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Department of Political Science

STVM01

Tutor: Magnus Jerneck

Why inertia in the European Union policies?

History, Strategy and Policy Characteristics

Niklas Tideklev

Abstract

In the European Union policies often demonstrate considerable resistance to reform. A classic example is the Common Agricultural Policy, CAP, which illustrates the inertia that can surround the EU better than any other sector.

The inertia within the CAP has often been analysed from a historical perspective using the path dependency concept as an analytical tool. This thesis suggests that this perspective is not sufficient enough in explaining inertia within EU policies. Therefore complementary perspectives such as a strategic perspective and a policy characteristic perspective are needed. These three perspectives are used to explain and analyse inertia or the lack thereof in the CAP, the Emissions Trading Scheme and in the 2001 Directive on Deliberate Release of Genetic Modified Organisms.

The historical perspective suggests that inertia can surround EU policies when the cost of deviation from the path is too high. Once a particular decision or path is chosen it is very difficult to get back on the rejected path and that there a certain feedback mechanism that inhibits exit from the path.

The strategic perspective suggests that inertia can surround EU policies when policy networks and policy entrepreneurs have the will and the capacity to defend the status quo. The policy characteristic perspective suggests that inertia is more likely within EU policies when policies are of a constituent or redistributive type.

Using these perspectives together can give a more comprehensive and broader explanation of why inertia can surround EU policies. The thesis ends with a hypothesis that inertia can occur in policies where policy networks and policy entrepreneurs defend the status quo, where the policy is redistributive or constituent and have path dependent behaviour. In the CAP all of these criteria's are present and can be the reason why the CAP is the policy that is the most subject to inertia in the EU.

Key words: Inertia, Change, EU, Policy, CAP

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1 Introduction

In the European Union, EU, there are a vast number of actors and the institutional and policy environment is complex. How the EU works and why policies in some instances are subject to inertia can be difficult to explain.

Some scholars suggest that the EU as well as political institutions and the policies they generate often demonstrate considerable resistance to reform, despite internal or external pressure for change (Rosén – Jerneck in Elgström – Jönsson (eds) 2000: 76). Other scholars suggest that change within the EU usually occur incrementally. Radical reform proposals therefore tend to be moderate reforms in a system with so many kinds of interest to satisfy (Peterson et al in Bomberg - Stubb 2003: 218). In a changing policy environment policy options are compared with the equilibrium rather than with the options at hand when the equilibrium was first agreed. This leads to the result that policies often are path dependent whereby a particular institution or policy design has long-term consequences that were not initially considered by the actors in the initial bargaining situation (Hix 2005: 14).

This suggests that there are various cases where policies or institutions are in desperate need of reform. One such case is the Common Agricultural Policy, CAP, where attempts have been made to reform it but efforts have been stymied for years. Sbragia suggests that the CAP has come to symbolise the very process of European integration and the path dependency that constrains it (Sbragia in Bomberg - Stubb (eds) 2003: 125f). Peterson agrees and claims that inertia remains a powerful force in EU decision making and that the CAP illustrates this point better than any other sector (Peterson - Bomberg 1999: 142f).

Even though most scholars seem to agree that the CAP represent the inertia surrounding the EU the policy has been reformed several times. An often discussed hypothesis on CAP reform is that crises drive CAP reform; the more severe the crisis, the more substantial the reform content (Daugbjerg - Swinbank 2007: 3f). The changes in the external context of the policy are often pinpointed as the driving forces of policy reform. Daugbjerg & Swinbank point out that ascribing policy change to external factors can be highly problematic since changes in the external context in some situations can lead to policy change and in others not. This means that the theoretical challenge is to establish the conditions or the factors under which change in the external context does lead to policy change and those which do not (Daugbjerg - Swinbank 2007: 3f).

The classic theory to ascribe policy change or lack of it in the CAP is from the historical perspective where the path dependency often is used as an analysing tool. The question is thus whether the CAP can be seen as a representative for the inertia that can surround the EU and if this historical perspective is sufficient enough in explaining inertia within the EU?

1.1 Hypothesis

The emphasis on the role of temporality in the analysis of political science has increased the past years and some scholars claim that there has been a “historic turn” in social science and political science (Kay 2003: 405, Pierson 2000: 4ff).

This “turn” has one of its strongest advocates in Paul Pierson who argues that increasing returns processes and path dependency are well suited for explaining the lack of change or inertia within institutions (Pierson 2000: 44ff). Another advocate for the role of temporality in the analysis of political science is Adrian Kay. He, unlike Pierson, points out that path dependency can be useful to explain inertia in public policies as well as in institutions. Kay points out that path dependency has been used to analyse several policy developments such as the CAP, the pension policy in the UK and the health care policy in the USA (Kay 2005: 558).

The hypothesis in this thesis is that path dependency is not sufficient enough to explain inertia within the European Union. The need for other complementary perspectives such as the strategic perspective and the policy characteristic perspective are therefore stressed. The strategic perspective claims that inertia is possible when actors are not using the opportunities of an open window while the policy characteristic perspective points out that a distinguishing feature in the policy can make change constrained.

In political science studies the historical perspective has often been used to explain the inertia within the EU. Furthermore, the CAP has mainly served as an example of this inertia. It seems that the political science research lack other fresh perspectives and policies to explain inertia within the EU. With this thesis I therefore intend to broaden the research with complementary perspectives in order to motivate the relevance of the thesis and reach an inner scientific relevance (Esaiasson et al 2004: 30).

1.2 Research Purpose and Question

The first purpose of this thesis is to display the need for other and complementary perspectives to analyse inertia within the EU and that path dependency and its historical approach is not sufficient enough to explain inertia.

The second purpose of the thesis is to analyse why the policies of the CAP, the Emissions Trading Scheme, ETS, and the 2001 Directive on Deliberate Release on Genetic Modified Organisms, GMO, can or cannot be subject to inertia. The third and final purpose is to formulate a new hypothesis regarding when and how inertia can appear in the European Union and its policies.

The research question is thus: *Why inertia in the European Union policies?*

1.3 Methodological Framework

1.3.1 Choice of method and case selection

Since this thesis is based on a hypothesis a heuristic study with the focus in analysing patterns of change and inertia is chosen as a method. This method is well suited to generate more hypotheses and in the end initiate theory building that can be tested on a larger number of cases. This makes the study theoretically valuable (Eckstein 1992: 143, Lijphart 1971: 692).

This thesis can furthermore be seen as a comparative case study where different cases and policies are used to illustrate how and in what way they are subject to inertia using the three different perspectives. To analyse and study the phenomenon of inertia there is a need to dig deep in the decision-making process in order to make conclusion. The comparative case study method is thus preferred with a limited timeframe and resources (Lijphart 1971: 691).

The downfall with a comparative case study is the uncertainty that results can be generalised to other cases. My ambition is however not to generalise; I rather intend to generate a new hypothesis that perhaps may be used to build a new theory regarding when, how and why inertia can take place in policies within the European Union.

The thesis will analyse inertia and constrained change by analysing reforms in different policies or altering of policy instruments in other policies. The first case that will be analysed is the classic constrained policy of the CAP. In order to analyse its inertia two major reforms, the MacSharry reform and the Agenda 2000 reform, will be analysed.

This thesis will however also study cases or policies where change does not seem constrained. One of these cases is the Emissions Trading Scheme, ETS, which will be used to illustrate the way that actors have used the window of opportunity to change the policy. The ETS can be seen as an altering or a reform in the policy instrument of the environmental policy and is interesting due to its rapid change. The 2001 Directive on Deliberate Release of GMO's will also be analysed as it can be seen as a reform in the food and agricultural policy. The case of GMO's is suggested to be a deviant case of policy-making and is therefore an interesting case to use as an illustration (Rosendal 2005: 89, 97).

1.3.2 Theory selection

The classic way of analysing inertia and constrained change is by using the historical perspective as stated above. I will use the concept of path dependency and illustrate its usefulness in analysing inertia by using the case of the CAP. There are several other theories that could be considered such as the punctuated equilibrium theory which share some similarities with path dependency in the

sense that they both focus on stability and incrementalism. Path dependency is chosen because of its track record of explaining inertia while the punctuated equilibrium theory mostly has been used to study US policymaking.

The hypothesis in this thesis is that there are limitations with the historical perspective and that other complementary perspectives are needed to analyse and explain inertia within the EU policies. The first of these complementary perspectives is the strategic perspective which has several interesting theories that can be able to explain and analyse inertia. Among them are the concepts of Advocacy Coalition Framework, ACF, and the Window of Opportunity. The ACF suggests that change can occur when stakeholder beliefs and behaviour are translated into policy change or when the beliefs are being changed which leads to a change in the policy. The framework does however focus on policy subsystems while this thesis is focused on the policy as a whole. This means that the ACF is not applicable in the way that it is meant to be. Instead, Kingdons theory on Windows of Opportunities will be chosen as a representative for the strategic perspective together with policy network analysis. The latter theory is more of an analytical toolbox than a theory, (Adam - Kriesi in Sabatier Paul (ed) 2007: 146), but will nevertheless serve its purpose by giving a fresh and different perspective on the policies within the EU, especially the CAP.

The other complementary perspective that is used is the policy characteristic perspective where Lowi and his four different policy types will be used to illustrate the differences between the cases and why they can or cannot be subject to inertia due to its policy type. These three perspectives will be used due to their focus on different aspects and their different conclusions regarding why a policy can or cannot be changed.

There are several approaches a researcher can use when conducting a comparative case study. For instance, he can choose to use a theory consuming approach or a theory testing approach. The first focus on explaining why something is the way it is in the actual case while the latter focus on that the choice of theory is most important, not the case. Which case the researcher wants to study depends on how difficult he wants it to be for the theory and how he motivates why one or another approach is used (Esaïsson et al 2004: 40f).

In this thesis the three perspectives will be used together with the theories both from a theory consuming approach where the theories will be used to draw out explanations for change or inertia. The thesis also has a theory testing approach in the sense that it wants to see if and how these theories are able to give explanations for this change or not and which of these theories that gives the most plausible explanations.

1.4 Definitions of Policy and Change

1.4.1 Policy Analysis

This thesis is interested in analysing policies in the European Union and how they can be subject to inertia. There are three different levels of institutions that are regularly distinguished: the macro or constitutional level, the collective choice or policy level and the operational level of individual decisions. This thesis is interested in analysing policies from the policy level and not the macro or constitutional level.

Since path dependency almost exclusively has been used within a broad institutional framework its usefulness may therefore be limited. The common and essential element in the use of the term policy is that it has a purpose of some kind and path dependency may not be able to explain inertia in the same extent as it were to explain inertia on the macro or constitutional level (Parsons 1995: 13ff). Kay suggests nonetheless that path dependency can still be useful in analysing public policies and not just institutions (Kay 2003: 408f, 2005: 559f).

1.4.2 Definition of policy

In the thesis it must be investigated whether the cases that are used are policies or not. I can't make an illustration using different policies if they really aren't policies. The concept that is policy is defined by the Chamber Dictionary as a "course of action...based on some declared and respected principle" while the Oxford English Dictionary states that a policy is "a course of action adopted and pursued by a government, party, ruler, statesman..."

What is a course of action? According to Hill a course of action serves several interesting implications. Hill states that a decision network, often of considerable complexity may be involved in producing action. Second, he suggests that policy is not usually expressed in a single decision. It rather tends to be defined in terms of a series of decisions which taken together, comprise a more or less common understanding of what policy is. Third, he recognises that policies invariably change over time and that most of the policies are changes to other existing policies. Finally he suggests that much policy decision-making is concerned with attempting the difficult task of "policy termination" or determining "policy succession" (Hill 2005: 7f).

The study of policy also has one of its main concerns with the examination of non-decisions. It has been argued that much political activity is concerned with the maintaining of the status quo. This raises the question whether policy can be seen as action without decisions. Hill states that it can be said that a pattern of actions over a period of time constitutes a policy, even if these actions have not been formally sanctioned by a decision (Hill 2005: 7f). What kind of actors can thus take this course of action? If we are talking about public policy, Dye has probably the best known and shortest definition where he suggests that policy is "anything a government chooses to do or not to do" (Dye 1972: 2). Dye specifies with this definition clearly that the agent of public policy-making is a government. This means that decisions made by private business, charitable organizations, interest groups, other social groups or individuals are not in themselves public policies. Public policies are the actions of governments and activities or decisions

of non-governmental actors do not in themselves constitute public policy. Dye also highlights the fact that public policies involve a fundamental choice on the part of governments to do something or to do nothing and that this decision is made by individuals staffing the state and its agencies. Public policy is, at its simplest, a choice made by governments to undertake some course of action (Howlett - Ramesh 2003: 5).

These definitions of policy and public policy illustrate that studying public policy is a complex and difficult task and Hill states that the definitional problems posed by the concept of policy suggest that it is difficult to treat it as a very specific and concrete phenomenon (Hill 2005: 9). It cannot be accomplished simply by going through official records of government decision-making found in such forms as laws, acts, regulations and promulgations (Howlett - Ramesh 2003: 7f).

Since these definitions provide a broad definition of policy this leads to the implication that not only policies such as the fiscal policy, the Common Agricultural Policy or the Common Fisheries Policy can be seen as policies in the eyes of Hill or Dye. Directives such as 2001 Directive on the Deliberate Release of GMO's and policy instruments such as the Emissions Trading Scheme as representative for the climate policy can also be seen as policies.

1.4.3 Definition of inertia and change

To be able to analyse inertia a definition of what constitutes inertia must be done. How much can a policy change and in what speed before the policy no longer can be said to be subject to inertia?

According to Hall there are three orders of change: The first order suggests that the instrument settings or levels are changed while the objectives, instruments and policy paradigms remain the same. In an agricultural policy such as the CAP this would suggest that a change in the first order would be a change in the prices. The second order of change points out that the objectives; the instruments and their setting are altered while the policy paradigms remain the same. In the CAP a second order change would bring about a shift in policy instruments and both the first and second order changes can be seen as moderate reforms. The third order suggests that the objectives, instrument settings, instruments and policy paradigms are changed. This order could in an agricultural policy occur when the state ceases to safeguard farmers against the market in the setting of commodity prices. If the state instead relies on market forces to set prices then it would be a fundamental reform (Hall 1993: 281ff, Daugbjerg 1997: 127, 1999: 412).

If a policy in a longer period of time only is subject to the moderate reforms, the first or the second order of change, it is viewed as subject to inertia in this thesis. In contrast if the policy instead is subject to a radical reform, the third order of change, it is not viewed as a policy that is subject to inertia.

1.5 Material

In order to fulfil this heuristic study interviews with civil servants needed to be conducted in relation to the other empirical material with the purpose to shed light on the process through a first-hand source. The authors of articles on the ETS and the 2001 Directive on Deliberate Release of Genetic Modified Organisms had already made interviews with actors involved in the political processes. The need for making interviews were therefore most urgent in the case of the CAP since the hypothesis suggest that the historical perspective is not sufficient enough in explaining and analysing inertia within the EU.

I came across names that were frequently mentioned in the context of the CAP negotiations and used a contact at the Swedish Ministry of Agriculture to contact these interviewees through e-mail and telephone. I also used the “snowball – effect” which means that persons that were recommended to me from other interviewees were contacted. There were however only two interviewees that were able to participate in the thesis and despite of them both being Swedish they represents different institutions rather than the Swedish nation as such.

The questions will be structured according to different themes so the interviews can be said to be guided rather than structured (Yin 2003: 89). At the end of the interview the interviewee was asked if he or she wished to add something to clear things out if necessary. The interviews were conducted by telephone and copies of my notes were available to them afterwards.

According to Yin it is important to bear in mind that documents are written for certain purposes and for certain people (Yin 2003: 87). Therefore it is vital to ask why certain information and situations appear as they do. Most of the documents consulted in this study are produced by institutions or newspapers with specific interests in the CAP or the GMO negotiations. Therefore I have used different kinds of material such as official documents, newspaper articles, and interviews in order to get a “fair” picture of the process. In some situations where primary sources and official documents do not exist I have had to rely on secondary sources.

In this thesis I aim to meet the four criteria that need to be addressed when collecting material (Esaïsson et al 2004: 304). By consulting several independent sources I hope solve problems such as the independence and tendency problem. Using primary material can also solve the independence problem; although to what degree the source is independent needs to be taken into consideration. The contemporaneous problem can be confronted by using material that is produced close in time of, in this case, the negotiations (Esaïsson et al 2004: 307ff). I have dealt with these criteria using various sources to confirm facts that were produced close in time and throughout the thesis I have had a critical attitude towards my sources.

1.6 Disposition

In the following chapter the historical perspective is presented where path dependency is used to analyse inertia within the CAP. In chapter three the strategic perspective are used to explain inertia both within the CAP, the Emission Trading Scheme and the 2001 Directive on Deliberate Release on GMO's. Chapter four presents the policy characteristic perspective where Lowi and his four policy types are used to explain and analyse inertia on the same cases as in chapter three.

In chapter five there is a conclusion where the three different perspectives will be compared and discussed. In the final chapter the results of the thesis are presented where I fulfil my purpose and answer my research question, present a new hypothesis and make some suggestions of different areas that could be fruitful for further research.

2 The Historical Perspective

Kay suggests that path dependency can be useful in analysing public policies and not just institutions despite its limitations (Kay 2003: 408f, 2005: 559f). In this thesis the concept of path dependency is used as a representative for the historical perspective as I am analysing policies and not institutions.

2.1 Path dependency

North defines path dependency as constraints on future choice sets and points out that *“at every step along the way there are choices – political and economic – that provide ... real alternatives. Path dependence is a way to narrow conceptually the choice set and link decision-making through time. It is not a story of inevitability in which the past neatly predicts the future”* (North 1990: 98f).

Pierson agrees with this definition and suggests that political scientists should be able to construct a *“rather powerful theory about path dependent processes, which is the kind of settings that are more or less prone to positive feedback”* (Kay 2003: 406, Pierson 2000: 74).

Kay suggests that once a particular decision or path is chosen it is very difficult to get back on the rejected path. A system can thus be said to be path dependent if initial moves in one direction elicit further moves in that same direction. There are in other words self-reinforcing mechanisms or positive feedbacks (Kay 2003: 406). This suggests that it is very hard to change a policy even when it outlines its usefulness. The time and resources already invested of agreeing a policy in the first place are often considerable and the idea of starting again on a long, time-consuming and expensive process of agreeing a new policy is resisted for that very reason (Bomberg - Stubb in Bomberg – Stubb (eds) 2003: 11).

Path dependency is not a framework, theory or model in the sense that it does not provide a general list of variables, nor does it provide hypotheses about specific links between variables. It can rather be described as a concept which can be used to label a certain type of temporal process. The concept per se does not provide an explanation of why systems develop in a path dependent way (Kay 2003: 406). Path dependency does neither provide necessary or sufficient conditions to understand or explain that which it labels: path dependent processes, even when identified, require theorizing. It can however compete with other alternatives to provide the best explanation of a phenomenon (Kay 2005: 554, 569). In this line of reasoning an analysis of inertia within the EU will be

conducted, with the focus of studying the CAP and investigate whether it has the feedback mechanisms that leads to path dependent behaviour.

2.2 The historical perspective and the CAP

The CAP has five objectives set out in article 39 of the Rome Treaty; to increase agricultural productivity, to ensure a fair standard of living for farmers, to stabilise markets, to assure the availability of supplies and finally to ensure that supplies reach consumers at reasonable prices. These objectives were marked by post-war Europe where food shortages were a reality for many Europeans. The main priority was to secure the supply of agricultural products through artificially high prices within the Common Market in order to stimulate production. Therefore the CAP was created in order to integrate farmers into the European welfare state by giving them a policy which improved the situation of nearly all of them. It was also a way to buy the support of farmers for European integration and increase the productivity amongst European farmers (Grant, 1997: 30, Peterson - Bomberg 1999: 120ff, Rosén – Jerneck in Elgström – Jönsson (eds) 2000: 63).

The development of the modern agricultural technology, in combination with the stimulation for increased production generated by high prices changed the situation for the agricultural products and too many products were created. This created a need for a reform within the CAP and the first reform proposal came in 1998 when the CAP had become a fully common policy in. In 1972 a watered-down version of that proposal was put into effect and the CAP remained essentially unreformed (Interviews with Jönsson 08070, Rosén – Jerneck in Elgström – Jönsson (eds) 2000: 63).

Rosén & Jerneck point out that this pattern would repeat itself (Rosén – Jerneck in Elgström – Jönsson (eds) 2000: 63) and it can therefore be asked why this is the case and how this pattern can be analysed and explained? To analyse the CAP from a historical perspective poses certain problems since the CAP as a policy consists of more than one variable and is complex and sometimes messy. Kay however suggests that the CAP would seem to be an ideal case study of a path dependent process as it is long-standing and has survived several crises and has its basic objectives enshrined in the Treaty of Rome. Furthermore, change has been moderate up until the MacSharry reforms in 1992 and its distributional outcome has been remarkably stable. The CAP has thus only been able to make a first and a second order change (Kay 2003: 408).

The question then remains why the CAP only has been able to make moderate reforms and why these objectives and the initial policy structure of the CAP have remained in place? How can the path dependency concept explain it and what can CAP policy change imply for the appropriateness of the path dependency concept? (Kay 2003: 408).

Kay recognises three feedback mechanisms of the CAP that suggest that the policy is path dependent. The first is the effect of the CAP on interest groups where the establishment of Comité des Organisations Professionnelles Agricoles,

COPA, is identified with its power to increase the cost of adopting alternative policies which inhibits exit from the path. Other scholars suggest that COPA has not played a significant role and has very little influence on the CAP reforms. Kay however suggests that COPA has influence because it enjoys control over certain important resources such as technical knowledge and the organizational structure to help the implementation of any CAP regime (Kay 2003: 411).

The second feedback mechanism that is recognised is that policy transforms the future possibilities for policies by shifting overall state capacity. If the policy needs to be changed this forces the state to expand its capacity which in turn leads to change in administrative possibilities. The cost of specialization regarding the CAP could be a sunk cost and therefore costly in terms of administrative resources. The third mechanism suggest that policies can have big consequences at an individual level were those affected make commitments and investments on the basis of certain policies which increases the costs of any future new policies. The accumulated commitments to farmers through the CAP support and farmers sunk costs make it difficult for policy-makers to reverse or change the direction of the CAP. These self-reinforcing mechanisms provide an account of why the initial structure of the CAP has become entrenched and resistant to reform (Kay 2003: 413).

Kay suggests that it is something of a holy grail to produce frameworks or models explaining both continuity and change and path dependency can therefore display its usefulness. Since the CAP has been reformed several times how appropriate is the empirical assessment of CAP as a path dependent process in this context? An analysis of the reforms therefore needs to be conducted before an assessment of the CAP as path dependent can be made (Kay 2003: 409). The pressure for change increased during the 1980s and the 1990s and a long series of reform attempts followed. The most wide-ranging reform thus far was the MacSharry reform in 1992 and this thesis will try to analyse inertia within the CAP starting with an investigation of that reform.

2.2.1 The MacSharry reform

The MacSharry reform was the most far-reaching agricultural reform in history. In the case of cereals prices were decreased as much as 29 per cent. Farmers were compensated for these income losses with a system of direct income payments. In order to qualify for these payments farmers were required to take 15 per cent of their land out of production (Agra Europe Special Report 1992 No 65, Kay 2003: 414).

The reform was triggered by external pressure when the Uruguay Round had broken down in Brussels in December 1990 due to the inability of engaging in agriculture negotiations. As a result the Council of Agricultural Ministers realised that a reform of the CAP was necessary. This inability combined US pressure in the GATT negotiations and internal pressure such as budgetary problems forced agricultural policy-makers to reform the CAP (Daugbjerg 1999: 408ff, Kay 2003: 27, Interviews with Lönnblad - Jonsson 080701).

Changes in external context can in some situations lead to policy change but in others not. It is therefore needed to investigate what kind of other factors that led to the MacSharry reform and how it can be explained from a historical perspective. The reform was according to Kay different from previous reforms and challenges the idea that the CAP is path dependent. Kay argues that the evidence of change in the CAP does not necessary imply a rejection of the hypothesis that the CAP is path dependent. However, there is a point at which the change in either the scale or scope of a policy is such that it will be judged as a change in direction or a shift in the developmental path. These are called critical junctures. Was the MacSharry reform a critical juncture and if so, what does it imply for the utility of path dependency in understanding the CAP? (Kay 2003: 414).

Daugbjerg argues that the reform hardly can be called radical because it did not question the use of considerable subsidies in agriculture; it rather altered the way in which subsidies were paid to farmers. Does that mean that there were no disagreements within the agricultural network? During the whole reform process, the national farmers' associations in the EU opposed the Commission's proposals. Most of them defended the status quo, arguing that the Commission's reform plan would have destructive consequences for European agriculture. Thus, the conflict between the Commission and the farmers were not whether the EU should or should not subsidize agriculture, but in which way it should be subsidized. There was in other words a consensus that the EU should protect farmers from the market and ensure their incomes (Daugbjerg 1999: 415ff).

Since the question was not whether agriculture should be subsidized or not the reform can merely be seen as moderate and constitute a second order change since the policy instruments and not the policy objectives were altered. Hix does not agree with this standpoint and points out that since the Commission persuaded the Member States to accept the first package of CAP reforms in 1992 they brought a "paradigm shift" from which there was no turning back (Hix 2005:304).

This assessment is not shared by Hall as he points out that since the MacSharry reform did not remove the subsidies it can hardly be viewed as radical and thus not be seen as a "paradigm shift". Daugbjerg & Swinbank agree with this assessment as they point out that although the policy instruments were changed, the state assisted paradigm still underpinned the policy. This paradigm rests on two principles; that the agricultural sector contributes to national policy goals and that the price mechanism is a suboptimal means of achieving an efficient and productive agricultural sector (Daugbjerg - Swinbank 2007: 7f).

Studying the MacSharry reform does therefore not change the view of CAP being subject to inertia since it merely was able to make a second order change in the policy and not create a new policy paradigm.

2.2.2 The Agenda 2000 reform

If the MacSharry reform in 1992 was not the "paradigm shift" in the CAP how about the Agenda 2000 reform? The Commission presented its first proposal in

July 1997 and outlined the development of the EU policies. They recognised the need for further reforms of the CAP in order to deepen the commitment to economic and social cohesion as well as to agriculture and rural development while preparing the EU for enlargement. Furthermore, the question how to achieve greater unity and effectiveness in EU external relations was addressed along with the future financial framework (Commission 1997: 3).

This proposal was presented after questions from the Council of Ministers regarding future challenges of enlargement of the EU. The proposal followed earlier statements regarding substantial price cuts in the beef and crop sectors bringing prices closer to market levels. This would however be done by compensation in form of direct payments and can thus be seen as a deepening of the MacSharry reform (Agra Europe 970606).

The Commission made a more detailed proposal in March 1998 and the price cuts remained about the same but with one significant difference, lower compensation (Commission 1998). These new detailed proposal were even less acceptable than the previous proposal for the Agricultural Ministers (Agra Europe 980403). There were however some hope for an agreement on CAP reform as the Agricultural Ministers did not want to be sidelined as the CAP reform belonged to the Agenda 2000 package which the Foreign Ministers had overall responsibility for (Agra Europe 980529). The Agenda 2000 package that was finally approved by the European Council in March 1999 was however watered down with smaller price cuts.

How can this reform then be explained from a historical perspective? The motives behind were a more competitive agricultural sector, a sustainable development and a facilitation of the eastern enlargement with the concerns that an unreformed CAP to several new Member States would prove prohibitively expensive for the EU budget (Ackrill 2000: 344, Interview with Lönnblad 080701, Nalin 2000: 44ff).

Daugbjerg & Swinbank point out that the proposals for the Agenda 2000 reform were however cast in the MacSharry mould with a further cut in intervention prices and partial compensation through an increase in direct payments. The Agenda 2000 reform can thus be generally understood as “a deepening” of the MacSharry reform. There was an adjustment of the existing policy instruments, not a shift in the policy instruments and the state assisted policy paradigm was maintained (Daugbjerg - Swinbank 2007: 8).

By studying these two reforms from a historical perspective a conclusion can be made that an external shock can produce a new path which path dependency is not able to explain. When policy change is incremental path dependency can provide its usefulness but when it is created by external pressure it is not able to explain the change. Furthermore, path dependency seems not to be able to explain inertia despite an external or internal shock on the policy. Kay points out that path dependency is capable of being used in terms of first and second order policy change, even when there may be simultaneous third order change. The insights of path dependency can thus complement rather than rival other accounts of policy change (Kay 2005: 560).

3 The Strategic Perspective

As stated above path dependency has limitations when a shock has changed the policy and a new path has been introduced. Furthermore, it does not explain how change can be constrained when an external or internal shock has occurred; it instead suggests that policies change due to shocks. Scholars such as Rosén and Jerneck agree with this conclusion and suggest that reform and change is directly dependent on the political environment since the need for reforms arise due to internal and/or external pressure for change. Such pressures thus constitute windows of opportunity for reform as they can create critical moments which if exploited can be turned into critical junctures (Rosén - Jerneck in Elgström – Jönsson (eds) 2005: 74).

Daugbjerg & Swinbank are as stated above more hesitant in making this claim and point out that the theoretical challenge is to establish the conditions or the factors under which change in context does lead to policy change and those which do not (Daugbjerg - Swinbank 2007: 3f). Can change thus be constrained and the policy subject to inertia even in the presence of external or internal pressure? Are there ways that policy entrepreneurs or policy networks can prevent reform and change despite shocks and pressure?

3.1 Window of Opportunity

According to Kingdon there are three different streams, a political, a problem and a policy stream. The problem stream consists of various conditions that policy makers and citizens want addressed such as government budget deficits and environmental disasters. The politics stream consists of three elements; the national mood, pressure-group campaigns and administrative or legislative turnover and the policy stream includes many ideas that compete to win acceptance in policy networks (Kingdon 2005. 162f, 168f, Zahariadis in Sabatier (ed) 2007: 72f).

Together with these three types of streams there are two types of windows, a political window and a problem window. The political window opens because of a change in the political stream such as a change in the administration or in the national mood. The problem window opens because a new problem captures the attention of government officials close to them. An example could be an airplane crash that opens a window for advocates of initiatives in aviation safety.

The problem window and the political windows are related. When a window opens because a problem is pressing, the alternatives generated as solutions fare better if they also meet the tests of political acceptability. Similarly, when a

political event opens a window, participants try to find a problem to which the proposed solution can be attached (Kingdon 2005: 165ff, Zahariadis in Sabatier (ed) 2007: 73f).

Change can still be constrained even though these windows are open. The most important factor is that once one of these windows opens, it does not stay open long. There are a variety of reasons for this: First, participants may feel that they already have addressed the problem through decision or enactment. Second, and closely related, participants may fail to get action. If they fail, they are unwilling to invest resources in the endeavour. Third, the events that prompted the window to open may pass from the scene. A crisis or focusing event, for example, is by its nature of short duration. Fourth, if a change in the personnel opens a window, the personnel may change again. People in key positions come and go, and so do the opportunities that their presence furnishes. Finally the window closes because there is no available alternative.

The opportunity passes if the ready alternative is not available. If participants cannot or do not take advantage of these opportunities, they must bide their time until next opportunity comes along. Without the prospect of an open window, participants slack off. Many potential items never rise on the agenda because their advocates conclude it isn't worth their effort to push them (Kingdon 2005: 166ff, Zahariadis in Sabatier (ed) 2007: 74f).

Another factor that constrain change even though the windows are open are the fact that there are more solutions available than windows to handle them, so when a window does open, solutions flock to it. In addition, strategists sometimes deliberately overload an agenda to frustrate all action. The entire complex of issues can then fail of its own weight. Most participants conclude that the subject is too complex, the problems too numerous and the array of alternatives too overwhelming. Their attention drifts away to other, more manageable subjects. If they are willing to invest considerable resources in the issues however, then several alternatives are possible. The outcome can however be quite unpredictable which creates a dilemma for the participants in the process. They need to ask themselves whether they risk a result not to their liking. Sometimes participants choose not to open a window at all rather than risk an outcome that would be worse than the status quo (Kingdon 2005: 176f).

To prevent this constrained change and increasing the probability of an item raising on the decision agenda the streams can be joined. An alternative floating in the policy stream, for instance, becomes coupled either to a prominent problem or to events in the political stream in order to be considered seriously in a context broader than the community of specialists. If an alternative is coupled to a problem as a solution, then that combination also finds support in the political stream. Furthermore the policy entrepreneurs have to act to accomplish change. The policy entrepreneurs are the advocates who make this coupling of streams depending on their willingness to invest their resources such as time, energy, reputation and money to promote a position in return for anticipated future gain. These entrepreneurs can have different roles depending on the case study. In one study, the key entrepreneur can for instance be a cabinet secretary, and in another a senator or a lobbyist. Even though they can occupy different roles they do share

some key qualities. First they have to claim a hearing which can have three sources; expertise, the ability to speak for others such as a representative for an international organization or an authoritative decision-making position. Second, the entrepreneur must be known for political connections or negotiating skill and finally the entrepreneur has to be persistent (Kingdon 2005: 173ff, 179ff, Zahariadis in Sabatier (ed) 2007: 74, Lynggaard 2007: 297).

If the entrepreneur has these qualities and the window is open and the streams are coupled then there is a legitimate possibility for a major change in the public policy. If these aspects are not there or strategists deliberately overload the agenda there is a big possibility that change is constrained and that the policy is subject to inertia (Kingdon 2005: 194f).

3.2 Policy Network Analysis

Policy networks has increased the past years due to the expansion of the co-decision procedure by the Treaty of Amsterdam, the complex, sectoral structure of decision-making and of policy growth that allowed governments to disperse political resources between public and private actors; i.e. in order to be more effective and to reach a common solution (Peterson - Bomberg 1999: 24f, 30, Börzel 1997: 5f).

The definition of policy networks provided by Börzel suggests that:

“They all share a common understanding, a minimal or lowest common determinator definition of a policy network, as a set of relatively stable relationships which are of non-hierarchical and interdependent nature linking a variety of actors, who share common interests with regard to a policy and who exchange resources to pursue these shared interests acknowledging that cooperation is the best way to achieve common goals” (Börzel, 1997: 1).

This definition emphasizes the common understanding that the actors share in order to find a solution and these networks include all actors that are involved in the formulation of a policy. Their interactions are characterised by informality and by its participants that are both public and private and have interdependent interests striving to reach a solution (Börzel, 1997: 5f).

Daugbjerg agrees and points out that the relationships in a policy network are structural rather than personal. The policy network is created by political actors with the purpose of exchanging resources on a regular basis in order to achieve their goals (Daugbjerg 1999: 412).

The advantages of policy networks are several: First, the presence of public and private actors in policy networks can help identifying policy problems and its solutions at an early stage of the policy formation process. Second, policy networks help gathering information about the policy and positions among stakeholders that otherwise would not have been available. Third, policy network create an environment of consensus building, which can limit negotiation

deadlocks (Besussi, 2006: 9). Policy network analysis is also well suited to studies of EU policy processes for three reasons: First, the EC generally lacks formal and well-established institutions. To cope with this problem EU policy-makers tend to set up policy networks to achieve predictability and stability in the policy process. Secondly, since many important decisions take place in the early stages of the policy process the network approach is particularly suited to analyse the situations irrespective of whether they occur at the national or at the EU level. Thirdly, at the EU level, political actors are as dependent on each other's resources as they are at the national level. Since resource interdependency is at the centre of policy network analysis it can be applied at both levels.

The existence of a policy network within a policy field can usually help to explain why groups who benefit from a policy succeed in resisting pressure for radical reform, and network analysis is thus a useful approach to analyse the absence of fundamental reforms in the CAP (Daugbjerg 1999: 414f).

3.3 The strategic perspective and the CAP

3.3.1 The MacSharry reform

To analyse the MacSharry reform from the strategic perspective an examination has to be made whether a policy network or policy entrepreneurs has tried to prevent reform. The existence of a policy network in the sector where reformers attempt to bring about change is a major factor preventing fundamental policy reforms. According to Daugbjerg there is a cohesive policy network within the CAP since there is stability on the policy objective according to article 39 of the Treaty of Rome. This stability indicates that there is a consensus on policy principles within the agricultural policy network. This, in turn, indicates that the network has a relatively high degree of cohesion. The core members of the network share the view that the Community should intervene in agriculture to protect farmers from the impact of free market forces in commodity pricesetting. From the very beginning of the CAP the network of farmers interests have been privileged compared to consumer interests and they have even been included in the national delegations and have thus been able to defend the status quo (Daugbjerg 1997: 135).

In a similar vein to Daugbjerg the network characteristics of the CAP is recognised by Rosén & Jerneck. They state that the farm lobby has been the dominating force and are not concerned with any strong interest countervailing them since the consumer interest is poorly represented. There is thus a large consensus within the European agricultural network, which gives its members both the capability and the will to defend the status quo (Rosén – Jerneck in Elgström – Jönsson (eds) 2000: 74).

Despite these policy networks the CAP was still able to be reformed. How can this be explained from a strategic perspective? Daugbjerg suggests that the reform cannot be called radical since it did not change the fact that most of the EU farmers income can be put down to direct or indirect subsidies. Instead the reform increased the EU agricultural spending and did not question the use of subsidies. It rather altered the way in which subsidies were paid to farmers. Daugbjerg also suggests that due to the history of moderate reforms in the CAP the reasons why there have been no fundamental changes in the CAP, even though there would be welfare economic gains from so doing, should be examined (Daugbjerg 1999: 409f).

The centrepiece of the MacSharry reform was a change of the policy instruments in the arable sector and the state assisted paradigm still underpinned the policy. The agricultural sector still contributed to national policy goals and the price mechanism was still a form of suboptimal mean for achieving an efficient and productive agricultural sector. The reform was thus only a second order policy change because the whole idea of subsidizing farmers and protecting them from market forces in the setting of commodity prices remained untouched. Compared with earlier EC agricultural reform processes this change in policy was undertaken without the usual troublesome discussions in the Council of Ministers. This indicates that this policy change had been anticipated in the MacSharry reform (Daugbjerg 1999: 415, Daugbjerg - Swinbank 2007: 7f).

The answer to the question why there was a reform despite the policy network is thus a simple one. The reform was not radical and the change was only a second order change because of the policy network and its will to defend the status quo. The network was able to stand against the external pressure and thus prevent the reform from being radical. Can the same conclusions be drawn from the Agenda 2000 reform?

3.3.2 The Agenda 2000 reform

Rosén & Jerneck analysed the Agenda 2000 reform and recognised the enlargement process and the need to comply with international trade agreements as a window for major reform. There were however several factors making the reform negotiations difficult; The reform would initially be more costly than preserving the status quo which made interest in a reform low from the outset in several member states. Furthermore, there were no external pressure since an eventual agreement was years away at the time and there were of a strong policy community with a will to defend the status quo (Rosén – Jerneck in Elgström – Jönsson (eds) 2005: 74f).

A reform was nonetheless made and a possible explanation from a strategic perspective could be that the agricultural commissioner Franz Fischler was a policy entrepreneur that pushed for change. He certainly had the expertise and an authoritative decision-making position and he may be a reason for the reform (Interview with Lönnblad 080701). Despite this push for reform by Fischler the reform can merely be seen as a second order change. The proposals for the

Agenda 2000 reform were cast in the MacSharry mould with a further cut in intervention prices and partial compensation through an increase in direct payments. It can thus generally be understood as “a deepening” of the MacSharry reform. There was an adjustment of the existing policy instruments, not a shift in the policy instruments and the state assisted policy paradigm was maintained. In the terminology of Hall and Daugbjerg the reform can be characterized as a second-order change: whereas objectives, instruments and their settings were altered, the basic policy paradigm remained the same (Rosén - Jerneck in Elgström – Jönsson (eds) 2005: 71, Daugbjerg - Swinbank 2007: 8).

How can it be explained that the Agenda 2000 reform was only a second order change despite Fischlers role as a policy entrepreneur and the open window that was present? The policy network was still strong and was able to prevent the creation of a new policy paradigm and a third order change. This conclusion leads to the question whether strong policy networks are always able to prevent radical reforms despite open windows. To answer that question further cases and policies need to be studied.

3.4 The strategic perspective and the Emissions Trading Scheme

The first time issues of greenhouse effects were presented was when the Commission published a document in 1988 titled “The Greenhouse Effect and the Commission”. A Commission Work Programme was assigned to handle the problem with greenhouse effects. By 1990 there was a commitment to reduce emission of greenhouse gases by 2000 to the level in 1990 in a declaration by a joint council of Energy and Environment Ministers (Damro – Méndez 2003: 260).

The first draft of a possible system came in 1999 and the systems first tentative pillars were implemented in 1999 and 2000 with the ET Green Paper. The Green Paper stated that the EU committed itself to reducing its emissions of greenhouse gases by 8% during the period in comparison with their levels in 1990. It is a scheme whereby entities such as companies are allocated allowances for their emissions and those who would reduce their emissions by more than their allocated allowance can sell their “surplus” to others who are not able to reach their target so easily. Furthermore, it is seen as a new instrument for environmental protection within the EU (Commission 2000: 4).

Damro & Méndez also state that the Emissions Trading Scheme can be seen as a new policy instrument within the EU climate policy and point out that its emergence has been a significant innovation in international environmental policy-making (Damro - Méndez 2003: 71f). As such it can be seen as a third order change in the climate policy and a new policy paradigm.

The first order can affect the settings of an available policy instrument and a second-order change can affect the basic techniques to provide policy solutions. In this case a third order change and policy paradigm has occurred since the

overarching goals behind the policy has been affected (Damro - Méndez 2003: 85). Since the historical perspective and path dependency are only capable of being used in terms of first and second order policy change, even when there may be simultaneous third order change at the level of a policy paradigm a perspective like the strategic must be used (Kay 2005: 560).

The making of the Emissions Trading Scheme has by some scholars been seen as an ultra-quick process. There has thus been a significant change or reform within the EU climate change policy in order for this process to be so quick. As stated above path dependency cannot explain why policies are subject to inertia in the presence of external and/or internal shock or pressure. This is where the strategic perspective serves its purpose and this thesis will illustrate the difference between the CAP reform in 2000 with the Emissions Trading Scheme to explain why the CAP seems more constrained.

There are some explanations regarding why the process behind the Emissions Trading Scheme was ultra-quick and why it distinguishes itself from other policy processes. Wettestad states that it perhaps wasn't ultra-quick since the first positive signals for the ETS came in June 1998 and the first EU document to draft a possible system came in 1999. Although the systems first tentative pillars were implemented in 1999 and 2000 with the ET Green Paper, its main design came in place less than two years after the proposal in October 2001 by the Commission. (Wettestad 2005: 3ff, 10f) There were several arguments raised in favour of the ET. The first argument was that it was able to reduce emissions at a lower cost than what can be achieved using other policy instruments. The second argument was that it could bring down emissions with a higher degree of certainty than other instruments such as taxes and the third that it was cost-effective (Christiansen - Wettestad 2003: 5).

What factors were there those may have led to this change? An explanation for change is as stated above external or internal pressure. Wettestad suggests that the US decision in 2001 to pull out of the Kyoto Protocol made the position as the global emissions trading pilot vacant. The EU created thus two strategies; to save the Kyoto Protocol and set a good example by developing the EU internal climate policy (Wettestad 2005: 16f). This was a window of opportunity for policy entrepreneurs to make a change in the climate policy in the EU. The problem window was open due to the US withdrawal and the world looked for the EU to be the global emission leader. Since the problem was pressed the alternatives generated as solutions seemed to meet the tests of political acceptability. Change is however still not possible from a strategic standpoint if there isn't a policy network or policy entrepreneurs that can use the window to push for that change.

In the case of the ETS the Commission can be seen as a proficient entrepreneur. The 2003 outcome share a striking resemblance with the Commission 2001 proposal. Wettestad points out that the Commission acted as a strong independent entrepreneurial actor and this can be due to that their role is most prominent in the presence of domestic uncertainty and disagreement or that the Commission was very sensitive to the preferences of the Member States. (Wettestad 2005: 11f)

Before the conclusion can be drawn that the Commission was a policy entrepreneur and wanted to make a change it needs to be investigated whether the Commission came up with the idea. Furthermore, it needs to be examined if they really pushed for the ETS and whether a change was made because of this very push. Wettestad points out that two of the central EU Member States, Germany and France, were ET sceptics and that the UK concluded that a tax would be easier to administer than an ET system. Wettestad has also conducted interviews with participants and observers of the EU processes which indicate that the central Commission officials within DG Environment personally pushed the trading option (Wettestad 2005: 12f).

Since one of these interviewees suggests that the most difficult part of EU decision-making is getting a proposal adopted within the Commission how come the push for ET came so fast and quickly? Was there a policy network within the Commission that pushed for the ETS? In the beginning it was clear that it was some internal disagreement when industry pressure had led commissioners to block the proposal. When the US pulled out of the Kyoto Protocol DG Competition changed its position since they feared opt-outs and increased flexibility. Their support to DG Environment served to isolate DG Enterprise and was thus very instrumental. Since the ETS is a market-based policy instrument with the potential for reconciling EU economic and environmental goals made it easier for DG Environment to “sell” the idea to other DG’s (Wettestad 2005: 12ff).

The conclusion can thus be drawn in the case of ETS that the policy entrepreneur, the Commission, and the policy network were able to use the internal and external pressure that provided a window of opportunity to push for a new policy instrument. From the strategic standpoint the policy entrepreneurs and the policy networks ability to push for a change is that what separates the case of ETS from the CAP. This leads to the question whether change or inertia is dependent on the policy entrepreneurs or the policy networks will to push for change. An examination of the case of the GMO’s can perhaps provide the answer.

3.5 The strategic perspective and the 2001 Directive on Deliberate Release of Genetic Modified Organisms

The 2001 Directive on Deliberate Release of GMO’s can be seen as a more stringent version of an earlier Directive on Deliberate Release from 1990. There were however both internal and external pressure for change since the GMO regulatory framework had lost public credibility and legitimacy. In the late 1990’s the EU GMO regulatory framework was suspended as Member States defied it. The suspension was a clear admission that EU policy-making in this domain lacked policy effectiveness (Skogstad 2003: 327f).

Furthermore there were a series of food safety and health scares culminating with the BSE crisis that unfolded publicly in 1996. This undermined the regulatory credentials of scientists, national governments and EU institutions and heightened the imperative for a regulatory model that was more credible and with a more scientific basis of risk assessment (Skogstad 2003: 329).

In this context there was certainly a window of opportunity for policy entrepreneurs to push for a more strict regulation. In the late 1990's policy entrepreneurs however had a hard time pushing for a more strict regulations even though both proponents and opponents of GMO's alike faulted Directive 90/22/EC for failing to deliver desirable outcomes. The biotechnology industry argued for more efficient and scientifically based regulatory processes that would not discriminate genetic engineering. Consumers and environmentalists on the other hand faulted the regime as incomplete in protecting the environment and citizens from the risks posed by GMO's and their products.

The aggregative politics that dominated GMO regulatory policy-making in the EU prevented effective responses to these problems. The Commission was unable to articulate a coherent view of the collective EU interest on genetic engineering. These cleavages were replicated in the Parliament, among Member States and across the most significant NGO's representing environmentalists, consumers and biotechnology organisations. The fundamental differences of values and interests across relevant state and societal actors and the internal lack of cohesion prevented the Commission from playing either an effective broker or a policy leadership role (Skogstad 2003: 328f).

A policy network however started to take place when strategic decisions were made by the Greenpeace not to oppose GMO's but to insist on labelling, expecting that consumers would still reject the products. This made biotechnology firms, who had opposed GMO labelling because of worries about its negative commercial effects, persuaded that labelling was the price to pay. These stakeholders were brought into the process and they got a better understanding of the consumer's expectations and other problems within the different sectors. The creation of the 2001 Directive and the European Food Safety Authority indicates that the capacity of the network governance became strong (Skogstad 2003: 330ff). The industry actors were not united since some of them were in favour of the evolving GMO regulation. This made them unable to join forces with a coherent strategy and their influence on the decision-making process was therefore limited. This limited influence together with the strong alliance between environmental proponents and the EU institutions paved the way for strict regulations (Rosendal 2005: 82ff, 97ff).

In the case of the GMO's it is by scholars suggested that the policy network was strong and could push for a more strict regulation and create the 2001 Directive. The network was able to push for this directive because of the open window in form of crises in health issues. This analysis of the ETS and GMO's leads to an explanation that policy networks and policy entrepreneurs creates or prevents change in the presence of an open window. Can their will to defend the status quo be the answer to why some EU policies can be subject to inertia or can there be other plausible explanations?

4 The Policy Characteristic Perspective

By studying the cases of the CAP, the ETS and the GMO's from a strategic perspective standpoint it seems that there can still be inertia despite shocks or open windows because actors can choose whether or not to act and use the open windows or constrain change in their policy network. The question however remains whether inertia and constrained change is possible if actors decide to act in accordance to these shocks and use the open window? Can there be other perspectives that explain inertia and can change be constrained because of the characteristic or type of policy?

4.1 The four policy types

Theodore Lowi made a classification in 1972 of four different policy types within the EU policy-making in order to make a distinction among governmental actions and policies and point out that policies may determine politics (Lowi 1972: 298f). These policy types are dealt with in distinct political arenas, comprised of different actors and governed by different decision rules. Furthermore, they have also been supposed to generate distinctive styles of bargaining (Pollack 1994: 96).

The first policy type is constituent in which the basic rules and principles of the system itself are under consideration. This leads to high-level bargaining and often concern high-level politics and questions of national interest. The importance of the issues of this policy type and eventual domestic repercussions makes compromise agreements reached at a slow pace since policy-makers tend to stick to their positions (Elgström – Jönsson 2000: 693, Wallace in Wallace – Wallace (eds) 1994: 446).

The second is redistributive, in which the transfer of financial resources from some actors to others is involved. Redistributive policy-making is also expected to lead to tough negotiations where some win and others lose. Redistributive issues pitch governments against each other and the bargaining tends to be conflictual and cross-sectoral. At the same time, however, redistribution in the EU context is traditionally associated with the creation of package-deals and with the use of side-payments (Pollack 1994: 96, 112, Wallace in Wallace – Wallace (eds) 1994: 446).

Package-deals can be either be seen as inventive solutions to negotiation deadlocks and thus as a prominent form of creative problem-solving, or as deliberate efforts from some actors to gain advantages in a situation where they

for some reason can exert pressure on the other parties. To summarize, redistributive issues are associated with tough bargaining, but the package-deals which are often needed to solve resulting deadlocks are sometimes cited as illustrations of creative joint problem-solving. Once these redistributive decisions are taken, and the overall contributions are taken as given, distributive issues are characterized by intra-sectoral negotiations and national and Commission experts within each sector negotiate with each other (Pollack 1994: 112).

The third type is distributive in which Community funds are allocated within sectors. Distributive policy-making must be predicted to involve large elements of problem-solving. Of course, within-sector conflict might be severe and give rise to hard bargaining, but as the negotiations concern transfers of resources to beneficiaries in all member states and the actors are like-minded experts, most factors speak in favour of generally harmonious negotiations (Pollack 1994: 112).

The final type is regulatory in which the member states agree to adopt common regulations on the activities of public and private actors. The Commission plays the important role of initiator and drafter whereas expert technical committees and working groups are usually crucial for negotiations. The European Court of Justice is also an ever-present back-stage actor and at times even actively involved in policy-making (Rosén – Jerneck 2000: 65, Pollack 1994: 110).

Regulatory negotiations can be surrounded by conflictual elements. A new EU regulation can lead to certain loss of autonomy on the part of member states which could result in member government resistance due to their unwillingness to allow more supranational governance. Furthermore, EU regulations can create winners and losers within each country and may thus stimulate activities from specialized interests which suffer from the proposed regulation. If these interests are strong enough, governments may feel pressured to engage in tough negotiations in the Council.

On the other hand new regulations are often the result of spill-over effects and may be perceived as the necessary consequences of harmonization which is seen as beneficial to all members. If this is the case, there must be a strong tendency not to resist this positive overall process. If negative negotiation outcomes are seen as unavoidable and acceptable in light of the positive-sum total, actors will engage in problem-solving in order to minimize adverse effects and encourage concessions from other actors to placate domestic opinion. As long as all members believe in the long-run advantages of being a member, there is a strong incentive for a problem-solving approach to regulative issues (Elgström – Jönsson 2000: 694f, Pollack 1994: 110).

4.2 The policy characteristic perspective and the CAP

Could one reason for the CAP being subject to inertia be its policy type? Rosén & Jerneck suggest that the CAP being a redistributive policy type can be one of the reasons for its inertia (Rosén – Jerneck in Elgström – Jönsson (eds) 2005: 75). Lönnblad agrees and points out that one reason the CAP is subject to inertia could be the transfer of financial resources that takes place between the EU and Member States such as Ireland and France (Interview with Lönnblad 080701). Since the CAP accounts for more than 50 per cent of the EU budget large sums of money are at stake for the member states, either as beneficiaries or contributors and it makes it clear that the CAP should be suggested as a redistributive policy (Rosén – Jerneck in Elgström – Jönsson (eds) 2005: 72).

Furthermore, the redistributive policy-making is also expected to lead to tough negotiations with zero-sum-like characteristics where some win and others lose. Redistributive issues pitch governments against each other and the bargaining tends to be conflictual and cross-sectoral. This has for a long time been the case in the CAP and its negotiations, an example is the Agenda 2000 reform where France and Germany relations were the opposite of one and another (Rosén – Jerneck in Elgström – Jönsson (eds) 2005: 66ff).

Redistribution in the EU context is also traditionally associated with the creation of package-deals and with the use of side-payments. The Agenda 2000 reform was part of a broader package meant to prepare the EU for enlargement driven by the European Council. The majority of farm ministers did not feel committed to reform and did not act until late in the reform process when their influence on the reform's content was threatened. They then endorsed a package deal which pointed the European Council in the direction of the compromise. The MacSharry reform was decided by farm ministers while the Agenda 2000 reform was adopted by the European Council. When CAP reform is an integral part of a broader package, farm ministers pass the final decision on to the European Council and when CAP reform is defined as a separate issue the European Council avoids involvement (Daugbjerg - Swinbank 2007: 17ff).

In the study of the Agenda 2000 reform Rosén & Jerneck recognise the redistributive character of the negotiations with the possibilities of reaching a new supranational compromise at the summit accordingly limited (Rosén – Jerneck in Elgström – Jönsson (eds) 2005: 72).

This suggests that inertia within the CAP is present because of its redistributive policy type. A closer look at the other cases may perhaps confirm or discard an eventual conclusion that the policy type has significance whether an EU policy is subject to inertia.

4.3 The policy characteristic perspective and the 2001 Directive on Deliberate Release of Genetic Modified Organisms

The 2001 directive on GMO's is a typical type of a regulatory policy. Negotiations within regulatory policies might arguably exhibit conflictual elements. This was the case within the GMO regulatory framework in the late 1990's when different actors had different values and interests in the GMO framework. The biotech industry was against a stricter framework while the environmental NGO's were strong in favour of the framework that was proposed by the Commission. Furthermore, the Member States were not all in favour of the Directive. Some of these countries in favour of deregulation were found among the biotechnology leaders since the new regulation could imply a certain loss of autonomy on the part of member states. This created in the beginning Member State resistance but in regulatory policy activities from specialized interests that suffer from a proposed regulation might be stimulated. If these interests are strong enough, governments may feel pressured to engage in tough negotiations in the Council. Such pressure came from environmental NGO's and the case of the GMO policy can therefore represent a deviant case of environmental policymaking (Rosendal 2005: 91ff, 97).

The framework was also a result of spill-over effects from the environmental health issues with the BSE scandal and with these effects there have to be a strong tendency not to resist stubbornly specific parts of this positive overall process. Such tendency did not exist instead the Member States switched position and believed in long-run advantages of being a member. Since the Member States shifted position and believed that there were advantages with the framework a strong incentive for a problem-solving approach to these regulative issues were thus created and the change can thus be explained from a policy characteristic perspective. A study of the GMO's seems to confirm that the policy type and eventual inertia is correlated but an analysis of the ETS might suggest otherwise.

4.4 The policy characteristic perspective and the Emissions Trading Scheme

The Emissions Trading Scheme is a policy instrument within the environmental policy which is a policy area where national concerns are placed at the higher level and the decisions at this level have determined the overall framework (Peterson – Bomberg 1999: 185f). Furthermore, environmental policy often concerns tough bargaining between the Commission, the Council and the Parliament and the institutional balance of power is constantly shifting (Peterson – Bomberg 1999: 185f).

The environmental policy thus seem to be a typical constituent policy, the basic rules and principles of the system itself are under consideration, it concern high-level politics and questions of national interest tough bargaining takes place. Environmental policy can however also be seen as a regulatory policy framework where EU regulatory policy places national bureaucracies at centre stage as actors responsible for implementation (Knill – Lenschow 2005: 114f).

Which policy type that is used in analyzing the ETS from a policy characteristic perspective has implications on whether its reform can be explained. If the environmental policy should be seen as a constituent policy type this leads to a problem for the policy characteristic perspective. According to Rosén & Jerneck a constituent policy type is prone to difficult negotiations and is therefore likely to be resistant to reform (Rosén – Jerneck in Elgström – Jönsson (eds) 2005: 65).

If the environmental policy type instead are suggested to be a regulatory policy type where the Member States have the responsibility to implement the scheme the policy characteristic perspective have an easier time in explaining the third order change. In a regulatory policy the Commission plays an important role as initiator and drafter whereas expert technical committees and working groups are usually crucial for negotiations. In the case of the ETS the Commission were a proficient entrepreneur and the 2003 outcome shared a striking resemblance with the Commission 2001 proposal. The Commission also acted as a strong independent entrepreneurial actor (Wettestad 2005: 11f).

Furthermore, regulatory negotiations can be surrounded by conflictual elements. A new EU regulation can lead to certain loss of autonomy on the part of Member States which could result in member government resistance due to the their unwillingness to allow more supranational governance. In the case of ETS two of the central EU Member States, Germany and France, were ET sceptics and the UK concluded that a tax would be easier to administer than an ET system (Wettestad 2005: 12f).

If the ETS is seen as a policy instrument of a regulatory policy type it seems that the policy characteristic perspective can explain the reform and a correlation between inertia, change and policy type is found, much like the case of GMO's.

If the ETS instead is seen as a policy instrument of a constituent policy that is difficult to reform then the policy characteristic perspective cannot explain how the ETS process was easy and quick to reform. This suggests that there can be a limitation with the policy characteristic perspective depending on what policy type a certain policy area is defined as.

5 Conclusion

The thesis began with the hypothesis that path dependency is not sufficient enough to explain inertia within the European Union and that complementary perspectives are therefore needed. The path dependency concept has mainly been used to study the CAP and by using it to explain the inertia that can surround the CAP and the EU it was clear that it cannot explain how change can occur if the policy is influenced by external or internal pressure.

The MacSharry reform was subject to such pressure and was therefore able to make a change in the policy. Kay suggests that the CAP acts to reinforce policy adaptation in a particular existing direction but in the case of a critical juncture there is a break. This shows a limitation to the utility of the path dependency concept in describing how the feedback mechanism is disrupted and a new path introduced.

Kay also points out that the MacSharry reform of the CAP represented a significant shift in the direction of the policy path. To the extent that the reforms were caused by a material external shock, this is a problem for the path dependency perspective and other public policy frameworks may produce a better understanding. To the extent that major policy change can also be internally induced through the cumulative effect of apparently minor policy change, a path dependency framework has more significant utility (Kay 2003: 415ff).

Another perspective was therefore used to try to explain inertia when external and internal pressure called for reform. The strategic perspective was used with its ability to show how policy entrepreneurs and policy networks used the windows of opportunities that came with the external and internal pressure and thereby push for change.

In the case of the Emissions Trading Scheme the policy entrepreneur, the Commission, and the policy network was able to use the internal and external pressure that provided a window of opportunity to push for a new policy instrument. The case of GMO's also proved that if a policy network was strong then it could push for a more strict regulation and the 2001 Directive on Deliberate Release was created. These networks were able to push for this directive because of the open window in form of crises in health issues.

The use of the strategic perspective also seems fruitful when it tries to explain the constrained policy of the CAP. There is a policy network that operates within the CAP which is preventing fundamental policy reforms. According to Daugbjerg there is a cohesive policy network within the CAP since there has been stability on the policy objective according to article 39 of the Treaty of Rome. This stability indicates that there is a consensus on policy principles within the agricultural policy network. This, in turn, indicates that the network has a relatively high degree of cohesion: the core members of the network share the

view that the Community should intervene in agriculture to protect farmers from the impact of free market forces in commodity pricesetting (Daugbjerg 1997: 135).

In a similar vein to Daugbjerg the network characteristics of the CAP is recognised by Rosén with the mention of the farm lobby's domination and its lack of any strong interest countervailing the farmers such as consumer interest. There is thus a large consensus within the European agricultural network, which gives its members both the capability and the will to defend the status quo.

Anders Lönnblad however suggests that there were strong policy entrepreneurs such as the agricultural commissioner Franz Fischler that pushed for a change but these policy entrepreneurs were however not able to push for a change in the extent that they wanted, instead the policy community gave rise to difficult reform negotiations (Rosén - Jerneck in Elgström – Jönsson (eds) 2005: 75f, Interview with Lönnblad 080701). The MacSharry reform and the Agenda 2000 reform were both moderate and not radical and did not change the policy paradigm. They can only be seen a first and a second order change and the CAP can therefore still be considered as a policy within the EU that is subject to inertia.

From the strategic standpoint the policy entrepreneurs and the policy networks ability to push for a change is what separates the case of ETS and GMO from the CAP. This suggests that there are also limitations of the strategic perspective in the sense that it has a hard time to explain constrained change when actors use the open window to make reforms but the policy is still subject to inertia. How come the CAP despite the external and internal pressure only managed to make moderate reforms? This can perhaps be explained by the third perspective which suggests that the policy characteristic have an impact on policies being subject to inertia.

The CAP has been suggested to be a redistributive policy and the characteristics of the redistributive policy type and the CAP seem correlated. Redistributive issues pitch governments against each other and the bargaining tends to be conflictual and cross-sectoral. This has for a long time been the case in the CAP and its negotiations, an example is the Agenda 2000 reform where France and Germany relations were the opposite of one and another (Rosén – Jerneck in Elgström – Jönsson (eds) 2005: 66ff). Redistribution in the EU context is also traditionally associated with the creation of package-deals and with the use of side-payments. The Agenda 2000 reform was part of a broader package meant to prepare the EU for enlargement driven by the European Council (Daugbjerg - Swinbank 2007: 17ff).

Since a policy with a redistributive character makes change limited this could be a possible explanation of the inertia that surrounds the EU and the CAP. This also seems to correspond with the case of GMO which is a regulatory policy type and as such can create pressure on governments if strong interests push for a regulatory framework. Such pressure came from environmental NGO's and others. In the case of the ETS the policy characteristic perspective are however not able to explain the third order change in the environmental policy if it is seen as a constituent policy type. Constituent policy types are difficult to reform but the process of creating a new policy instrument such as the ETS were quick and

constituted a third order change this suggest that there is a limitation in the policy characteristic perspective. It cannot explain why policies of a constituent or redistributive policy types can make radical reforms since they should be difficult to reform. If the environmental policy instead is seen as a regulatory policy type the policy characteristic perspective can explain the reform. Nonetheless, there seem to be a limitation with the policy characteristic perspective as well as with the two former perspectives and they are therefore of better use when they complement each other in order to give a broader and better explanation to the inertia that can surround EU policies.

6 Results

6.1 Fulfilling the purpose

My question was: *Why inertia in EU policies?*

To answer this question I started out by analysing the CAP from a historical perspective with the path dependency concept. This gave me an explanation that is common among scholars studying the CAP, namely that there are certain feedback mechanisms that makes the cost of making the policy take another path too high, instead it follows the same path. The MacSharry reform in 1992 gave the path dependency a challenge; it couldn't give an answer to why the CAP was able to change because of external or internal pressure.

The strategic perspective gave an answer in that policy entrepreneurs and policy networks could have the will to defend the status quo even if there was an open window. The problem with the perspective is its problem to explain why policies can be subject to inertia even if policy entrepreneurs and policy networks push for change.

This is where the policy characteristic perspective serves its purpose in the way that it depends on the policy type. The general consensus is that constituent and redistributive policy types are the hardest to change. The case of ETS which can be seen as a new policy instrument within the climate policy was however easy to reform and since it can be seen as a policy instrument within a constitutive policy it should be difficult to change and the policy characteristic perspective can therefore not provide an answer to its rapid change.

If all these perspectives are complemented a more comprehensive and concrete picture of why some policies are subject to inertia can be developed. Policies can be subject to inertia if there are no external pressure and the entrepreneurs and the policy networks choose not to push for change since the cost of creating a new path is too high. If the policy at the same time is constituent or redistributive such as the CAP it is difficult to make reforms and change it.

This is the answer to why the CAP is one of the policies within the EU that is the most difficult to reform since it meets all these criteria's. There is a strong policy network that has the will to defend the status quo, it is a redistributive policy type and it is path dependent. This makes change within the policy either of the first or the second order despite internal or external pressure and open windows.

6.2 Complementary perspectives are needed to explain inertia within EU

This thesis started with the hypothesis that path dependency is not sufficient enough in explaining inertia within the European Union. After analysing cases such as the CAP, the Emissions Trading Scheme and the 2001 Directive on Deliberate Release it seems clear that not a single of the three perspectives are sufficient enough to explain inertia within the EU on its own. These perspectives together make an analysis of inertia more comprehensive.

Rosén & Jerneck also suggest that there cannot be only a single explanation, at least not in the case of the CAP Agenda 2000 reform where they recognise that the strategic perspective had explanations due to the window of opportunity in form of political pressure for reform but also that there were a policy network that made reform negotiations difficult. This together with a redistributive policy type and the path dependence that surrounds CAP make it easier to explain inertia (Rosén – Jerneck in Elgström – Jönsson (eds) 2005: 75).

All these perspectives provide different explanations to why inertia can be present within the EU policies and at the same time they have flaws when they cannot explain the change or the inertia in some policies. The policy characteristic perspective cannot for example explain why change within the ETS has been rapid despite its policy type suggests that it should be subject to inertia. The strategic perspective complement the policy characteristic perspective and suggest that it is due to the policy network and the policy entrepreneurs will to push for a change in the presence of an open window that change has been rapid. Another example is the case of the Directive of Deliberate Release of GMO's where the strategic perspective suggests that the policy network was strong and could push for a more strict regulation. The network was able to push for this directive because of the open window in form of crises in health issues. This is complemented by the policy characteristic perspective that suggests that since the policy is regulatory it is susceptible for pressure and can as such more easily be changed. In the case of the CAP there were policy entrepreneurs that pushed for change in the Agenda 2000 reform but the reform was not radical because it is a redistributive policy type and the policy is path dependent.

The same can perhaps be said in other policies where pressure or crises creates windows that policy entrepreneurs and policy networks can choose to use or not to use to push for change. Reforming the policy can then be easier if the policy isn't of the constituent or redistributive type. A policy of the latter type is more difficult to reform but it is not impossible since the ETS was able to be created. This requires that the pressure is severe and that the network is strong so that the costs of creating a new path are not too costly. To analyse inertia within EU policies it is as stated above not sufficient enough with a single perspective. The three perspectives used all contribute to an understanding and gives an explanation of why inertia is present within some EU policies.

6.3 Generated hypothesis and suggestions for future research

The conclusion to why inertia is present in some EU policies is dependent on the perspective used and the best explanation comes from combining perspectives. Some policies however seem more prone to be subject to inertia than others and a hypothesis could therefore be formed. A redistributive or constituent policy with strong policy networks that has the will to defend the status quo and is path dependent seem to be more difficult to reform than other policies.

In order to investigate whether this hypothesis holds further EU policies must be studied and analysed and a comparative study would be welcomed where only redistributive policies with policy networks defending the status quo within the EU could be compared in order to examine whether these types of policies always are subject to inertia or if there could be some deviant cases.

Another interesting study would be to analyse policies or policy instruments within the environmental policy area since media and public demands for a sustainable development and a mitigation of climate change has created a window of opportunity for policy entrepreneurs to push for reform. Is there any policy within the environmental sphere that has been able to resist reform despite this open window and how can it then be explained?

The environmental policy area can be seen either as a constituent policy or as a regulatory policy which makes an investigation of new policy instruments and policies within that sphere interesting in order to examine whether there can be a strong correlation between policy type and inertia. Perhaps the strategic perspective is better in explaining inertia and change within the environmental policy area since there has been a window of opportunity to push for a change. Therefore further research regarding policies and policy instruments would be welcomed in order to perhaps come to a conclusion regarding which perspective is better in explaining inertia and change within the EU.

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