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## Managing Integration and Marginalisation for the New Europe

Henri Goverde Katholieke Universiteit Nijmegen

resumo

résumé / abstract

Este artigo analisa a forma como a UE encara e gere os seus interesses num contexto de globalização e de problemas económicos e políticos no sector agro-alimentar. Por um lado, a UE tem de se antecipar a futuras determinações da OMC para que prossiga na política de liberalização de mercado, sobretudo no domínio da produção agro-alimentar. Isto vai obrigar a UE a diminuir o orçamento da PAC e a alargar o seu mercado estendendo as fronteiras aos países da Europa central e de leste. Por outro lado, os obstáculos criados pelos empresários do sector agro-alimentar renitentes aos cortes dos subsídios da PAC, podem gerar uma incapacidade orçamental para integrar as economias do centro e leste da Europa, correndo-se o perigo de a UE perder força nas próximas negociações com a OMC. Nesse caso, não só os países do centro e leste europeu continuarão marginalizados relativamente à Europa, como a própria UE pode, a longo prazo, ficar também ela marginalizada no sistema económico mundial.

Dans cet article l'auteur analyse la façon dont l'UE envisage et gère ses intérêts dans un contexte de globalisation et problèmes économiques et politiques dans le secteur agro-alimentaire. D'un côté, l'UE doit s'anticiper aux déterminations futures de l'Organisation Mondiale du Commerce de poursuivre dans le chemin de la libéralisation des marchés, surtout dans le domaine de la production agro-alimentaire. L'UE sera obligée de réduire le budget de la PAC et étendre son marché vers les pays de l'Europe centrale et de l'est. D'un autre côté, les obstacles créés par ceux qui s'opposent aux réductions des subsides de la PAC peuvent déterminer une incapacité budgétaire qui ne permettrait pas d'intégrer les économies du centre et de l'est de l'Europe. L'UE pourrait, ainsi, affaiblir sa position dans les futures négociations avec l'OMC et, dans ce cas, non seulement ces pays continueront d'être marginalisés, mais l'UE finira elle aussi par être marginalisée dans le système économique mondial.

In this article the author describes how the EU perceives and manages the common European interests in the context of globalization and of agro-food political and economic affairs. On the one hand the EU has to anticipate on the coming WTO-round, which will force the EU to continue to operationalise the free market ideology, particularly in the field of agriculture and food production. This urges the EU to diminish the budget for the CAP and to enlarge the EU-market by opening its borders to CEE countries. On the other hand the EU has to cope with many obstacles mostly produced by well-organized agro-entrepreneurs that don't want to accept savings in the CAP subsidiary system. Then the total budgetary capacity will not be enough to incorporate the CEE economies. The risk of this political process is that the EU will loose power in the coming WTO negotiations. Furthermore, the CEE countries will continue to be in a marginal position within Europe. Finally, the EU itself can become in a relative marginal position in world economic system in the long term.





## Introduction

In order to create 'the New Europe' (Pinder, 1998), the problems of how to manage integration and how to avoid (new) marginalisation should be tackled. Therefore, innovations in policies of the EU, particularly the Common Agricultural Policy (CAP), are necessary. How should the EU-CAP policy and the World Trade Organisation (WTO)-agreement be integrated? How should the relations between the EU and Central and Eastern Europe (CEE) be developed in order to avoid new marginal regions in the future?

This text aims to present a descriptive-analysis about how the EU perceives and manages the common European interests in the context of globalisation and the construction of an European polity. Concerned with the common European interests, this paper focuses on key-issues in the field of agro-food political and economic affairs (section 1). Special attention has been paid to the CAP as the core policy of the EU since 1958 (section 2). Section 3 and 4 explain the difficulties the EU must cope with, if the CAP should be reformed as a precondition for the enlargement of this European polity with the ten candidate countries in Central and Eastern Europe (CEEC-10). Section 3 focuses on the plurality of interests of the individual members of the EU-15 in relation to the CEEC-10. In section 4 focuses on the EU political administrative system in the case of animal disease crisis, because it shows the differences in the drives of the EU-member states to promote the enlargement. Section 5 focuses on the plurality in agro-political cultures in the EU-members states and how this will probably influence the feasibility of EU co-ordinated Agricultural policies in the future, particularly if the membership of the CEEC-10 introduces the same kind of differences. The analysis is summarised in section 6 using two labels: 'anticipation' and 'resistance'. In conclusion, section 7 discusses various issues for further research as well as providing some prescriptive aspects on how integration can be managed and marginalisation be avoided by the EU.

### 1. EU: its agro-food key challenges in headlines

#### *EU and its political economic context*

In the world's political economy, there is a proliferation of regional economic agreements such as the North American Free Trade Agreement (NAFTA — Canada, Mexico and the USA), Asia Pacific Economic Cooperation (APEC), Mercosur (in Latin-America) and the European Union. The character of these blocks differs tremendously. The EU has created an internal market (1992) and has decided to start a monetary union (1999). However, the EU is not (yet) politically united. Its political power is mainly dependent on the relationship between Germany and France. On the one hand, the non-adultery status of many regional blocks implies that still other groups of nation-states can be of influence in the process of global polity construction. For example, the CAIRNS-group (a mixture of Asian, Australian, European and Latin-American countries) was able to put above the USA power game extra international political pressure which in turn helped to finally realise the EU-acceptance of the WTO-regime for agrarian products (1992). On the other hand, the regional blocks have a certain hemisphere. For example the USA claim political dominance over the Caribbean countries as well as the Latin-American continent. The EU suggests its legitimate claim to the CEE countries. Of course, an effective realisation of this claim can create a lot of new marginal and critical regions within the EU.

#### *EU and its agro-food key issues*

In a recent historical analysis concerning the evolution of the human activities in the agro-food system, six agro-food key issues were selected as fundamental in the world today (Goudsblom, 1997: 74-83 and pp. 89-96; Goverde, 1997: 4-5). These issues are: Biogenetics engineering; Plant Breeders' Rights; the Uruguay-round and the regime created by the World Trade Organisation (WTO), the EU-expansion to Central and East Europe, Quality Control and Animal Diseases and the Renewal of Rural Areas.

Why then were these specific issues selected? The following arguments are of relevance. Via bio-

genetics engineering, new types of plants and animals can compete effectively with well-known natural products. However, the seeds of the new plants are perceived as a technological output which belongs to the biogenetics industry. That is why the saving of the seeds no longer seems to be a fundamental right of the farmer. This Plant Breeders' Right (PBR) issue will cause fundamental changes in the structure of power in many, particularly in the developing, countries. Further the new WTO-agreement will put an end to the public protection of agricultural activities after some time. Obviously, the EU is trying to anticipate as well as to defend itself in this new global WTO-polity, partly by creating more power via incorporating new members, mainly the Central and East European Countries (CEEC). Throughout the history of agriculture (McNeill, 1976), disciplining the actors involved was always an urgent measure in diseases of plants and animals such as BSE and the swine fever epidemic in Europe nowadays. The last issues concern a more cultural oriented and regional as well as local implemented policy of rural innovation, in order to tackle the influence of world-wide agro-food innovations and political-economic developments.

In all selected issues the EU-institutions are deeply involved. In a certain way all these issues are interwoven. It is exactly this characteristic which demands the EU to evaluate its CAP.

## 2. Reforming the CAP: between necessity and realism

In order to cope with the challenges mentioned in section 1, the EU seems to have no other choice than to concentrate on the CAP, because this policy claims still circa 45% of the EU-budget. On the one hand, however, the CAP '...lies at the heart of the practical application of the European vision (...).The CAP is the culmination of over one hundred years of state support for agriculture in western Europe' (Ockenden and Franklin: 1995, 1-2). On the other hand, the CAP is not an agenda in itself. The discussion about the future of CAP is related to many other issues. From the start of the European Monetary Union (1999), the EU-institutional reforms, the next WTO-round (starts 1999), the review of the EU-Structure-Funds (2000); the image of the agro-food business and the demand for a more integrated approach to the rural areas (multifunctional farming, employment in- and outside the agri-business, environmental policies).

Why the global context is so important for the future of the CAP as well as for the possibilities of the EU enlargement? Grant (1997b: 14) stated that the US government will '...push for the elimination of all agricultural subsidies' in the next WTO round (starting in 1999). Swinbank and Tanner (1996: 34) argued that if the EU fails to offer 'substantial progressive reductions in support and protection' in the negotiations to come (1999), the EU will find itself isolated and the CAP challenged by its trading partners within the WTO. Although Josling (1997: 192-3) agrees with Grant, he argues also that if the US fails to compel more CAP reform, the prospect of the EU's enlargement to Eastern Europe 'might...in the end turn out to be trigger to overcome internal political resistance against another round of CAP reform' entailing reduced prices.

The EU-CAP has been under reconstruction since 1992. This policy implies (Berkhout, 1996: 11): liberalisation in order to keep competitive power; transfer payments related to social and environmental targets (cross compliance); programming the rural renewal comprehensively (multifunctional 'farming' and increasing the role of national and regional governance). The EC-proposals in 'Agenda 2000' (March, 1998) follow widely this so-called MacSharry-line. This could have been expected, since this policy seems rather realistic. First of all, it implies a compromise between different opinions in the EU-15. Secondly, it will help to discover a negotiable position in the next WTO-round. Thirdly, more liberalisation and lower prices are profitable for the consumers. Still, the incomes of the EU-farmers retain purchasing power. Next, it promotes some convergence to the prices in CEEC-10 agricultural markets. Finally, it also prevents the need for a continuous increase of the EU agro-budget of which the political legitimisation is no longer possible. Conclusion: this policy will help the CEEC-10 to get closer to the EU-CAP in the near future. And the more closer these CEEC-10 can come, the less marginal will be their position in the 'New Europe'.

### ***EU political agenda: three obstacles for the EU-enlargement?***

However, by regarding the EU-political agenda as well as the policy set in motion since 1992, it





becomes obvious that the management of the European integration process is extremely complicated. In the following sections a few elements of this complexity will be worked out: the political and economic relationship between the EU-CEE, the management of animal disease crises within the EU and the on-going variety of agro-political cultures in the EU-15 as well as in the CEE countries. All these variables seem to have the power to become serious obstacles for the planned EU-enlargement.

One preliminary remark should be made. It is not our aim to produce a pessimistic picture for the CEEC accession. In all truth, the issue is not if the CEEC-10 will join the EU in the long term. The question is only when and under which conditions. Nevertheless, one should imagine that, because of the mutual interdependence between the EU and the CEEC-10, the whole affair is not only important for Central and Eastern Europe, but for the continuity and the structure of the EU as well. In short, will it be a further integration to a greater Europe or a relative stagnating integration in Western Europe combined with a relative marginalisation of Central and Eastern Europe?

### 3. The EU-CEEC relationship: differences in commitment between EU-15

The relations between the EU-15 and the CEEC-10 (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak, Slovene) have political, economic and security dimensions. According to Grabbe and Hughes (1998: 8), the former enlargements of the EU have demonstrated that it is the general feeling about the importance of the political and security dimensions which determines the political will to pass the whole 'acquis communautaire'. The motivations to integrate the CEEC-10 differ widely among the EU-15. This leads to nuances in commitment to the process of enlargement. Although they realise to be mutually dependent to the EU, the CEEC-10 have their nuances as well. Why then to expand the EU? The EU member states' interests in enlargement vary according to the following criteria:

- proximity to potential areas of instability on the peripheries of the EU
- economic integration with the CEEC
- historical links with particular countries
- their view about the EU institutional reformation (Grabbe and Hughes, 1998: 5)

#### *Political dimension*

EU countries close to the CEEC area will have more concerns about security and stability. These countries will probably have closer economic ties to the CEEC also (Scandinavian countries, Finland, Germany, Austria, Greece, and to a lesser extent Italy). However, from the criterion of proximity other countries (France, Spain, Portugal) are much more ambivalent to expansion.

Of course, geo-political and economic interests will also influence the views to which are the most important CEE countries. The Scandinavian countries are very concerned about political stability in the Baltic States. Germany is particularly focused on Poland, followed by the Czech Republic and Hungary. Greece has serious interests to security in regard to Bulgaria and Romania. The experience of member states suggests that countries which joined the EU primarily for economic reasons (such as the UK, Sweden and Denmark) have experienced greater long-run scepticism about the European integration than those with motives such as affirming their identity as small, independent states (Ireland, Luxembourg and Belgium) or overcoming historical conflicts (Germany, France and Italy). Because the CEEC arguments for entering the EU are primarily based on 'the logic of historical precedent, geographical position and psychological need', while economic benefits are only a second argument, a heavy burden is put on the process of EU accession to deliver the security and political benefits (Grabbe and Hughes, 1998: 7-8). Therefore, the conclusion is clear that, in the long run, the CEE countries will support all 'pillars' of the EU-policy system if they can succeed in gaining their political goals. These political goals of the CEE countries are: the re-integration in the world economy and the departure from the Soviet/Russia hemi-

sphere. This is very relevant for the Baltic States as well as for Poland. Joining the EU and NATO are considered to be the best tools to get these goals realised.

**Economic dimension**

Although the political and security dimension are perhaps dominant, the economic dimension is an important and rising factor in the EU-CEE relationship. On the one hand, the economic gap between the EU and the CEEC-10 is still wide. The average GNP/capita (1993-1995) in the CEEC-10 was only 48% of the GNP/capita in Greece, 43% of Portugal, 38% of Spain and 36% of Ireland. Only Slovenia came close to Greece (88%), but the Baltic States were far behind the wealth of this poorest EU-member state (32%). On the other hand, the CEE countries, particularly the Visegrad-countries, support its agriculture much less than the EU-15. For the CEEC this means a more competitive position to liberal world market conditions in comparison with the EU-farmers. Of course, this is in itself an argument for the EU-15 to adapt its CAP.

It is true that the EU and the CEEC-10 are interdependent. The EU offers an interesting economic climate for advanced entrepreneurs in the CEEC-region. To the EU, the CEE countries offer a market of circa 100 million inhabitants with a potential purchasing power. However, the trade relations are not particularly overwhelming as well as asymmetric yet. The EU has less economic interest in the CEEC than vice versa. To the CEE countries trade with the EU-15 is more important than trade with any other region, including intra-CEEC trade. However, degrees of trade dependence on the EU vary across the CEEC-10. According to Grabbe and Hughes, based on IMF-figures (1998: 15), the EU-share of world exports to the different CEE countries was in 1995 to: CEE countries in total 58% (Slovene, 79%; Poland, 69%; Hungary, 67%; Czech Republic, 66%; Estonia, 65%; Bulgaria, 56%; Romania, 54%; Latvia, 45%; Slovak, 44%; and Lithuania, 37%).

Another figure helps to understand why the EU-15 member states differ rather deeply in commitment to the enlargement process. Table 1 gives insight in the share of the main EU exporters to CEE countries on two particular dates: 1989 en 1995. It is obvious that Germany is the absolute market leader and therefore, its commitment is very strong as well. While France and Germany are generally supposed to be the hard core of the EU, it is quite clear that both countries have a completely different interest in the EU enlargement process. When looking at the flow of direct investment (FDI) to Poland, Hungary and the Czech Republic (1990-95) the pattern seems comparable as far as the relative positions of Germany, France and Great Britain are concerned (Grabbe and Hughes, 1998: 23). Italy is more an exporter than an investor in the CEEC. The Netherlands and Switzerland are serious investors in Poland, Hungary and the CR (respectively the third and fourth place). According to calculations of the UN and the World Bank (1996), the USA and Germany are the main investors (circa 20% each) in the period 1990-1996.

**Table 1 — Shares of EU-15 exports to 6 CEEC (BG,CR,H,PL,RO,SK)**

| Country         | 1989           | 1995           |
|-----------------|----------------|----------------|
| Germany         | 36.05%         | 51.43%         |
| Italy           | 15.53%         | 11.75%         |
| Austria         | 9.79%          | 7.87%          |
| France          | 9.83%          | 5.84%          |
| United Kingdom  | 7.79%          | 5.47%          |
| Netherlands     | 5.51%          | 3.72%          |
| Other countries | 15.50%         | 13.92%         |
| <b>Total</b>    | <b>100.00%</b> | <b>100.00%</b> |

Source: Grabbe and Hughes (1998: 14, revised HG) on basis of IMF.





### **Balance of power**

The balance of power between the EU- and the CEE countries is always supposed to be asymmetrical in favour of the EU. However, the EU-CEEC integration requires adaptations on both sides (Bempt and Theelen, 1996; Nicolaidis and Boean, 1997). As the Treaty of Amsterdam (June, 1997) and Agenda 2000 (March, 1998) have demonstrated, a lot of things have to be done concerning the renewal of the EU-institutions, the EU-budget and (mostly in the CEEC) the physical and financial infrastructure. Of course, the EU has outstanding regulative powers: it sets the rules, the procedures and the timing. However, the EU will not receive an economic market of 100 million people free of charge. Thus, a serious re-allocation of the EU-budget is necessary. Because the interests, particularly of the farmers, differ in the EU-member states, the EC-proposals in the Agenda 2000 (concerning rearrangement of the priorities in the CAP and the Structural Funds, which include about 80% of the EU-budget) has produced already 'a dance around the billions' which will take several years more. These internal EU-negotiations can imply a rather strong decline in the tempo of the enlargement process. Recently, there was rumour that several CEE countries would have to wait longer (i.e. later than 2005 or even 2007). If this would occur, the EU would lose a tremendous amount of its political credibility, particularly in the Visegrad countries.

### **4. EU animal disease management: disciplinary power versus hinder power**

Bovine Spongiform Encephalopathy (BSE or 'mad cow disease') can probably kill human beings. The BSE-disease has caused many doubts about the quality control of meat first in Great-Britain, later throughout the EU. BSE was first found in Britain, later in France, Switzerland, Germany, The Netherlands, Portugal and Belgium. The management of the BSE-crisis in the EU could illustrate how a particular sovereign nation state does not have enough capacity nowadays to resist the power of a regional authority such as the EU in the long term. Great Britain was not able to continue its domestic politics, after the EU had decided that export of British meat, not only to the EU but also to third countries, was not to be allowed anymore. Of course, Britain developed some hinder power. Why did Britain not take adequate precautionary measures? A plausible hypothesis concerns a successful lobby of meat manufacturing industries and slaughter houses to deregulate and liberalise this food-sector in the late seventies, early eighties (Kralt, 1997). These suggestions were in accordance with the dominant political ideology at the start of the Thatcher-regime. Therefore, it seems that certain domestic political variables — lobby by non-state actors, being part of a powerful electorate, as well as the ideology of a new political regime — coincided, creating different circumstances for the production of cattle-fodder which in its turn promoted, regrettably, the optimal conditions for the procreation of BSE in cows. This picture was changed in March 1996, when the British Minister of Health said to the Parliament that BSE was most likely the cause of the Creutzfeldt Jacob Disease (CJD) in some (young) people. Nevertheless, in the period May-June 1996, Great Britain veto-ed about 50 EC-proposals in the EU Council of Ministers. At the end of the Florence-summit (June, 1996), however, it was determined that Britain had realised that the political costs of being a non-co-operative member of the EU were too high. By and large the EU, as an intergovernmental authority, claimed political power successfully against the British hinder power. However, the financial-economic price of the EU anti-BSE measures is high as well. The EU will pay 70% compensation to the British farmers. Although this percentage falls regularly under the EU-CAP policy, it is still a high price, particularly because both the British government and the agro-sector had clearly neglected to follow advice on taking measures to combat BSE for almost 10 years.

The BSE-case demonstrates that, in the beginning, the EU Agencies could not implement and maintain their regime in a specific nation state for a long time. Only when the farmers and consumers continued to worry about the possible impacts of the BSE disease, did the politicians and administrators come under political and economic pressure to solve this problem, or at least to control the effects by disciplining one member state. The BSE-case was spelled out by the international press much more than the swine fever epidemic which harassed the Dutch pig-breeders during 1997. However, this animal disease made clear as well that the EU- and national authori-

ties have great problems disciplining the branch (breeders, transporters, entrepreneurs of slaughter-houses, and meat-exporters). Altogether it is estimated that this swine fever catastrophe has cost the EU more than one Billion ECU. The management of this type of crises will always require much administrative energy, perhaps even more after the enlargement of the EU in the next century. Therefore, it can be expected that countries which have relatively little interest in the CEEC-market and which can count on a higher risk of contracting animal diseases, will not contribute to the acceleration of the enlargement process.



### 5. Domestic agro-politics: obstacle for EU enlargement?

Although the MacSharry Line seems to break with the history of the EU-CAP, still an important question remains: is the EU's «farm lobby» no longer powerful enough to block the road to liberal reform and will this prevent domestic agro-political resistance to hinder further enlargement of the EU? Keeler (1996), a US specialist in this field, has explained that the institutional and political bases of agricultural power in the EU have been eroded somewhat in recent years, but the pillars of support for the CAP — and resistance to liberal reform — remain formidable. The French model (an almost classic principal-agent system: unpopular policies are slowly or imperfectly, if at all, implemented) as well as the Italian model ('autogoverno' or 'autogestione' of the agricultural sector, parallel to a lot of corruption and abuse of power) are still in operation (Keeler, 1987; 1997). In Britain, the agricultural policy based on the paradigm of 'policy community' (Smith, 1993) has not yet been challenged. The recent changes in the Dutch agro-political subsystem (abolishment of the 'Landbouwschap', a public-corporatistic institution with much formal policy-discretion) is not a representative example for Western Europe (yet). In sum, the power of the organised agriculture remains sufficient to fend off anything radically approaching liberal reform in the EU-15 and should continue to frustrate reformers in the coming era of EU enlargement to the East.

The argument is based on two separate lines (Keeler, 1997: 5 and 8): one line of argument concerns the impact of the Uruguay-round agreement, another line is based on an institutional analysis in the CEE countries. First, empirical studies have proven that the GATT/WTO agreement (1993), which included agro-food products, 'did not itself spur liberalisation to a great extent' (Grant, 1997a: 196). In general, there seems little in the 1993 WTO-Agreement to enforce rapid or radical CAP reform. Secondly, efforts to promote rapid agricultural modernisation in Eastern Europe are likely to be hindered by two related institutional factors: the power of organised agriculture and the weakness of the state. The dynamic of state intervention in the agricultural sector tends to generate a 'corporatist' pattern of policymaking. This pattern empowers farm organisations and thus, limits how far and fast a government can go in effecting a reduction of subsidies which are viewed as problematic by the agricultural population. Furthermore, when examining models of agricultural modernisation from post-war Western Europe, the dominant national farmers' unions do not simply «lobby» state officials, but instead they tend to «co-manage» the affairs of the sector. Moreover, when explaining why, given not only the clout of the farmers but also the relative weakness of state machinery in the CEEC, one should expect modernisation programs — in Poland and elsewhere in other CEE countries — to reflect a model which is certain to disappoint proponents of reform.

The recent developments in the Polish and Hungarian agro-political arenas seem to verify Keeler's hypothesis. Being the most agricultural country of the CEE (25% employed in farming), Poland has to reduce employment in the agro-sector dramatically to raise efficiency (agro production is only 7% of the GNP). The newest strategy for political and economic reform, designed by the Polish Minister of Finance (Leszek Barcerowicz), implies for the rural areas a decline in employment in the primary sector with tens of thousands of jobs. The cabinet wants to create new jobs in those areas (small industries, housing, services, education, health care). The money will be derived by selling public owned firms. However, the Polish Farmers Party is a relevant political variable. Being a partner in coalitions of the pre-1991 communist regime and joining several coalitions after 1991 as well, the Farmers Party became part of the opposition since October 1997. This is a sign that the government-farmers connection is no longer a core relation in the political





arena. Recently on July (10, 1998) the farmers staged a demonstration in the capital, mainly to keep power on the local level after the September municipal elections. They want higher subsidies for their products (because these subsidies are much higher in the EU!) and they want import tariffs as well as import quota. In fact, the Polish farmers suggest that they are ready to give up their relative advantageous position to world market-prices and to prevent the Polish market from 'cheap' (= heavy subsidised) EU-products. After the new cabinet was born in Hungary (June, 1998) the same approach pressed the new government to higher subsidies there also. In sum, this trend in the CEEC will probably have negative impacts not only on the process of integration for the 'New Europe' but also on the process of European accommodation to the WTO-rules. Higher subsidies in the CEEC as well as import tariffs and -quotas will not stimulate the CAP reform in the EU.

#### **6. EU management of integration and marginalisation: juggling between anticipation and resistance**

Based on the analysis up till now, this section will focus on the EUs opportunities to legitimise its activities in the near future. The EU policy discretion can be illuminated by dividing the EU efforts up into 'anticipation and global integration' and 'resistance and European integration'.

##### ***Anticipation and global integration***

The EU single market programme and liberalisation under the regime of the WTO have generally improved access conditions for the EUs trading partners and increased the exposure of the EU economy to international competition and structural change. The Trade Policy Review Body (TPRB) of the WTO was positive in its interim review (Nov.1997) about the progress made by the EU in these fields, particularly by imposing further limitations on farm subsidies. In the Agenda 2000 proposal, the EC argued also why the EU should anticipate the next round of WTO-negotiations by reforming its agriculture sector (EC DG VI, 1998: 3): 'First, with this reform the Union has to lay down the agricultural policy that it intends carrying out in the years ahead in a way that satisfies its own interests and takes a realistic view of developments in the international context. This needs to be done before the opening of the WTO negotiations so that the Union can negotiate on a solid basis and knows where it wants to go. Secondly, it must be made quite clear to all that the reform to be adopted will outline the limits of what the Union is able to agree to in the forthcoming international negotiations.'

Thus, according to the EC, the CAP reform is mainly a management instrument of mega-steering. First, it helps to create external political credibility and political legitimacy for the positions the EU will take among nation-states and trade blocks involved in the coming world trade negotiations. Secondly, vice versa, it should produce internal political legitimacy to enhance an agricultural model which can not be resisted by the EU-member states, its agricultural interest groups and the CEEC negotiators. A positive impact of the second argument is that the EU can speak with one voice in the WTO, which is important to give political weight to its economic power.

In sum, from an ideological point of view, the EU remains committed to the fundamental WTO objective of progressive multilateral liberalisation based on the non-discrimination level. The EU sees a clear need to tackle the task of further liberalisation and wider participation by all countries in the global world, in a comprehensive, global way (WTO, TPRB, 1997: 17). In fact the EU is organising a meta-management of integrating itself (i.e. the EU-15 and the EU-CEEC-10) into the world economy of the 21st century.

##### ***Resistance to European integration: CEE marginalisation as an impact?***

The legitimacy of the EU has been challenged in different ways during the last decade. The Treaty of Maastricht (Dec.1991) was accepted by the EU-12 only after a heavy political battle during the referenda in France, United Kingdom, Ireland and Denmark. The EMU is not joined by four EU-member states — DK, GB, GR, S — (May, 1998). In the last parliamentary election campaigns in France (1997) the social dimension of the EU was blamed and the French Social Democrats were brought to power again. In the Netherlands and Germany (1998) the position of

these countries as net payers to the EU were quite seriously contested. The EU neither the EU-member states seem to be able to create continuous political credibility for further European integration.

In regard to the CEEC-10, the EU prefers that the CEE governments spend their scarce public money on innovations in farming instead of on price or income subsidies to the farmers. Therefore, the EU instruments are oriented to help the CEE agribusiness and farming to adapt to EU-standards (transport infrastructure, education, animal registration, certification of production processes, etc.). Although some facts could not be disregarded, the CEE-5 countries (the first group which will negotiate for accession: Estonia, the Czech Rep., Hungary, Poland, Slovenia) interpreted the blame of 'Der Spiegel' (last July), that some countries — particularly Poland — were not working serious enough to fulfil the EU-demands in the accession negotiations, as the expression of anti-enlargement lobby in the EU. Thus, in the pre-opening era of the EU-CEEC negotiations the parties started sharpening their swords. However, this approach is not only an autonomous process related to the negotiations, but it is fed by domestic political (agricultural) movements in different EU-countries as well as by nuances in the general interests in the enlargement (sections 3 and 5). Great parts of the agro-political cultures in many EU-member states (particularly in E, F, GR, P and I: section 5) will resist the CAP reform as long as possible. Here, not only conservative radicals like the cattle-farmers in Italy (Comas) or the Pig Breeders Union in the Netherlands (NVV) are relevant, but far more important is the on-going interwoven networking between the governments and the agro-sector organisations (the Neo-corporatist system). Further, some governments prefer a fast CAP reform, because they expect it will help to diminish its net payer's position (D, NL). These countries demand for some re-nationalisation of agricultural policy, because it will allow them to enhance the sector's preparation to new WTO-rules in the future. This dichotomy between EU-member states confronting the CAP reform can split the EU-voice in the WTO-arena, which may diminish the political weight of the union. The different approaches to the CAP resulted, recently (25 June 1998), in the Council of EU-Agriculture Ministers in a new package of price supports related to quota for products. In this way, many countries still prefer short term benefits from the CAP, rather than to reform (read to diminish benefits) for long term goals in a global perspective. The EU policies are the result of a complicated process of policy-making. In this context the EU-institutions are like a juggler who has to keep many balls in the air at the same moment.

## 7. Conclusion and discussion

The position of the EU is not a comfortable one. Although the EU is grounded in the belief that integration helps to keep peace and security in Europe, there is some doubt if this belief-system can survive under conditions of ever-growing complexity (and perhaps instability). The global political and economic situation forced the EU to accept the GATT/WTO-regime based on the free market ideology. This regime pressured the EU into reducing its traditional neo-corporatistic system of agrarian production- and income subsidies. In fact, the EU has to adapt from being a rather politically left oriented, bureaucratic interventionist way of governance to being a right wing oriented reductionism of governance activities.

With reference to this process of transformation, the following conclusions appear to be of relevance. First of all, the interests of the EU-15 concerning the enlargement differ particularly to matters of security and cultural identity, the economic agenda, and electoral politics. These domestic obstacles will retard the process of enlargement. Secondly, the EU-management of the BSE-disease and the swine fever epidemic has made clear how vulnerable the internal market is for catastrophes. Many consumers felt affected in their very basic needs. This causes another obstacle to give more political credibility to the enlargement. Thirdly, in the process of enlargement the EU mainly sets the conditions. However, this approach increases the feeling at the authorities and the people in the CEE countries that they have become politically deprived as well as colonised or marginalised by the EU-polity and policies. Finally, the networking between governments and agricultural interest — and pressure groups in the CEE countries demonstrates characteristics of



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Neo-corporatism in the field of agricultural policies. The more this networking results in higher subsidies to products, import quota and income transfer payments in the CEE countries, the less EU-15 farmer organisations will be ready to accept CAP reform. Finally this can erode the EU position in the next WTO-negotiations.

Of course, the best way to tackle the relevant dangers has not yet been found. From the theoretical point of view, Helen Wallace (1996:11-12) was right when she explains her interest in the EU level of analysis. She wrote '...that modern governance, at least in western Europe, involves efforts to construct policy responses at a multiplicity of levels, from the global to the local....' However, the total result of this challenging process of governance is an unplanned one. Let's hope that in the EU and in the CEE all actors will understand that further integration is a better response to the different dilemmas than CEE and/or EU marginalisation.

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