Research Centre and in Washington, D.C. at the American Enterprise Institute. The London conference was attended by academics, bureaucrats, diplomats and business representatives who agreed that these studies were “an important original contribution to the continuing debate” (*The Financial Times*; 6 May 1988). The Royal Institute of International Affairs in London published “*Rich Man’s Farming: the Crisis in Agriculture*” in May. Written by Sir Michael Franklin, the former Permanent Secretary of the British Ministry of Agriculture, the book argued that “the key to reform will be whether or not both governments and farmers agree to ‘de-couple’ aid to farm production from direct income support” (*The Financial Times*; 10 May 1988).

Activity of agricultural experts towards formulating viable policy options concerning agricultural reform continued from this point onwards. Through meeting in conferences, research institutes and other forums, these actors

published recommendations with the intent of offering alternatives to political leaders and policy makers within the internal decision-making system. Their expertise also offered valuable support for the still contentious subject of reducing agricultural support programs.

10. Initial Agriculture Proposals

Midway through 1987, agenda-setting activities had been replaced by policy-making in order to prepare the initial negotiating proposals. The agenda-setting stage was gradually being replaced by the policy modification stage.

10.1 US Proposal

On 6 July the US tabled its initial proposal. As shown in Appendix C, it included a revolutionary call for the elimination of all agricultural subsidies over a ten-year time period (more precisely, by the end of 2000) incorporating first 'rollback' then 'standstill' elements as were to be agreed to by the Contracting Parties. Additionally, over the same time period there would be a reduction in import subsidies and harmonization of agricultural health regulations. US Agricultural Under-Secretary Daniel Amstutz, expressed his view that applying market principles to "extravagantly subsidized, grossly over-producing world agriculture would be to almost everyone's advantage - taxpayers, consumers and the 80 per cent of the global population living in the Third World" (*The Financial Times*; 8 July 1987). Several commentators have debated whether the US approach was indeed based on ideological beliefs in addition to the need for drastic measures to bring about agricultural trade liberalization or merely a negotiating ploy (See Golt, 1988; Paarlberg, 1993; Cohn, 1993; Ingersent, Rayner and Hine, 1995). Regardless of the reason, the US negotiating team

would staunchly maintain this position until April 1989.

Borne out of the earlier debates at congressional hearings, the US proposal stressed the need for simultaneous action concerning domestic farm policy reform and multilateral agricultural liberalization. The US Department of State reported that US objectives were for “*long-term, market-oriented reforms of agricultural policies that will permit the dismantling of subsidies and import barriers that serve as roadblocks to free trade*” (US Department of State; 1988: 2. emphasis added)

10.2 EC Agriculture Proposal

Throughout the UR negotiations, the EC’s actions were reactive rather than proactive. EC negotiators expressed a mixture of surprise and disbelief at the radical US proposal and “rejected it as unrealistic and unacceptable” (Woolcock; 1990: 11). For its part, the EC proposal, presented by Director-General of DG VI (Agriculture) Guy Legras on 26 October, amounted to preserving the status quo. As shown in Appendix C, this proposal, like the majority of EC positions, represented the consensus of the 12 member states. As discussed in chapter three, the EC agricultural policy process, with respect to the formulation of the negotiating mandate, is a system forced to find compromise among not only states, but also powerful agricultural interests. As a result, the opening position of the EC negotiating team could only offer the lowest common denominator.

While the EC offered progressive reduction in export subsidies, the proposed formula and timetable were vague. The EC proposal consisted of two parts: 1) Short-term reform - the EC recognized the need to stabilize specific

commodity markets as well as to decrease the amount of surplus products. Thus, taking 1985-1986 (a year of extremely high costs) the EC would ask the other Contracting Parties to make similar efforts to control production and 2) Long-term - the EC would reduce import restrictions for cereals and milk in exchange for an increase in these restrictions for substitute cereal products and other high protein products (*Agence Europe*; 7 October 1987: 6). In addition to reducing import restrictions, the EC proposed reducing the amount of domestic support (Ingersent, Rayner, and Hine, 1994: 61).

Clearly, the negotiating proposals that the US and EC presented to the GATT in July and October 1987 respectively, represented a wide disparity in approach. However, Moyer and Josling outline four areas where the US and EC positions had a common basis:

- 1) a long-term commitment to reduction in protection;
- 2) an across-the-board approach to negotiating support reductions;
- 3) a sincere attempt to expand the rules governing agricultural trade; and
- 4) a commitment to the principles of multilateral processes and policy coordination (1990: 188, numbers added).

11. Assessment of the Impact of Policy Networks during the Agenda-Setting Stage

Based on the empirical evidence presented here and the policy network approaches discussed in chapter two, the following conclusions may be made. Political elites operating in elite transnational networks enabled agricultural liberalization to be placed on the multilateral trade agenda during the formulation of the Uruguay Round. However, it was the analytical work of agricultural

experts, including members of a pro-agricultural reform epistemic community that provided the technical tools such, as the PSE and the CSE, as well as the viable policy alternatives that secured agriculture's place on the agenda and shaped the initial negotiating proposals. Their work in establishing a means to measure the extreme cost of agricultural support programs as well as illustrating the urgency of the situation gave politicians and policy-makers the means necessary to continue calling for reform.

An assessment of the role of elite transnational networks in the agenda-setting stage concludes that in responding to increasing budget deficits, agricultural subsidy outlays and agricultural trade disputes between trade partners, specifically the EC and US, that had become a hallmark of the early 1980s, senior politicians in several Western countries began to search for a long-term solution to the wildly fluctuating situation in international agricultural trade. Given the success of the GATT in bringing effective rules to trade in industrial goods, it was evident that the historical exemption of agriculture would need to be brought to an end. Elite transnational networks, consisting of senior politicians, with the critical assistance of senior officials in relevant international organizations, used both existing forums as well as established new groups, in which they could consolidate political pressure, shape direction and break deadlocks.

Key new analytical tools, such as the PSEs and CSEs, were developed by members of a pro-reform agricultural epistemic community operating within the OECD and the policy environments of the US and EC. These tools "represented the first comprehensive measure of the degree to which farmers are supported by

government programs” (*International Herald Tribune*; 14 May 1987). Through their work within the OECD, providing expert testimony in the legislative process, and in professional groups and academic conferences, members of the pro-agricultural liberalization epistemic community also played an integral part in bringing about the recognition that reducing agricultural subsidies equally across the board would not be the best solution. They argued that a flexible plan was needed in which each country’s domestic social and political issues could be taken into account. This gave politicians and senior negotiators the assurance that they could ‘sell it’ back home.

The evidence in this chapter leads to the observation that epistemic communities, while they may exist in isolation, are dependent on politicians and government decision-makers in order to become influential and be successful in bringing about the desired change in policy. Empirical evidence in the case of the agricultural epistemic community active during the UR suggests that their work only became influential when politicians and other policy-makers required their technical expertise to support a change in policy. Thus, the impact of epistemic communities may depend on both the current political environment and the policy-actors’ need for viable policy alternatives. This adds to the literature on epistemic communities. For example, compared to the UR services epistemic community investigated by Drake and Nicolaidis (1992) that had its most significant impact in defining the issues during the agenda-setting stage, the pro-reform agricultural epistemic community as distinct from agricultural experts working on their own, is seen to have had its greatest impact in: 1) securing the place of agricultural liberalization on the agenda in the face of significant

resistance from domestic interest groups; 2) illustrating the extent and urgency of the situation in order to keep up momentum in the early negotiations; and 3) providing the analytical framework for future progress.

Certain pro-reform decision-makers, working within the internal agricultural policy process of both the US and EC during the mid-1980s saw a policy window opening during the agenda-setting stage of the UR negotiations. As the 1980s progressed, the need for internal agricultural policy reform in the US, and to some degree in the EC, became ever more evident. By joining forces in advocacy coalitions consisting of like-minded decision-makers from various levels of the policy process and using ideas such as new analytical tools as developed by agricultural experts, these pro-reform actors were able to develop viable domestic agricultural policy alternatives. This permitted them to begin to gain dominance over entrenched anti-reform protectionist politicians and bureaucrats. Their role would increase during the policy-modification stage (November 1987- July 1991).

Chapter 6

The Impact of Policy Networks During the Policy-Making Stage (July 1987 – July 1991)

Introduction

This chapter provides the empirical evidence and evaluation necessary to support the primary contention and test the hypotheses of this thesis for the policy-making stage of the GATT UR agricultural negotiations that took place between July 1987 and July 1991. The argument of this thesis is that newly formed or newly active policy networks, specifically within the EC and US, in the form of epistemic communities, advocacy coalitions and elite transnational networks were critical factors in bringing about the liberalization of agricultural trade policy during the UR negotiations. Given their activities, these groups may be identified as explanatory variables in analyzing how and why a reform of agricultural policy occurred first within the EC and the US between 1980 and 1993 and subsequently within the GATT during the UR.

The hypothesis of this thesis is that the influence and impact of these three distinct policy networks varied within the three specific stages of the UR due to the changing policy environment. In the policy-making stage, I argue that as a generalization, advocacy coalitions had the greatest impact. This was due to this group consisting of both government officials, agricultural interest group leaders and agricultural trade experts who were either directly or indirectly involved in the formulation of agricultural policy and shared a common belief of the need for agricultural liberalization. While the pro-reform epistemic community continued to actively discuss and promote agricultural liberalization,

particularly in the beginning of the policy-making stage, their influence over the various proposals introduced during the negotiations decreased in relation to the increased activity of policy-makers and negotiators. Elite transnational networks of political leaders, senior politicians and political appointees continued to support the need for consensus and give impetus to the process. Their meetings also increasingly resulted in giving detailed directions to the negotiators. However, the policy environment had not advanced to the point, both in technical or political terms, where elite transnational network pressure could facilitate the basis for agreement.

The objective of this chapter is to evaluate the impact that the three policy network groups had in preparing the initial and succeeding two comprehensive agricultural policy proposals of the EC and US that were presented during the UR multilateral trade negotiations between 1987 and 1991. Given the inter-relationship, internal and bilateral policy activities are also examined including the critical MacSharry Plan of 1991. So as to establish the necessary basis for such an evaluation, this chapter covers the chronological steps involved in the formulation of the EC and US proposals, their appraisal by the other and the evolution toward a basis for consensus (See Appendix D for a description of the material consulted).

1. Initial Agriculture Proposals: From Agenda-Setting to Policy Making

The 1986 Punta del Este Ministerial Declaration placed agriculture on the agenda of the Uruguay Round as well as set out the general guidelines of the negotiations. The Trade Negotiating Committee (TNC), chaired by Arthur Dunkel, was the most senior group and had responsibility for overseeing the

negotiations as a whole. The Declaration also established the Group of Negotiations on Goods (GNG) and the Group of Negotiations on Services (GNS). By the end of January 1987, it had been decided by the negotiators that agricultural negotiations were to be part of the GNG but within a separate agricultural committee. Aart de Zeeuw of the Netherlands chaired the Committee on Agriculture (CTA) that was established by the 1982 GATT Ministerial. It was decided within the CTA that Contracting Parties should submit initial proposals, meant to establish the specific contents and modalities for the agricultural negotiations, by mid-1987.

1.1 The US Agriculture Proposal

On 6 July 1987, eager to set the tone and pace of the negotiations, the US was the first to present its initial agricultural proposal. The head of the US Delegation, Daniel Amstutz, who was both professionally and personally a strong advocate of agricultural liberalization, presented it. Notably, a USDA agricultural negotiator credited Amstutz as being a ‘visionary’ who gave ‘ideological focus’ to the negotiations.²⁰⁶ Josling, Tangermann and Warley²⁰⁷ state while “paying lip service to the notion of reducing trade barriers and curbing export subsidies, the main thrust of the US proposal was clearly on the reduction in levels of support and protection” (1996: 141). The ambitious nature of the US proposal was illustrated by its shocking ‘zero-option’ approach that

²⁰⁶ Interview with Craig Thorn, Official with the United States Department of Agriculture Foreign Agricultural Service, Director, Europe, Africa and Middle East in Washington, D.C. on 29 August 1997. During the UR was a senior agriculture negotiator.

²⁰⁷ These authors are identified members of the pro-liberalization epistemic community active during the UR. However, this thesis uses italics to indicate such members only in respect to their work between 1980-1993.

called for the elimination of agricultural subsidies over a ten-year period.

The US proposal included a two-tier or stages type of approach. Included in the first stage was a call for the measurement of an aggregate measure of support. Noting previous work, including the OECD's "*National Policies and Agricultural Trade*", the use of the Producer Subsidy Equivalent (PSE) was suggested. Once a measurement was agreed, existing levels of agricultural support for each Contracting Party could be determined and a schedule for bringing farm support levels to zero would be developed. Already at this stage, the US focused on specific policies to be negotiated including market price support, income support and other support, including research and advisory services.

The second stage envisaged the "identification and monitoring of individual national plans and policies" required to implement the necessary reductions in support (*GATT Activities*; 1987: 30-31). The US proposal stated that in bringing about overall reduction, "Governments shall retain flexibility in the choice of the means to fulfill their commitments" (GATT; Negotiating Group on Agriculture; 1987a: 3).

According to Josling, Tangermann and Warley, the US proposal did three things with respect to the agricultural negotiations: 1) "it raised the sights of the negotiators by suggesting a radical departure from piecemeal tinkering in favor of the establishment of a lofty goal and a definite time path to achieve the objective"; 2) it introduced a new negotiating technique in that it proposed the use of "a proxy for the level of support and then to negotiate on this proxy. Countries could choose their own path to salvation, subject to approval, it was the

end product which mattered rather than the modalities”; and 3) it all but guaranteed “a head-on conflict between the US and the EC” (1996: 141-142).

The EC was quick to offer a response to the US proposal. In a statement issued by the Commission on 7 July, the proposal was considered “unrealistic, impracticable and open to dispute” and the Commission pointed out the inconsistencies between the Punta del Este text and the US submission (*Agence Europe*; 8 July 1987: 11). Between 7-9 July, Commissioner for External Affairs Willy De Clercq and Commissioner for Agriculture Frans Andriessen met with senior US politicians including Secretary of State George Schultz, Secretary of Agriculture Richard Lyng and USTR Clayton Yeutter in order to discuss the most recent developments in the UR. The Commissioners stressed that while not rejecting the US proposal, they were limited to “progressive reduction” of agricultural subsidies as stated in the Punta del Este text (*Agence Europe*; 9 July 1987: 6). In response USTR Yeutter, while defending the US proposal, suggested that the US position was open to some flexibility (*Agence Europe*; 17 July 1987: 7-8).

1.2 The EC Agriculture Proposal

As was the case throughout the UR agricultural negotiations, the EC responded to US proposals rather than shaping the direction itself.²⁰⁸ Additionally, a considerable amount of time was needed in order for the Commission proposal to pass through the EC’s institutional process. In the case of the EC’s initial proposal, the College of Commissioners approved the

²⁰⁸ A Commission official noted that EC officials would observe the responses of other participants to EC proposals in order to gauge the policy climate for their negotiating objectives (Interview with Soren Olsen, Commission official in DGVI (Agriculture) in Brussels on 20 November 1996.)

Commission services' proposal on 7 October 1987. The Commission forwarded it to the Council on 13 October noting that the Commission had taken into account the Overall Approach as well as had worked closely with the Article 113 Committee in preparing it. On 20 October, the General Affairs Council approved the Commission's proposal as an "adequate basis" for the negotiations. Armed with this less than glowing endorsement,²⁰⁹ Guy Legras, the Director-General of DG VI (Agriculture) nevertheless presented the EC's proposal to the GATT on 26 October.

The EC proposal highlighted the need for short-term measures and that elimination of agricultural subsidies within the CAP could not be considered. The EC indicated its willingness to quantify its support measures but only in a framework that incorporated the main elements of the CAP. Vahl observes that this meant in part basing the level of support on 1984 levels which would thus include the limited reforms in the EC's milk sector initiated in this year (1996: 95).

Also envisaging limited liberalization in two-stages, the EC proposal included: 1) "A concerted reduction of support" with the aim of improving the situation of the most severely affected commodity markets. Emphasizing short-term action, this first stage would include both emergency measures as well as "other measures designed to bring about a concerted improvement in the balance between supply and demand"; and 2) "Significant, concerted reduction in support coupled with a readjustment of their [the Contracting Parties] external

²⁰⁹ As Vahl notes, the proposal did not constitute an official mandate from the Council due to the lack of consensus among the member states (1996: 95).

protection”. This reduction “could be backed up by aid to farmers designed to offset the loss of earnings occasioned by the new arrangements” (GATT; Negotiating Group on Agriculture; 1987b: 3).

Josling, Tangermann and Warley view this EC initial proposal as “breaking new ground” particularly since “the fact that the EC was prepared to accept any international disciplines on the level of support afforded by the CAP was itself a major step” (1996: 143-144). However, despite this considerable breakthrough, the US criticized it for not going far enough in terms of liberalization.

The initial US and EC proposals provided the setting for the early negotiations including the difficult GATT Mid-Term Review process. The initial proposals, including from other Contracting Parties, allowed policy-makers and negotiators from both the EC and US to gain some sense of both the direction, as well as hurdles, they would face in the negotiations. However, as is often the case in the initial stages of negotiations, much of the early activity amounted to posturing.

2. Elite Transnational Network and Epistemic Community Activities

The internal environment of the US and EC largely determined the contents of their respective initial agricultural proposals. However, as the agenda-setting stage came to an end and the policy-making stage began in earnest, the members of the transnational pro-reform epistemic community continued their activity designed to stress the necessity for agricultural liberalization and offer their expertise to pro-reform advocacy coalitions.²¹⁰

²¹⁰ Thus, in contrast to Peterson who states that epistemic communities and advocacy

Notably, many epistemic community members were now working within newly formed policy-oriented groups rather than only in the academic arena in an effort to increase their policy impact. As discussed in chapter five, in the late 1980s, several groups of agricultural experts formed associations whose objective was to influence agricultural policy. For example, senior members of the International Agricultural Trade Research Consortium (IATRC), consisting of international agricultural economists with backgrounds in academia, government and private institutions, played an intentional role in “fostering collaboration between government officials and academics in preparing for and carrying out the negotiations in agriculture in the Uruguay Round” (IATRC; 1996: 6.2). Additionally, pro-liberalization interest groups, including the American Farmers Bureau and many US and European business and consumer groups, became increasingly vocal in their support for both the liberalization of agriculture and the successful completion of the UR.

Sabatier defines an advocacy coalition as “People from a variety of positions (elected and agency officials, interest group leaders, researchers, etc.) who share a particular belief system...and who show a non-trivial degree of coordinated activity over time “(1988: 139). Notably for the argument of this thesis, in the US and to some extent in the EC, these various actors formed advocacy coalitions in order to bring about the liberalization of agricultural policy both at the internal and multilateral levels. Additionally, elite transnational networks continued to provide the political impetus policy-makers and negotiators required in the preparation of their negotiating proposals.

coalitions compete within certain policy networks, I contend that in this specific case, these two policy groups complemented each other (1995a: 79).

2.1 Elite Transnational Networks Support Agricultural Liberalization

This section outlines the 1987 annual meetings of the OECD and G7. As outlined in chapter two, these groups represent elite transnational networks.

2.1.1 OECD Ministerial

The 1987 OECD Ministerial, which took place 12-13 May, was most notable for the publication of the ground-breaking study entitled *National Policies and Agricultural Trade.*” This OECD analysis, written with the assistance of members of the identified pro-agricultural reform epistemic community, concluded that rather than one individual OECD country being the cause of the crisis in international agricultural trade, all shared responsibility. The critical conceptual tools of Producer Subsidy Equivalents (PSEs), measuring assistance to agricultural producers, and Consumer Subsidy Equivalents (CSEs), measuring the additional costs of agricultural products to consumers, were introduced with this study.²¹¹

Maury Bredahl, the Director of the OECD Ministerial Trade Mandate (MTM) from 1985-1987 and an identified member of the pro-agricultural reform epistemic community, points out that the “acceptance of the PSE was the key result” of the MTM since it “changed the tenor” of agricultural trade reform. *Bredahl* explained that the PSE/CSE tool allowed for an equilibrium to develop since once agricultural support was changed into numbers, the context of the discussions was changed. Critically, the values calculated by the PSE/CSE “changed the ability of governments to hide behind the rhetoric”. However, the

²¹¹ The OECD defines the PSE as “the payment that would be required to compensate farmers for the loss of income resulting from the removal of a given policy measure” (OECD; 1987: 100).

work of the pro-reform agricultural epistemic community decreased in relevance once the EC admitted that export subsidies had a negative effect on international agricultural trade since, “the numbers [of the PSE/CSE] became irrelevant”.²¹²

The 1987 OECD Ministerial was also marked by visible differences between the EC, specifically Germany, and the US over the extent of agricultural reform. Since President Reagan planned to focus on agricultural reform at the upcoming G7 Venice Summit, the US urged a far-reaching statement. However, the final version was relatively weak. Nonetheless, the Ministers furthered the elements contained in the Punta del Este text by concluding that the UR agricultural negotiations should have the long-term objective of allowing agricultural production be determined by market forces (Moyer and Josling; 1990: 185).

2.1.2 G7 Venice Summit

Similar to the 1986 Tokyo Summit, the 1987 Venice Summit extensively discussed agricultural reform. Using this public platform, President Reagan urged his G7 colleagues to go beyond the watered-down OECD statement and had even planned to suggest the establishment of a G7 Group of Agricultural Ministers (*Agence Europe*; 9 July 1987: editorial). However, although Canada and the UK supported him, there was no overall consensus for his ambitious objectives.

In addition to recognizing the OECD Ministerial Communiqué, the G7 Communiqué stated in part that the leaders recognized their “shared responsibility for the problems as well as for their equitable, effective and

²¹² Interview with Maury Bredahl Director of Center for International Trade Studies in

durable resolution; the principles of reform and action required” (G7 Venice Summit Communiqué; 10 June 1987: Pt. 18). According to a Commission official active in the UR agricultural negotiations, the G7 Summits that took place during the actual negotiations were more influential than those prior to the UR.²¹³

2.2 Epistemic Community Activities Conceptualize Main Issues

As was shown in the previous chapter, the work of a small group of agricultural experts played a significant role in the agenda-setting stage through conceptualizing the main issues involved in agricultural reform as well as developing the analytical tools with which to measure the high costs of farm policies. As the negotiations began, this pro-reform epistemic community expanded in both membership, although still primarily US-based, as well as scope. Their work turned from developing analytical tools and serving as expert witnesses to providing expertise and policy support through academic forums such as conferences, symposia and reports. These open meetings facilitated the free exchange of information and opinions that the Advocacy Coalition Framework notes are most conducive to successful policy change.

The IATRC, a US-based group established in 1980, continued its work promoting the need for reform in agricultural trade. Conferences with the topics “The Political Economy of Agricultural Trade” and “Bringing Agriculture into the GATT” were held in 1987 and 1988, respectively. The National Center for Food and Agricultural Policy (NCFAP), established in 1984, organized

Geneva on 16 November 1999.

²¹³ Interview with Commission official *Eckart Guth*, Head of Unit for Agricultural issues in DG I (External Relations) during the UR on 16 December 1996 in Brussels.

conferences in Hawaii in 1986 and Washington, D.C. in 1987. According to *Sanderson*, these conferences were part of an “international project designed to assess national agricultural policies and their implications for trade and to distill lessons and conclusions that may be useful to policymakers” (1990: preface).

Select members of NCFAP, calling themselves the Mutual Disarmament in World Agricultural Trade Group, published a “*Declaration on Agricultural Trade Policy by Twenty-Six Agricultural Trade Policy Experts from Eight Countries and Two International Organizations*” in May 1988. These experts expressed that:

countries have recognized the necessity of agricultural and trade policy reform. They have not, however, yet come to grips with the sweeping nature of policy reform required, the urgency with which it must begin, and the speed with which it must progress (NCFAP; 1988: 9-10).

In order to help shape the current negotiations, the report provided three guidelines that would need to be followed:

- 1) Farm income support should be given in ways that do not distort and damage the operation of world markets for agricultural products;
- 2) Countries should be accountable at the international level for the external consequences of their domestic farm policies;
- 3) Desired changes to individual national farm policy must be facilitated by collective action (NCFAP; 1988: 10).

The authors also established the need for both short-term and long-term action that became a core issue of the negotiations from the time of the December 1988 Mid-Term Review.

In May 1988, the Reforming World Agricultural Trade Group published “*A Policy Statement by Twenty-Nine Professionals from Seventeen Countries*” as a joint project of the Institute for International Economics in Washington, D.C.

and the Canadian Institute for Research in Public Policy. Addressed to politicians, trade ministers and the G7, the statement urged governments not to delay agricultural reform for reasons such as “national elections, political fatigue, and the general sensitivity of agricultural issues”. (IIE/IRPP; 1988: 9). With the aim of keeping agricultural reform firmly on the agenda at a point when agricultural markets seemed to be stabilizing, in part due to the US drought, the group pointed out that “if agricultural markets have reached their low point and are improving, changing policy directions now would make the necessary adjustments easier and quicker” (IIE/IRPP; 1988: 9). The statement included precise policy guidelines and suggestions for the GATT negotiations and recommended that the leaders of the G7 call for the establishment of a framework agreement that trade ministers could ratify at the Montreal Mid-term Review.

Established in 1987, the International Policy Council on Agricultural Trade (IPC), consisting of senior agricultural experts from 20 countries, met in Washington, D.C., Bangkok, Cologne and Ottawa during 1987 and 1988 in order to establish a “framework for action” which they presented at both the G7 Toronto Summit and the Montreal Mid-term Review in 1988.

Unlike their direct influence in the agenda-setting stage as shown in the previous chapter, agricultural experts had a more indirect influence during the policy-making stage, specifically through producing articles, studies and conference proceedings. As Appendix B illustrates, the number of publications by epistemic community member increased significantly between 1987 and 1991. Thus it may be argued that as the policy-making stage gained momentum, the work of the majority of agricultural experts changed from being pro-active and

technical to either joining the pro-reform advocacy coalition, thus supporting policy-makers, or through publishing on the topic.

3. Advocacy Coalition Activity Increases

As the policy-making stage came into full swing, certain policy-makers who advocated the liberalization of agriculture increasingly searched for ways to make agricultural reform politically and economically viable. As illustrated in the previous chapter, in the US these pro-reform officials, led by Clayton Yeutter and Richard Lyng, had existed since the early 1980s, but gained prominence when agricultural policy reform was transferred to the multilateral level. However, in the EC while individual pro-reform officials existed in the early and mid-1980s, a small, distinct group advocating reform became visible only in the late 1980s after the need for agricultural reform was internationally acknowledged. Beginning in 1990, this group was led by the dynamic Agricultural Commissioner, Ray MacSharry.

3.1 US Agricultural Trade Policy Activities

3.1.1 Change in Approach and Ideology

Following the setbacks in their attempts to reform domestic agricultural policy with the 1981 and 1985 Farm Bills, several senior US politicians and officials realized that their policy objectives at home required a global approach. Only through the establishment of multilaterally agreed rules and disciplines that were followed by the major US agricultural competitors and export markets could US agricultural interests be convinced that domestic liberalization would be beneficial. Chief among US advocates of reform were USTR Clayton Yeutter, USDA Secretary Richard Lyng and USDA Undersecretary of

Agriculture for International Affairs and Commodity Programs Daniel Amstutz.

Paarlberg points out that these officials “took an early lead in insisting that negotiations on domestic agricultural policy reform should become a key component of the larger Uruguay Round” (1993: 41). Richard Lyng and Dan Amstutz were repeatedly mentioned in interviews as being “ideologically driven” and “visionaries”.²¹⁴ The view by Amstutz that “everything must go” with respect to domestic agricultural subsidies went along with both the Administration and Republican Party’s drive for reduced government involvement.²¹⁵ Their views were similar to those of the pro-reform epistemic community. Former Undersecretary of Agriculture and identified member of the pro-reform epistemic community, *Dale Hathaway*, stressed the need for a single, multilateral agreement in stating that “the world is littered with the remains of international commodity agreements that have not worked” (*Congressional Quarterly Almanac*; 1987: 2940).

In early 1987, it became ever more evident that the 1985 Farm Bill, while reducing loan rates by 25 percent, also included requirements for the government to continue providing income subsidies at prohibitively high levels (*Congressional Quarterly Almanac*; 1987: 58). This led to government farm support reaching \$25.8 billion in 1986 with similar levels predicted for the

²¹⁴ Interview with Merritt Chesley, Official with the United States Department of Agriculture Foreign Agricultural Service, Group Leader for Western Europe. Interviewed in Washington, D.C. on 28 August 1997. Also with Craig Thorn, Official with the United States Department of Agriculture Foreign Agricultural Service, Director, Europe, Africa and Middle East. During the UR he was a senior agriculture negotiator. Interviewed in Washington, D.C. on 29 August 1997. Also with Gene Philhower, Agricultural Attaché with the United States Department of Agriculture Foreign Agricultural Service at the US Mission to the WTO. Interviewed in Geneva on 3 May 2000.

²¹⁵ Interview with Gene Philhower, Agricultural Attaché, FAS, USDA at the US Mission to the WTO on 3 May 2000 in Geneva.

following two years. Thus budget issues became the main element that shaped US agricultural policy. Agricultural support programs had increased to such an extent that “next to Social Security and Medicare, [they had become] the largest program in the government’s domestic arsenal” (*Congressional Quarterly Almanac*; 1987: 303).²¹⁶

Notably, it became ever more apparent that the ideology surrounding agriculture began to change. Specifically, agricultural policy began to lose its historical exceptional status:

The long-running argument over what is the best price-support policy for farmers has been supplanted by a growing, equally contentious debate on how much it costs to make one work. The change in emphasis threatens to shake up the urban-rural political alliances that built up over decades and managed to construct a tenuous balance among competing farmer and consumer interests (*Congressional Quarterly Almanac*; 1987: 303).

By 1990, certain members of Congress had joined together to push for liberalizing agricultural policy. Regarding the basis by which farm subsidies were determined, policy experts urged House and Senate agricultural committees to de-link support from production. In shaping the 1990 Farm Bill, *Congressional Quarterly* notes that:

joining the fight this time around is an unlikely coalition of urban liberals, who see federal subsidies going to a few wealthy farmers at the expense of the poor and homeless, and conservative ideologues, who cling to the hope of a free market in farm goods (*Congressional Quarterly Almanac*; 1990: 2209).

²¹⁶ However, according to a US agricultural official active during the policy-making stage, “the budget was not a problem. Agriculture has deep pockets. [One must] compare the agricultural budget with that of defense” Interview with Gene Philhower, Agricultural Attaché, FAS, USDA at the US Mission to the WTO on 3 May 2000 in Geneva.

This coalition played a part in the deliberations within the House Agricultural Committee aimed to “reorient US farm policy” (*Congressional Quarterly Almanac*; 1990: 1265).

The Senate and House passed their 1990 farm bills on 27 July and 1 August respectively with minimal cuts. However, the Bush Administration, forced by the budget crisis, gave them ‘blunt instructions’ to reduce farm support by 25 percent (*Congressional Quarterly Almanac*; 1990: 3491). The 1990 Farm Bill that was passed by Congress in October did not in fact reduce farm subsidies. Instead the separate omnibus reconciliation bill produced the required savings, estimated at \$14 billion, to enable the cost of the 1990 Farm Bill to be approximately \$40 billion (*Congressional Quarterly Almanac*; 1990: 4037). Clayton Yeutter notes that the provisions of the 1990 Farm Bill were “quite compatible with the Draft Final Act” (Yeutter; 1998: 71).

A similar development occurred in the late 1980s and early 1990s within EC policy circles. As budget demands in new policy areas increased, introduced through the Single Market Program, the possibility of enlargement to Eastern Europe, and the continued impasse in the UR, the sacrosanct position of agriculture was threatened.

Under these conditions, the US presented its radical initial proposal on 6 July with the full support of President Reagan. Congressional reaction was mixed with many doubting the long-term viability of the proposal. However, “US officials and many agricultural trade experts believe[d] the time [was] right for a worldwide reappraisal of governmental intervention policies” (*Congressional Quarterly Almanac*; 1987: 2936). The fact that many European

countries had recently recognized the need the agricultural reform combined with French and West German national elections scheduled for 1988 led these US policymakers to seek an ambitious agenda for the multilateral negotiations.

The Reagan Administration's revived plans to shift agricultural policy toward a free-market stance and the increasingly hostile environment led many US agricultural interests to support the status quo rather than lobbying for increased support. However, as *Paarlberg* notes, many members of the US agricultural lobby welcomed the zero-option proposal since they believed "that it would deadlock the negotiation, which was an outcome they could live with quite comfortably (1993: 46).

The emergency \$4 billion bailout of the Farm Credit System late in 1987 and the \$3.9 billion drought bill approved in the summer of 1988 gave additional urgency to the need for agricultural policy liberalization. While the drought brought about a temporary respite from the surging government storage costs, pro-reform agricultural experts and government officials called for continued US insistence on radical reform, including the elimination of agricultural export subsidies.

Entering office in January 1989 after the failed Montreal Mid-term Review, President George Bush appointed Carla Hills as USTR and shifted Clayton Yeutter to Secretary of Agriculture where he was expected to work closely with Hills on agriculture. During Yeutter's confirmation hearing, the existence of possible conflicts in agricultural policy between the Bush Administration and the Democratic-controlled Congress were visible (*Congressional Quarterly Almanac*; 1989: 231). Yeutter stated that "it is simply

not possible to rationally construct [domestic] farm legislation for the 1990s until we know the outcome of the Uruguay Round” (*Congressional Quarterly Almanac*; 1989: 318-319). This self-imposed time pressure to conclude the UR by the end of 1990 was likely a factor in the US acceptance of the less radical language of “substantial and progressive reductions” at the April 1989 GATT Mid-Term Review. Domestic deadlines more than once brought about significant changes in the US position as in the 15 December 1993 deadline imposed by the expiration of Fast-Track Authority.²¹⁷

3.1.2 Institutional Leadership: USTR vs. USDA

In terms of US actions, two related developments which incorporated the activities of the pro-reform epistemic community and advocacy coalition emerge as critical elements in understanding why the UR succeeded in liberalizing agricultural trade policy: 1) the US “stuck to its guns”, particularly after the failed 1990 GATT Ministerial;²¹⁸ and 2) “for the first time, the USDA was the lead institution” in the negotiations.²¹⁹ As an FAS official explained “Agriculture got screwed in the Tokyo Round, so during the Uruguay Round USDA took the lead...We had the right resources and the right people.”²²⁰

²¹⁷ Under the George W. Bush Administration, Fast-Track Authority was re-named Trade Promotion Authority.

²¹⁸ Interview with Craig Thorn Official with the United States Department of Agriculture Foreign Agricultural Service, Director, Europe, Africa and Middle East in Washington, D.C. on 29 August 1997. During the UR was a senior agriculture negotiator.

²¹⁹ Interview with Merritt Chesley, Official with the United States Department of Agriculture Foreign Agricultural Service, Group Leader for Western Europe in Washington, D.C. on 28 August 1997.

²²⁰ Interview with Dave Mergen, Agricultural Attaché with the United States Department of Agriculture Foreign Agricultural Service at the US Mission to the WTO in Geneva on 6 December 1999.

A senior USDA agricultural negotiator pointed out that while USTR had a greater role early in the negotiations, the USDA, specifically the Foreign Agricultural Services (FAS), increased its role as the talks progressed. Early on, the initial objective of the FAS was to keep agriculture on the agenda. Responsibility for policy-making then shifted to the USDA. However, the USTR always retained its statutory authority.²²¹

US officials note that this shift occurred without significant agency confrontation. Senior USDA Agricultural Negotiator Richard Schroeter pointed out that while some tension existed within the USTR, “The USTR had no one to take up agriculture, so the USDA took over. We ran with it and no one [at the USTR] stopped us”.²²² However, the normal interagency process headed by the USTR remained in operation and influenced the US proposals without any “big battles” occurring.

The potential internal USDA conflict between the FAS, which fervently advocated agricultural trade policy liberalization, and the Agricultural Stabilization and Conservation Service (ASCS), that was responsible for domestic farm programs, did not appear to be an issue. A USDA official explained that the reason was that during the UR agricultural negotiations “the FAS was the liberal view, but it was also the Administration’s view...The ASCS was different. They were instructed to carry out a mandate (i.e., the US Farm

²²¹ Interview with Craig Thorn Official with the United States Department of Agriculture Foreign Agricultural Service, Director, Europe, Africa and Middle East in Washington, D.C. on 29 August 1997.

²²² Interview with Richard Schroeter in Geneva on 1 October 1999. During the UR was a Senior Agriculture Negotiator for the United States Department of Agriculture Foreign Agriculture Service. Currently a consultant with Arter and Hadden in the US.

Bill) and implement these instructions”.²²³

The IATRC played an early role in bringing together academic agricultural experts and agricultural bureaucrats in US policy-circles. In fact, one of their original stated objectives was to “encourage and facilitate interaction” between the USDA and university trade policy researchers (IATRC; 1996: 6.1). Clayton Yeutter, with his strong ideological views in favor of agricultural liberalization and his position as USTR (1985-1989) followed by USDA Secretary (1989-1991) may be considered the primary policy entrepreneur in the pro-liberalization US advocacy coalition.

3.1.3 US Government-Interest Group Interaction

Agricultural interest groups were involved in every stage of the negotiations. During interviews, several US officials stressed the high level of communication, both institutional and informal, which characterized government/interest group relations. As stated in the chapter on the US agricultural policy process, members of the Advisory Committee on Trade Policy Negotiations (ACTPN), Agricultural Policy Advisory Committee (APAC) and Agricultural Technical Advisory Committee (ATAC) were legally required to be incorporated into the policy process. These groups were “briefed continuously” and at key times in the negotiations were present in Geneva or Washington, D.C. Additionally, a Commission official stated that during the UR, DG VI (Agriculture) representatives met with APAC members.²²⁴ Although these

²²³ Interview with Sharynne Nenon, USDA official at the US Mission to the EU on 13 November 1996 in Brussels.

²²⁴ As pointed out by Commission official Karl Falkenberg, Head of Unit for Multilateral and Commercial Policies and WTO and OECD Matters; DG I (External Relations) on 24 March 1998 in Brussels.

groups “did not change the [US] negotiating position”,²²⁵ their public support of the US negotiating position was touted by pro-reform officials.

Many US policy actors emphasized the active role of agricultural lobbyists during the UR agricultural negotiations. While acknowledging the important participation of the advisory committees, USDA officials also pointed out that FAS had close ties with both agricultural interest groups as well as industry and communicated with them on a daily basis. Several commodity groups and general farm groups that stood to gain from agricultural liberalization, including the National Association of Wheat Growers and the American Farm Bureau Federation, were not only active members in the US advocacy coalition, but were also members of one of the US advisory committees. Additionally, export commodity groups acted together to promote their policy objectives. Threatened groups, such as sugar, were active beginning in 1988.²²⁶ Specific examples of interest group influence will be discussed at relevant points.

3.2 EC Agricultural Trade Policy

3.2.1 Change in Activity and Ideology

A small group of pro-reform agricultural policy-makers within the European Commission cautiously began to investigate options for CAP reform beginning in the mid-1980s. In 1984, the OECD interim report of its later *National Policies* study illustrated what the “root of the problem was” and “helped get the EC out of a corner” and warm to the idea of a new multilateral

²²⁵ Interview with Craig Thorn, official with the United States Department of Agriculture Foreign Agricultural Service, Director, Europe, Africa and Middle East in Washington, D.C. on 29 August 1997.

²²⁶ Interview with Gene Philhower, Agricultural Attaché, FAS, USDA at the US Mission to the WTO on 3 May 2000 in Geneva.

round.²²⁷ *Eckart Guth*, who was Head of Unit for Agricultural Affairs within DG I (External Relations) during the first years of the UR and a pro-reform advocate, stated that “the breakthrough was in 1985 when the EC accepted a new round. It was realized at this point that something needed to be done, but the question remained how and what direction this reform should take.”²²⁸

The publication of *National Policies and Agricultural Trade* in May 1987 was one of the main focusing events EC pro-reform policymakers needed. Agreeing to the contents of the study which called for both greater international rules and disciplines for domestic agricultural policies as well as reducing farm support represented not only an implicit change in ideology but also a “major breakthrough in [the] international trade negotiations, considering that the EC had until the 1980s refused to enter into any discussions which brought into question the basic tenets of the CAP” (Blair; 1993: 158). The actions of DG VI (Agriculture) official Mögens Marcusen are key to the early moves of the EC agricultural advocacy coalition. According to several observers, rather than preventing the discussion of the concepts of PSEs/CSEs within the OECD, Marcusen allowed the other delegations to continue their progress.

The window of opportunity for EC agricultural reformists seemed to be pushed open yet wider by the continuing high cost of the CAP that claimed the majority of the EC budget. Following the implementation of the Single European

²²⁷ Interview with *Eckart Guth* European Commission Advisor in DG XIX (Budgets) on 16 December 1996 in Brussels. During UR was in DGI (External Relations) for Relations with the US.

²²⁸ Interview with *Eckart Guth* European Commission Advisor in DG XIX (Budgets) on 16 December 1996 in Brussels.

Act in 1987, new programs began to compete for their share of the budget. The inefficiency of the CAP, resulting in the well-publicized mountains of butter and lakes of wine, began to remove the political taboo associated with agricultural reform within the European Commission.

The limited 1988 Stabilizer regime was the extent to which the EC could agree without a well-developed plan or further political, diplomatic and budget pressures. Divisions among the member states, resulting from varying domestic pressures, prevented pro-reform officials within the European Commission from advancing their plans.

The policy window opened again in the early 1990s when, according to a representative of the Special Agricultural Committee, “there was a constellation of events”. He stated that “localized crises [including] milk quotas and budget stabilizers all came together”. In addition to the budget crises there was the “new factor of the GATT. GATT was a new imperative for action. There was a diplomatic price”.²²⁹

However, the debate over the manner and direction of agriculture reform was limited until 1990 according to a member of MacSharry’s Cabinet, who stated that the Commission Services began working on agricultural reform “relatively late” and that it was only “with the MacSharry Reforms that the majority of the work” took place.²³⁰ She noted that while several Commission officials were prominent in advocating agricultural reform, Agricultural

²²⁹ Interview with Paul Reiderman, UK Representative to the SCA on 26 March 1998 in Brussels.

²³⁰ Interview with Mary Minch, Head of Unit for International Affairs relating to GATT, WTO and the USA within DGVI (Agriculture) on 23 March 1998 in Brussels.

Commissioner Ray MacSharry was “the main actor for reform”. The MacSharry Reforms are discussed later in this chapter.

3.2.2 Institutional Leadership: DG I vs. DG VI

According to *Eckart Guth*, DG I (External Relations) was the primary source of initial agricultural reform ideas since general trade officials “could be more forthcoming about the reality of agricultural liberalization” than DG VI (Agriculture) officials who “were the most conservative” and “brainwashed...to protect agricultural interests”.²³¹ Illustrative of the institutional rivalry between DG I (External Relations) and DG VI (Agriculture), a senior DG VI official emphatically expressed his opinion that it was in fact DGVI that supported agricultural reform early on.²³²

Moyer explains that DGVI (Agriculture) had policy-making responsibility for agricultural policy while DG I (External Relations) was charged with developing a coordinated EC position for trade policy within the GATT/WTO and led the negotiations in Geneva – with the notable exception of agriculture (1993: 101). These arrangements were established in the 1960s. During the UR, EC agriculture negotiations were headed by Guy Legras, Director General of DG VI (Agriculture),²³³ seconded by his deputy Rolf Möller, while Hugo Paeman of DG I (External Relations) was the overall coordinator. Coleman and Tangermann conclude that the agricultural policy community took the lead role

²³¹ Interview with *Eckart Guth* European Commission Advisor in DG XIX (Budget). During UR was in DGI (External Relations) for Relations with the US. Interviewed on 16 December 1996.

²³² Interview with Soren Olsen, European Commission DG VI (Agriculture) Deputy Head of Unit for GATT/WTO and USA on 20 November 1996 in Brussels.

²³³ Until December 1999 when Spaniard J.M. Silva Rodriguez was appointed Director

during the UR (1999: 390). However, as will be shown later in this chapter, Commissioner MacSharry and a small group of other advocacy coalition members who were convinced of the need for agricultural reform, gained dominance over policy within this agricultural policy community.

Thus, parallels may be seen between the institutional responsibility in the US and EC: during the UR, the units with *de facto* responsibility for shaping trade policy (i.e., DG VI (Agriculture) and FAS within the USDA) with respect to the UR agricultural negotiations were different than those with *de jure* responsibility for overall negotiations (i.e. DG I (External Relations) and the USTR). Evidence indicates during the UR, earlier in the US than in the EC, bureaucrats within these units worked toward agricultural liberalization. Additionally, US and EC ministers, leading pro-reform advocacy coalition members, held both the top post or portfolio in agriculture and trade with Yeutter first appointed USTR and then switching to Secretary of the USDA and Andriessen first holding the agriculture portfolio in the Commission before gaining that of trade.

3.2.3 EU Institutions-Interest Group Interaction

While there are numerous forums within the EC policy-making process in which interest groups may attempt to influence the institutions of the EC, Murphy argues that the “absence of formal consultation mechanisms on trade issues, as exists in the US,” implies that the Commission’s activities regarding the UR negotiations were not transparent to interest group representatives (1990: 126).

General, the head of DG VI (Agriculture) had always been held by a French national.

In the area of agricultural trade policy, interest groups were involved through the two official Advisory Committees within the EC policy-making process: 1) Agricultural Advisory Committees on the organization of markets similar to those in the Management Committees; and 2) Joint Advisory Committee on agricultural structural policy. The deputy head of unit for international affairs in DG VI (Agriculture) described their relationship with interest groups:

The Commission would let interest groups from agriculture, trade, and industry know where the EC was in the negotiations through meetings of the Advisory Committees. The Commission and Advisory groups met twice a year and allowed the Commission to give information to interest groups and gather information from the different groups. Interest groups could also give resolutions to the Commission.²³⁴

Compared to the US system of continuous exchange of information between government officials and interest groups, the Commission had fewer and less intense relations with interest groups.

As discussed later in this chapter, the process surrounding the MacSharry reforms was both secretive and internal. Agricultural interest groups were not involved in the development of the reforms. COPA, the main agricultural umbrella group was essentially an outsider to the reform process (Kay; 1998: 111). However, national farmers unions, both established mainstream and newly formed militant groups, loudly denounced the CAP reforms following their approval by the Commission in 1991 and Council in 1992.

3.3 US/EC Contacts

In 1990, a report by the North Atlantic Assembly's Sub-Committee on

²³⁴ Interview with Soren Olsen, European Commission DG VI (Agriculture) Deputy

Transatlantic Trade Relations recommended that:

Des consultations plus régulières et plus fréquentes entre experts de haut rang au-dessous du niveau gouvernemental ou ministerial permettraient aux Etats-Unis et à la Communauté européenne d'échanger des informations sur une base plus régulière, grâce à quoi il serait possible d'identifier et d'examiner les difficultés commerciales potentielles avant qu'elles ne dégénèrent en problèmes politiques plus vastes” (Gaud; 1990: 34-35).

Throughout the three stages of the UR, US and EC bureaucrats and negotiators were, in fact, in regular contact with each other, with a notable increase during the second and third stages. In several interviews conducted with governmental officials for this thesis, those involved in the agricultural negotiations spoke at length about their counterparts and had great respect for their work.²³⁵ A Head of Unit in DG I (External Relations) stated that the Commission and US were in contact “all the time. There was regular informal contact at both the bilateral and plurilateral levels”.²³⁶ Another DG I official commented that Commission and US “informal exchanges often resulted in formal meetings” and that the main purpose of working level contacts was the exchange of information.²³⁷

A USDA official echoed the opinions of Commission officials. She ranked US-EC contacts in the following order: 1) directly; 2) through the US Mission to the EC in Brussels; and 3) through the EC Delegation in Washington,

Head of Unit for GATT/WTO and USA on 20 November 1996 in Brussels.

²³⁵ Including Commission officials Eckart Guth, Robert Norris, Soren Olsen, and US government official Richard Schroeter.

²³⁶ Interview with Karl Falkenberg; Head of Unit for Multilateral Commercial Policies and WTO and OECD Matters; DG I (External Relations) on 24 March 1998 in Brussels.

²³⁷ Interview with Americo Beviglia Zampetti; Relations with Article 113 Committee and WTO; DG I (External Relations) on 21 November 1996 in Brussels.

D.C. While noting that there were no formal institutional relations between the USDA and the Commission, she believed the established system of contacts met all the necessary requirements. She stated that the Foreign Agricultural Service (FAS) of the USDA first would approach DG VI (Agriculture) and then DG I (External Relations) if additional follow up was needed.²³⁸

EC/US informal contacts also occurred in Geneva throughout the UR agricultural negotiations. A DG I official observed that good working relationships existed between DG I/DG VI and the USTR/USDA.²³⁹ Another DG I official explained that these bureaucrats “discussed the key issues and identified whether they were political, economic or technical” in nature. However, these meetings did not result in decisions or even proposals. These things were left for the leaders.”²⁴⁰ The extent of these contacts resulted in this official adding that his group “was almost closer to the US [counterparts] than to other Commission officials”.²⁴¹

However, the possibility of US/EC officials forming alliances intended to promote a specific policy was denied by at least a few officials. The DG I (External Relations) official quoted above stressed that the meetings in Geneva

²³⁸ Interview with Merritt Chesley, Group Leader for Western Europe, FAS/USDA on 28 August 1997 in Washington, D.C.

²³⁹ Interview with Robert Norris, Deputy Head of Unit for WTO/OECD with respect to agriculture and fisheries in DG I (External Relations) on 27 March 1998 in Brussels.

²⁴⁰ Interview with *Eckart Guth*, Head of Unit for Agricultural issues in DG I (External Relations) during the early part of the negotiations on 16 December 1996 in Brussels.

²⁴¹ Interview with *Eckart Guth*, Head of Unit for Agricultural issues in DG I (External Relations) during the early part of the negotiations on 16 December 1996 in Brussels.

“were not alliances, but open discussion.”²⁴² A DG VI (Agriculture) official active at the technical level added that “officials are loyal to the system. A major pre-condition for compromises is that the other side does not know your true position”.²⁴³ However, given the extent of interaction between US and EC bureaucrats, the personal relationships that developed, and the fact that they were ultimately working to find a compromise, some degree of alliance building was likely to have taken place.

A quality that was seen to be critical among bureaucrats, particularly among negotiators, was that of trust. Being able to explicitly believe the words and actions of your counterpart was the basis for the establishment of respect. Richard Schroeter, a senior USDA negotiator explained that “Trust is a key factor in negotiations. If you can trust what they agree to will be kept, it facilitates the process. Also, knowing the needs and constraints of your negotiating partner is important. You then know where he stands.”²⁴⁴

3.4 Process of Negotiations

Although policy-making among GATT participants was generally designed in their respective capitals, proposals were shaped and refined in the continuous meetings, both formal and informal, in Geneva. At the senior negotiator level, a select group of countries with a high interest in the results of the agricultural negotiations met on an ad hoc basis in a GATT forum known as

²⁴² Interview with *Eckart Guth*, Head of Unit for Agricultural issues in DG I (External Relations) during the early part of the negotiations on 16 December 1996 in Brussels.

²⁴³ Interview with Commission Official *Soren Olsen*, Deputy Head of Unit for International Affairs in DG VI on 20 November 1996 in Brussels.

²⁴⁴ Interview with *Richard Schroeter*, USDA FAS negotiator during the UR on 1 October 1999 in Geneva.

the Group of Eight.²⁴⁵ A USDA official based in Brussels explained that this group's purpose was to "delve into the technical and practical issues. For example, they discussed how details would be worked out. The 'hows' were explained here. However, these meetings were strictly discussions, not negotiations."²⁴⁶ A senior US agricultural negotiator stated that the Group of Eight "played an important role. [Although] no big decisions took place within the Group, issues such as tariffication, quantitative restrictions and the Green Box became proposals here."²⁴⁷ The Group of Four was another GATT forum where "concepts were flushed out". This smaller group, meeting on an ad hoc basis, concentrated on the legal aspects of the language that was used in the texts.²⁴⁸ The Chairman of the negotiating group was always involved in these meetings. His main task was "to keep transparency and ensure that progress was made".²⁴⁹

At both a lower level and an earlier stage of the negotiations, agricultural specialists met in GATT working groups to discuss the technical details. A Commission official pointed out that "in the initial stages [of the negotiations] there was a lot of work in the technical area. [For example] Soren Olsen of DG

²⁴⁵ During the UR, the members of the agricultural Group of 8 were: Argentina, Australia, Brazil, Canada, the EC, Japan, New Zealand, the Nordic countries and the US. Thus, there were actually more than eight participants.

²⁴⁶ Interview with Sharynne Nenon, FAS/USDA official at the US Mission to the EU on 13 November 1996 in Brussels.

²⁴⁷ Interview with Craig Thorn, currently Director for Europe, Africa and the Middle East of the FAS/USDA on 29 August 1997 in Washington, D.C. During the UR was a senior agriculture negotiator.

²⁴⁸ Interview with Craig Thorn, Official with the United States Department of Agriculture Foreign Agricultural Service, Director, Europe, Africa and Middle East in Washington, D.C. on 29 August 1997.

²⁴⁹ Interview with Soren Olsen, European Commission DG VI (Agriculture) Deputy Head of Unit for GATT/WTO and USA on 23 March 1998 in Brussels.

VI (Agriculture) did a lot of work on the AMS.”²⁵⁰ Throughout the negotiations, even during the times when discussions at ministerial level had been suspended, these GATT groups continued their work toward finding a consensus.

4. Mid-Term Review and Elite Transnational Network Activities

During the first full year of negotiations in 1987, GATT Contracting Parties generally agreed that a meeting of the TNC, at Ministerial level, would “offer an opportunity to consider early results in the Round and allow Ministers to give the necessary political impetus to the negotiations” (*GATT Activities*; 1987: 23). Canada, in part due to its holding the chairmanship of the G7 in 1988, offered to host the Mid-term Review (MTR) in Montreal. The annual OECD and G7 meetings continued to urge progress in the area of agricultural reform.

4.1 Elite Transnational Networks Contribute Political Will

Following the significant breakthrough that occurred at its 1987 meeting with regard to developing a model for the measurement of agricultural support, the 1988 OECD Ministerial resulted in an urgent call by ministers for the strengthening of agricultural reform measures. Blair notes that Ministers urged the OECD to work toward refining the PSE/CSE tool using current data and improve the overall Ministerial Trade Mandate (MTM) model (1993: 126).

At the June 1988 Toronto G7 Summit, the participating heads of state or government clearly recognized the impact that their political will could make to the agricultural negotiations. Their final communiqué stated that “continued political impetus is essential to underpin the politically difficult efforts at

²⁵⁰ Interview with Robert Norris Deputy Head of Unit/Principal Administrator, DG I (External Relations), WTO and OECD Agriculture and Fisheries. Interviewed in Brussels on 27 March 1998.

domestic policy reform” and that it was necessary for the Montreal MTR to provide this political push. (G7 Toronto Communiqué; 21 June 1988: Pt. 18).

Continuing a trend started at the 1986 Tokyo G7 Summit, leaders offered more than general political statements. They recognized that the communiqués had greater direct impact if they could recommend specific policy directions. Thus, the G7 called upon their negotiators in Geneva to:

develop a framework approach that includes short-term options in line with long-term goals concerning the reduction of all direct and indirect subsidies and other measures affecting directly or indirectly agricultural trade. The objective of the framework approach would be to make the agricultural sector more responsive to market signals (G7 Toronto Communiqué; 21 June 1988: Pt. 18).

This emphasis on both the need for short-term and long-term reform elements would be clearly evident in the conclusions of the Montreal and Geneva MTRs.

In Geneva, negotiators agreed in February 1988 that even though significant progress had been made within the GATT, the MTR was necessary in order to “make a collective assessment of the work done so far and to give the necessary push towards a more substantive negotiating phase” (*GATT Activities*; 1988: 22).

4.2 Mid-Term Review I

In the months leading up to the Montreal MTR, there was a marked heating up in both the political climate as well as natural climatic conditions that increased the urgency for reform. As a DG I (External Relations) official stated “climate influenced the negotiations. While the 1988 drought in the US reduced storage costs in the US and took the immediate pressure off of the US for agricultural liberalization, it brought agricultural support to roof-hitting levels in

the EC and brought the CAP near bankruptcy”²⁵¹ While the EC’s 1988 bumper crop put the CAP’s stabilizer mechanisms into action, the Agricultural Council insisted on support prices higher than the Commission recommended. This put into question the EC’s resolve to implement the 1988 CAP reform measures (Swinbank and Tanner; 1996: 89).

Additionally, work on the Ministerial began relatively late in Geneva. The Contracting Parties did not agree until September 1988 that the chairmen of the GNG and GNS should prepare reports to present to the trade ministers in December. Divided into two parts, the reports were to include an assessment of the work done to date as well as points that needed the approval of ministers. With less than one month before the start of the MTR, it became clear that agriculture would be a particularly contentious area (*GATT Activities*; 1988: 22-23). Despite the expectation that US and EC positions would show increased flexibility in advance of the MTR, it has been noted that in fact their views “tended to polarize rather than coalesce” (Josling, Tangermann and Warley; 1996: 146).

In a final attempt to find common ground before the opening of the MTR, the ministers of the Quad met in Montreal 3-4 December. While USTR Yeutter re-emphasized the US demand for the complete elimination of export subsidies, he suggested that the 10-year time frame could be expanded. The EC reiterated

²⁵¹ Information provided by Karl Falkenberg, Head of Unit, Multilateral Commercial Policies and WTO and OECD matters, DG I G/1, European Commission during an interview on 24 March 1998 in Brussels and Gene Philhower, Agricultural Attaché, FAS, USDA, during an interview on 3 May 2000 in Geneva.

its earlier position that the US zero-option request could not be considered as a starting point for negotiations.

On 5 December 1988, Canadian Prime Minister Brian Mulroney welcomed over 90 trade ministers accompanied by 1,000 delegates to Montreal's Palais des Congress for the Ministerial level meeting of the TNC. While the US delegation sought an 'early harvest' on several negotiation issues including agriculture, the EC insisted that there should be no early agreements. Deadlock seemed imminent. However, negotiators managed to achieve an early breakthrough in the form of a package of trade concessions in tropical products. Ministers also developed measures related to dispute settlement within the GATT and established the means for regular trade policy reviews of participating countries.

As expected, agriculture became the focal point of the MTR and the press focused on the differences at the senior political level between the US and EC. The gap between the US and EC became visible during a plenary session. Following the proposal by US Agricultural Secretary Lyng that agricultural export subsidies be considered illegal, EC Agricultural Commissioner Andriessen left the meeting (*Agence Europe*; 9 December 1988: 7).²⁵² Shortly after this point the TNC was suspended. According to Josling, Tangermann and Warley, the failure to find an acceptable compromise was due to the inability of EC and US negotiators to find the "elusive form of words that would at the same time signal to US agricultural interests that the EC was prepared to abandon farm price support in the long run and to EC farmers that the Commission had fended off the

²⁵² According to one report, tensions over agriculture became so extreme that the US

frontal attack by American negotiators” (1996: 147-148).

Although the contentious issue of agriculture ended in impasse, the Montreal MTR did manage to reach agreement in 11 of the 15 negotiating issues. However, a decade following the MTR, USTR Clayton Yeutter still felt that the problems over agriculture had given the UR “a costly defeat, when it needed victories, and it halted momentum in agriculture just when the effort needed to be accelerated” (Yeutter; 1998: 69) As it became clear that it would require an additional meeting of the TNC to break the deadlock, Ministers concluded that the agreed issues would not be implemented until the next TNC. On 9 December, the gathered trade ministers issued a statement outlining that the TNC would meet again in Geneva during the first week of April 1989.

In establishing the basis for future work in agriculture, Ministers agreed to a report drawn up by the Chairman of the Negotiating Group on Agriculture which aimed to operationalize the agreed upon objective of liberalizing agricultural trade. The report covered both long-term and short-term elements and offered basic options as well as guidelines for reform. Included in the section on basic options for the long-term, ministers were asked the question “whether the ultimate goal should be the elimination or the substantial reduction of trade-distortive support” (GATT; Trade Negotiations Committee; 9 December 1988: 11).

Notably, the guidelines for reform established import access, export competition and internal support as the main factors for the negotiations. These three issues, despite EC resistance, became the main elements of both the Blair

and EC discussed withdrawing agriculture from the multilateral negotiations in favor of bilateral talks (Twentieth Century Fund Task Force; 1989: 90).

House Accord and the UR Agricultural Agreement,. Short-term elements included a proposal for the implementation of a freeze of agricultural support and an unspecified reduction in support by 1990. The basic options consisted of whether or not the freeze and reduction should be calculated by an aggregate measure of support (GATT; Trade Negotiations Committee; 9 December 1988: 12-13).

Ministers requested that in the intervening period, Director General Dunkel, in his capacity as Chairman of the TNC, engage in high-level consultations in the four outstanding issues, including agriculture. The disappointing results of the Montreal MTR may have made Dunkel's task easier since now that Ministers had personally witnessed the difficulties that their negotiators were encountering, they had a better understanding of the situation.²⁵³

Additionally, "the ministerial involvement [in the MTR] acted as a spur for renewed political commitment in the whole network of negotiations throughout 1989" (*GATT Activities*; 1989: 34).

4.3 Elite Transnational Networks Show Renewed Political Commitment

In late February 1989, Dunkel indicated he was generally optimistic on the chances for progress before the MTR II. He stated "it is clear to me that the necessary political will exists to ensure that we get agreement in April" (*News of the Uruguay Round of Multilateral Trade Negotiations*; Vol. 024: 23 February 1989). This political will was seen most clearly in the visible flexibility of both

²⁵³ Similarly, during the final phase of the agenda-setting stage of the WTO Seattle Ministerial as Geneva delegates encountered great difficulties in determining the language of the Seattle Ministerial draft text, US trade delegates welcomed ministers and senior officials from Washington so that 'their fingerprints' would be placed on US language. This, it was hoped, would not only bring about greater understanding of the issues but also encourage continued personal involvement by these Washington officials during the negotiations.

the EC and US. Most notably, during a weekend meeting between newly appointed US and EC officials, the Bush Administration signaled that it would accept a 'ratcheting down' rather than elimination of agricultural subsidies (*The Financial Times*, 22 February 1989). Representing the EC were External Affairs Commissioner Andriessen, who had switched portfolios in January, and the new Agricultural Commissioner Ray MacSharry. The new USTR, Carla Hills was accompanied by the former USTR, Clayton Yeutter, now in his role as Secretary of Agriculture. At another high-level meeting in mid-March, the US and EC established a high level technical group with the mandate of "achieving an agreement in principle which will allow the unblocking of the UR" (*Agence Europe*; 13/14 March 1989: 6).

In a similar vein as the 1987 analytical reports of the OECD and World Bank, in March 1989 the IMF published "*The Common Agricultural Policy: Principles and Consequences*". This study concluded that while the CAP was not the source of the current problems affecting agricultural trade, it had "aggravated them by making price support more comprehensive and institutionalizing it at a supranational level" (*Agence Europe*; 6/7 March 1989: 12).

Following a series of consultations, by late March Dunkel was able to piece together a compromise paper. The agricultural section established the following three points:

- 1) agricultural policies should be more sensitive to signals from the international market...;
- 2) support and protection should be gradually reduced and harmonized...;
- and 3) developing countries should benefit from special and differential treatment (*Agence Europe*; 24 March 1989: 5; Numbers added).

Included were both long-term and short-term measures. In the long-term, Dunkel proposed that the objective of liberalization should be the “progressive and substantial” reduction of agricultural export subsidies. For the short-term, there would be a focus on standstill so as not to allow the increase in protection. Thus, there could be no raising of tariffs or non-tariff barriers (NTBs), nor would increases in agricultural budget expenditures or price guarantees be allowed. Additionally, measures to limit production, such as set-aside requirements, could not be reduced.

These elements reflected the more flexible position of the US on export subsidies. For its part, the EC agreed to use 1986 rather than 1984 as the base year for the measurement of support. Kay states that “the main intention of the Dunkel draft was to bring about a dialogue and a gradual closing of positions on the agriculture issue over the next 18 months before Brussels” (1988: 62). This initially seemed to be the case. Two days before the opening of MTR II, the US and EC indicated that while the Dunkel paper did not satisfy either of their negotiating objectives, they accepted that the compromise was necessary (*Agence Europe*; 3/4 April 1989: 5-6).

4.4 Mid-Term Review II

The MTR II opened in Geneva on 5 April 1989. One day later, after conducting several bilateral meetings with Contracting Parties, Dunkel made changes to his text. For the Commission, this type of relatively rapid negotiations was difficult given the limits of its mandate. However, members of the Article 113 Committee were in Geneva in order to adjust the mandate as appropriate. During late night negotiations on 6 April, a compromise over

agriculture was agreed by the US, EC and Cairns Group which allowed the other outstanding issues to be concluded. A press report noted that “the US and the EC have for the first time agree[d] progressively to dismantle their aid to farmers. They have put their domestic farm regimes on the table as well as trade-related ones” (*The Financial Times*; 8 April 1991). Similar to the Punta del Este text, the compromise in the sector of agriculture was managed by “making the language vague enough to preserve the interests of the majority of negotiating participants” (*Agence Europe*; 8 April 1989: 5). Although this agreement did not bring a resolution to the major problems, it did establish an explicit time frame for the talks (Moyer; 1993: 97 and *The Financial Times*; 8 April 1989).

Most notably, the concluding statement on long-term elements of agricultural reform stated that the objectives of the negotiations was to “establish a fair and market-oriented agricultural trading system [which would] provide for substantial and progressive reductions in agricultural support and protection” (GATT; Trade Negotiations Committee; 11 April 1989: 3). In order to make progress in such negotiations, participants were asked to submit comprehensive proposals including clarification of such factors as the terms of an AMS as well as the means to bring about changes in support and protection including tariffication and decoupling income support from production by December 1989 (GATT; Trade Negotiations Committee; 11 April 1989: 5). Ministers also agreed that a final decision on these elements would be made by the end of 1990.

Short-term measures mandated that participants would “ensure that current domestic and export subsidies and protection levels in the agricultural sector [would not be]..intensified in relation to imports of agricultural products

nor extended to additional products” (GATT, Trade Negotiations Committee; 11 April 1989: 6). It was also agreed that Contracting Parties would present to the GATT by October 1989 the ways they intended to fulfill this obligation.

Following the successful conclusion of MTR II, Director General Dunkel noted that the period between the decision to convene an MTR at Ministerial-level in early 1988 through to the eventual conclusion of the MTR II in April 1989, “brought us more progress than many thought possible and, in some groups, more than we had been able to achieve since the launch of the Round...Little is served by avoiding confrontation with reality” (As quoted in *GATT Activities*; 1988: 25).

In June and July, both the 1989 OECD Ministerial and G7 Summit respectively commended negotiators for the recently completed MTR II. The OECD Ministerial Communiqué furthered the language of the MTR II by stating that agricultural reforms would need to be addressed through “mutually reinforcing actions at domestic and international levels” (OECD Press Release; A(89)26: 1 June 1989). The Paris G7 Summit applauded the MTR II for outlining both short-term and long-term agricultural reform measures. Leaders expressed their ‘full commitment’ to making further substantive progress in the Uruguay Round in order to complete it by the end of 1990 (G7 Paris Communiqué; 16 July 1989: Pt. 18).

At the end of July, participants of the GATT TNC heeded their leaders’ call to aim for the completion of the negotiations by the end of 1990. They agreed that the final Ministerial Meeting would occur in December 1990 in Brussels. Additionally, a three-stage work plan was established. According to

this plan, participants would firstly need to present their national positions by the end of 1989. Following this step, and within the first eight months of 1990, negotiators should aim to reach broad consensus. Finally, September-November would see GATT ministers working on the language of a draft ministerial text (*GATT Activities*; 1989: 9).

5. First Comprehensive Proposals

In response to the obligations established by the Mid-Term II Agreement, the US submitted a discussion paper on 10 July 1989 in which it introduced the concept of tariffication, discussed its role as well as suggested a methodology for its implementation.²⁵⁴ This paper was part of the Bush Administration's goal to increase the momentum of the talks (*The Financial Times*; 14 July 1989). In stating the advantages of tariffs over NTBs, the proposal argued that they "establish a direct link between domestic and world-market prices and allow the transmission of world market signals" (GATT; Negotiating Group on Agriculture; 10 July 1989: 2). The US presented a formula that offered a standardized methodology for converting non-tariff import barriers to tariffs.²⁵⁵ However, the document cautioned against using the concept in isolation from simultaneous further reduction in tariff levels.

²⁵⁴ The US first discussed the idea of converting non-tariff import barriers into measurable quantities in a document submitted on 9 November 1988. (GATT; Negotiating Group on Agriculture. 9 November 1988).

²⁵⁵ The formula was $TE = [(Pd - Pw) / Pw] \times 100$ where TE is the tariff equivalent, Pd is the domestic price and Pw is the world price (GATT; Negotiating Group on Agriculture. 10 July 1989).

5.1 First US Comprehensive Proposal

On 25 October 1989, the US tabled its first comprehensive proposal.²⁵⁶ It systematically covered the procedures for reform in the areas of import access, export competition, internal support and sanitary and phytosanitary measures. The US comprehensive proposal had as an objective “to guide agricultural production and trade toward a market oriented system governed by strengthened and more operationally effective GATT rules and disciplines and to integrate agriculture fully into the GATT” (GATT, Negotiating Group on Agriculture; 25 October 1989: 1).

In the area of import access, the US proposed the tariffication of all NTBs and then reducing them to low levels or zero over a ten-year transition period. This element followed logically from the 10 July discussion paper. The most notable aspect of this comprehensive proposal was the seeming retreat from the MTR II language concerning “elimination” versus “substantial, progressive reduction” under the heading of export subsidies. Here, the US called for a five-year period in which to phase-out all agricultural export subsidies. However, the US used the MTR II language with reference to internal support and established a three-tiered categorization of domestic subsidies as a means to reach this reduction. These three categories are the first time a distinction was made in the various types of internal support. The US proposal used the traffic light approach of Red, Amber and Green boxes. The US had first tried to introduce the traffic-light analogy during the Tokyo Round, but were unsuccessful (Winham; 1986:

²⁵⁶ Known as the “Submission of the United States on Comprehensive Long-Term Agricultural Reform”.

171). Trade distorting agricultural support would be placed in the Red Box and phased out over ten years. Certain supports that required monitoring, would be placed in the Amber Box and reduced by 20 per cent during the transition period. Finally, non-trade distorting supports would be placed in the Green Box, thus being acceptable.

Moyer notes that this comprehensive proposal “has been described as a gentler approach to the zero option” (1993: 98). Additionally, Kay points out that by submitting this proposal, the US was clearly indicating its readiness to end its Export Enhancement Program (EEP) as well as its deficiency payments system (1998: 62). However, EC Agricultural Commissioner Ray MacSharry accused the US of both “taking a step backward from the April MTR” as well as demanding the “pure and simple elimination of the CAP” (*Agence Europe*; 27 October 1989: 12).

5.2 First EC Comprehensive Proposal

A few days before the US submitted its comprehensive proposal, MacSharry pre-addressed it by making three announcements concerning the EC’s position: 1) the EC would not abandon the basic principles of the CAP; 2) the EC would insist on incorporating the concept of rebalancing, which included increasing the level on some products in order to compensate for the decrease in support on others; and 3) the EC would categorically reject the 10 July proposal on tariffication (*Agence Europe*; 18 October 1989: 8).

Completed by the Commission in early December, the EC’s comprehensive proposal only gained the required approval of the General Affairs Council on 19 December and was subsequently immediately forwarded to

Geneva. Entitled the “*Global Proposal of the European Community on the Long-term Objectives for the Multilateral Negotiation on Agricultural Questions*”, the proposal represented a “point of equilibrium between the various positions” of the Member States (*Agence Europe*; 21 December 1989: 6).

It first discussed in broad terms the general principles and the “theoretical even...ideological flavor” of the debate on agricultural reform. Clearly dismissing the idea of agricultural free trade, the EC stated that given the special position of agriculture “the aim of the negotiation [could] only be, to progressively reduce support to the extent necessary to re-establish balanced markets...” (GATT; Negotiating Group on Agriculture; 20 December 1989: 2). While it admitted that de-linking aid from production could provide short-term relief, the EC did not accept that the establishment of decoupling as a general procedure without the use of a price stabilization element would bring about stable agricultural markets.

The EC proposal emphasized the concept of reducing support through the use of a Support Measurement Unit (SMU) calculated with a reference to fixed external prices. This SMU has been described as “the Community’s version of the PSE” (Moyer; 1993: 98). Notably, the EC set a transition period of 5 years over the US proposal of 10 years and was vague regarding reduction of support in comparison to the clear objectives within the US proposal.

Regarding tariffication, the proposal stated that since agricultural protection could not be based purely on customs tariffs, “tariffication does not provide a reasonable or convincing solution to these types of problems” and that “the Community remain[ed] convinced that such arrangements are not viable. It

would lead to a cycle of crises (with their inevitable social and political consequences) as the only means of adjusting agricultural activity” (GATT; Negotiating Group on Agriculture; 20 December 1989: 6). However, the EC agreed to accept the US concept as a part of a larger package, including rebalancing existing border protection. Rebalancing consisted of reducing support measures on some agricultural products while ‘rebalancing’ the effects by increasing support measures on other selected products.

The US and Cairns Group considered the EC proposal weak. Kay (1998) views the proposal as “very general [since it] contained no substantive figures to precipitate negotiation” (63). Additionally, there was “wide opposition” to rebalancing among participants (*GATT Activities*; 1989: 51).

6. Debate and Dialogue Within Elite Transnational Networks

During the UR negotiations, elite transnational network meetings did not always result in positive results and at times were openly antagonistic. However, these networks provided an opportunity for senior political actors to discuss their domestic requirements with their foreign counterparts. With respect to the G7 summits during the UR, Bayne (2000) argues that “the practice of leaders meeting together regularly...made them understand the external consequences of their domestic positions...”(108). However, all elite transnational networks involved to a significant degree in the UR agricultural negotiations had a similar effect.

6.1 OECD Ministerial

During late 1989 and early 1990 the various comprehensive proposals were analyzed by national ministries. However, at the June 1990 OECD

Ministerial the need for a compromise concerning agriculture became ever more evident. According to a press report “the Americans lambasted the Europeans over the need to slash farm subsidies. Carla Hills...and...Frans Andriessen fought themselves to a standstill over the level of export subsidies for farmers” (*The Guardian*, 21 June 1991). The US, advocating the acceptance of its comprehensive proposal, again urged the necessity of eliminating export subsidies. The EC’s MacSharry retorted by claiming that elimination would have a significant negative impact on agricultural prices with millions of farmers losing their livelihoods. He also insisted that export subsidies must be discussed in connection with internal support citing that political difficulties would otherwise arise (Vahl; 1996: 123). It has been noted that MacSharry’s statement was directed at both the US as well as Trade Commissioner Andriessen and the EC trade ministers, who were divided over the issue (Vahl; 1996: 123). Kay concludes that the meeting “broke up in public disagreement with the usual diplomatic niceties not being observed” (1998: 64).

6.2 GATT Activities

The GATT Secretariat sought to find compromise language. It requested participants to clarify the concepts of tariffication and AMS in the shape of a list of questions. By early in the summer of 1990, the results of this activity clearly indicated the significant differences that still existed in the proposed calculation and use of the AMS as well as implementation of tariffication (*GATT Activities*, 1990: 34).

In an attempt to make progress toward an acceptable compromise, Aart de Zeeuw, Chairman of the Agricultural Negotiating Group presented a draft text on

1 July 1990. His “*Framework Agreement on Agriculture Reform Program*” grew out of discussions with senior agricultural delegates and was based largely on the earlier work of the US, EC and Cairns Group (Moyer 1993: 106).

The three major elements of the De Zeeuw text were: 1) internal support – it proposed to use the AMS using the 1988 as a base year with a fixed reference price of 1986 - 1988; 2) tariffication - all border protection measures would be converted into tariff equivalents and “substantially and progressively reduced from 1991-92 at an *average* rate and over a number of years” (GATT; Negotiating Group on Agriculture; 11 July 1990: 4); and 3) export competition - export subsidies would be reduced substantially with exceptions being subject to GATT disciplines. Thus, the text seemed to contain the basis for a compromise by including individual elements demanded by both the US and EC, but not overtly favoring either. De Zeeuw asked that country lists be submitted by 1 October in order to allow time for discussion before the 1990 GATT Ministerial.

According to Josling, Tangermann and Warley:

The De Zeeuw text was a milestone in the Round, and indeed in agricultural trade relations in general. It defined the areas of negotiation and the options in a clear, concise manner and made apparent the steps needed to get agreement by the date of the Final Meeting in December 1990. Its framework survived in the Final Act of the Uruguay Round, and so can be considered the first version of that ultimate agreement (1996: 153).

6.3 1990 Houston G7 Summit

As the host of the 9-11 July G7 Summit, the US was eager to make progress on the UR agricultural negotiations. Thus the Bush Administration welcomed the recently released De Zeeuw text as a basis for further discussion. In fact, the assembled heads of state and the representatives of the EC considered

the successful outcome of the negotiations on agriculture so critical that the topic “dominated proceedings ahead of aid to the Soviet Union; the issue of CAP reform forced itself above the end-game to the Cold War” (Kay; 1998: 64). Additionally, for the first time since the establishment of the G7, the Agricultural Minister of the host country also attended the summit (Kirton; 1999: 52).

On the first day of the Summit, the Commission and Member State representatives reviewed the De Zeeuw text with all except France and Ireland agreeing that it could be used as a basis for discussion (*Agence Europe*; 9/10 July 1990). The US also concluded that the De Zeeuw text was a basis, including the EC’s element of ‘substantial, progressive reductions’ of export subsidies. Although the US concession was considered a victory for the EC, at the same time it placed increased pressure on the EC to prepare the CAP for these reductions.

The final G7 communiqué sent a clear and firm message to the negotiators that the political leaders had placed the conclusion of the UR at the top of their agenda. They pledged to “take the difficult political decisions” as well as to “maintain a high level of personal involvement” (G7 Houston Communiqué: 11 July 1990: Pts 19 and 23). In order to increase the momentum to conclude the round by December, the leaders ordered their negotiators to agree on a final framework by the next meeting of the TNC at the end of July. The De Zeeuw text was agreed by all Summit participants as the “means to intensify the negotiations” (G7 Houston Communiqué: 11 July 1990: Pt. 23).

However, less than one week later, the General Affairs Council declared that the De Zeeuw Report was only “one way to intensify” the agricultural

negotiations (*Agence Europe*; 18 July 1990: 6). The EC retreat was due to the Council feeling the Commission had gone past its mandate. Resulting from a series of interviews with officials in DG VI (Agriculture), DG I (External Relations) and the Agriculture Council Secretariat during 1990, Moyer reports that in the run-up to the G7 Summit, the Commission strategy involved working directly with the representatives of the Article 113 Committee to a greater degree and “going to the Council of Ministers only when absolutely necessary” (1993: 106-107 and endnote 14). It was hoped that this would provide the EC negotiators the flexibility they required to make progress.

Nonetheless, given the lack of consensus among the member states on the elements of the De Zeeuw Report, the Commission’s strategy of dealing directly with the Article 113 Committee while bypassing both the General Affairs Council and, in particular the Agricultural Council, resulted in a step back in the Commission’s autonomy. During the 24 July Agricultural Council meeting, a senior group of national experts from member state agricultural ministries was established. These national representatives would work with both Commission officials and Article 113 representatives in order to ensure that the mandate was not surpassed. Additionally, the Agricultural Council demanded to be kept current of progress in the negotiations (Moyer; 1993: 107-108 and *Agence Europe*; 26 July 1990: 15).

6.4 Meetings of the Quad and Quint

Elite transnational network meetings of senior trade and agricultural ministers were held during the summer and autumn of 1990 in order keep up the momentum provided by the Houston G7 Summit in the progress toward

agricultural policy consensus. The Quad, established in 1981 following the endorsement of the G7 leaders at the 1981 Summit, allows the trade ministers of the US, EU, Canada and Japan to discuss trade-related issues.²⁵⁷ The Quint, established in 1989 early in the UR negotiations, consists of the agricultural ministers of the Quad members in addition to Australia.

6.4.1 Dromoland Quint Meeting

In order to facilitate informal exchange of ideas on agricultural policy and international trade, several meetings of the newly formed Quint took place during the course of the UR. Established in 1989 on the initiative of the US, the meetings of this elite transnational network were marked by their informality. Prior to each Quint ministerial, there was only one preparatory meeting at which the agenda was planned. According to an EU trade official, Quint meetings got “people together. There were no reports or communiqués”.²⁵⁸ This informality allowed ministers to discuss their views freely, without committing themselves to any negotiating position. Another EC trade official noted that the senior level Quints “had great impact since they raised awareness”.²⁵⁹

Over the weekend of 29-31 July 1990, Ray MacSharry hosted the second Quint at the Dromoland Castle in Ireland. He noted that “between us, we represent 800 million people and we shall have the opportunity in Dromoland to

²⁵⁷ A unique feature of the Quad is that, unlike the G8 where the European Commission is considered a participant rather than a full member, in this forum the European Commission speaks for all member states of the EU on matters of trade.

²⁵⁸ Interview with Robert Norris, Deputy Head of Unit/Principal Administrator, DG I (External Relations), WTO and OECD Agriculture and Fisheries in Brussels on 27 March 1998.

²⁵⁹ Interview with Eckhart Guth, European Commission Advisor in DG XIX (Budget) on 8 May 1998. During UR was in DGI (External Relations) for Relations with the US.

have a thorough discussion about the importance of agriculture to our respective economies and for the world trading system” (*Agence Europe*; 28 July 1990: 7). At ease among his counterparts, MacSharry took the opportunity of this elite transnational network of agriculture ministers to announce his proposal for 30 percent reduction in overall agricultural support and protection over a ten-year period that would be the precursor of the MacSharry Reforms. In announcing his plan, he felt that it was critical for discussions to move beyond principles and into specific proposals. MacSharry stated that he would present these proposals to the Commission and Council in September. The announcement “caused a certain amount of surprise and cautious reaction” among his fellow agricultural ministers and among EC agricultural policy actors (*Agence Europe*, 1 August 1990: 3). In particular, USDA Secretary Yeutter had mixed reactions about the proposal and noted that it was unclear in addressing certain elements. However, Yeutter stated that the US would “study the proposal if it reaches the GATT negotiating table” (*Agence Europe*, 1 August 1990: 3).

6.4.2. November 1990 Quad Ministerial

As the EC wrangled with MacSharry’s proposal throughout autumn, the Quad ministers met in Newfoundland 12-14 October. At the invitation of the trade ministers Arthur Dunkel participated for the first time in a Quad Ministerial. While the Quad could not make decisions for other GATT participants, their conclusions would clearly affect the negotiations. The ministers re-stated their political will to conclude the negotiations at the Brussels Ministerial in December.

7. Second Comprehensive Proposal

This section outlines the second comprehensive proposals of the US and EC.

7.1 The US Second Comprehensive Proposal

On 15 October 1990, a day after the Quad meeting ended, the US submitted its Second, and final, Comprehensive Proposal. Based on the Chairman's Draft, the proposal introduced a quantitative element in that it set out specific amounts of reduction. In internal support and market access, the US proposal called for reductions of 75 percent using a commodity-specific Aggregate Measurement of Support (AMS)²⁶⁰ while in export subsidies a reduction of 90 percent was stipulated. All reductions were to be granted a ten-year transition period, starting in 1991-1992 using a base period of 1986-1988.

Ingersent, Rayner and Hine highlight that this proposal illustrated the degree to which the US wanted to bring agricultural trade fully under the GATT since it signaled a "willingness to part with its beloved Section 22" (1994: 44). This proposal allowed the US to go into the 1990 Brussels Ministerial having made significant concessions. The pressure would be on the EC as hosts to make similar negotiating concessions.

7.2 The EC Second Comprehensive Proposal

Throughout September, October and into early November, the Commission and the Agricultural and Trade (within General Affairs) Councils

²⁶⁰According to Article 1 of the UR Agricultural Agreement, the Aggregate Measurement of Support is "the annual level of support, expressed in monetary terms, provided for an agricultural product in favor of the producers of the basic agricultural product or non-product specific support provided under exempt programs that qualify as exempt from reduction under Annex 2..." (WTO; 1995: 40). Wolfe (1998) points out the difference between the AMS and Producer Subsidy Equivalent (PSE) is that while the PSE illustrates the "scope of the problem...it does not provide guidance on how to tackle it" (128). In contrast, the AMS "specifies a result leaving governments to determine policy" (Wolfe; 1998: 128).

debated the details of MacSharry's proposal and whether it contained the elements for a negotiating proposal. On 19 September, the Commission rejected the proposal. After several northern Commissioners, Andriessen, Martin Bangemann and Sir Leon Brittan, claimed that the proposed cuts in support did not go far enough and the percentage of rebalancing as going too far, MacSharry withdrew his proposal (Kay; 1998: 65). During the next several weeks, MacSharry and his supporters, assisted by Commission President Jacques Delors, worked diligently to gather member state support. With only a small change to appease External Affairs Commissioner Andriessen who was responsible for the GATT negotiations, MacSharry's proposal was unanimously adopted by the Commission on 4 October.

Under a GATT deadline of 15 October to present the EC's comprehensive negotiating proposal, the Agricultural and Trade Councils met on 8 and 10 October respectively to consider the Commission's proposal. While the Agricultural Council officially did not have authority to accept or reject the EC's mandate, similar to their actions in the run-up to the 1988 MTR, the agricultural ministers insisted on debating the Commission proposal and "informally took the lead" (Vahl; 1996: 142). Following the complaint by the Agricultural Council of the lack of information and analysis on the impact that the proposal would have on EC farmers, MacSharry pledged to provide the details on a new approach to the CAP early in 1991. However, the Agricultural Council resulted in no agreement. With no decision from their agricultural ministers, the Trade Council also resulted in no decision. Kay states that this activity represented the "classic game of 'buck-passing' between the two councils" (1998: 66).

In continuing its pro-reform approach, on 11 October the European Parliament welcomed the Stavrou Report²⁶¹ on the state of the UR (*Agence Europe*, 13 October 1990: 9-10). While supporting the 30 percent reduction in farm subsidies called for in the MacSharry proposal, it also stated that “consideration should be given to phasing out export subsidies” and that rebalancing would be in violation of the GATT’s standstill and rollback requirements (European Parliament; 1990: 9). Additionally, pro-liberalization lobbies and business groups continued to press for progress to be made. The president of the large Union of Industrial and Employers’ expressed “the wish of companies to reach a positive outcome of the Uruguay Round” to Andriessen (*Agence Europe*; 18 October 1990: 5).

The GATT deadline of 15 October for all negotiating proposals passed without a submission by the EC. After the Agricultural Council was still unable to reach agreement on the proposals during meetings on 16 and 19 October, a joint Trade and Agricultural Council meeting was held 26 October. Following the refusal of the French, with support from Germany, to agree to a draft prepared by the Council, this meeting collapsed as well. In order to attempt to find a compromise, the Italian Presidency represented by its trade and agricultural ministers, undertook a tour of the capitals. However, their attempts were not in time to stop the collapse of the 27-28 October Rome European Council meeting over the issue of the agricultural mandate. Despite the collapse, the European leaders did manage to agree to request that the Trade Ministers within the General Affairs Council adopt the Commission’s proposal (*Agence*

²⁶¹ While the rapporteur was Konstantinos Stavrou of the Committee on External

Europe; 3 November 1990: 5).

Another Joint Council meeting was held beginning 5 November. Trade Council president Ruggiero stated that “if no decision is taken now, we will be responsible for the bankruptcy of the Uruguay Round” (*Agence Europe*; 5-6 November 1990: 5). Following continued resistance from France, Germany and Belgium, the Commission and Presidency presented a compromise draft which assured member states that any reduction in tariffs would be at the same speed as the reduction in domestic support prices (Kay, 1998: 66-67). The Joint Council finally agreed a new negotiating mandate on 6 November that was immediately tabled in Geneva on 7 November.

In contrast to the flexibility shown by other delegations, the EC proposal indicated very little forward movement. It did not support the concept of separating the agricultural negotiations into the three issues of export subsidies, internal support and market access. In terms of reductions in support, while the EC proposal did provide quantitative commitments, they were only reductions of 30 percent over a five-year period. On the issue of tariffication, it again insisted on a rebalancing of tariffs.

A few days after the EC submitted its proposal, the US and Cairns Group GATT delegates formally rejected it as inadequate and insufficient. Following this action, the GATT’s informal meeting of the heads of delegation was cancelled. The issue would need to be addressed by the senior political actors.

During the last two weeks of November, several bilateral exchanges took place between senior US and EC political leaders. On 14 November, Presidents

Economic Relations, the Committee on Agriculture, Fisheries and Rural Development contributed its opinion on the state of the agricultural negotiations.

Bush, Delors and Andreotti (President of the European Council) met in Washington and formally agreed on the Transatlantic Declaration that would provide closer ties between the US and the EC. However, no reference to the GATT negotiations was made. This issue was left to their top trade and agriculture officials who met on 16 November to discuss the UR and the upcoming Brussels Ministerial. Major differences, particularly in agriculture, continued to exist between the major GATT participants. Given the vast gap that still remained, negotiating officials recognized that “these differences would need substantial political movement for a final package to be secured” (*GATT Activities*; 1990: 21).

8. Impasse in Agriculture Results in Collapse of the Brussels Ministerial

The Brussels GATT Ministerial opened on 3 December 1990 with the trade ministers from 90 Contracting Parties to the GATT in attendance at an auditorium in Heysel on the outskirts of Brussels. They were presented with a draft Final Act of approximately 400 pages that constituted the most current stage of the negotiations. Dunkel viewed the document as containing “the points on which even the best drafters and technicians cannot offer solutions without political breakthroughs” and that the trade ministers had no alternative “but to negotiate, negotiate, negotiate and negotiate” (*GATT Activities*; 1990: 22).

The discussions were divided into seven working groups covering the major negotiating issues. Swedish Agricultural Minister Mats Hellstrom was selected to chair the ministerial agricultural group. In the following days, cross-linkages of various issues occurred. US negotiators offered to be flexible in the services negotiations if the EC could offer more concessions in agriculture.

However, little progress was made in agriculture. In an attempt to reconcile the various agricultural positions, on 6 December Hellstrom presented a 30-30-30 compromise proposal. This proposal called for reductions of 30 percent in internal support, border protection and export subsidies over a five-year period based on 1990 support levels.

The US and Cairns Group, joined by several other delegations, accepted the proposal as a basis for negotiation. After the Commission gave positive signals, other delegations were encouraged and it seemed a final agreement was possible. However, later in the day, France and Ireland declared that the Commission had surpassed its mandate. MacSharry was forced to retreat. Immediately upon hearing that the EC had hardened its position, the US and Cairns Group withdrew their delegates from all negotiating groups. On 7 December, the Uruguayan Trade Minister, Gros-Espiell announced that the Brussels Ministerial had been suspended. He stated that Arthur Dunkel would consult with members in order to find acceptable compromises in the various sectors, however, he gave no set date for further negotiations. The Brussels Ministerial, intended to conclude the UR, had collapsed over the issue of agriculture.

In the immediate aftermath of the collapse of the ministerial, US and EC officials blamed each other. Secretary Yeutter declared that “there is no reason for anyone to go to Geneva if the EC does not adjust its position on agriculture” (*Congressional Quarterly Almanac*; 1990: 4141). Epistemic community member *Dale Hathaway* offered the following commentary on the EC’s action: “They assumed that when the chips were down the US would cave [on

agriculture] and together they could roll everybody else. They clearly were wrong” (*Congressional Quarterly Almanac*; 1990: 4141). In turn, Ray MacSharry claimed that the US Administration’s expectations were unrealistic and that “unless and until they reduce the expectations they have had for quite some time now, there will not be an agreement on agriculture” (*Congressional Quarterly Almanac*; 1990: 4142).

9. The MacSharry Plan for CAP Reform

Less than one week after the collapse of the Brussels Ministerial, the Agricultural Council met to take stock of the situation. At this point, MacSharry began to press the need for CAP reform. According to a member of his Cabinet, the stalemate at Heysel had not only made it clear to him that internal reform could no longer wait but it gave him the incentive he needed to initiate the policy change.²⁶² In addition, the recognition by Delors that CAP reform would be necessary before the UR agricultural negotiations could be successfully completed gave MacSharry the policy window he needed.

MacSharry cited the results of a Commission study that showed that approximately 50 percent of the CAP was spent inefficiently and that 80 percent of support went to the largest 20 percent of farmers.²⁶³ According to Commission officials close to MacSharry, he was personally extremely shocked by this analysis. His personal conviction that the distribution of agricultural support demanded reform would be evident throughout the 18-month process of the

²⁶² Interview with Mary Minch European Commission DG VI (Agriculture) Head of Unit for International Affairs relating to GATT/WTO and the US in Brussels on 23 March 1998. Former member of MacSharry’s cabinet.

²⁶³ This information is compiled from an interview with Robert Norris, Deputy Head of Unit of GATT/WTO and OECD Affairs, DG 1 (External Relations) on 27 March 1998 and

reform of the CAP. With the UK and Denmark pressing to allow the Commission to have more flexibility regarding agricultural policy, the Council asked the Commission to prepare a report on the latest issues surrounding the agricultural negotiations by the end of January.

As early as 1989 MacSharry had brought together a small team of reform-minded policy-makers to develop a proposal for the reform of the CAP. The team consisted of MacSharry, his Deputy *Chef de Cabinet*, Paddy Hennessy; Delors' personal agricultural expert, Demarty; and Director General of DG VI (Agriculture), Guy Legras.²⁶⁴ According to Kay, the team "reflected MacSharry's desire for small, informal working groups" and "helped maintain a degree of secrecy throughout the development of the reform ideas" (1998: 101). This secrecy is confirmed by *Guth*, a senior DG I official who stated that DG I (External Relations) had not been informed that a "big bang" proposal was being planned".²⁶⁵ Even many heads of unit in DG VI (Agriculture) had been unaware that Legras had commissioned an analysis on the CAP's stabilizer regime in 1989. This report was presented to MacSharry's reform team in July 1990 immediately before he announced his surprising offer of a 30 per cent reduction in agricultural support to the Quint at Dromoland.

During the week following the collapse of the Brussels Ministerial, MacSharry's agriculture reform team first met with DG VI's (Agriculture) GATT

Agence Europe 12 December 1990, page 7.

²⁶⁴ These officials were named separately by Kay (1998: 99) and Mary Minch European Commission DG VI (Agriculture) Head of Unit for International Affairs relating to GATT/WTO and the US during an interview on 23 March 1998 in Brussels.

²⁶⁵ Interview with *Eckart Guth* European Commission Advisor in DG XIX (Budget) in Brussels on 8 May 1998. During UR was in DGI (External Relations) for Relations with the US.

team to discuss the connection between CAP reform and the UR negotiations. These groups may be considered the core of the pro-reform advocacy coalition active within the EC. Regarding the link between CAP reform and the UR, MacSharry would continue to publicly deny the link for political reasons. Amid much media coverage, on 4 January 1991 the Commission²⁶⁶ held the first out of three scheduled meetings to discuss plans for significant reform of the CAP. The elements included:

- 1) substantial reduction in price support levels with compensation correlated to amount of land set-aside;
- 2) a shift from production subsidies to direct income support with emphasis on smaller farmer;
- 3) a stricter policy on supply controls to reduce production levels.

A second meeting on 10 January did not make significant progress since the several commissioners that had been absent during the first meeting had to be briefed. MacSharry planned on holding the third meeting during a special weekend seminar on 20 January before presenting the Commission's proposal to the Agricultural Council on 21 January.

MacSharry's proposal was widely leaked to newspapers. It is reported that his plans included cutting grain price supports up to 50 percent. Journalists linked CAP reform to both the UR as well as to "the need to boost spending on social cohesion, regional development, the environment, transport and policies to help eastern Europe" (*The Guardian*, 18 January 1991). A UK representative on the Special Agricultural Committee of the Council of Ministers acknowledged that beginning in the early 1990s, industry, finance and trade ministers were no

²⁶⁶ However, seven out of 17 commissioners were absent.

longer willing to “pay” for the CAP at the cost of their programs.²⁶⁷ Throughout January, consumer interest groups, including the Confederation of Food and Drink Industries (CIAA) and EUROCOOP urged the Commission to proposed significant agricultural reforms in order to adapt the CAP to market impulses as well as bring about the successful conclusion of the UR (*Agence Europe*; 9 January 1991: 15). Additionally, US, European and Japanese business groups, representing approximately 75 percent of world trade came together to “convince political leaders that a compromise on agriculture” could allow for further liberalization in manufactured goods and services (*International Herald Tribune*; 28 January 1991).

During this time members of MacSharry’s team disregarded the usual procedures of first meeting with a commissioner’s *cabinet* and met directly with individual commissioners. The 20 January weekend seminar was seen to be an additional special tactic to reduce the potential for MacSharry’s proposals being altered by national interests. In fact, Kay argues “the reform proposals reached the College [of Commissioners] quickly and unscathed [on 20 January] from competition with rival visions of CAP reform” (1998: 115).

With respect to hostile interest groups, while MacSharry met with the COPA Praesidium on 11 January, they were not given additional information concerning his proposals and remained outsiders to the process of reform.²⁶⁸ Kay argues that one reason MacSharry’s reform team planned the Commission’s weekend seminar was in order to “insulate the debate from the farm lobbies” and

²⁶⁷ Interview with Paul Reideman, UK representative to the Council of the European Community’s Special Committee on Agriculture, in Brussels on 26 March 1998.

²⁶⁸ Kay points out that the literature (Petit, et al., 1987; Tracy, 1989; and Moyer and Josling, 1990) argues that COPA was already outside the policy communities surrounding the

that in general, the reforms “shattered the hard-won consensus that COPA had reached on previous reform of the CAP” (1998: 111). Notably, the Advocacy Coalition Framework argues that policy reform brought about through closed forums are prone to conflict following their implementation.

A clear division in reactions was evident at the weekend meeting. Generally agreeing were the German, Italian, Spanish and Irish commissioners. Opposed to the proposal’s aim to reduce aid to large farmers were the British, Danish and Dutch commissioners. French Commissioner Louis Mermaz, while stating the proposal was “unacceptable” in its current form, hinted he would be willing to negotiate (*Le Monde*; 6 January 1991). Despite the divide over the manner and speed of reforms, the College of Commissioners gave MacSharry a mandate to present his proposal to the Council of Agricultural Ministers.

During the Agricultural Council of 21-22 January, MacSharry reviewed the structural weakness of the CAP and stressed that unless it underwent fundamental reforms, the CAP would continue to demand an increasingly large percentage of the EC’s budget. Interestingly, the report he distributed at this meeting did not contain the numerical details of his plans that he had shown his Commission colleagues. MacSharry outlined several objectives of CAP reform including: 1) keeping as many farmers as possible on the land; 2) limiting production and storage costs; 3) retaining the EC’s strong position on the world market and 4) support should be geared to those in the greatest need and de-linked from production²⁶⁹ (*Agence Europe*; 23 January 1991: 7-8).

1984 and 1988 CAP reforms (1998: 87).

²⁶⁹ According to Kay (1998), the concept of decoupling farm support from production was known to MacSharry through academic works such as that done by Timothy Josling at the FAO in 1973 (102).

While MacSharry had passed the initial presentation with muted optimism, he required formal approval from both the Commission and the Council. On 31 January the Commission adopted the orientation paper COM (91) 100, which contained the views of both the Commission and the Agricultural Council. It was described as a shorter draft in which “all the contentious figures...have been bleached out, leaving only general principles” (*The Daily Telegraph*; 1 February 1991). However, while the Council agreed on the principle of CAP reform, it rejected MacSharry’s document, entitled “Communication of the Commission to the Council: the development of the future of the CAP” on 4 February by a slim majority. According to institutional procedure, the Commission would now need to revise its document, taking into account each member state’s objections and present a detailed proposal.

Notwithstanding the urgent need for reform, particularly in light of its likely effects on the stalled UR, from mid-February through mid-May MacSharry’s team, DG VI (Agriculture) and the Council were forced to postpone their work on reforming the CAP in order to focus on the contentious debate over the 1991 price package. A crisis in the CAP’s budget developed throughout January and February as it became evident that EAGGF spending would surpass the set guideline of 32 billion ECU by approximately 800 million ECU. This represented an increase of over 25 per cent from that of 1990 (Moyer; 1993: 112). Kay notes that throughout the first half of 1991, “the formal progress of the MacSharry reforms reached a hiatus...[since] the Council’s agenda was too crowded for it to start considering CAP reform in detail” (1998: 118).

April and May saw several meetings of the Agricultural Council in which

MacSharry held his ground in keeping the 1991 price package within its set limits against the member states, led by France and Ireland, who wanted to reduce the proposed cuts in support and therefore surpass the budget guidelines. After threatening to take the issue to the Finance Council, the agricultural ministers and Commission reached a compromise on 24 May enabling the 1991/1992 price package to be kept at ECU 32.5 bn. MacSharry announced that not only would the deal prevent overproduction in the CAP and allow significant CAP reform but it would also allow the UR negotiations to pick up (*The Financial Times*; 25-26 May 1991).

Immediately after this victory, MacSharry went to work on refining his proposals for CAP reform. While receiving a cool reception at an informal meeting of agricultural ministers in Dresden, Germany on 28 June, MacSharry nonetheless presented his proposal to the Commission. With assurances that his plan would compensate smaller farmers for losses due to lower support prices, on 9 July 1991 the Commission agreed to “sweeping reform” of the CAP. While still refusing to explicitly link the reforms to the UR agricultural negotiations, MacSharry did state that “We must be able to show the rest of the world that we’ve made our effort and then they have to make their effort” (*International Herald Tribune*; 10 July 1991).

After this point, the issue of agricultural liberalization, both at the internal and multilateral levels shifted away from the bureaucrats to European Community senior politicians and their US counterparts in order to provide the necessary political impetus to reach an acceptable bilateral compromise on agriculture allowing the UR negotiations to move ahead and reach the final

breakthrough stage. The progress of these elite transnational networks would be hindered by European agricultural interest groups that had been kept outside of the policy-making stage.

10. Assessment of the Impact of Policy Networks during the Policy-Making Stage

Based on the empirical evidence presented here and the various policy network groups discussed in chapter two, the following conclusions may be made. With respect to the impact of the three specific types of policy networks being investigated, although all three were active during the policy-making stage, the role of pro-agricultural reform advocacy coalitions appears to have had the greatest impact. Although the minority (i.e., pro-reform) advocacy coalitions were already active during the agenda-setting stage, albeit to a greater extent in the US, following the impasse at both the 1988 MTR and particularly the 1990 Brussels Ministerial, the policy environment changed to such a degree that these coalitions gained dominance within the agricultural policy arena. This shift in dominance is seen to have been instigated by ideologically zealous policy entrepreneurs working within the pro-reform advocacy coalitions and supported by the pro-reform agricultural epistemic community.

Sabatier (1998) outlines a revised version of the framework's Hypothesis 5 that addresses policy change:

Significant perturbations external to the subsystem (e.g. changes in socio-economic conditions, public opinion, system-wide governing coalition, or policy outputs from other subsystems) are a *necessary, but not sufficient*, cause of change in the *policy core* attributes of a governmental program (118).

He argues that the necessary factor for major policy change to occur is the

skillful exploitation of the window of opportunity by the minority coalition advocating reform (Sabatier; 1998: 118-119). However, Sabatier offers no further information on the content or source of this skillful exploitation. The concept of policy entrepreneurs as developed by Kingdon (1995) may offer a useful way forward. As observed in this study, a core group within the pro-agricultural policy sub-systems of the US and EC served as policy entrepreneurs in order to gain dominance over the entrenched interests opposed to agricultural reform. This identification of a source of the required skillful exploitation may serve as a useful advance to the ACF.

In the US, the agricultural trade policy environment was open and incorporated the views of pro-reform government officials, certain policy-minded members of the pro-agricultural liberalization epistemic community; as well as farm, business and consumer groups. The policy advice provided by the epistemic community, through their participation in professional forums and published works, contributed to policy-oriented learning among policy-makers, encouraged policy-makers and politicians to continue calling for reform despite opposition, and served to legitimize agricultural liberalization.

In the case of the EC, the work of pro-reform agricultural epistemic community members in the OECD contributed to the general acknowledgement that protectionist agricultural policies were trade distorting and that some degree of multilateral liberalization was necessary. Their work led to policy learning across coalitions. Daugbjerg concludes that while members of this network “disagreed over the appropriate policy instruments to apply...there was no fundamental disagreement between the two parties (1999: 420).

However, the evidence presented here questions the validity of Daugbjerg's primary argument (see Daugbjerg 1998 and 1999) regarding the existence of a cohesive European agricultural policy network. While agreeing that farming interests supported only minimal movement away from the status quo, this thesis contends that pro-reform actors including MacSharry and certain DGVI (Agriculture) officials called for *significant, yet politically viable* alteration in the instrument of the CAP. Unlike Daugbjerg who bases his claim of a cohesive policy network on the apparent "consensus on the interventionist policy paradigm" (1999: 420), I argue that the shift from subsidies based on production to an acceptance of direct payments and set-aside requirements signified a shift in the policy ideology surrounding the CAP. This shift was promoted by a pro-reform advocacy coalition shaped by their beliefs and ideology within the broader EC agricultural policy environment. The following chapter provides additional evidence using the 1991-1992 debate on CAP reform within the Council.

With respect to the process by which the MacSharry Reforms were developed and finally accepted by the Commission at the end of the policy-making stage, the core *pro-reform* group was limited to only a small number of members and used extraordinary tactics in order to gain acceptance of CAP reform. Although the small number of active members and the extraordinary procedural measures they took do not seem to fit the Advocacy Coalition Framework (ACF), Sabatier notes that a minority coalition "is likely to resort to any tactic that will garner additional votes" (1998: 119).

The ACF notes that closed forums are generally used when the issue

being debated is politically sensitive. However, problems resulting from the decisions taken in a closed forum include that “voices excluded at one stage may be heard at another”(Jenkins-Smith; 1988: 205). This is apparent in the significant resistance shown by European farmers in the latter stages of the UR agricultural negotiations.

In explaining various sources of major policy change, Sabatier develops the possibility that coalitions on both sides of a policy debate may be searching for a compromise. This search for a win-win compromise may occur when “*all major coalitions view a continuation of the current situation as unacceptable*” (Sabatier; 1998: 119). As was indeed the case in the Commission’s agreeing to the MacSharry Reforms, following continued budget problems as well as the UR impasse over agriculture, all groups within the EC agricultural policy network agreed that CAP reform was necessary. The negotiations within the Commission from January through July 1991 fit the likely conditions for reaching an acceptable compromise:

- 1) a stalemate wherein all coalitions view a continuation of the status quo as unacceptable;
- 2) the negotiations are conducted in private and last a relatively long time, e.g. more than six months;
- 3) there is a facilitator (policy broker) respected by all parties and viewed as relatively neutral. (Sabatier; 1998: 119. Numbers added)

While MacSharry was clearly not a policy broker in the negotiations, respected Commission President Jacques Delors and the Dutch presidency were actively involved.

As this analysis has illustrated, institutional factors and the approach of

the various pro-reform advocacy coalition leaders, or policy entrepreneurs, had a significant impact in the US and EC on the type of policy and thus, negotiating position. These findings are supported by Mazey (1998) who states that “both the institutional structures within which policies are made and the individual strategies of policy entrepreneurs are important in determining policy outcomes” (137).

Elite transnational networks, formal and informal communication among senior political and international organization actors, continued to operate throughout the policy-making stage. Meetings of the OECD, Quad and G7 were generally scheduled within weeks of each other in order to continue the progress made at the earlier ones and ratchet up the political leverage. Policy-makers and negotiators used these meetings as deadlines as well as sources of policy direction.

In terms of impact on the UR agricultural negotiations, the 1990 Houston G7 summit is notable for agreeing that the De Zeeuw Report be used as a basis for negotiations and the personal commitment of the leaders. The fact that this consensus was broken by the EC member states shortly afterwards demonstrates that the informal coordination between the European participants of the G7 and their fellow EC members should be strengthened. The policy impact of the leaders' pledge of personal commitment would increase in the final breakthrough stage. As was exemplified in the Dromoland Quint, elite transnational networks also served as forums for political leaders to discuss new proposals and search for compromise.

Following the impasses of the 1988 and 1990 GATT ministerials,

members of the pro-reform advocacy coalitions used the window of opportunity to adjust their policy agenda to the new environment. Between the first and second MTR, US negotiators showed flexibility by agreeing to substantial, progressive reduction rather than complete elimination of export subsidies. Following the impasse of the 1990 Brussels Ministerial, MacSharry's reform team and the Commission's GATT team worked to get a more flexible negotiating mandate.

To conclude, the ACF is a useful model for identifying actors and the process in which policy change may come about. However, as stated in chapter two, this study does not attempt to systematically test the ACF through the collection of data on the beliefs and behavior of the potentially hundreds of actors involved in the various advocacy coalitions involved in the reform of agricultural policy in the US and EC during the UR. Instead this study limits itself primarily to the evaluation of the impact of pro-reform US and EC agricultural advocacy coalitions on the UR agricultural negotiations. I include a critical appraisal of several elements of the ACF by applying the evidence of the activities of US and EC agricultural policy-makers during the UR. As have been discussed above, these elements include: 1) the interaction of advocacy coalitions with the two other policy networks investigated (i.e. epistemic communities and elite transnational networks); 2) the "fit" of the ACF to the empirical evidence seen in the US and EC policy change which allowed eventual consensus on agricultural policy in the Blair House II Accord; and 3) advancing the ACF's findings on the role of both the individual, specifically policy entrepreneurs, and the various forums involved in policy change and policy learning.

Chapter 7

The Impact of Policy Networks During the Breakthrough Stage (July 1991 – December 1993)

Introduction

This chapter provides the evidence required to support the contention proposed in this thesis as well as to test the hypothesis that has been formulated for the breakthrough stage of the GATT UR agricultural negotiations that took place between July 1991 and December 1993. This thesis contends that the negotiations resulting in the UR Agricultural Agreement were critically determined through the activities of epistemic communities, advocacy coalitions and elite transnational networks. Working independently as well as at times in conjunction, these policy network groups are seen as explanatory factors in analyzing both the manner in which and the reasons why a reform of agricultural policy occurred within and between the EC and the US between 1980 and 1993. This liberalization led to the multilateral agreement on agricultural reached during the UR.

Let us recall that the hypothesis of this thesis is that the influence and impact of these three distinct policy networks varied within the three specific stages of the UR due to the changing policy environment. In the breakthrough stage, I contend that in general, particularly during the final year of negotiations, elite transnational networks showed the greatest amount of impact. Heads of government, senior political appointees and the director general of the GATT worked together tirelessly to bring about the successful conclusion of the UR negotiations. These senior policy actors utilized elite transnational networks

including the Group of Seven (G7), the Quadrilateral meetings of trade ministers (Quad), annual meetings of the Organization for Economic Cooperation and Development (OECD) and other international forums to find common ground and show political leadership. Additionally, personal contacts among these senior-level actors increased their understanding of the others' political needs and allowed them to increase their personal commitment to bringing about the successful conclusion of the UR. Through increasing pressure on negotiators, convening special meetings and negotiating sessions, using the press to encourage public support and politicizing the negotiations, these senior actors served as a catalyst to bring about the Blair House I and II Accords and the final UR Agricultural Agreement.

As in the policy-making stage, the pro-reform epistemic community actively discussed and promoted agricultural liberalization through conferences, publications and statements in the press. However, whereas a pro-reform agricultural epistemic community had a significant impact in the agenda-setting stage through developing the analytical tools that enabled governments to see the high cost of agricultural subsidies as well as assisting in defining the multilateral agricultural trade policy agenda, this epistemic community had a reduced impact in the breakthrough stage. By the final stage of the negotiations, incorporating both the Blair House Accords and the final UR Agricultural Agreement, negotiators looked more toward their political masters, often members of elite transnational networks, for instructions and means for consensus than to the technical expertise offered by members of the pro-reform agricultural epistemic community.

Pro-reform advocacy coalitions prevented significant backsliding of their reform policies during the breakthrough stage. Within the EC, the reform group led by Agricultural Commissioner Ray MacSharry continued to actively ensure that the Commission's CAP reform would be accepted by the Council of Ministers. With internal agricultural reform agreed by May 1992, MacSharry's role of policy entrepreneur within the European pro-reform advocacy coalition shifted to that of a senior political appointee using elite transnational networks to bring about both the original and revised US-EC Blair House Accord leading to the UR Agricultural Agreement. MacSharry's changing role from that of advocacy coalition member to an actor within an elite transnational network illustrates that membership within the three groups of policy networks may, under certain circumstances, be flexible. This is also illustrated by a select group of individual epistemic community members who took on the role of advocacy coalition members during the transition from the agenda-setting to the policy modification stage. However, all of these individual actors were able to fulfill the membership requirements of each policy network in which they were active.

One objective of this chapter is to evaluate the contention of the thesis that the emergence or increased activity of specific policy networks had a significant impact on the successful outcome of the UR agricultural negotiations. Another objective is to test the hypothesis that the impact of the three specific policy networks varied during the three stages of the UR. The breakthrough stage, which took place between July 1991 and December 1993, reviews the impact that the three policy networks had in bringing about the Blair House Agreement and the UR Agricultural Agreement. Internal events, particularly

within the EC, bilateral, plurilateral, including the Quad and OECD, as well as selected international events are discussed to provide the necessary basis for evaluation (See Appendix D for a list of the resources consulted).

1. Increase in Elite Transnational Network Activities

Immediately prior to and following the Commission's agreement to accept the MacSharry Reform as a basis for sweeping CAP reform in early July 1991, elite transnational networks increased their efforts to keep up the momentum toward agricultural liberalization. This section outlines the various ministerials and summits between June and December 1991 that had as their purpose to find a basis for a compromise between the US and EC, and eventually, the entire GATT membership. The personal involvement and increased efforts of senior political actors is also detailed.

1.1 1991 OECD Ministerial

The 1991 OECD Ministerial held on 4-5 June gave the UR the "highest priority on the international economic agenda" (1991 OECD Ministerial Communiqué; Pt. 14). The ministers of trade and finance emphasized that: "political decisions to overcome major existing differences are needed without delay (and that) the pace of negotiations must be intensified in all areas" (1991 OECD Ministerial Communiqué; Pt. 14). In the area of agriculture, there was acknowledgement that agricultural reform had made very little progress since 1988. They re-affirmed their commitment to "achieving substantial progressive reductions of agricultural support and protection" and recognized that the mechanisms such as direct income support could be a feasible solution (1991 OECD Ministerial Communiqué; Pt. 18).

Following the 1990 OECD Ministerial that had resulted in a contentious atmosphere between the EC and US, there was a conciliatory air between the two trading partners at the 1991 Ministerial. United States Trade Representative (USTR) Carla Hills called for agreement on a GATT action plan by 31 July that would set out the mechanisms required to reduce agricultural subsidies. EC External Trade Commissioner Frans Andriessen stated that the negotiating framework being prepared by GATT General Director Arthur Dunkel in Geneva would most likely serve as a “basis for a breakthrough” (*The Guardian*; 21 June 1991). A press account noted that “if not exactly a love-in, Paris represented an armistice of sorts” (*The Guardian*; 21 June 1991).

However, with respect to USTR Hills’ called for action plan, it was reported in mid-July that no progress had been made on this in Geneva and, in fact, negotiators in Geneva complained of a “fracture in communication between governments” and themselves. (*The Financial Times*; 12 July 1991).

1.2 1991 London G7 Summit

At the 1991 London G7 Summit held on 15-17 July, the leaders again addressed the UR. Bayne observes that following their “abortive intervention in 1990, the G7 summits never ventured into the *details* of the agriculture negotiations” (2000: 106; emphasis added). Instead, the next few summits focused on both the general goal of completing the negotiations as well as finding the necessary compromises, such as in market access, to great effect.

In addition to mentioning such issues as market access, services and intellectual property, the 1991 G7 Communiqué stated that in agriculture:

a framework must be decided upon to provide for specific binding commitments in domestic support, market access and export

subsidies, so that substantial progressive reductions of support and protection may be agreed in each area, taking into account non-trade concerns (G7 Communiqué; 17 July 1991: Pt. 11:a).

UK Prime Minister John Major also suggested the possibility of holding an emergency summit on agriculture later in the year.

In commentaries, the G7 leaders were urged to close the “gap between the ambitions they have been voicing and the realities of the negotiations...and to take some political risks, to face down some domestic lobbies and to send instructions to their negotiators to start striking deals” (*The Financial Times*; 12 July 1991). In the months following the G7 London summit, there were signs that deals in the area of agriculture were indeed being struck including turnarounds in positions on the CAP announced by German Agriculture Minister (*The Financial Times*; 10 October 1991) and French Agriculture Minister Mermaz (*The Financial Times*; 22 October 1991).

However, of notable significance for the concept of elite transnational networks with its emphasis on collegiality, in addition to calling for the completion of the round the leaders pledged to “remain personally involved in this [negotiating] process, ready to intervene with one another if differences can only be resolved at the highest level” (G7 Communiqué; 17 July 1991: Pt. 10). In the last few months of 1991, Bayne states that the leaders kept this pledge through “frequent contacts, both face-to-face and by telephone, between Major (as G7 chair), Bush, Kohl, Mitterrand, Delors and Dutch Prime Minister Ruud Lubbers (for the EC Presidency)” (2000: 63).

1.3 Meetings of the Quad

After personally committing themselves, the leaders urged their top trade

officials to increase efforts to pave the way for an agreement. The Quad, consisting of the EC, US, Canada and Japan, met in Angers, France on 16 September and concluded that “a pact could be reached by year-end” (*International Herald Tribune*; 16 September 1991).

1.4 US-EC High-Level Meetings

Two days after the Quad meeting, US Agricultural Secretary Madigan and Agriculture Commissioner MacSharry met in Washington to discuss the means for a breakthrough in agriculture. However, with the EC’s agricultural ministers still undecided on CAP reform, there was little progress.

Intended to keep the UR negotiations on track, in late September senior trade officials from the Quad, with Warren Lavorel representing the US and Hugo Paemen representing the EC, were ordered to remain in Geneva. Paemen, referring to the G7 Communiqué said “We have been instructed by our political masters to start the final phase of the talks” (*The Financial Times*; 26 September 1991). He also noted that EC negotiators were awaiting further instructions from their ministers.

Following the French reversal in policy allowing the Council of Ministers to support the MacSharry reforms in October 1991, which will be discussed in the next section, the US position on agriculture became increasingly flexible. Late in October, a senior US trade official stated that there was “great determination to achieve substantive agreement on the main issues before the end of the year” (*International Herald Tribune*, 24 October 1991).

On 9 November, a weekend summit mandated by the 1990 Transatlantic Declaration between the US and EC took place in The Hague between Presidents

Bush, Delors and Lubbers, in his role of President of the Council, and other senior US and EC officials. The ground had been prepared by MacSharry and Madigan in a private meeting in Brussels on 7 November. In addition to confirming their political will to conclude the UR, Bush, in what amounted to a significant concession, announced that the US would be willing to consider cuts in agricultural export subsidies of 30 per cent over five years or 35 per cent over six years (Moyer; 1993: 115). While Delors was “reasonably optimistic” of concluding the UR by the end of the year, outstanding issues such as the manner in which reductions would be calculated and rebalancing remained unsolved (*Agence Europe*. 12-13 November 1991: 12).

However, this optimism faded on 21 November 1991 after scheduled talks between US Department of Agriculture (USDA) Under-Secretary Richard Crowder and EC DG VI (Agriculture) Director General Guy Legras in Geneva encountered an impasse on the first day. EC officials believed that the impasse could only be solved “at the highest level” (*The Financial Times*; 25 November 1991).

In an effort to maintain the momentum made by US and EC leaders in November, elite transnational networks took further action. In early December G7 host UK Prime Minister John Major took the extraordinary step of writing personally to the G7 heads of state and government urging them to make every effort to reach agreement on the UR. Following a series of intensive talks between senior US and EC trade and agricultural official in Brussels and Geneva, Bush, Major, Kohl and Delors made additional top-level attempts to forge agreement. In a letter to Delors, Bush reportedly indicated concern that the

elements outlined at their November meeting had not been incorporated into the EC position (*Agence Europe*; 5 December 1991: 9).

Outstanding agricultural issues concerning the Green Box and rebalancing prevented the hoped for breakthrough by the end of 1991. In Geneva, Deputy USTR Rufus Yerxa announced that President Bush was prepared to accept no deal rather than agree to a bad deal. However, meetings between top EC and US trade and agricultural officials continued even after the disappointment of another missed deadline. *Agence Europe* reported that in the “final stretch of the UR, contacts between the EC and the US are multiplying at the most senior levels” (19 December: 15).

2. EC Internal Activities Toward CAP Reform

At the same time that EC and US trade and agricultural officials increased their efforts to find the basis for an agreement in agriculture in the aftermath of the Commission’s acceptance of the MacSharry Reforms, internal EC events also took place which facilitated the GATT negotiations. This section outlines these activities.

Throughout the autumn of 1991, while EC and US leaders and senior agricultural negotiators were working to find a breakthrough in the UR agricultural negotiations, the agricultural ministers of the EC worked with members of the Commission to make progress in getting CAP reform accepted by the Council. Without the Council’s approval of the July 1991 Commission plan, CAP reform would not be implemented. However, the issues of the 1991/1992 price package and the EC-US oilseeds dispute, at the level of the GATT, prevented detailed discussion of CAP reform until early 1992 (Kay;

1998: 118-119).

With the increasing possibility that the emerging democracies of Central and Eastern Europe would seek eventual membership with the EC as well as the benefits that a successful round would bring to the industrial sector, the agricultural ministers felt increasing pressure from both other ministries as well as their heads of state to restrain the cost of the CAP. EC agricultural ministers met on 23-24 October 1991 to review the details of the Commission's CAP reform plan formally for the first time as well as the issue of oilseeds. The fact that their discussion focused on "the detail rather than the principle of reforming the CAP" was cause for relief within the Commission and signaled that the Council would eventually accept the MacSharry Reforms (*The Financial Times*; 24 September 1991).

At the conclusion of the meeting, the Dutch President of the Council, Piet Bukman, stated that there now existed "unanimity that fundamental reform is necessary" (*The Financial Times*; 25 September 1991). Agricultural ministers met several more times in September and October to discuss the details and their individual positions as well as to attempt to settle the oilseeds dispute by the 31 October GATT imposed deadline.

However, France and Germany, under significant pressure from their farm groups, continued to resist the Commission's plans. As the agricultural ministers met, thousands of farmers protested in Germany, France and at the location where the ministers were meeting:

Angry Dutch farmers trapped EC agricultural ministers in a luxury rural hotel for several hours, then dug up the grounds with tractors and sprayed manure in protest against plans to cut the soaring cost of the Community's agricultural policies (*The Financial Times*; 1

October 1991).

In response to continuing unrest in France, Agricultural Minister Louis Mermaz announced a Ffr. 1.3 billion (\$224 million) emergency farm package on 9 October. In Germany, Ignaz Kiechle was pressured by other ministers to agree to reduce agricultural subsidies. Moyer notes that this pressure was due to the clear benefits Germany would gain through other elements within the Uruguay Round as well as the potential costs of the current CAP to the German budget, already strained due to the incorporation of East Germany (1993: 116). On 10 October, Economics Minister Jürgen Möllemann announced that Germany would support CAP reform, if implemented over five years rather than three and if direct income compensation would be guaranteed.

Isolated, France reluctantly shifted its policy and over the weekend of 19-20 October 1991 agreed to qualified support of CAP reform. Mermaz stated that “The time has come for France, with others, to make up a group of countries capable at European level of getting others to get reform of community agriculture policy moving (*The Financial Times*; 21 October 1991). Mermaz listed several conditions, including that “the laws of the market must not be the only brutal regulation for the society” (*The Financial Times*; 21 October 1991). However, his announcement amounted to the removal of the most serious obstacle to CAP reform and paved the way to progress in the UR agricultural negotiations.

Adding the to the new positive environment, the Agricultural Council on 23 October approved changes in the EC’s oilseeds subsidy regime to comply with a GATT ruling. Ministers agreed to allow direct income payments on

oilseeds.²⁷⁰ This settled, for the time being, the long running dispute over oilseeds between the US and EC.

3. Dunkel's Draft Final Act

After visiting various capitals and months of preparation following the failed 1990 Brussels Ministerial meeting, Dunkel tabled his Draft Final Act (DFA), known also as the Dunkel Draft, on 20 December 1991. In issue areas other than agriculture, he used the provisional agreements that had been negotiated in GATT working groups (Ingersent, Rayner and Hine; 1994: 78). However, in the contentious area of agriculture, Dunkel developed a negotiating framework that incorporated elements from the 1990 De Zeeuw Draft and the Hellstrom non-paper (Josling, Tangermann and Warley; 1996: 157).

The Dunkel Draft Agreement on Agriculture called for the following: 1) In market access, all tariffs and non-tariff barriers were to be tariffied and then reduced on average by 36 percent with a minimum of 15 percent on every item based on the period 1986-1990; 2) Regarding export subsidies, reductions of 36 percent in value, or budgetary outlay, and a 24 percent reduction in the volume would be expected; 3) Internal support would be reduced by 20 percent, using the Aggregate Measure of Support (AMS), determined by a base period of 1986-1988. Dunkel also clarified the manner in which items would be placed in the Green and Amber colored boxes. Additionally, all reductions for developed countries²⁷¹ would be implemented between 1993 and 1999. The DFA set out a

²⁷⁰ According to Kay (1998), these direct income payments were "based on local-area cereals yields" which led the way to the reform of the cereals sector (119). In the final CAP reform accepted in May 1992, both oilseeds and cereals would have the same type of compensation program since 1966.

²⁷¹ The DFA also provided special provisions for developing countries including smaller amounts of tariff reductions and a longer implementation period.

timetable for negotiations with 1 January 1993 established as the deadline for the conclusion of the UR. Dunkel also re-emphasized that the UR was to be a single undertaking by stating, “no single element of the DFA can be considered as agreed until the total package is agreed” (GATT; 1991).

According to former USTR and USDA Secretary Clayton Yeutter (1998), the DFA Act was:

a brilliant stroke, for it told those who had lost confidence that an agreement was still achievable... Through his personal leadership and creativity, the Director-General had assimilated all the efforts of the UR in a draft final text. *The missing element was now one of political will*, and it was up to the GATT member nations to provide that ingredient. Mr. Dunkel had thrown down the gauntlet to more than 100 trade ministers, a test of their political fortitude and that of their chiefs of state. Fortunately for the world, most were finally ready for the challenge. (71; emphasis added).

Additionally, Coleman and Tangermann argue that in preparing the DFA, Dunkel was acting as an international mediator (1999: 399).

The US, Cairns Group (with the exception of Canada) and many other GATT Contracting Parties accepted the DFA as a basis for negotiation. On 23 December, EC trade and agriculture ministers discussed the DFA. Although Germany and the UK supported the document, France and Ireland opposed the agricultural chapter and therefore rejected the DFA as a basis for further negotiations. The EC announced that the DFA was “not acceptable because it calls into question the foundation of the Common Agricultural Policy (CAP) and must therefore be modified” (*Agence Europe*; 23 December 1991: 6).

Of notable concern to the EC was that its compensatory payments were still outside of the Green Box. In fact, these payments seemed to be placed within the Amber box (Josling, Tangermann and Warley; 1996: 158). Stewart

argues that the fact that the EC's compensatory payments were still outside the Green Box allowed anti-reform policy actors to claim that an agreement based on the DFA would not allow for direct payments to farmers (1993a: 216). The concept of the Blue Box, which would eventually resolve the issue of some of the EC's compensatory payments, began to be developed only in April 1992 (Ingersent, Rayner and Hine; 1994: 81) and were placed within the Blair House Accord in November of that year (Wolfe; 1998: 129). Additionally, export subsidies were to be reduced by a formula based on the volume (Stewart; 1993a: 215).

European industrial and trade organizations were encouraged that the DFA represented a way to find a compromise between the various UR issues. However, agricultural organizations, including the newly formed radical French group *Coordination Rurale*, "vigorously reaffirmed that the Dunkel compromise solution on agriculture [was] totally unacceptable" (*Agence Europe*; 24 December 1991: 9).

4. The Council Agrees to CAP Reform

During the spring of 1992, EC activity regarding agriculture and agricultural trade reached an intense level. Issues being discussed by the Commission and Council included the DFA, CAP reform, the oilseed regime and the 1992/1993 price package. As the following analysis illustrates, these activities were inter-related.

A joint Agriculture and Economic Council took place on 2 and 3 March 1992 with the pro-reform Portuguese Agricultural Minister, Arlindo Cunha acting as chair. German Economic Minister Möllemann, mindful of Germany's

role as host of the G7 and its goal of encouraging the completion of the UR, urged ministers to stop delaying agreement on CAP reform. While his agricultural colleague, Kiechle, had agreed in principle on reform in autumn 1991, he still insisted on a higher cereals target price than the Cunha's compromise paper called for.²⁷² Regarding price supports, Cunha's compromise suggested a 30 per cent reduction compared to the 35 per cent proposed by MacSharry. Belgium, Denmark, the Netherlands and the UK sided with Germany, thus stalling the Council.

On 5 March the Commission presented a proposed GATT position document in an attempt to follow the schedule proposed by the DFA. This paper mirrored Cunha's most recent compromise in calling for 30 per cent reductions in price supports, including compensatory payments within the Green Box and adjusting the proposed 24 per cent reduction in volume of subsidized exports (Wiener; 1995: 205). Additionally, at the insistence of France, the Commission was forced to table an amendment to its proposal incorporating the concept of rebalancing (Wiener; 1995: 205). Nonetheless, the US was encouraged by this latest offer.

During March and April, the Portuguese Presidency and the Commission held bilateral meetings with individual EC agricultural ministers in an attempt to find a compromise on CAP reform within the Council. At the same time, MacSharry accused the Agricultural Council for "not taking stock of reality" (Kay; 1998: 123). To place public pressure on the ministers, he and his reform team announced the estimated amounts of surplus production (Kay; 1998: 123).

²⁷² While Cunha suggested for a target price of Ecu 105 per ton, Kiechle demanded Ecu

On 18 March the Commission completed the 1992-1993 price package. Only cereals had significant reductions from the 1991-1992 package. It was presented to the Agricultural Council on 30-31 March. Kay argues that the fact the price package was primarily a 'rollover' from that of the previous one "acted as a catalyst in the Council's deliberation over CAP reform. This was a clear act of political leadership by MacSharry and his team, and can be asserted as a factor in the outcome of the reform process" (1998: 124).

However, while this issue was settled, the issue of the EC's oilseed regime was forced onto the agenda again following a GATT panel's decision in early May that the EC's October 1991 agreement did not go far enough. Following the EC's rejection of the decision, the US announced retaliatory measures against the EC.

At the next Agricultural Council on 28 April, Cunha presented another compromise paper resulting from his bilateral discussions. While he proposed cereals cuts of 27 percent, MacSharry still insisted on 35 percent. Given the impasse, Cunha announced he would seek one more series of bilateral discussions before the May Council.

On 18 May, the Agricultural Council began what would be a marathon meeting lasting four days. MacSharry realized that in order for a successful outcome, it was critical that discussion on the details would not lead to a criticism of the principles of the plan. His approach was described as being "aggressive and canny through the long, night-time negotiations [that] he insisted on conducting with ministers individually to avoid alliances against him" (*The*

Financial Times; 23/24 May 1992).²⁷³

By 20 May, with an agreement on CAP reform seemingly in reach, the focus turned to milk quotas and trade-offs. Southern members called for their milk production to be allowed to exceed EC quotas. While members conceded to the newer members of Greece and Spain, they took a firm stance with Italy. Regarding the cereals target price, participants “split the difference at Ecu 110 – a 29 percent cut close enough to the 30 percent the Commission had always set out to achieve, with a 1 percent psychological sweetener to enable Germany to feel it was in the ‘20s’” (*The Financial Times*; 21 May 1992).

During the evening of 21 May, MacSharry and Cunha finally gained the support they needed to approve CAP reform. On 22 May, they officially announced the “most sweeping reform in the 30-year history” of the CAP (*International Herald Tribune*; 22 May 1992). Cunha praised the “political courage of the Council” which had allowed the successful conclusion to 18 months of negotiations on CAP reform (*Agence Europe*; 23 May 1992: 8). During this time, apart from the many hours MacSharry and his small group had spent in developing the details of CAP reform, the Agricultural Council had met 27 times while the Special Agricultural Committee had been in session a total of 46 days (Fouilleux; 1996: 17 as quoted in Coleman and Tangermann; 1999: 396).

MacSharry outlined the major points of the reform:

1. Allowing market forces to determine production and prices
2. Stability of earnings and direct payments²⁷⁴

²⁷³ Kay points out that this Council was actually a series of meetings between MacSharry, Cunha and individual agricultural ministers with the plenary session lasting a total of approximately 4 hours. (1998: 126).

²⁷⁴ For the first time under the CAP, compensation would be through direct payments

3. Encouraging environmentally-friendly production
4. Increasing quality and decreasing prices of food
5. Internationally, the plan would allow the basis for a UR agreement (*Agence Europe*; 23 May 1992: 7).

Regarding the UR agricultural negotiations, MacSharry stated, “We want a GATT agreement. We’ve made our contribution to world trade. Now let the Americans make their contribution” (*International Herald Tribune*; 22 May 1992).

The agricultural ministers of the member states were quick to state their perspectives on the reform. British Agricultural Minister Gummer announced that the CAP agreement was “a major breakthrough which will bring the Community into line with the rest of the world” (*The Financial Times*; 22 May 1992). Germany’s acceptance of CAP reform was credited to Kiechle being granted the ability to continue to compensate smaller farmers. Additionally, the fact that Germany was hosting the G7 summit in July was an additional incentive. Kohl had met with Bush at Camp David on 20 March in order to discuss ways to re-invigorate the UR negotiations. Italy agreed to allow its dispute over milk production quotas to be settled at the Lisbon Summit. Cunha credited Gorla, Italy’s Agricultural Minister, with helping the cause of reform by not threatening the use of the veto provided by the Luxembourg Compromise (*Agence Europe*; 23 May 1992: 8). French Agricultural Minister Mermaz hailed the accord “a fundamental change from traditional [EC] agriculture towards a competitive model”, but for the sake of his farmers added “with, of course, compensation for

determined by a per hectare basis “calculated on a past average yield which is frozen, rather than on future output” (*International Herald Tribune*; 22 May 1992). Additionally, large farms would be required to take 15 per cent of their land out of production in order to qualify for

our farmers” (*The Financial Times*; 22 May 1992).

5. Elite Transnational Network Activities Aim to Provide Political Impetus

With CAP reform agreed by the Europeans, focus turned to the multilateral level. As summer began, “political considerations had become paramount” (Winham; 1992: 101). Elite transnational network activities focusing on the completion of the UR increased. The annual OECD Ministerial and G7 Summit which took place at the time the EC was negotiating CAP reform were supportive of the EC’s internal activities but also acknowledged that additional work still remained.

5.1 1992 OECD Ministerial

In preparation for the 1992 Ministerial, the Committee for Agriculture of the OECD met on 26-27 March 1992. Agricultural Commissioner Ray MacSharry represented the EC while Secretary of Agriculture Ed Madigan represented the US. The agricultural ministers “stressed the need for a further political impetus” in order to bring the UR negotiations to a successful conclusion (Committee for Agriculture Communiqué; OECD; 1992: Pt. 4).

The 1992 OECD Ministerial was held 18-19 May. The urgent need for continued progress in the UR was evident in their communiqué. They noted that the successful conclusion of the UR was “crucial for maintaining and strengthening” the multilateral trading system and urged the negotiations to be “reinvigorated” (1992 OECD Ministerial Communiqué; Pt. 11).

On the issue of agriculture, the ministers endorsed the conclusions of the March meeting of the Committee for Agriculture. The lack of progress in the

compensation.

reform process was noted and the urgency of the situation was stressed. Given that the EC was in the midst of final negotiations on CAP reform, it is notable that the OECD ministers seemed to address lingering EC concerns over direct payments:

While reform would have benefits for the economy and the agro-food sector, it may involve hardship for some of the agricultural population and for some regions heavily dependent on agricultural income. Where appropriate, adjustment assistance may therefore be required and will be provided in a way that does not create further impediments to structural change and that reduces economic and, in particular, trade distortions. (1992 OECD Ministerial Communiqué; Pt. 14).

This clear statement backing up MacSharry's plans supports the role of the OECD as an organization which could both develop proposals as well as support those of members.

5.2 1992 Munich G7 Summit

The Germans had made much effort to ensure progress on the UR could be reported at 1992 Summit held in Munich 6-8 July 1992. As G7 host, Chancellor Kohl made two attempts to offer a way forward in the agricultural negotiations. First was a proposal that the EC would accept the DFA's plans for export subsidies if the US would agree to a limit on exports of grain substitutes. The US, however, did not accept this idea. Second, Kohl also suggested the concept of a 'peace clause' that would stop the US from imposing tariffs or sanctions on the EC over agricultural issues (Stewart; 1993a: 217).

High-level US-EC meetings increased as the Summit approached. During April, *The Financial Times* reported that US and EC officials had taken part in a series of secret meetings in an attempt to break the impasse before the summit (15 April 1992). Later in the month, President Bush met with European

Commission President Delors and President of the Council Silva to discuss Kohl's proposals as well as other means in which to break the impasse in agriculture. Although no significant progress resulted, Dunkel stated that the meeting had been positive.

Late in May, a high level EC delegation led by External Affairs Commissioner Andriessen met with Secretary of State Baker in Washington. The US continued to call for a 24 per cent reduction in the volume of subsidized exports. However, there were indications that it would extend the time-period to 10 years. The EC was limited to a reduction of only 18 per cent (*Agence Europe*; 30 May 1992: 8).

A few days before the Summit, Baker told Kohl that the US would be flexible over the issue of internal payments. This flexibility would allow the EC to offer its farmers direct payments as planned in the reform of the CAP. Regarding the UR agricultural negotiations, Baker suggested that a possible means to keep the EC's direct payments at an acceptable level was to decrease the reduction of aggregate measure of support to 15 per cent. While Baker's proposal retained the US call for a lowering of export subsidies, he again indicated that the time frame could be extended (Stewart; 1993: 220).

However, the Munich Summit did not result in significant progress in the UR or the agricultural negotiations. Bush and Mitterrand reportedly "ruled out a detailed debate within the G7 itself" (*Agence Europe*; 8 July 1992: 7). In the final communiqué, the leaders stated that they "regret(ed) the slow pace of the negotiations" since their last summit but noted that "there has been progress in recent months" (G7 Communiqué; 1992: Pt. 8). The G7 participants welcomed

the recent EC CAP reform package and noted that the reform “should facilitate the settlement of outstanding issues” (G7 Communiqué; 1992: Pt. 8). A clear public link between the UR agricultural negotiations and the CAP was made in their statement that “progress has been made on the issue of internal support in a way which is consistent with the reform of the Common Agricultural Policy” (G7 Communiqué; 1992: Pt. 8). In addition, the leaders recognized forward motion in negotiating the volume of export subsidies and preventing disputes, but urged further clarity in the area of market access and trade in cereal substitutes.

It is noteworthy that, consistent with Bayne’s contention that after Houston, the G7 did not provide detailed negotiating plans, the leaders did in fact continue to offer detailed records of work-to-date as well as highlight areas where more progress was needed. This is evidence of the G7’s role as a catalyst in multilateral trade negotiations. However, they made no recommitment to remain personally involved and did not provide the required leadership.

As is summit custom, in the days surrounding the Munich Summit, the leaders held bilateral meetings with their G7 colleagues. Meetings between Bush and Delors and between Baker and Andriessen did discuss trade and the UR, but other themes dominated their discussions (*Agence Europe*; 8 July 1992: 8). Therefore, the 1992 Munich Summit may be considered weak as a proactive elite transnational event with respect to the UR negotiations.²⁷⁵

²⁷⁵ As established in Ullrich (2001), effective summits for the promotion of trade liberalization have been characterized primarily by: 1) an agreed agenda prior to the start of the summit. This often requires the issue having been discussed at a previous summit or at the earlier OECD Ministerial or Quad Ministerial. 2) the existence of a viable negotiating framework; 3) personal commitment of the leaders; and 4) public political pressure (221).

6. The EC and US React to CAP Reform

The EC acceptance of CAP reform removed the largest barrier to reaching consensus between the US and EC on agriculture. However, during the summer of 1992, other problems developed or re-emerged in both the US and EC.

6.1. EC Activities

In the summer that followed the Council's agreement to reform the CAP, farmers throughout the EC denounced the package. The loudest protests came from French farmers where the newly formed radical group, Rural Coordination, disrupted traffic in many areas of France. Rural Coordination had emerged in December 1991 in response to what its members regarded as 'inaction' by the established farmers groups. The organization's deputy secretary general would later accuse FNSEA's activities as amounting to "taking tea with the local [government] prefect" (*The Financial Times*; 20 September 1993). By June, this group, described as a 'militant grass-roots' organization' had grown to approximately 7,000 members (*International Herald Tribune*; 23 June 1992).

While members of both the more established FNSEA and Rural Coordination are drawn from the right wing, FNSEA recognized that opposition to price cuts in light of the need to become more competitive on the world market was increasingly unrealistic (*The Financial Times*; 7 September 1992). FNSEA President Raymond Lacombe stated he would "try to use to the best the margin of maneuver" his union had within the CAP reform package (*The Financial Times*; 24 June 1992). Additionally, FNSEA accused Rural Coordination's demands for the complete rejection of CAP reform as being unrealistic.

In turn, the president of Rural Coordination, Jacques Laigneau, blamed

the established groups of being too close to the political establishment. The group linked CAP reform to the Maastricht Treaty claiming that Brussels will open Europe to the forces of international competition without compensation. In the run-up to the 20 September French referendum on the Maastricht Treaty, following the Danish 'no' on 2 June, this linkage caused considerable concern to Presidents Mitterrand and Delors.

Despite the growing division among French farm groups, the timing of their protests led the French Government to offer them a significant aid package. On 20 July, Prime Minister Beregovoy announced a four-year package that included a FFr 930 million (\$155 million) reduction in farmland tax in 1993, as well as FFr. 1.2 billion (\$.2 billion) in debt relief between 1993 and 1995.

6.2 US Activities

The US reaction to the Council's agreement of CAP reform was "cautiously optimistic" (Stewart; 1993a: 219). While reduction of internal supports was recognized as being critical, the issues of direct payment and rebalancing were still outstanding (Stewart; 1993a: 219).

Impatience at the slow pace of UR negotiations and the EC's latest offer on oilseeds grew among US congressmen and farmers groups. With no GATT agreement by the end of June, USDA Secretary Madigan was required to increase spending on agricultural exports by \$1 billion to take effect at the beginning of fiscal year 1994 (*Congressional Quarterly Almanac*; 1992: 235). Added to this, in September the US announced a grain-export program of over \$3 billion under the Export Enhancement Program (Stewart; 1993a: 221). Although the Bush Administration claimed it was to assist Bush in his bid for re-election, the

announcement was “taken as a declaration of war in Brussels” (*The Independent*; 22 September 1992).

Regarding oilseeds, at the end of July, the US rejected the EC’s offer of compensation over its oilseed subsidies. Section 301 trade laws meant that the US could begin retaliatory action on 18 August. However, US trade officials granted an extension after the EC said it would make another offer by the end of August. Nevertheless, even the new offer left the US and EC far apart. Beginning in early September, USTR Hills and Agriculture Commissioner MacSharry were involved in several meetings in an attempt to resolve the long-running oilseeds issue (Stewart; 1993a: 221). However, there was no progress reported by the end of the month at which point the US requested that the GATT establish another arbitration panel.

7. The Blair House Accord

Following the passage of the French referendum on the Maastricht Treaty in early September, US-EC discussions on the UR increased. US officials were relieved by the outcome of the referendum since the EC could once again focus on foreign policy issues including the UR negotiations (*The Independent*; 28 September 1992). However, EC Commissioner for Economic and Financial Affairs, Henning Christophersen, made clear that the EC’s negotiating flexibility would be dependent on the US’s “willingness to compromise” (Stewart; 1993a: 222). The flexibility did not seem forthcoming from either side. A series of meetings between senior EC and US trade officials in early October ended after their second day with little reported progress.

Optimism increased following a meeting of the Quad in Toronto on

October 18. USTR Hills announced that with respect to the agricultural negotiations, the members of the Quad were “looking for a resolution of these issues in a matter of days” (*International Trade Reporter*; 21 October 1992). It was reported that these “optimistic forecasts are founded on recent progress and on the will of all parties...” (*Agence Europe*; 14 October 1992: 8). However, this optimism faded suddenly when US-EC discussions were halted a few days later in response to what US negotiators claimed was back-peddling by the EC on previous pledges. The primary issues dividing the US and EC were the decrease in total volume of subsidized exports, the EC’s proposal of rebalancing, and the EC’s oilseed regime. News reports warned of an impending trade war between the US and EC “with the entire international trading system likely to be affected” (*The Financial Times*; 16 October 1992).

However, although official talks had broken down, technical discussions between the US and EC continued. The objective of these meetings was “to make a political breakthrough” (*Agence Europe*; 24 October 1992: 6). At the same time, Prime Minister John Major, in his role of President of the European Council, and Chancellor Helmut Kohl, as chair of the G7, discussed the seriousness of the situation. Using their positions of leadership, the leaders set out four factors that the European Commission was to bear in mind as it continued to negotiate on behalf of the EC:

- 1) encourage the Commission to negotiate following the elements of the recently approved MacSharry Reforms
- 2) stress the need to prevent the breakdown of negotiations
- 3) clarify the implications of US retaliatory measures to the Member States

- 4) that “a global agreement in the framework of GATT can and must be found” (*Agence Europe*; 24 October 1992: 6; numbers added).

The leaders’ initiative, combined with the Bush Administration’s desire to reach some agreement before US elections on 7 November, provided the impetus for continued attempts at bilateral negotiations. By 30 October, MacSharry was able to announce that he would meet his US counterpart, Madigan, in Chicago 1-2 November. Although the talks made some progress, the agricultural ministers continued the talks for another day, primarily to discuss the issues of oilseeds.

On Monday, 2 November, the Agricultural Council President, John Gummer, joined the other two agricultural ministers. European news reports stated that the Council’s presence at such a critical meeting was not out of order, as long as the Council did not bypass the Commission negotiator with another initiative. However, Commission President Delors contacted MacSharry by telephone to warn him that he had exceeded the Commission’s mandate. With Madigan leaving to vote in the US elections, the talks failed to provide the needed breakthrough.

Following the collapse of the talks, Commissioner MacSharry accused the Council as well as Commission President Delors of constraining his ability to negotiate. In a letter of resignation to Delors, MacSharry blamed him for “having ‘sabotaged’ the Euro-American negotiations of Chicago just as the parties were ‘very close to an agreement’” (*Agence Europe*; 7 November 1992: 9-10).

Immediately after the talks failed, the US announced that it would impose retaliatory duties within 30 days of 200 per cent on certain EC goods equaling approximately \$300 million. This US threat, while denounced by both the EC

and the GATT, seems to have increased efforts to reach an EC-US agreement. During the next two weeks, several high level meetings of various trade and agricultural officials took place. At the conclusion of an informal meeting of the EC trade ministers on 6-7 November, ministers announced that they had decided to encourage the Commission to contact the US Administration with the objective of reaching an agricultural agreement as soon as they could.

In Geneva, the Trade Negotiations Committee met on 10 November to discuss the situation. Director General Dunkel was asked to “personally bring to the attention of the highest authorities in Brussels and Washington the seriousness of the situation and ask them to cooperate in restarting the multilateral negotiations” (Conclusions of the TNC as stated in *Agence Europe*; 9-10 November 1992: 9). Dunkel acted quickly, meeting with Andriessen and MacSharry in Brussels on 12 November and with Hills and Madigan in Washington on 16 November. Their discussions focused on the oilseeds issues. This role, as with his preparation of the Dunkel Final Act, illustrates Dunkel’s leadership role as the director general of the GATT.

By 12 November, the Commission had completed its consideration of the trade ministers’ recommendations. The members had decided that the “talks with the US should be brought to a successful conclusion as soon as possible” (*Agence Europe*; 13 November 1992: 7).

Meeting at Blair House²⁷⁶ in Washington on 19-20 November 1992 were USTR Hills and Secretary of Agriculture Madigan for the US and EC External Relations Commissioner Andriessen and Agricultural Commissioner MacSharry

²⁷⁶ Blair House, located across Pennsylvania Avenue from the White House, is the US

for the EC. Following the many high-level discussions that had taken place in preparation, Josling, Tangermann and Warley state that the actual meeting was “anticlimactic” (1996: 161). The Blair House Accord consisted of several agreements:

- 1) subsidized agricultural exports reduced by 21 per cent in volume and 36 per cent by value over a period of six years
- 2) domestic support would be reduced by 20 per cent with the modifications being applied through AMS commitments on an aggregate rather than to specific goods
- 3) critically, compensatory payments on US and EC cereals would be placed within a Blue Box in any UR agricultural agreement;²⁷⁷
- 4) the establishment of a six-year ‘peace clause’ preventing the US from taking the EC to the GATT as long as the EC was within the GATT commitments
- 5) resolution of the US-EC oilseeds dispute including limiting the EC to 5.128 hectares of oilseed production, a maximum of 1 million tons of oilseeds could be used for industrial production and 10 per cent of the EC’s oilseed farmland would be set-aside on a permanent basis. (Josling, Tangermann, and Warley; 1996: 160-161; Swinback and Tanner; 1996: 104-105; and *The Financial Times*; 20 September 1993; Stewart; 1993a: 225).

Commissioners Andriessen and MacSharry heralded the accord as being both compatible with the CAP and the GATT. At a post-accord press conference, MacSharry stated, “Not only have we complied with the impact of the CAP reform, but in certain respects, I’m glad to say it stays well within it” (*Agence Europe*; 23-24 November 1992: 7). Addressing the requirement for other members of the GATT to agree to the elements of the bilateral US-EC

president’s official guesthouse.

²⁷⁷ Wolfe defines the Blue Box as “payments under the production-limiting programs that are in the Amber Box because they may have trade effects, but will not be subject to the commitment to reduce domestic support (i.e., 20 per cent during a transition period) if they meet certain conditions” (1998: 129).

accord, Andriessen noted “We believe we can convince the other Contracting Parties that this agreement is the best one possible and this constitutes a foundation for a global agreement on agricultural matters” (*Agence Europe*; 23-24 November 1992: 7).

8. Disputes over the Blair House Accord

The response from European agricultural interest groups, particularly French groups, and some EC Member States, specifically France, was as immediate as it was intense. The internal EC debate which followed threatened both the bilateral Blair House Accord and the Uruguay Round negotiations. This section outlines the activities of the European Commission, French politicians and European agricultural groups.

In the weeks that followed the conclusion of the Blair House Accord, there was considerable discussion over whether the French would veto the agreement (Swinback and Tanner; 1996: 106). *Comité des Organisations Professionnelles Agricoles* (COPA), *Comité de la co-opération agricole* (COGECA), and the European Young Farmers’ Council (CEJA) issued a joint statement late in November claiming that the Blair House Accord in its present form would be “catastrophic” for European agriculture and that the Commission had given in “to the hegemonic determination of the US, which plans to dominate world agricultural markets using any means possible” (*Agence Europe*; 25 November 1992: 15-16).

However, changing national political and agricultural situations within individual Member States meant that France was becoming ever more isolated. In Germany, early 1993 saw a shift in the Kohl Government. Ignaz Kiechle, a

member of the Christian Social Union (CSU), who had served as Minister of Agriculture since 1982 staunchly defending the interests of Bavarian farmers, was replaced by Jochen Borchert. Not only was Borchert closer to Kohl, but he also understood the changes that had occurred in German agricultural politics since unification. The Blair House Accord was considered acceptable to Borchert (Swinbank and Tanner; 1996: 106). According to Swinbank and Tanner, this development reduced the possibility of a Franco-German coalition attempting to block the Blair House Accord (1996: 107).

Additionally, to avoid any threat of a veto the Commission, acting under Article 133 (ex 113), made it clear that it did not intend to submit the Blair House Accord to the Council. Instead, it would continue negotiating all chapters of the UR and submit the final package to the Council. The Commission took the position that the UR agreement could pass using qualified majority voting. The Commission could legally operate this way unless an individual Member State accused the Commission of exceeding its mandate (Swinbank and Tanner; 1996: 106).

In the US, the outgoing Bush was still hoping to conclude the UR in order to add it to his presidential legacy. Along with Major and Delors, he set one more deadline of 20 January 1993, the day his successor would be sworn in to office. In another last effort, USTR Hills, the departing External Affairs Commissioner Andriessen and his replacement, Sir Leon Brittan, met in London on 2 January where they agreed to place the focus of US-EC discussions on reducing tariffs on industrial goods. Beginning on 7 January, EC and US negotiators made a final push to reach an agreement on market access in order to

make headway in the UR.

Brittan had been allocated the Commission's trade portfolio with Rene Steichen taking up agriculture. However, Brittan rapidly took the lead on the UR agricultural negotiations (Swinbank and Tanner; 1996: 109). Commissioner Brittan, who reportedly had "more political skill...and a greater commitment to free trade" than his predecessor Andriessen, entered his new role with "a blitz of top-level meetings" (*The Economist*; 23 January 1993 and *The Financial Times*; 21 January 1993). In late January he met with GATT Director General Dunkel while discussing trade issues with senior officials involved in the UR negotiations at the World Economic Forum in Davos in early February (*The Financial Times*; 21 January 1993).

However, it soon became clear that there were still too many outstanding issues existing for an overall package to be agreed before Bush's deadline. Regarding the Blair House Accord, Clinton's Agriculture Secretary Mike Espy announced that the new administration thought the oilseed deal favored the EC too much and that the accord did not address market access issues critical to the US (*Agra Europe*; 12 February 1993). In addition, the US still voiced its concerns over the idea of a multilateral trade organization and the language regarding anti-dumping, TRIPS as well as sanitary and phytosanitary texts (Stewart; 1993a: 226). Other Contracting Parties also still had considerable issues to resolve regarding the Dunkel Final Act.

The new political environment in the US and in France prevented any immediate progress from being made with both new administrations preferring to take the time to put their own stamps onto any future agreement. With Bill

Clinton coming into office after a campaign focused on domestic issues, the new US Administration signaled that it wished to get a GATT agreement that was good for US domestic interests. In February, Raymond Seitz, the US Ambassador to Britain told the British National Farmers Union that Clinton was waiting for a “strong signal” from the EC regarding the willingness to make the necessary sacrifices (*The Daily Telegraph*; 10 February 1993). The 2 March deadline for the US to submit a UR package to Congress under Fast-Track legislation came and went.²⁷⁸

In French parliamentary elections 21 and 28 March, the conservative Edouard Balladur replaced the socialist government of Prime Minister Pierre Bérégovoy. This brought a period of co-existence with the socialist President François Mitterrand. In his first General Affairs Council meeting, the new French Foreign Minister, Alain Juppé expressed the view that the Blair House Accord was unacceptable in its current state (*International Herald Tribune*; 6 April 1993).

9. Resurgence in Elite Transnational Network Activities

As the new governments in the US and France began to work toward their individual policy objectives, a renewed reliance on elite transnational networks among political leaders to make progress in the UR became evident. There was a marked increase in trade-related discussions between G7 political leaders and the members of the Quad in preparation for the upcoming Tokyo G7 Summit. This section describes the series of elite transnational network activities seemingly working together to bring about the critical breakthrough that occurred at the G7

²⁷⁸ US Fast Track Authority was set to expire at the beginning of June 1993. According

Summit in July.

9.1 Elite Transnational Networks Work In Unison

President Clinton met with Commission President Delors on 18 March in order to discuss ways to conclude the UR. This meeting was followed a few days later by a meeting of the Quad charged with setting out a work program on trade in preparation for the G7 Tokyo Summit in July. On 26 March, Clinton met with Chancellor Kohl to discuss outstanding trade issues. It was reported that Clinton's meetings with various European leaders were due to his Administration "quietly expanding its focus from 'gridlocked' Washington to the deadlocked UR with the intention of completing negotiations by the end of this year" (*The Financial Times*; 26 March 1993).

The focus on the Tokyo Summit and on seeking a conciliatory approach to the UR also became apparent in French statements. On 31 March, an advisor to Prime Minister Balladur stated that the new French government wanted "a high-level review of the GATT negotiations to underline Western Europe's difficulties in liberalizing trade with the rest of the world" (*The Financial Times*; 31 March 1993). The G7 Tokyo Summit would provide the opportunity for the discussion over the UR to be placed above the interests of the USTR and European Commission. The change in French attitudes toward the agricultural negotiations of the UR became more apparent with the announcement by Agricultural Minister Juppé that he had been asked to "seek 'trade peace' with the US" (*International Herald Tribune*; 7 April 1993).

At Prime Minister Balladur's first meeting with French farm groups, not

to US trade laws President Clinton would need to submit the completed UR agreement to Congress within 90 days, or in this case early March.

only was the radical Rural Coordination not invited, but Balladur also indicated that he would take a softer line on agriculture and look for ways to compensate farmers for losses from the French budget (*The Financial Times*; 7 April 1993). One month later, Balladur confirmed his intention by announcing a 1.5 billion Franc (\$281.5 million) package of agricultural subsidies for French farmers to be implemented in the current year. This assistance was intended to assist in breaking the impasse in the UR agricultural negotiations. Balladur stated that he wanted to put “an end to this situation with our partners whereby France is seen as having a single concern, an obstructive concern, to prevent the conclusion of a trade agreement solely because of French farmers; that is not true” (*International Herald Tribune*; 8/9 May 1993).

Positive momentum expressed in words increased pressure on individual government leaders and officials to use their political power to translate these words into actions. In the months preceding the G7 Tokyo Summit, leaders, senior trade officials and international organizations worked feverishly, and in a seemingly synchronized manner, to continue the momentum. From late March to June, Leon Brittan and Mickey Kantor met frequently to discuss the outstanding issues between the EC and US. In May, Horst Krenzler, the Director General of DG I (External Relations) hinted at a speech to the German Group of the International Chamber of Commerce that a “substantial market access package” was being developed in the run-up to the G7 Summit (*Frankfurter Allgemeine Zeitung*; 17 May 1993). Also that month, President Clinton met with Commission President Delors and Danish Prime Minister Rasmussen, in his capacity as President of the Council, to discuss the UR and the G7 Summit.

Clinton pledged to ensure “a successful conclusion by the end of the year” (*The Financial Times*; 8/9 May 1993).

This deadline was set by the limited extension of Fast Track Authority the US Congress granted Clinton on 30 June. As mandated by US trade laws, Clinton would be required to notify Congress by 15 December 1993 that he intended to sign the UR and submit the final agreement to Congress by 16 April 1994. Thus, the US Congress had determined what by all accounts was considered the final deadline for the successful completion of the UR.

9.2 Meetings of the Quad

In further paving the way for the G7 Tokyo Summit, the Quad ministers held a series of meetings to search for a means of consensus in the area of market access. It was reported that in the run up to the Tokyo Summit, the Quad members “zig-zagged across the world – from Toronto to Paris to Tokyo, back to Toronto and to Tokyo... in an attempt to hammer out agreement” (*The Independent*; 8 July 1993).

The Quad met in Toronto on 14 May to develop the framework of a market access package that would include a reduction in industrial tariffs and agreeing rules in the new area of services (*International Herald Tribune*; 15/16 May 1993.) With Brittan and Kantor having made progress in their earlier bilateral discussions, the US and EC were able to place pressure on Japan. Japanese Trade Minister Yoshiri Mori was strongly encouraged to “breathe new life into the stalled UR by accepting a package of tariff cuts and other ‘market access’ measures” (*The Financial Times*; 14 May 1993). The tactic of the US and EC was to use Japan’s turn as host of the G7 summit to press their demands

since Japan was “keen to ensure that the occasion [was] a diplomatic and economic success” (*The Guardian*; 20 May 1993).

The combined pressure from the US and EC was successful. Not willing to be blamed for halting the G7 effort to conclude the UR, Japan agreed to reduce tariff rates on almost 800 industrial items. The Quad ministers planned two more meetings before the July Tokyo Summit in order to work toward the elusive consensus of a wider market access package.

9.3 1993 OECD Ministerial

The increased cooperation between the US and EC, including some individual member states, was clearly initiated and implemented at the senior political level. For the critical OECD meeting on 2-3 June, the US took the unusual step of sending six cabinet secretaries. Treasury Secretary Lloyd Bensten and USTR Mickey Kantor led the senior US team. The OECD annual ministerial, traditionally scheduled a few weeks prior to the G7 Summit, is intended to prepare a framework for the upcoming summit meeting. If a package could be agreed among the OECD, Clinton was expected to “be able to use America’s considerable clout in Tokyo to bring the Japanese into line” (*The Guardian*; 20 May 1993).

This OECD ministerial was also unusual in that GATT Director General Dunkel briefed the trade ministers of the Quad, upon their invitation, on how best to expand any G7 deal to the full GATT membership. Dunkel’s expected successor, Peter Sutherland, also attended the Quad briefing. Following the meeting of the Quad, the trade ministers from the 24 OECD members met to discuss the market access agreement.

With respect to the UR, the gathered economic and trade ministers expressed their optimism given the momentum shown in the series of Quad meetings in the past several months. They stated that it was “realistic not only to hope but to expect that the UR [would] conclude by the end of the year” (OECD Communiqué; 3 June 1993: Pt. 11). To facilitate the conclusion, the ministers agreed:

1) to do their utmost, individually and collectively, to ensure the rapid achievement of a substantial, comprehensive and balanced outcome of the Round, using the Draft Final Act of December 1991 as a basis for final agreement including a substantial market access result on goods and services

2) to abide by and further strengthen multilateral disciplines and to make no recourse to initiatives and arrangements which are inconsistent with the principles of free trade and undermine the multilateral system

3) to make full use of the GATT system and of the more formal mechanisms and broad expertise available in the OECD, so as to contribute to a reduction of international trade tensions and to the efficient operation of the multilateral trading system (OECD Communiqué; 3 June 1993: Pt. 12; Numbers added).

Following the ministerial, the US and EC trade ministers expressed optimism but also the necessity of continued cooperation and concessions among members of the Quad. Kantor noted the significance of the planned market access agreement in stating “We are at last within striking distance of the largest market access package in history...” (*The Financial Times*; 4 June 1993). However, Sir Brittan stressed that a successful package “must involve every participant being ready to move and do things which will not necessarily be easy” (*The Financial Times*; 4 June 1993).

In the weeks before the summit, internal politics, particularly in France, again seemed to curb the momentum occurring in international politics. In early

June, the EC's Agricultural Council agreed to increase the compensation farmers received for taking land out of production by 27 percent. Agra Europe notes that this action was taken primarily to placate the French agricultural groups (*Agra Europe*; 11 June 1993). While France subsequently announced that it would now accept the US-EC oilseed agreement within the Blair House Accord, it remained opposed to its other elements. Speaking in front of the French National Assembly following a meeting with President Clinton, Prime Minister Balladur received a standing ovation when he stated that France would not agree to the Blair House Accord "even if all the rest of GATT trade negotiations turn out in satisfactory fashion" (*International Herald Tribune*; 17 June 1993). Adding to continued French intransigence, on 18 June President Mitterrand gave a highly protectionist speech in which he urged the EC to place barriers on goods "produced under social conditions unfair to the EC" (*International Herald Tribune*; 21 June 1993).

In Japan, with elections scheduled two weeks after the G7 summit, the Liberal Democratic Government of Kiichi Miyazawa fell. Thus, with the Japanese political scene in disarray, their focus on granting additional trade concessions would likely be limited.

9.4 The Tokyo G7 Summit

On 25 June the Quad met in Tokyo in a last attempt to conclude the market access deal before the summit. Rather than moving a step closer to an agreement, it was apparent that the trade ministers were still far apart. The US did not offer any significant reduction in tariffs on textiles and the EC and Japan made no new offers on lowering tariffs on items including spirits, and computer

parts (*The Financial Times*; 25 June 1993). After their meeting failed to produce significant results, the trade ministers agreed to continue holding discussions throughout the week. One final Quad ministerial would take place the day prior to the opening of the G7 Summit.

In the week before the Summit, senior officials from various international organizations made public statements concerning the critical importance of the Tokyo G7 Summit. On 1 July, his first day as the GATT Director General, Peter Sutherland, in what was to be the first of many powerful and very public statements regarding the UR negotiations, announced that the G7 summit would be a “crucial catalyst” for the UR. He argued that it would be:

simply not good enough for the G7 to make general protestations in favor of trade reform, as they have for the past five summits. We need a detailed communiqué that allows negotiators to move on to a multilateral treaty” (*The Financial Times*; 2 July 1993).

Sutherland jumped eagerly and effectively into his new position and announced that he would hold meetings with several G7 leaders prior to the summit in order to encourage them to show a “strong act of political will” at the Tokyo Summit (*International Herald Tribune*; 14 July 1993).

Otto Lambsdorff, European chairman of the Trilateral Commission,²⁷⁹ discussed the importance of networks to conclude the UR:

Now that one of our former colleagues in the Trilateral Commission, Bill Clinton, has obtained an extension of the White House’s fast-track mandate to conclude the current GATT round, it is imperative that those who meet in Tokyo: 1) Agree on a moratorium on any new trade impediments; and 2) Commit themselves, or offer detailed instructions to their trade representatives, to sit down again at the

²⁷⁹The Trilateral Commission, founded in 1973, is an elite transnational network consisting of approximately 335 private individuals holding elite positions in the US, Canada, Europe and Japan. According to the Commission’s documents, its members make up “the highest level unofficial group possible to look at the common problems” among North America, Europe and Japan (Trilateral Commission; 2000; 08-09-00: 1)

GATT table and wrap up the talks before the year ends (*International Herald Tribune*; 6 July 1993; Numbers added).

On 6 July, the Quad held marathon talks lasting almost seven hours with progress acknowledged by all parties. However, it was reported that Japanese resistance to agreeing to quantitative targets as well as US-EC differences over textile tariffs prevented the announcement of a deal.

However, after talks continued through the night of 6 July into the morning of 7 July, the ministers finally were able to offer the necessary concessions. Following Japan's surprise tariff concession on whiskey and brandy, Canada reciprocated with an offer to abolish tariffs on beer and furniture. The EC, pleased with Canada's removal of tariffs on furniture, offered to end its tariffs on farm equipment (*International Herald Tribune*; 8 July 1993). USTR Kantor, who had held back many US concessions until the end, stated that the Quad market access package "was truly a breakthrough" (*International Herald Tribune*; 8 July 1993).

Included in the Market-Opening Agreement were the following elements:

- 1) 100 per cent elimination of tariffs and non-tariff measures in beer, construction and medical equipment, pharmaceuticals and steel. With some exceptions farm equipment, furniture and spirits were also included.
- 2) Tariff cuts of a maximum of 50 per cent for 'high tariff' products that have tariffs rates above 15 per cent.
- 3) Tariff cuts averaging approximately 33 per cent for products not in the above categories including wood and pulp and paper.
- 4) The harmonization of tariffs at reduced rates for chemical products (*The Financial Times*; 8 July 1993; Numbers added)

While not specifically addressing agricultural products, the Market Opening Agreement included a statement by the Quad relating to the agricultural

negotiations:

We look forward to immediate re-engagement of the multilateral negotiations to complete expeditiously the agricultural market access package, including processed products, as an essential component of the agricultural agreement and of a global and balanced Uruguay Round package (*International Herald Tribune*; 8 July 1993).

The leaders of the G7 were able to announce the critical deal at their summit, noting that it was now up to the full GATT membership to agree to the necessary concessions:

Our highest priority is a successful conclusion to the Uruguay Round. We welcome the recent significant progress made towards a large market access package in goods and services as a major step to the immediate resumption of multilateral negotiations in Geneva. This progress must be matched by comparable market opening measures by other participants. We urge all our trading partners to negotiate constructively on all subjects, recognizing that nothing is agreed until everything is agreed... We renew our determination... to achieve with all our partners a global and balanced agreement before the end of the year (G7 Communiqué; 9 July 1993: Pt. 7).

The publicity surrounding the G7 Summit gave the agreement maximum exposure to the heads of state and government, their trade ministers and the UR.

A press report stated:

In what could well end up as the biggest surprise and most important accomplishment of the G7 summit meeting, trade representatives of the world's major economies appear to have succeeded in what some had thought impossible. On [7 July] they gave a new lease on life to moribund world trade negotiations and a boost to the idea of free trade at a time when the concept is under attack by word and deed (*International Herald Tribune*; 8 July 1993).

10. Sutherland Takes Charge

Leading up to the Tokyo Summit and increasing in pitch until consensus was reached in December, Peter Sutherland as Director General of the GATT, forced the remaining issues of the UR to the top of the political agenda among GATT contracting parties. His intensive diplomatic activities raised the political

stakes of the UR. According to Sutherland, his actions were:

not an ad hoc process. It was deliberately planned, calculated to get a certain momentum going – to create a political focus based on publicity that would ensure a maximum degree of movement (*The Financial Times*; 17 December 1993).

This section outlines Sutherland's strategy.

The week following the G7 Summit breakthrough, trade negotiators resumed their talks in Geneva. The Quad agreement would need to be agreed by all GATT contracting parties. Sutherland urged all members of the GATT Trade Negotiating Committee to stop giving 'repetitious statements' and transform themselves into a 'proper management tool' required for the final stage of the negotiations (*International Herald Tribune*; 14 July 1993).

In Geneva, delegates were "cautiously optimistic" over the possibility of concluding the round by the end of the year (*The Financial Times*; 16 July 1993). In the area of agriculture, the Cairns Group insisted that the EC offer more substantial reductions in subsidies and again rejected the idea of rebalancing. On 28 July, the Trade Negotiating Committee agreed to Sutherland's rigorous work program for the next three months.

During the August holidays, Sutherland took actions intended to publicize the urgency of concluding the round and the merits agreement would bring consumers. In mid-August, the GATT published a study showing that within OECD countries, subsidies had cost consumers \$353.7 billion in higher prices in 1992. The report, in which Sutherland called on governments to "come clean on consumer interests in the Uruguay Round, explaining to consumers how much they pay, in shops and as taxpayers, for the protection of domestic industries from import competition" (*International Herald Tribune*; 16 August 1993) was

another element in Sutherland's strategy to educate political leaders and citizens on the benefits of liberalized trade.

On 1 September, GATT delegates agreed to follow Sutherland's firm timetable. This schedule set out that the UR would need to be concluded by 15 December and established 12-15 April 1994 as the dates when the agreement would be signed at a special GATT ministerial. In order for this timetable to be met, Sutherland "urged governments to face down vested interests and 'place political leadership before expediency'" (*The Financial Times*; 1 September 1993).

Throughout the following months as the critical final negotiations took place, Sutherland kept up the pressure that was part of his strategy. According to one report, Sutherland's strategy consisted of three elements: 1) placing pressure on the trade negotiators; 2) using propaganda in the form of GATT reports and newspaper interviews; and 3) calling on politicians to show political leadership in concluding the UR (*The Financial Times*; 23 August 1993).

As part of his strategy, Sutherland gave numerous press interviews. In one, he explained the working methods within the GATT Secretariat:

Once a week and sometimes more often, a dozen close aides gather in Mr. Sutherland's office overlooking Lake Geneva to take stock of the final stages of the negotiations and to plan strategy for the coming days and weeks. Where are the blockages emerging? Which countries need chivvyng? Should certain delegates be brought in for consultations with GATT staff? Would a telephone call from Mr. Sutherland to the relevant minister be helpful? (*The Financial Times*; 8 October 1993).

He also established new institutional features within the GATT Secretariat including the positions of deputy director and 'friends of the chair' of which he appointed four of each. Sutherland also initiated open forum 'heads of

delegation' meetings in which delegates could clarify their various views. However, he also set strict debating rules (*The Financial Times*; 17 December 1993). Through using his senior position to publicize the urgency of the situation and using his elite transnational networks connections, while remaining a neutral mediator at the head of an international secretariat, Sutherland was a crucial facilitator in the final negotiating stage.

Arthur Dunkel, the previous GATT Director General, had also played a key role in the negotiations, especially through putting together the Draft Final Act (DFA) in 1991. One GATT ambassador noted, "Arthur can be credited for 85 percent of the outcome of the Round. But by the time he had completed the DFA at the end of 1991, he had exhausted all of his resources: he just couldn't do the last 15 percent (*The Financial Times*; 16 December 1993). Within six months, Sutherland's three-point strategy allowed him to claim credit to the remaining 15 percent.

11. The EC's Jumbo Council Meeting

On 19 July 1993, France called upon the other members of the EC to discuss the Blair House Accord. In late August German Chancellor Kohl brought about a series of official denials and then clarifications by German government officials after he seemed to agree with French Prime Minister Balladur that the Blair House Accord should be discussed further. Following US pressure in Bonn and a meeting with Sutherland in early September in which Sutherland made clear that there was no possibility that the accord could be re-opened (*Frankfurter Allgemeine Zeitung*; 2 September 1993), Kohl explained that he supported only clarification of some points rather than a re-negotiation.

Despite the fact that it was becoming increasingly clear that the other member states were reluctant to hinder the US-EC agreement, on 6 September Balladur “formally demanded modifications to the Blair House agreement” (*The Financial Times*; 7 September 1993).²⁸⁰ He pointed out that until the EC Council of Ministers decided on the position, rather than only the Commission, there could be no official EC position (*The Financial Times*; 9 September 1993). On 11 September, EC ministers accepted the French statement and agreed to attempt to find a compromise among Member States on the issue of the Blair House Accord.

In the days following the announcement, Brittan and Delors met with US Secretary of State Warren Christopher in Washington. On 17 September, President Clinton warned the EC that re-opening the Blair House Accord would have detrimental effects (*International Herald Tribune*; 18/19 September 1993). In contrast, Coordination Rurale increased their pressure on the French Government by blockading Paris for several days. Additionally, the less radical FNSEA planned demonstrations throughout France on 19 September.

Thirty-five EC foreign, trade and agricultural ministers met within a Jumbo Council in Brussels on 19-21 September under the leadership of the Belgian Presidency. The Commission reaffirmed that the Blair House Accord contained elements that would protect the CAP from outside challenge. After more than 12 hours of discussions, and a threat by Britain to withdraw its

²⁸⁰ France wished clarification on following Blair House elements: 1) The timing of when the majority of the reductions in volumes of subsidized exports would be required. The French hoped to back-load the timing to the last few years. 2) The required limits on agricultural exports were not to apply to current stocks or to food aid. 3) Rather than reductions on specific items, the French wanted to spread the reductions over sectors. 4) Assurances that export limits would not hinder EC export growth. 5) The ability to include safeguard provisions. 6) Extension

representatives from the Council of Ministers, an agreement was worked out in the early hours of 21 September following a Franco-German plan intended to prevent the blocking of the UR. The plan listed several areas of the Blair House Accord that would need further clarification:

- 1) extension of the peace clause
- 2) current EC stocks would not be liable to export restrictions
- 3) stronger measures to limit imports of US cereal substitutes
- 4) provisions to ensure the EC would be able to gain its share of world agricultural markets (*The Financial Times*; 21 September 1993).

According to Swinbank and Tanner, Leon Brittan “managed to defuse French requests for a reopening of the package [and instead] was asked to seek clarification” (1996: 109-110).

On 27 September, Leon Brittan met with Mickey Kantor in Washington to discuss “modifications, clarifications, interpretations or additions – but certainly no renegotiation” (*The Independent*; 22 September 1993). However, the Clinton Administration had been urged by 19 US farm groups active in the agricultural negotiations to “make clear to the EC that the commitments made by both parties of the Blair House are not negotiable” (*The Financial Times*; 22 September 1993).

Therefore, it came as no surprise that the Brittan-Kantor talks resulted in the EC and US still being “far apart” in their positions over the Blair House Accord (*International Herald Tribune*; 28 September 1993). A few days later in Brussels, however, Brittan reported to EC foreign ministers that Kantor had actually been more flexible in private than he had been in public. A Commission

of the peace clause beyond the current six years (*The Financial Times*; 17 September 1993).

official confirmed that Kantor had indicated he would “consult with US authorities to see what response they could give our concerns” (*International Herald Tribune*; 5 October 1993).

12. From Blair House II to the Uruguay Round Agricultural Agreement

On the fringes of the annual meeting of the World Bank and IMF in late September, the heads of these two institutions were joined by Peter Sutherland in giving a rare joint statement stressing the negative consequences for the world economy if the UR was not successfully concluded by December. Lewis Preston, president of the World Bank, Michel Camdessus, managing director of the IMF, and Sutherland stated at a press conference that “failure to conclude the round would lead to greater protectionism and a loss of confidence” and called on the US and EC to ensure the successful outcome of the UR (*International Herald Tribune*; 28 September 1993).

Throughout this period, Sutherland continued his heavy elite transnational network activity by “circling the globe to enlist support for the round from political leaders” (*The Financial Times*; 1 October 1993). By October, Sutherland had met with trade ministers and often heads of government “of virtually every important trading nation” (*The Financial Times*; 8 October 1993).

Sutherland met with trade leaders of the Cairns Group, senior Latin American, Mexican and Eastern European trade officials as well as members of the Association of South East Asian Nations (ASEAN) (*The Financial Times*; 16 December 1993). The objective of his talks with senior government officials was to “translate the political desire for a Uruguay Round agreement into the concessions necessary to achieve it” (*The Financial Times*; 8 October 1993).

In the run up to a series of German/French/US/EC senior diplomatic meetings which took place 13-15 October, there appeared to be a hardening of positions in Paris and Washington. French Foreign Minister, Alain Juppé, proposed that GATT negotiators should attempt to reach only an interim agreement by the December deadline and leave contentious issues such as agriculture and audiovisual broadcasting for future discussions. However, US Ambassador to the GATT, John Schmidt, said Juppé's proposal was 'a non-starter' since agriculture had to be included in any agreement (*International Herald Tribune*; 13 October 1993).

On 13 October, Kantor and Brittan met for over six hours to discuss not only the Blair House Accord but also the implementation details of the Tokyo market access package. Little progress was reported. The next day, Kantor met with French Trade Minister Gerard Longuet. Kantor stated that he was confident that the EC could resolve its remaining concerns regarding the agricultural issue internally. This statement underscored the US belief that the EC could placate French farmers with additional EC funds (*The Guardian*; 15 October 1993). However, these high-level discussions did not result in significant progress. Sutherland reprimanded the US and EC and stated that only a breakthrough could save the UR.

A series of high-level elite transnational networks either initiated or increased their activity in the following weeks with the objective of encouraging the US and EC to offer the concessions necessary for a compromise to be reached. On 15 October, the US and Cairns Group announced that they would begin working with each other on a daily basis. One week later, the

Commonwealth countries established a “high-powered task force to press for a conclusion to the faltering world trade talks” by visiting selected capitals (*The Financial Times*; 23 October 1993).

Following the US House of Representative 234-200 passage of the North American Free Trade Agreement (NAFTA) on 17 November, senior trade officials acknowledged that the US could now focus on the concluding stage of the UR. There was optimism that the “NAFTA vote would free top US and European Union (EU)²⁸¹ negotiators meeting in Washington early next week to provide long-awaited impetus” (*The Financial Times*; 19 November 1993).

On the same day as the NAFTA passage, the Commonwealth Ministerial group ended their tour of Washington, Bonn, Paris, Tokyo and Geneva and urged senior officials to increase their communication with each other (*The Financial Times*; 17 November 1993). A few days later, the elite transgovernmental network of Asia-Pacific Economic Cooperation (APEC) held a summit in Seattle. USTR Kantor expressed confidence that the summit would result in further offers from Asian members of the GATT. The timing of the APEC summit was intended to place additional pressure on the EU to do all it could to reach a compromise.²⁸²

With less than one month to the 15 December deadline, meetings between senior EU and US trade and agriculture negotiators increased in both frequency and intensity. As the APEC meeting was taking place in Seattle, USDA negotiator Joe O’Mara met with Commission Agricultural Director General Guy

²⁸¹ The Maastricht Treaty came into effect on 1 November 1993 thus changing the European Community to the European Union (EU).

²⁸² Personal conversation with Roy Denman, former ambassador to the US, at the LSE, November 1995.

Legras in Brussels. They discussed in great detail the degree to which the US could expand its Blair House offers. According to O'Mara, the weekend meeting was one in a series the two senior agricultural officials had carried out in preparation for a meeting between Kantor and Brittan (*The Financial Times*; 20/21 November 1993).

During two days of talks between Kantor and Brittan on 22-23 November in Washington, Brittan observed that the two had discussed the issue of agriculture in "a positive manner" (*The Financial Times*; 25 November 1993). Kantor expanded on the results of the talks stating they had "defined the remaining issues dividing them 'in all their aspects', discussed viable alternatives, and agreed to reach a preliminary accord" which they would submit to GATT delegates in Geneva (*The Financial Times*; 24 November 1993). Additionally, it was reported that both the US and EU had "put all their major issues on the table and gave the clearest indication yet of their bottom-line needs" (*International Herald Tribune*; 25 November 1993).

During a telephone conversation on the eve of the Franco-German Summit, US President Clinton gave German Chancellor Kohl support for standing firm with France. With elections due in 1994, Kohl was eager to have a successful agreement. The two leaders pledged, "to do all they could" to conclude the UR by 15 December (*International Herald Tribune*; 30 November 1993). Following the Summit, French Prime Minister Balladur and Kohl agreed that compromise between the US and EU was critical. Balladur announced that although France was "ready to reach a compromise on the Blair House Accord, [he] urged the Clinton Administration to make adjustments" following French

flexibility (*International Herald Tribune*; 30 November 1993).

Further senior-level US-EU talks took place 1-2 December between Kantor and Brittan and European Commissioner for Agriculture Rene Steichen and USDA Secretary Mike Epsy in Brussels. The Kantor-Brittan talks included discussion of a market access package that would include goods and services, new rules for steel and the creation of a Multilateral Trade Organization, while the Steichen-Epsy talks continued clarifying the Blair House Accord. GATT Director General Peter Sutherland remained in contact with Brittan and Kantor (*The Financial Times*; 3 December 1993). At a press conference following the meetings, Brittan and Kantor expressed that progress was made towards finding a compromise.

Regarding the Blair House Accord, trade officials noted that Steichen and Epsy had agreed on the elements of a trade-off in which the US would offer the EU some clarifications in the bilateral agreement in exchange for greater market access for agricultural goods from the US and members of the Cairns Group. Epsy announced that the compromise “address[ed] the major concerns” of the EU “while preserving the integrity of the Blair House Agreement” (*International Herald Tribune*; 3 December 1993).

Clinton continued his personal involvement in ensuring the successful conclusion of the UR by telephoning President Mitterrand on 3 December. Immediately following the high-level meeting with Kantor, Brittan addressed a joint Council of the EU’s foreign and trade ministers. After hearing the details of the US-EU talks, the Foreign Minister of Belgium, Willy Claes, acting as the EC Presidency representative, stated that “there is a common approach, there is

enough cohesion, there is confidence in the Commission” (*The Financial Times*; 6 December 1993). Brittan had the vote of confidence he required.

On 6 December, after more than one year of intense internal European and bilateral US-European discussions, the Blair House Accord II, also known as the Breydel Agreement,²⁸³ was agreed. There were four primary elements to the clarified Blair House Accord:

- 1) The EU was allowed to frontload its reduction in agricultural subsidies between 1994-2000 thus making the 21 percent cut in subsidized export more acceptable. The deal allows the EC to export 1.8 million tons more cereals, 360,000 tons more beef, 250,000 tons more poultry and 100,000 tons more cheese over the six year period (1994-2000) than under Blair House (Barclay; 1994: 6).
- 2) The EU’s stockpile of cereals, amounting to 25 million tons, would be exempt from the required 21 per cent reduction in subsidized exports.
- 3) The base year by which reductions in agricultural subsidies would be based on was changed from the 1986-1989 average in the Blair House I to 1992 in Blair House II.
- 4) The Peace Clause was extended from six years to nine years. In exchange for the extension, the EU granted increased market access for certain US fruits and vegetable and an special increased quota for pig meat equaling 39,000 tons a year (Barclay; 1994: 6).

Both the Blair House I and II accords were possible due to compromises from the EU and US. The amount of compromise necessary for the initial agreement, as this thesis has detailed, was significant in ideological, technical and political terms. In the case of the Blair House II accord, the amount of compromise required was determined by internal political needs of the EU while the amount eventually offered was determined by external factors.

²⁸³ Similar to the Blair House I Accord, Blair House II received its alternative name

Within the EU, France, supported in part by Germany, Spain and Ireland, called for the re-clarification of the original Blair House agreement. Particularly in France, the additional demands were due to pressure from agricultural interest groups. However, certain senior level national and Brussels-based officials worked to translate these demands, using formal and informal elite transnational networks, into achievable concessions. Although France still signaled that it was not completely satisfied with the elements of the Blair House II Accord, reports noted that the French stance was “aimed mainly at winning concessions from Paris’s EC partners and not at undoing the basic agreement” (*International Herald Tribune*; 7 December 1993).

In the US, trade and agricultural officials recognized that the EC debate over the Blair House Accord was inherently internal and revolved around both its compatibility with the CAP and political pressures. While the Blair House Accord was a bilateral agreement, there were other members of the GATT who had to agree to multilateral agricultural liberalization within the framework of the UR Agricultural Agreement. A senior US agricultural negotiator explained the connection between the US decision to clarify the Blair House Accord and the UR agricultural negotiations:

The US hoped that after Blair House I Japan and Korea would be forced into an agreement. So when Blair House I was not accepted by the EC, the US went to Japan...The Japanese [initiative in bringing about the market access] deal [at the G7 Tokyo Summit] gave the US confidence. Market access issues gave the US more flexibility on subsidies...[During the final few months] the US also needed to get the Koreans, Canadians and the Swiss. Bilateral negotiations had been going on with these countries [and the US wished] to take advantage of the opportunity.²⁸⁴

from the EU's Breydel building in Brussels where it was concluded.

²⁸⁴ Interview with Craig Thorn, Official with the United States Department of Agriculture Foreign Agricultural Service, Director, Europe, Africa and Middle East on 29 August

With the US and EU having taken advantage of the opportunity to find a compromise over the contentious issue of agriculture, the agreement would still have to be accepted by the other members of the GATT as part of the larger Agreement on Agriculture. Additionally, several issues remained to be solved between the US and EU to conclude the UR including audiovisual broadcasting rights, aircraft and shipping subsidies and financial services. However, European and American trade officials were optimistic that a resolution would be found.

During the Brussels European Council that took place 10-11 December 1993, France was re-assured that the Blair House II Accord would be compatible with the CAP. The conclusions of the Council included the following statement:

The European Council takes note of the Commission's prognosis of the compatibility with the reformed CAP of the new international commitments that would result from an agreement in the GATT. If, however, additional measures were to prove necessary, the Council agrees that they should not increase constraints of the reformed CAP, nor affects its proper operation" (Council of the European Union: 11 December 1993).

Thus, the European Council indicated that individual member states would be compensated for any losses beyond what CAP reform would bring.

In Geneva, last-minute negotiations continued between the 117 GATT participants. The Quad ministers were also in Geneva in order to "lend top-level authority to a virtual frenzy of talks...They will also give negotiators greater leeway to make difficult compromises at a time when lobbying pressure both in Geneva and in national capitals is intense" (*The Financial Times*; 11-12 December 1993). According to trade diplomats, at this stage the bargaining on tariff levels was between the largest 20 to 30 countries that would then offer the

rates to the remaining countries (*The Financial Times*; 14 December 1993).

Using the elite transnational networks strengthened through the G7 relationship, on 12 December President Clinton phoned his G7 colleagues including German Chancellor Kohl and UK Prime Minister Major as well as French Prime Minister Balladure (*The Financial Times*; 13 December 1993). One day later, Japan announced that it would end its long-standing ban on rice imports. Foreign Minister Tsutomu Hata outlined the motivation behind the action in stating that Japan did not “want the whole package to unravel” (*International Herald Tribune*; 13 December 1993).

With two days to go before the negotiating deadline, the focus returned to the outstanding issues between the US and EU. In quick succession, the US agreed to use “restraint” in its use of anti-dumping laws and to the establishment of a World Trade Organization while the US and EU ‘agreed to disagree’ for the time being on their remaining differences on audiovisual and financial services and shipping and aircraft subsidies. With these issues removed from the multilateral negotiating table, GATT Director General Sutherland began to ‘gavel through’ the 550 pages of the Uruguay Round Final Act (*The Financial Times*; 17 December 1993). By the night of 14 December, it was reported that “the gavel has fallen on most of the Uruguay Round agreement” (*The Financial Times*; 14 December 1993).

On 15 December 1993, Peter Sutherland declared the adoption of the Uruguay Round Final Act. While many details still required clarification before the UR Final Act was signed during the GATT Ministerial in Marrakesh, Morocco on 15 April 1994, overall agreement had been reached. US Trade

Representative Mickey Kantor spoke for the US in stating “We walked away with a victory...I can’t be more proud of what happened here today.” Leon Brittan expressed his personal emotions in observing, “I feel very thrilled, just a little humbled and immensely relieved” (*The Guardian*; 15 December 1993).

The Uruguay Round Agricultural Agreement followed directly from Dunkel’s Draft Final Act as presented in December 1991 and included amendments made by the Blair House I and Blair House II accords. For the first time in the history of the GATT, trade in agriculture was placed under multilateral rules. Figure 3 shows the numerical targets of the Uruguay Round Agricultural Agreement.

Significantly, the Uruguay Round Agricultural Agreement ended the unique position of agricultural trade policy by bringing it within a multilateral regime. As detailed in this thesis, exceptional amounts of coordination, compromise and consensus among three distinct groups of policy actors at the internal, bilateral and multilateral levels were involved to allow the agricultural policy reform evident in the Blair House agreements and the Uruguay Round Agricultural Agreement.

Figure 3

URAA Reduction Targets

Developing Countries		Developed Countries
Between 1995-2004		Between 1995-2000
	Tariffs	
-24%	Average reduction for all agricultural products	-36%
-10%	Minimum cut per product	-15%
	Domestic support	
-13%	Total AMS reductions for sector using base period of 1986-1988	-20%
	Exports	
-24%	Reduction in value of exports	-36%
-14%	Reduction in volume of exports using base period of 1986-1990	-21%

Note: Least Developed Countries are exempt from tariff and subsidy reductions.
(Adapted from: WTO. *Trading into the Future* 2nd Ed. Geneva, Switzerland. 1998:17.)²⁸⁵

13. Assessment of Policy Network's Influence during the Break-through Stage

Based on the empirical evidence presented here and the policy network approaches discussed in chapter two, several conclusions may be reached. With respect to the impact of the three specific types of policy networks being investigated, although all three were active to some extent during the breakthrough stage, senior US, EC and international organization officials operating within elite transnational networks are seen to have been the most active and have had the greatest impact.

Heads of government, senior political appointees and successive director generals of the GATT worked together tirelessly to bring about the successful

²⁸⁵ For an outstanding commentary on the Uruguay Round Agricultural Agreement, see the appendix in Wolfe; 1998.

conclusion of the Uruguay Round negotiations. Through utilizing such elite transnational networks such as the Group of Seven, the Quadilateral meetings of trade ministers, annual meetings of the OECD and other international organizations as well as personal contacts these actors provided critical political leadership. By increasing pressure on negotiators, convening special meetings and negotiating sessions, using the press to encourage public support and politicizing the negotiations, these senior actors served as a catalyst to bring about both the bilateral Blair House Accords as well as the final Uruguay Round Agreement on Agriculture.

While elite transnational networks were active during the previous two stages of the negotiations, the political environment within the relevant elite transnational networks did not have the required elements, such as a high level of sustained political attention and dedication, senior political initiatives, a solid negotiating framework which took into account the technical and political requirements of the GATT contracting parties and finally a firm deadline.

These factors came together during the final two years of the UR with Arthur Dunkel's Draft Final Act; the initiatives of US President Bill Clinton, French Prime Minister Edouard Balladur and GATT Director General Peter Sutherland; the personal networks among the G7, most visibly at the 1993 Tokyo Summit; and the 15 December 1993 deadline imposed by the expiration of US fast-track authority.

With respect to the impact of the pro-agricultural reform epistemic community, similar to its activities in the policy-making stage, members actively discussed and promoted agricultural liberalization through conferences,

publications and statements in the press. As shown in this chapter, during the breakthrough stage epistemic community members, either in groups or individually, offered policy recommendations. However, given the politicized environment of the breakthrough stage, members of the pro-reform epistemic community did not have the broad impact as they had in the agenda-setting stage. When it served their needs, senior negotiators and politicians would incorporate these experts' views into their policy activities.

Advocacy coalitions, their policy objectives of agricultural reform having gained dominance over anti-reformists, worked to ensure that no backsliding occurred. In the first year of the breakthrough stage, European Agricultural Commissioner Ray MacSharry focused on getting CAP reform approved by the Council of Ministers. Following the 1992 Council agreement on CAP reform, his activities switched from that of a policy entrepreneur within the pro-reform advocacy coalition to that of a senior political appointee using elite transnational networks to bring about the US-EC Blair House Accord and eventual UR Agricultural Agreement. His actions, similar to those of some epistemic community members who moved into roles of advocacy coalition actors, demonstrate that membership within the three groups of policy networks is to some extent fluid.²⁸⁶

Elite transnational networks as defined in this study include not only transgovernmental linkages, between senior government officials and politicians of different states or groupings of states, but also transinstitutional linkages, linkages between international organization officials and government officials.

²⁸⁶ However, in order for a member of one group to become an active member of

Authors such as Bayne (2000); Katzenstein (1976); Keohane and Nye (1973, 1974, 1989); and Putnam and Bayne (1987) have contributed to the broader debate on transnational networks.

The approach to international institutions, or secretariats with an established mandate, has generally focused on their functional role, or functional institutionalism, in facilitating cooperation through actions such as regularizing the channels of communication. Although this study accepts this role as an important assumption, the concept of transnational networks, here transinstitutional, investigates the extent to which officials in international institutions, specifically the GATT secretariat and the OECD²⁸⁷ were actors in bringing about the liberalization of agriculture, or institutional activism. Keohane and Nye urge policy makers and theoreticians alike to “think of international organizations less as institutions than as clusters of intergovernmental and transgovernmental networks associated with the formal institutions” (1989; 240). Arthur Dunkel and Peter Sutherland, successive GATT Director Generals, were critical participants in elite transnational networks during the breakthrough stage. As illustrated, they acted as key senior level actors searching for a means of consensus.

Additionally, the members of the G7 increased their personal commitment to bringing the Uruguay Round to a successful conclusion, both at their annual summits as well as throughout the year on a more informal basis. During the final negotiating stage, the most critical result of their elite

another, they would need to fulfill the requirements of the subsequent group as defined in chapter two.

²⁸⁷ While the European Council of Ministers and European Commission may also be regarded as international institutions, in this study the term incorporates only plurilateral and

transnational network was the Market Access Agreement announced at the 1993 Tokyo Summit. This agreement increased the ability of the US to grant the EC's demand of a re-negotiated Blair House Accord. As discussed in greater detail in chapter two, the 1993 Tokyo Summit illustrates two of the impacts that the G7 Summits are said to have on multilateral trade negotiations: namely, breaking of impasses through increasing pressure on individual member governments to offer concessions and serving as useful deadlines for negotiators.

As this chapter has illustrated, during the breakthrough stage of the UR, elite transnational networks operating in various inter-related forums, including the G7, OECD, the Quad and other senior level trade networks, had a significant impact on forging consensus over agricultural reform at both the bilateral and multilateral level. It is hoped that this research will lead to further investigation into the membership, activities and the conditions under which elite transnational networks operate successfully as well as the interrelationship with epistemic communities and advocacy coalitions.

Chapter 8 Conclusion

1. Summary of Issues

The complex nature of agricultural trade policy requires knowledge and understanding of extremely complex and technical issues. This is particularly true regarding the reform of agricultural policy within and between the EC and US as well as at the multilateral level. The ideological aspects and the resultant social perspectives that have evolved around agricultural policy in the US and EC produced a politically motivated policy process and entrenched policies seemingly immune from economic reality.

However, with the entry into force of the Uruguay Round Agricultural Agreement (URAA) on 1 January 1995, agriculture was placed firmly within the framework of the multilateral trading system of the GATT/WTO for the first time in the GATT's 50-year history. In creating a common framework by which all Members of the newly established WTO would treat agricultural policy, the URAA brought about increased transparency in rules and regulations and created "stable expectations" (Wolfe; 1998: 156).

The Blair House II Accord between the EC and the US removed the largest barrier to the conclusion of the stalled UR negotiations. It also represented the first significant step toward the resolution of more than three decades of almost continuous tension between the EC and US on the contentious issue of agriculture. Additionally, the Blair House II Accord largely defined the terms for the URAA.

For multilateral agricultural reform to occur on such a significant scale and agricultural policy to be liberalized, it was necessary that the elements

involved in the process of determining agricultural trade policy be reconciled. These changes in approach as well as how the necessary shift in perceptions among actors in the agricultural policy process, specifically within and between the US and EC, were affected by the activities of three defined policy networks are the primary focus of this thesis.

The paradox that this thesis has attempted to explain is, given:

- 1) the decisive split in approach toward agricultural liberalization/reform among individual politicians, bureaucrats and interest groups in the agricultural policy formulation process within the US and EC
- 2) the entrenched position of anti-reformist policy actors
- 3) the historical exemption of agriculture in the GATT system

how and why was agricultural trade policy liberalized and successfully brought into the GATT regime at the conclusion of the Uruguay Round? An additional question was how various reformist policy actors within the internal agricultural policy processes of the US and EC won wider acceptance of their views.

The contention of this thesis was that the successful outcome of the UR agricultural negotiations was crucially determined by three groups of policy network actors (i.e., epistemic communities, advocacy coalitions and elite transnational networks) and that these groups either emerged or became active, especially within the EC and US, at particular times during the UR.

This thesis investigated the applicability of three defined policy network groups within the broader policy network approach in explaining how and why multilateral agricultural liberalization was achieved during the GATT UR given the previous unsuccessful attempts. Policy networks are said to emerge when

certain policy objectives require the exchange of resources from different levels of actors. This is particularly the case when a policy consists of technical elements, such as agricultural policy.

The thesis illustrated the elements of the agricultural policy environments within the EC and US in chapters three and four. Highlighted in these chapters were the objectives, policy actors and process in the formulation of internal agricultural policy as well as agricultural trade policy. Similarities and differences between the EC and US agricultural policy processes were outlined emphasizing how the conditions necessary for the activity of the various policy networks differed. It was also shown that although both the EC and the US historically had highly protected agricultural policies, the deterioration of world agricultural trade in the 1980s, as well as the changing policy priorities within the EC in the early 1990s, forced policy actors to call for and eventually agree to the liberalization of agriculture.

As demonstrated in chapters five, six and seven, these three specific policy networks, operating under conditions of increased uncertainty within the multilateral trading system, might be considered explanatory factors in explaining how and why a reversal in agricultural policy occurred within and between the EC and US between 1980 and 1993. Pro-reform epistemic communities, pro-reform advocacy coalitions and elite transnational networks, individually as well as at times in cooperation with the other groups, through their pro-active approaches, served as sources of, and channels for, the exchange of ideas, information and alternative approaches. Together, these policy networks created a policy environment amenable to compromise, coordination and

convergence. This thesis, through investigating the activities of three specific policy network groups between 1980-1993, offers an explanation of how and why the reformist approach to agricultural policy was accepted at the internal and bilateral levels allowing for its liberalization at the multilateral level in the form of the URAA.

2. Applicability of the Policy Network Approach

As was the contention of this thesis, each policy network group was active during the three stages of the negotiations (i.e., 1. Agenda-setting – January 1980 through October 1987; 2. Policy-making - July 1987 through July 1991; and 3. Final breakthrough – July 1991 through December 1993). The time-frames of the various stages merged to some degree due to the necessity of the primary policy actors within each stage preparing and/or finalizing their activities in the context of their particular stage as the other actors were simultaneously preparing and/or finalizing the stage in which they were involved.

The hypothesis of this thesis was that, in general, the influence and impact of the three policy network groups active during the UR negotiations varied according to the specific stage of negotiations due to the changing policy needs and objectives of the various policy actors within each stage of the negotiations. This thesis argued that:

- 1) epistemic communities generally play a heightened role during the first, or agenda-setting stage due to their expertise in the field, capacity to create a common policy framework in which the issue can be discussed and offer evidence supporting alternative policies
- 2) advocacy coalitions have an enhanced impact during the second, or policy-making stage because of their ability

to modify policy development within the government and encourage policy consensus

- 3) elite transnational networks generally have the most impact during the third, or breakthrough stage since this is often the point at which a policy issue has become politicized and requires political impetus to forge agreement.

2.1 Impact of Three Specific Policy Networks

This section summarizes the findings of the thesis on the influence and impact of epistemic communities, advocacy coalitions and elite transnational networks during the three stages of the UR negotiations as compared to the hypothesis.

Epistemic Communities

As this thesis has shown, the critical new analytical tools of the Producer Subsidy Equivalent (PSE) and the Consumer Subsidy Equivalent (CSE), were developed by members of a pro-reform agricultural epistemic community operating within the OECD and the agricultural policy environments of the US and EC during the agenda-setting stage. Additionally, through their work within the OECD, providing expert testimony and advice in the legislative process, activity within research institutes, and in professional groups and academic conferences, members of the pro-reform agricultural epistemic community played an integral role in bringing about the recognition that reducing agricultural subsidies equally across the board would not be the best solution. Rather, members of this epistemic community argued that a more flexible policy alternative was needed in which each contracting party of the GATT could take into account their unique domestic social and political situation. In this way,

politicians and senior negotiators were able to promote agricultural liberalization among their domestic constituents. Thus, the influence of the pro-reform agricultural epistemic community was indeed found to be greatest during the agenda-setting stage.

However, as demonstrated in this thesis the influence of this epistemic community continued through the second and third stages of the multilateral trade negotiations, albeit to a lesser degree and in a slightly different manner. Unlike their direct influence in the agenda-setting stage, agricultural experts within the pro-reform epistemic community had a more indirect influence during the policy-making stage, specifically through producing articles, studies and conference proceedings. Throughout the policy-making stage, the pro-reform agricultural epistemic community expanded in both membership and scope. Their work turned from developing analytical tools and serving as expert witnesses to providing expertise and policy support through academic forums such as conferences, symposia and reports. For example, the 1988 drought in the US brought about a temporary respite from the surging government storage costs. However, pro-reform agricultural experts, together with certain government officials, continued to call for US insistence on radical agricultural reform, including the elimination of agricultural export subsidies. Therefore, this thesis argues that as the policy-making stage gained momentum, the work of the majority of members of the pro-reform agricultural epistemic community changed from being pro-active and technical to either publishing on the topic or even joining the pro-reform advocacy coalition, thus working closely with policy-makers.

During the breakthrough stage, members of the pro-reform agricultural epistemic community offered policy recommendations. The policy advice provided by this epistemic community, through their participation in professional forums and published works, contributed to policy-oriented learning among policy-makers, encouraged policy-makers and politicians to continue calling for reform despite opposition, and served to legitimize agricultural liberalization following the conclusion of the Blair House Accord. However, given the politicized environment of the breakthrough stage, members of the pro-reform epistemic community did not have the broad impact that they had in the agenda-setting stage.

The evidence presented in this thesis reveals that epistemic communities, while they may exist in isolation, are dependent on politicians and other government decision-makers in order to become influential and be successful in bringing about the desired change in policy. As shown through the case of the pro-reform agricultural epistemic community active during the UR, their work only became influential when policy-makers and politicians required their technical expertise to support a change in policy. Additionally, senior negotiators and politicians would incorporate these experts' views into their policy activities only when it served their policy needs. Thus, the impact of epistemic communities may depend on both the current political environment and the policy-actors' need for viable policy alternatives.

Advocacy Coalitions

This thesis hypothesized that pro-reform agricultural advocacy coalitions had the greatest influence during the second, or policy-making, stage due to their

ability to change the direction of policy and forge consensus. As illustrated, certain EC and US decision-makers, whose beliefs favored agricultural reform, saw a policy window begin to open during the agenda-setting stage of the UR negotiations between 1980 and 1986. However, they were unable to have significant influence during the agenda-setting stage given the still limited number of available policy tools that would give them both the ability to support their policy beliefs or to implement their policy objectives.

As the UR shifted into the second stage of policy-making, the need for internal agricultural policy reform in the US and EC became glaringly evident through, among other ways, the earlier work of the pro-reform agricultural epistemic community. Through working with like-minded decision-makers from various levels of the policy process and using the analytical tools developed by the pro-reform agricultural epistemic community, these pro-reform policy-makers developed viable domestic agricultural policy alternatives. Through a combination of their personal beliefs toward agricultural policy, solid evidence on the need for agricultural reform, new policy tools, and division among anti-reform advocacy coalitions, these pro-reform advocacy coalitions began to gain dominance over anti-reform protectionist politicians and bureaucrats, particularly during the policy-making stage.

Following the stalemates at the 1988 GATT Mid-Term Review and 1990 GATT Brussels Ministerial, the policy environment changed so dramatically that the pro-agricultural advocacy coalitions gained dominance over those policy-makers that continued to call for further agricultural protectionism. This thesis shows that this shift in dominance was led by ideologically zealous policy

entrepreneurs, including Clayton Yeutter and Ray MacSharry within the US and EC, respectively.

Once their policy objectives of agricultural reform gained dominance over anti-reformists and had been picked up by elite transnational networks during the breakthrough stage, advocacy coalitions worked to ensure that no backsliding occurred. An additional finding of this thesis is that certain members of advocacy coalitions may move into the group of elite transnational networks during the breakthrough stage. This is seen in the case of Ray MacSharry who shifted his role to that of a senior political appointee using elite transnational networks to bring about the US-EC Blair House Accord and eventual UR Agricultural Agreement. His actions, similar to those of some epistemic community members who moved into roles of advocacy coalition actors during the second and third stages, demonstrate that membership may be somewhat fluid within the three groups of policy networks being investigated.

Elite Transnational Networks

The final element of the hypothesis was that elite transnational networks have an elevated role in the third, or breakthrough stage. Reasons given for this include that only senior political actors could provide the necessary political leadership and serve as a catalyst to compromise and consensus. Elite transnational networks, consisting of senior politicians, with the critical assistance of senior officials in relevant international organizations, used both existing forums such as the G7, the GATT, and the OECD as well as established new groups, including the Quad and the Quint, in which they could consolidate political pressure, shape direction and break negotiating deadlocks. Personal

contacts among these senior-level actors increased their understanding of the others' political needs and allowed them to increase their commitment to bringing about the successful conclusion of the UR. Members of elite transnational networks also used the media to increase public support of a successful round and used their positions to urge their negotiators to meet negotiating deadlines. This thesis has shown that the influence of elite transnational networks was indeed greatest during the final stage of negotiations when the issue of agricultural liberalization within the UR had become politicized.

However, this investigation also found that senior policy actors within elite transnational networks also played a significant role during the agenda-setting stage in calling for agriculture to be placed on the agenda of the GATT negotiations. As illustrated, in the early 1980s, due to skyrocketing budget deficits, agricultural subsidy outlays and agricultural trade disputes between trade partners, specifically the EC and US, senior politicians in several Western countries looked for a solution to the deteriorating situation in international agricultural trade.

During the policy-making stage, elite transnational networks continued to operate, albeit to a lesser degree. Although at times side-tracked by other issues, as well as a short respite in the agricultural situation, junior policy-makers and negotiators used the senior-level summits and ministerial meetings as sources of policy direction and useful deadlines for negotiators.

During the breakthrough stage of negotiations, through increasing pressure on negotiators, convening special meetings and negotiating sessions, using the

press to encourage public support, and politicizing the negotiations, elite transnational networks served as a critical catalyst to the successful negotiations of the Blair House Accord and Uruguay Round Agreement on Agriculture (URAA). This thesis argued that although elite transnational networks were active during the first two stages of the UR negotiations, the political environment in which the relevant transnational networks operated did not show the critical elements, including: 1) a high level of sustained political attention and dedication; 2) senior political initiatives; 3) a solid negotiating framework that incorporated the technical and political requirements of the various GATT contracting parties; and 4) a firm deadline. As has been demonstrated, these elements came together during the final two years of the UR.

2.2 Assessment of the Policy Network Approach

As outlined in chapter two, there has been some acknowledgment within the literature that different policy networks may have various functions during the stages of the policy process (See Peterson; 1995b and Coleman and Perl; 1999). This thesis has been an attempt to further substantiate this claim.

Additionally, this thesis has argued that policy networks, specifically epistemic communities, advocacy coalitions, and elite transnational networks, ought to be considered an explanatory variable in how and why agriculture was liberalized at the internal, bilateral and multilateral levels of the EC and US. However, it is clear that these policy networks are only one explanatory factor among many others. Nonetheless, the policy network approach is a useful tool in explaining policy change within and between the EC and the US and the multilateral level.

3. Current Situation of UR Agricultural Agreement

Although it is widely acknowledged that the amount of agricultural liberalization brought about by the URAA has in actuality been rather modest, the agreement is nonetheless extremely significant in that it altered the unique position of agricultural trade policy. The agreement's flexibility in allowing countries to determine the exact manner in which internal agriculture policy is to meet the reductions mandated by the URAA is the key to its operative success.

For multilateral agricultural trade policy, the URAA has provided the members of the WTO a ready-made framework in which to work toward 'further, progressive reductions' in agricultural export subsidies and negotiate continued agricultural liberalization. Rather than individually developing new domestic approaches and justifying them, countries or groups of countries may now look to both the URAA and the WTO for guidance. WTO trade delegates took the URAA as a basis for discussion in the development of the ministerial texts for 1999 Seattle WTO Ministerial that intended to launch a new multilateral trade round and did so again in the preparation for and negotiations of the 2001 Doha WTO Ministerial.

There was a resurgence in activity among the pro-reform agricultural epistemic community in the agenda-setting stage for the current WTO Doha Round negotiations. During the preparation for the 1999 Seattle WTO Ministerial, conferences were held within the FAO and WTO, including the Conference on Agriculture and the New Trade Agenda in the WTO held at the WTO on 1-2 October 1999, to gather expert information on the new issues confronting agricultural trade including biotechnology and the multifunctionality

of agriculture. As the required informal negotiations on agriculture began early in 2000 among the members of the WTO, agricultural experts again published articles explaining the need for change and the barriers to trade that remain. As during the UR, specialized forums such as the International Agricultural Trade Research Consortium and the International Policy Council increased their publication and conference activities in the run-up to and early part of the current agricultural WTO negotiations.²⁸⁸ The agricultural experts are to a large degree the same who were active during the UR. Additionally, after several summits that were relatively weak on trade, the 2001 Genoa G8 Summit, an elite transnational network, made a strong statement on the need for a new trade round.

4. Implication for US-EU Bilateral and Multilateral Trade Negotiations

The implications of this research are potentially substantial for the US and EU agricultural policy processes, at the internal, bilateral and multilateral levels. This thesis has investigated the role that specific policy networks, consisting of epistemic communities, advocacy coalitions and elite transnational networks, may have on the trade policy process. Additionally, it has analyzed the interconnectedness of these groups during the various stages of the UR and the interdependence of the policy actors within and between each network.

The manner in which internal, bilateral and multilateral trade policy is conceived and conducted could be made more effective by incorporating the results of this investigation. Through greater awareness of the membership and

²⁸⁸ The IATRC published a series of papers beginning in 2001 under a series title of "Agriculture in the WTO" (IATRC; 2001: 1-2). Since 1995, the IPC has held ten seminars, including one on "Setting the Agricultural Agenda for the Next WTO Round" in 1998, as well as publishing numerous papers such as "Agenda Options for Agricultural Policy Reform in the

defining principles of epistemic communities, policy actors seeking support for a specific policy could better identify expert evidence needed to support their policy. Similarly, knowledge of the method and timing of advocacy coalitions could assist certain members of epistemic communities in institutionalizing their work. Overall, increased understanding of various policy network groups may all policy actors to better determine the content, direction and pace of specific trade policy issues during the course of multilateral negotiations.

Therefore, detailed information regarding these specific policy networks and the role they play in the agenda-setting, policy-making, and the final breakthrough stages of negotiations will allow a broad range of policy actors to structure their behavior accordingly, as well as seek the input of other groups, in order to bring about a particular policy objective.

5. Suggestions for Further Study

This thesis has been an attempt to add greater detail of the individual and joint operation and impact of epistemic communities, advocacy coalitions and elite transnational networks to the continuing debate on policy networks. Previous research on policy networks has either been based on such networks in general or focused on one particular type.

The research carried out for this thesis is unique in that it identifies the members, investigates the inter-relationship, and examines the empirical and theoretical impact of three specific policy networks throughout a defined policy process. It is hoped that the theoretical implications resulting from this investigation will contribute both to the study of each of the individual policy

Seattle Round” (IPC; 2001a: 1-2).

networks being researched as well as to the analysis of EU and US agricultural trade policy.

Appendix A

Selected List of the Members of the Pro-Reform Agricultural Epistemic Community During the Uruguay Round

For purposes of this study, to be identified as a member of the pro-reform agricultural epistemic community, in addition to the requirements as set out by Haas (1992a: 3) individuals must have: 1) written a study or participated in a study advocating the liberalization of agricultural policy; 2) been an active member of an association advocating agricultural liberalization; 3) or participated in a conference that discussed ways to bring liberalize agriculture within the UR *on at least two or more occasions*.

To also be identified as member of a pro-reform agricultural advocacy coalition, epistemic community members must also have held a position as a government official, interest group representative, or academic working in either the agricultural or trade policy process in addition to sharing normative or causal beliefs with other members of the pro-reform advocacy coalition between 1980 and 1993.

To also be identified as a member of an elite transnational network, epistemic community members must also have held a position as a senior political or government official or have been in a senior position in an international organization involved with agricultural issues and/or agricultural negotiations between 1980 and 1993.

Key:

** = written a study *or* active member of association *or* participated in conference on at least two occasions

*** = written a study *or* active member of association *or* participated in conference on at least three or more occasions

AC = epistemic community member and also a possible member of advocacy coalition

TN = epistemic community member and also a possible member of an elite transnational network

(**AC) C. Fred Bergsten - Director, IIE; former US Assistant. Secretary for International Affairs, Treasury Dept., USA.

(**)Professor David Blandford - Cornell University, USA.

(**AC) Maury E. Bredahl, Missouri University, Columbia, MO, USA.

(**) Fabrizio de Filippis - Professor, Faculty of Agriculture, Università Della Tuscia (Viterbo), Italy.

(**) Professor Bruce Gardner - University of Maryland, USA.

(**AC) Eckart Guth, DG-I: External Relations, Commission of the EC, Brussels, Belgium. (Currently in DG-XIX)

(**AC) Dale Hathaway - Visiting Fellow, IIE and Partner, Consultants International Group; Former Under Secretary of Agriculture for International Affairs and Commodity Programs; and Director, International Food Policy Research Institute, USA.

(**TN) Nurul Islam - Senior Research Advisor, International Food Policy Research Institute; Former Assistant Director General, UN Food and Agriculture Organization (FAO); and Deputy Chairman (Minister) of the Planning Commission, Bangladesh.

(**) D. Gale Johnson - University of Chicago, Chicago. IL. USA.

(***) Tim Josling - Stanford Food Research Institute, Stanford, CA USA

(**) Professor Ulrich Koester - Universität Kiel, Germany.

(*AC) Paul Luyten - Deputy Director-General, DG I. Commission of the European Communities. Advocates "official" EC approach of incremental reform taking into account domestic pressures.

(**AC) Professor Alex McCalla - University of California, USA.

(**) J.S. Marsh - Professor of Economics and Head of Dept. of Agricultural Economics and Management, University of Reading, UK.

(**) Professor Karl Meilke - University of Guelph. Canada

(**) William H. Meyers - Professor of Economics, Iowa State Univ.; and Assoc. Director, Center for Agricultural and Rural Development, USA.

(**) William Miner - Institute for Research on Public Policy, Ottawa, Ontario, Canada

(**) Professor Don Paarlberg – Department of Agricultural Economics, Purdue University, Indiana, US.

(**) Professor Robert Paarlberg - Wellesley College. USA

(***) Michel Petit - Professor, Ecole Nationale Supérieures des Sciences Agronomiques Appliquées, Dijon; and President, International Association of Agricultural Economists, France.

(***) George Ed Rossmiller - National Center for Food and Agricultural Policy, Washington, D.C. USA.

(**) Dr. Fred Sanderson - Resources for the Future, USA.

(**TN) G. Edward Schuh - Dean, Hubert H. Humphrey Institute of Public Policy, Univ. of Minnesota; Former Senior Economist, President's Council of Economic Advisors; Deputy Under Secretary, International Affairs and Commodity Programs, Dept. Of Agriculture; and Director, Agriculture and Rural Development, The World Bank, USA.

(**) Professor Daniel Sumner - North Carolina State University, USA. Currently Professor of Agricultural Economics, University of CA, Davis.

(***) Professor Stefan Tangermann - Universität Göttingen. Germany

(***) Professor Secondo Tarditi - Università di Siena. Italy

(**) Alberto Valdès - Program Director, International Food Policy Research Institute, Chile.

(***) T.K. Warley, University of Guelph, Guelph, Ontario Canada

Appendix B
Selected List of Studies and Associations
Advocating Agricultural Liberalization
During the Uruguay Round

1981

The CAP under Pressure. Agra Europe Special Report Number 10, March 1981. Proceedings of a conference organized jointly by Agra Europe and the Royal Agricultural Society of England. (Includes article by Stefan Tangermann on the need for reform of the CAP due to financial pressure.)

1982

Echols, Marsha, "The GATT Ministerial and International Trade in Agricultural Products." November 1982. Part of a series from a research study of the American Society of International Law entitled "Managing Trade Relations in the 1980s: Issues involved in the GATT Ministerial Meeting."

1985

The Leutwiler Group. Trade Policies for a Better Future: The "Leutwiler Report", and the GATT Uruguay Round. Presented in 1985. Martinus Nijhoff Publishers, Dordrecht, Netherlands. June 1987.

Johnson, D. Gale, Hemmi, Kenzo and Lardinois, Pierre. "Agricultural Policy and Trade: Adjusting Domestic Programs in an International Framework" Task Force Report for the Trilateral Commission. New York University Press. New York. 1985.

Petit, Michel. "*Determinants of Agricultural Policies in the United States and the European Community*." Research Report 51. International Food Policy Research Institute. Washington, D.C. November 1985.

1986

Josling, Tim. "Agricultural Policies and World Trade: The US and the European Community at Bay." With comments by Michel Petit, D. Gale Johnson and Paul Luyten. In Loukas Tsoukalis (ed.) Europe, America and the World Economy. Basil Blackwell for the College of Europe. Oxford, UK. 1986.

1987

Anderson, Kym and Tyers, Rod. Distortions in World Food Markets: A quantitative assessment. World Development Report. Washington, D.C. World Bank. 1987.

Bonnen, James "Institutions, Instruments and Driving Forces behind US National Agricultural Policies." Paper prepared for the binational symposium on US-Canadian Agricultural Trade Challenges. Sponsored by National Committee for Agricultural Policy, Resources for the Future in Washington, D.C. and the C.D. Howe Institute of Canada, Wayzata, Minnesota. 22-24 July 1987.

Guth, Eckart. *EC Agricultural Policy and International Trade*. In Intereconomics, Vol. 22, No. 6. November/December 1987.

OECD. National Policies and Agricultural Trade. Paris. 1987.

Tangermann, Stefan. *Will Agriculture Always Remain a Problem in the GATT?* In Intereconomics, Vol. 22, No. 4. July/August 1987.

Winters, L.A. The Economic Consequences of Agricultural Support. A survey. OECD Economic Studies, No. 9 (Autumn). Paris. 1987. Pages 7-54.

1988

Franklin, Michael. Rich Man's Farming: The Crisis in Agriculture. The Royal Institute of International Affairs. Routledge. London and New York. 1988.

Institute for International Economics and the Canadian Institute for Research in Public Policy for the Reforming World Agricultural Trade Group. "A Policy Statement by Twenty-Nine Professionals from Seventeen Countries." Washington, D.C. 1988.

Miner, William M. and Hathaway, Dale E. (Eds.) World Agricultural Trade: Building a Consensus. The Institute for Research on Public Policy. 1988.

"Mutual Disarmament in World Agriculture: A Declaration on Agricultural Trade." A statement by twenty-six agricultural trade policy experts from eight countries and two international organizations. Issued by the National Center for Food and Agricultural Policy Resources for the Future. Washington, D.C. May 1988.

Paarlberg, Robert. L. Fixing Farm Trade: Policy Options for the United States. The Council on Foreign Relations Series on International Trade. Ballinger Publishing Company. Cambridge, MA 1988.

1989

Deardoff, Alan V. and Stearn, RM. Options for Trade Liberalization in the Uruguay Round Negotiations. Research Seminar in International Economics. Univ. of Michigan, Seminar Discussion Paper no. 238. Ann Arbor, MI. 1989.

De Zeeuw, Aart. (Chairman of the GATT Negotiating Group on Agriculture) "GATT and Agriculture: GATT Compromise Possible." in *European Affairs*. 1/89 Spring. Pages 13-17.

Drabenstott, M.; Barkema, A.; and Henneberry, D. "Agriculture and the GATT: A Time for Change." in *Economic Review*. February 1989.

Stoekel, Andrew B. Vincent, David, and Cuthbertson, Sandy (eds.). Macro Economic Consequences of Farm Support Policies. Durham and London. Duke University Press. 1989.

1990

Ballenger, N., Bredahl, M., House, R., Magiera, S., Meilke, K., Orden, D., and Warley, T.K. "Bringing Agriculture into the GATT: Reinstrumentation of Agricultural Policies". Commissioned Paper Number 6 by the International Agricultural Trade Research Consortium (IATRC). 1990.

Bredahl, M., Deaton, L., Josling, T., Mielke, K., and Tangermann, S. "Bringing Agriculture into the GATT: Tariffication and Rebalancing." Commissioned Paper Number 4 by The International Agricultural Trade Research Consortium (IATRC). 1990.

Bredahl, M., Josling, T., Miner, W., Rossmiller, Ed., and Warley, T.K. "The Comprehensive Proposals for Negotiations in Agriculture." Commissioned Paper Number 7 by the International Agricultural Trade Research Consortium (IATRC). 1990.

"Bringing Agriculture into the GATT: Potential Use of an Aggregate Measure of Support." Commissioned Paper Number 5 by the International Agricultural Trade Research Consortium (IATRC). 1990.

Miner, William and Hathaway, Dale (eds.) World Agricultural Trade: Building a Consensus. The Institute for Research on Public Policy, USA. 1990.

National Center for Food and Agricultural Policy, Resources for the Future. Report on a Conference on Agricultural Protectionism in Bellagio, Italy May 8-12, 1989. Washington, D.C. September 1990.

Rollo, J.M.C. "Agriculture in the Uruguay Round: Foundations for Success." Royal Institute of International Affairs. Discussion Paper Number 26. The Royal Institute of International Affairs. London. 1990.

Rossmiller, George E., and Tutwiler, M. Ann. "Agriculture in the Uruguay Round: Issues for the Final Bout." Discussion Papers Series Number 4 by the International Policy Council on Agriculture and Trade. Washington, D.C. January 1990.

Sanderson, Fred H. (Ed.) Agricultural Protectionism in the Industrialized World. Baltimore. Johns Hopkins University Press for Resources for the Future, Washington. 1990.

Tangermann, Stefan, and Miner, William. (Introduction by Janos Nyerges) "Negotiating Stronger GATT Rules for Agricultural Trade." Discussion Papers Series Number 3 by the International Policy Council on Agriculture and Trade. Washington, D.C. January 1990.

1991

Anderson, Kym and Tyers, Rodney. Global Effects of Liberalizing Trade in Farm Products. Thames Essay No. 55. Harvester Wheatsheaf for the Trade Policy Research Centre. London. 1991.

Johnson, D. Gale. World Agriculture in Disarray. Second Edition. Trade Policy Research Centre. MacMillan. London. 1991.

1992

Institute of Agricultural Economics. "International Agricultural Policy Reform: An Open Letter To Heads Of Government And Of Negotiation Teams Involved In The Uruguay Round From A Number Of Independent Economists Working On The Common Agricultural Policy And International Trade In Farm Products." Copenhagen, Denmark. 1992.

1993

Guth, Eckart and Pankopf, Tonia. "The US-EC Confrontation in the GATT from an EC Perspective." In *Intereconomics*. September/October 1993.

Guyomard, H.; Mahé, L.; Roe, T.; and Tarditi, S. "The CAP Reform and EC-US Relations: The GATT as a Cap on the CAP." From a conference held in Italy in 1993 and published in Agricultural Policy Changes, GATT Negotiations, and the US-EC Agricultural Trade Conflict. (See 1994).

1994

Anania, Giovanni; Carter, Colin; and McCalla, Alex (Eds.) Agricultural Trade Conflicts and GATT: New Dimensions in US-European Agricultural Trade Relations. Boulder. Westview Press. 1994.

(This book is a compilation of papers at the "New Dimensions in North American-European Agricultural Trade Relations" held in Isola Capo Rizzuto (Calabria, Italy) on June 20-23, 1993. All but the first chapter were completed before the conclusion of the UR.)

Josling, Tim and Petit, Michel. "US-EC Agricultural Trade Relations: Where do we go from here?" From a conference held in Italy in June 1993 and published in Agricultural Policy Changes, GATT Negotiations, and the US-EC Agricultural Trade Conflict.

Associations Advocating Agricultural Liberalization within the GATT

International Agricultural Trade Research Consortium (IATRC)

IATRC is a group of more than 100 economists interested in agricultural trade, drawn from the academic community, government, and private institutions in North America and seven other countries. It was founded in 1980.

Among its stated objectives are: 1) to facilitate interaction among researchers and analysts in different countries engaged in trade research, and 2) to improve the

general understanding of international trade and trade policy issues among the public at large.

In 1990, the IATRC Task Force published the report “The Comprehensive Proposals for Negotiations in Agriculture.” It was the seventh in a series of commissioned papers with the main title of “Bringing Agriculture into the GATT.”

International Policy Council on Agriculture and Trade (IPC)

This group is comprised of 31 agricultural leaders from twenty countries with the goal of developing economically and politically realistic policy options to problems facing global agriculture. It was founded in 1987.

Its stated objective is to develop creative and lasting solutions to global agricultural problems that can guide the actions of government, business, farm and consumer leaders.

Members represent farm and agri-business leaders, former government officials and academics from developed, industrializing, developing and former centrally planned economies.

Reforming World Agricultural Trade Group

A Policy Statement by Twenty-nine Professionals from Seventeen Countries;
May 1988

Mutual Disarmament in World Agriculture Group

A Declaration on Agricultural Trade by Twenty-six Agricultural Trade Policy Experts from Eight Countries and Two International Organizations.

Issued by National Center for Food and Agricultural Policy, Resources for the Future. Washington, D.C.

Appendix C

Comparison of US and EC Agricultural Proposals During the Uruguay Round

United States

European Community

Initial Offers

July 1987

- complete elimination of internal support by 2000; "Zero option" approach
- use of aggregate measure of support (PSE)
- identification and monitoring of individual national plans and policies

October 1987

- "significant, concerted" reduction in support
- short-term approach to balance world agricultural markets

First Comprehensive Proposals

October 1989

Internal Support

- complete elimination of support

December 1989

- reduction in support over 5 years; amount not specified

Market Access

- tariffication

- tariffication with rebalancing

Export Subsidies

- elimination of export subsidies over a 5-year period

- reduction of tariffs and export subsidies due to lowering of internal support

Second Comprehensive Proposals

October 1990

Internal Support

- 75 per cent reduction in trade-distorting support; idea of decoupling included

November 1990

- 30 per cent reduction using AMS; base period of 1986-1995

Market Access

- tariffication plus 75 percent reduction in tariffs over 10 year period; base period 1986-1988

- tariffication with rebalancing; some clarification

Export Subsidies

- 90 per cent reduction in export subsidies over a 10-year period; base period of 1986-1988

- reduction of tariffs and export subsidies due to lowering of internal support

Sources: Adapted from Swinbank, A. and Tanner; 1996: 79 and GATT; *Group of Negotiations on Goods: Negotiating Group on Agriculture*. Various issues.

Appendix D

Research Notes

Material consulted

Material consulted for this thesis includes primary and secondary sources. The primary research consists of information gathered through: 1) interviews with relevant EC and US officials, agricultural experts and interest group leaders; 2) official records of US and EC government hearings and meetings; 3) US and European government and press reports; 4) official reports of the OECD and the GATT as well as communiqués from G7 summits and OECD and Quad ministerials; 5) literature written by members of the pro-agricultural reform epistemic community and 6) the vast literature on the Uruguay Round agricultural negotiations, US and EC agricultural policy and that on the analysis of the selected policy networks is drawn on extensively to assist in providing an account of the agenda-setting stage.

Interviews

Sir Nicholas Bayne, KCMG – LSE Visiting Fellow, former UK G7 sous-sherpa and G7/8 expert. Interviewed in London on 29 November 2000.

Hans-Christian Beaumont – European Commission official in DG VI (Agriculture) responsible for Relations with the OECD. Interviewed in Brussels on 26 March 1998.

Maury Bredahl – Director of Center for International Trade Studies. Identified as pro-reform epistemic community and advocacy coalition member. Interviewed in Geneva on 16 November 1999.

Denise Burgess – Program Analyst for Agriculture Policy and Technical Committees with the United States Department of Agriculture Foreign Agricultural Service. Interviewed in Washington, D.C. on 27 August 1997.

Merritt Chesley – Official with the United States Department of Agriculture Foreign Agricultural Service, Group Leader for Western Europe. Interviewed in Washington, D.C. on 28 August 1997.

Bill Daley – Confidential assistant to Assistant USTR for Intergovernmental Affairs and Public Liaison Phyllis Shearer at the Office of the United States Trade Representative. Interviewed on 28 August 1997.

Nancy Danielson – Official with the National Farmers Union responsible for legislative relations. Interviewed in Washington, D.C. on 28 August 1997.

Roy Denman – Former British ambassador to the US. Personal conversation at the London School of Economics and Political Science in November 1995.

Alan Donnelly – Member of the European Parliament (MEP) for Tyne and Wear, UK and Head of Delegation for Relations with the US. Interviewed in Brussels on 24 March 1998.

Karl Falkenberg – European Commission Head of Unit, Multilateral Commercial Policies and WTO and OECD matters, DG I (External Relations). Interviewed in Brussels on 24 March 1998.

Eckart Guth – European Commission Advisor in DG XIX (Budget). During UR was in DGI (External Relations) for Relations with the US. Interviewed on 16 December 1996 and 8 May 1998.

Peter Haas – Associate Professor of Political Science at the University of Massachusetts at Amherst. Discussion during the American Political Science Association's Annual Meeting on 29 August 1997.

Matthew Hudson - European Commission DG VI (Agriculture) official responsible for Relations with the US. Interviewed in Brussels on 19 November 1996.

Quinton Huxom – European Parliament Assistant to James Provan, MEP. Interviewed in Brussels during November 1996.

David Johns – Official in the Council Secretariat responsible for commercial relations with the GATT/OECD. Interviewed in Brussels on 18 November 1996.

Susannah Kang – Official with the USTR. Interviewed by telephone on 21 August 1997.

Dave Mergen – Agricultural Attaché with the United States Department of Agriculture Foreign Agricultural Service at the US Mission to the WTO. Interviewed in Geneva on 6 December 1999.

Mary Minch – European Commission DG VI (Agriculture) Head of Unit for International Affairs relating to GATT/WTO and the US. Former member of MacSharry's cabinet. Interviewed in Brussels on 23 March 1998.

Jens Peter Myllerup – Director of International Relations in Cereals, Oilseeds/Protein Crops and Sugar at the Committee of Agricultural Organizations (COPA). Interviewed in Brussels 27 November 1996.

Sharynne Nenon – Official with the United States Department of Agriculture Foreign Agricultural Service at the US Mission to the EU. Interviewed on 13 November 1996.

Robert Norris – Deputy Head of Unit/Principal Administrator, DG I (External Relations), WTO and OECD Agriculture and Fisheries. Interviewed in Brussels on 27 March 1998.

Soren Olsen – European Commission DG VI (Agriculture) Deputy Head of Unit for GATT/WTO and USA. Interviewed in Brussels on 20 November 1996 and 23 March 1998.

Gene Philhower – Agricultural Attaché with the United States Department of Agriculture Foreign Agricultural Service at the US Mission to the WTO. Interviewed in Geneva on 3 May 2000.

George Pope - Minister-Counselor for Agricultural Affairs at the US Mission to the EU in Brussels on 14 May 1996.

Paul Reiderman – UK representative to the Council of the European Community's Special Committee on Agriculture. Interviewed in Brussels on 18 December 1996 and 26 March 1998.

Christopher Roberts – Deputy Secretary of the UK Department of Trade and Industry (DTI) and member of Article 113 Committee. Interviewed in London on 3 December 1996.

David Salmonsens – Official with the American Farmers Bureau Federation responsible for government relations. Interviewed in Washington, D.C. on 28 August 1997.

Richard Schroeter – During the UR was a Senior Agriculture Negotiator for the United States Department of Agriculture Foreign Agriculture Service. Currently a consultant with Arter and Hadden in the US. Interviewed in Geneva on 1 October 1999.

David Swift – UK representative to the Council of the European Community's Special Committee on Agriculture. Interviewed in Brussels on 18 December 1996.

Stefan Tangermann – Currently Director of the OECD Agricultural Directorate. At the time of the discussion was Professor of Agricultural Economics at the Institute of Agricultural Economics at the University of Göttingen. Discussion during WTO/World Bank Agricultural Conference in October 1999 in Geneva.

Craig Thorn – Official with the United States Department of Agriculture Foreign Agricultural Service, Director, Europe, Africa and Middle East. During the UR was a senior agriculture negotiator. Interviewed in Washington, D.C. on 29 August 1997.

Americo Beviglia Zampetti – Commission official in DG I (External Relations) responsible for relations with the Article 113 Committee and the WTO. Interviewed in Brussels on 21 November 1996.

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Adshead, Maura. "Beyond Clientelism: Agricultural Networks in Ireland and the EU." *West European Politics*. Vol. 19, No. 3. July 1996. Pp. 583-608.

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Agriculture Technical Advisory Committee. *The Uruguay Round of Multilateral Trade Negotiations: Report of the Agriculture Technical Advisory Committee (ATACs)*. Washington, D.C. 12 January 1994.

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Avery, Graham. "Farm Policy: Chances for Reform." *The World Today*. Vol. 43. August/September. 1987. Pp. 160-165.

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Bayne, Nicholas. "In the Balance: the Uruguay Round of International Trade Negotiations." *Government and Opposition*, Vol. 26, No. 3. 1991. Pp. 302-315.

Bayne, Nicholas. "Continuity and Leadership in an Age of Globalization." In Hodges, Michael; Kirton, John; and Daniels, Joseph (Eds.). The G8's Role in the New Millennium. Ashgate. Aldershot. UK. 1999. Pp. 21-43.

Bayne, Nicholas. Hanging in There: The G7 and G8 Summit in Maturity and Renewal. Ashgate. Aldershot, UK. 2000a.

Bayne, Nicholas. "The G7 Summit's Contribution: Past, Present and Prospective." In Kaiser, Karl; Kirton, John; and Daniels, Joseph (Eds.). Shaping a New Financial System: Challenges of Governance in a Globalizing World.

Ashgate. Aldershot, UK. 2000b. Pp. 17- 32.

Becker, Tilman; Gray, Richard; Schmitz, Andrew (Eds.) Improving Agricultural Trade Performance Under the GATT. Wissenschaftsverlag Vauk. Kiel, Germany. 1992.

Bergsten, C.Fred and Henning, C.Randall. Global Economic Leadership and the Group of Seven. Institute for International Economics. Washington, D.C. 1996.

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