Abstract

The aim of this report is to establishing whether or not the institutional structures and norms there are embedded in the Commission constrain the commissioners and influences the commissioners in a certain direction when is come to a CAP reform. Here I will use normative- and rational choice institutionalisms to identify to what extent the commissioners are influenced by institutional structures and then discus what the consequences are of this institutional influences related to the commissioners ability to reform the CAP. Furthermore I want to see if history matter. Have the CAP policy developed a historical path, there are limiting and constraining the commissioners undertaking regarding a CAP reform. I think it's important to recognise that the development of politics is also a process over time and not only a static picture. Here I will look at the MacSharry reform in 1992 and the June reform in 2003.

I conclude that the commissioners are influenced and constraints by the institutional reforms there are embedded into the Commission. But the commissioners are also rational utility maximising individuals when it comes to a CAP reform. So it is a mixture of rational behaviour and intuitional constraints. Furthermore the CAP policy has an element of path dependency, because of the element of providing income security to farmers. This element of path dependency does also influence and limiting the commissioners.

Keywords: Normative Institutionalism, Rational Choice Institutionalism, Historical Institutionalism, Common Agricultural Policy (CAP), the Commission, the commissioners, the MacSharry reform, the 2003 reform.
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1 Methodology

1.1 Research Area

The Treaty of Rome established the institutions in the European Community as we know it today with a Commission, a Council, which should “represent the national interest in the decision-making process” (Blomber&Stubb red., 28: 2004), an Assembly1 and the Court of Justice. (Blomber&Stubb red., 28-29: 2004) These institutions have different tasks and areas of competences in the European Union.

The Commission is at the heart of the European Union and of the European system, as Neil Nugent says. (Nugent, 2000:6) The Commission has been assigned with different tasks through the treaties, secondary legislation etc. which do state that the Commission are the engine of the European Union. The Commissions tasks, according to the treaty of Rome, are to “initiate policies; to represent the general interest of the European Union; to act as guardian of the Treaties and ensure the correct application of the EU legislation; to manages and negotiate international trade and cooperation agreements” (Blomber&Stubb red., 44: 2004), (Code of Conduct for Commissioners, 2004: 6)

The term Commission refers to two separate bodies, the College of Commissioners and the administrative Commission, the bureaucracy, know as the cabinet and the Directors-general (DG).

The DG’s helps the Commissioners in his/her daily work regarding to their portfolios. The portfolios can be compared with ministries. The member states have different preferences regarding these portfolios. France, Germany and the United Kingdom are procuring to get the most important ones, like agriculture, trade, competition and the internal market (Nedergaard, 194: 139-140)

In the College of Commissioners there are 25 commissioners, one from each member state. The commissioners are not directly elected but appointed by their national government for a period of five years in term-of-office. (Wallace,

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1 The Assembly was appointed from the national parliament. This body became later the European Parliament and in 1979 there were the first direct election to the European Parliament.
Wallace & Pollack, 2005: 52) The Commission as a whole has to be approved by the European parliament before it can take office. In 2004 the European Parliament used this power and made a clear signal to the President-designate José Manuel Barrosso that they did not approve some of the commissioner, this made Barrosso withdraw his team and put together another team of commissioners. (Wallace, Wallace & Pollack, 2005: 52)

There is a special code of conduct for commissioners which they have to follow and it dictates the appropriate behaviour of a commissioner. One of these rules is that the commissioners have to be completely independent and not taking instruction from any governments when they are performing their duties. Another is that they have to represent the general interest of the European Union and another one is the principal of collective responsibility. (Code of Conduct for Commissioners, 2004: 2-4) This means that when a decision is made, no commissioner can be held responsible for that specific decision it is a collective responsibility for the Commission as a whole. When a decision is going to be made in the Commission, they normally try to get consensus, even though they can use simple majority. This means that national bargaining happens within the College of commissioners, but not to the same extent as is does in the Council of Ministers. This balance between the European interest and the national interest the commissioners must be handled with big caution. (Nedergaard, 1994:138) There have been commissioners who did not have their term-of-office extended, because they did not look enough after the national interest.

The Commission is the heart of the European Union because of its variety of roles and responsibilities it has an extreme policy and administrative power. Since the Commission has the solo task in initiated policy it means that if a reform in for example the Common Agricultural Policy (CAP) has to emerge, it’s the Commission that makes the proposal and the Council of Agricultural Ministers adopts it. This makes me wonder about the Commissions role regarding CAPs reform.

The Common Agricultural Policy (CAP) has its origins in the European Community’s fundament, since the Treaty of Rome established it in 1957. CAP therefore processes the privileged role of being the first genuine supranational policy of the EU. But the CAP is still one of the European policies creating most disputes internally and externally. Since the problems inherent in the CAP has existed for decades, it makes me wonder, how come, that still very few reforms have been able to cope with the problems? Which mechanisms cause the inertia in the CAP reform process? Is it because the commissioner only thinks about their own national preferences when a CAP reform is made or is it because of the embedded institutional structures in the Commission, there constrain and shape

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2 The European Parliament got this power with the Treaty of Amsterdam (ToA) in 1997
the commissioners preferences regarding keeping the CAP in status quo? Could it be that the CAP is constrained by its own history? Put in other words, how much do the institutional structures, there are embedded into the Commission determine and influence the commission’s action and preferences regarding the outcome of a CAP reform?

1.2 Research Question

How do the Commission as an institution influence the commissioners regarding the outcome of a CAP reform?

1.3 Sub question

If CAP reforming is constrained by a system of path dependency, how does this influence the commissioners?

The research question asks for an explanation of the institution the Commission influence of the commissioners regarding the outcome of a CAP reform. The sub question asks for an explanation of if the CAP is path dependency and how does this influence the commissioners regarding the outcome of a CAP reform. There are three main elements there have to be looked at. The first two elements are related to the research question and the third one is related to the sub question.

*The first element* is the institution the Commission. I want to look at whether or not the institutional structure like rules, norms and procedures in the Commission affect the commissioners undertaking regarding the outcome of a CAP reform. I am using normative institutionalism to look into the Commissions institutional influence on the commissioners, because its theoretical basis is that the institutions set the standard for the individual behaviour, norm and rules. *The second element* is the College of commissioners. I want to look at whether or not the commissioners are rational individuals, seeking to maximize their own utility, and thereby their countries, when a CAP reform is made. I am using rational choice institutionalism to investigate the commissioners behaviour because it looks at how rational individuals act in an institution. These two elements are going to give a more varied picture of what the commissioners are influenced by when a CAP reform is made. Is it the institutional rules, norms and behaviour there are constraining the commissioners’ act regarding the outcome of a CAP reform or is it a rational explanation like the logical of electoral or is it a combination of them both?
The third element is CAP reform. There have been several reforms of the CAP, in 1984 (milk quotas), 1988 (budget stabiliser), 1992 (MacSharry reform), 1999 (Agenda 2000) and in 2003 (The Luxembourg reform). This means that CAP reforms have happen over a rather long period of time which means that there is an element of time involved. I want to see if history matter and to see if there has developed a historical path, there are limiting and constraining the commissioners undertaking regarding a CAP reform. Because it’s important to recognise that the development of politics is also a process over time and not only a static picture. To analyse this I am using Historical Institutionalism and Path dependency. To see if CAP is Path Depended I am looking at the 1992 reform and the 2003 reform.

1.4 Structure of the Project

Chapter one - Methodology.
The chapter will present the research question, reflections related to theory, empery etc.

Chapter two – Sociological Institutionalism and Rational Choice Institutionalism.
The purpose of this chapter is to introduce sociological- and rational choice institutionalism and it is divided into two sections. First normative institutionalism is presented followed by a discussion where the present theory’s tools are applied related to the research question to identify different institutional norms and rules that affect the commissioners’ behaviour regarding the outcome of a CAP reform. The first section is ended with a part conclusion where the main points are summed up. Secondly rational choice institutionalism is presented, followed by a discussion where the present theory’s tools are applied related to the research question to identify whether or not the commissioners are acting rationally when a reform is made and how this rational behaviour affects the outcome of a CAP reform. The second section will also end with a part conclusion where the main points are summed up.

Chapter three – Historical Institutionalism.
The purpose of this chapter is to introduce historical institutionalism. Here historical institutionalism is presented, followed by an analysis of whether or not the CAP policy is path depended and afterwards a part conclusion. Here the sub question will be answered. I have chosen to use historical institutionalism as an extra dimension to my research question, because it provides an explanation on the historical aspect influencing the outcome of a CAP Reform.
The historical institutionalism will be a separate part in the project. The reason for this is that historical institutionalism’s main theoretical element is path dependency and it affects the commissioner in a different way.

Chapter four - The conclusion. This chapter will sum up on the conclusions made through the project and thereby answer the posed research question.
1.5 Theoretical Choices

The new institutionalism consists of many different directions when it comes to the institutional phenomena. There are six versions if not more, that belongs to the new institutionalism approach. Three are identified as 1) rational choice-, 2) historical- and 3) sociological institutionalism and I have chosen to focus on those three.

The rational choice-, historical- and sociological institutionalism approaches are different regarding the relationship and the interaction between the institution and the individual.

The first is sociological institutionalism and it has the aim of explaining how the Commission as an institution can constrain and guide the commissioners when political decisions are made. I have chosen to use the normative approach in sociological institutionalism instead of the cognitive approach. The reason for this is that I believe that an individual interprets the norms and rules there are embedded in an institution. The cognitive view determines how the individuals shall interpret the world around them, while there in the normative view is room for the individuals to interpret the norms. It only tells what the appropriate behaviour is.

The second is rational choice institutionalism and it has the aim to explain whether or not the Commissioners act rationally in an institution setting and the consequences of this rational action regarding the outcome of a CAP reform.

The reason why I have chosen to use sociological institutionalism and rational choice institutionalism is because they can, when they are combined, give a more subtle picture of how individuals and institutions act. I believe that individuals neither are just rational thinking nor completely dominated by the institutional structure, but the reality is a combination of these two aspects.

The third and last is historical institutionalism. Historical institutionalism is going to give a more dynamic perspective on the research question since it provides a picture overlooking time and to investigate if past policy puts constrains on and has effect on the present possibilities and incentives. I believe that historical institutionalism gives another structural dimension to the institutional question, by saying that history matters.

I have chosen to use these three theories together because it gives a broad, better and also a more detailed, picture of how the institution can influences and constrain the behaviour and action of individuals, than if I just had used one.
1.6 Empirical Sources

My empery will mainly be gathered from other peoples work and will be supplemented by different articles from different internets sites, like the European Commission, United States department of Agriculture, Institute for International Integration Studies from the University of Dublin. I have derived knowledge about the reforms, used in the historical institutionalism, from scientific papers and informative articles. The paper is secondary empery, and use quantitative and qualitative material from various international organisations such as WTO etc.

I have chosen to use the 1992 reform, also called the MacSharry reform, and the 2003 reform because these two are said to be the two most radical/important reforms in the history of CAP. The reason for this is because the Macsherry reform and the 2003 reform have changes the way EU support the farmers. In 1992 it was the direct payment and in 2003 it was the Single farm payment /decoupling, which means that the subsidies would now longer be depended on the production.

1.7 Limitations

In this project I have chosen to focus on the supranational agent, the Commission and the commissioners and therefore I have lead out the Council of Ministers and the European Parliaments role and influence regarding a CAP reform even though they play an important and significant role. The Council of Agricultural ministers have to adopt the reform proposal and the European Parliament can give their opinion about the CAP reform, but the Council can choose to pay attention to it or not. This is called the consultation procedure.

The most recognised theories when it comes to the understanding of the European Union are Liberal Intergovernmentalism and Neo-Functionalism and therefore I find it important to define why I have not used these two theories in my project. Since I have chosen to look at a supranational institution, the Commission institutional influences, I have not used Intergovernmentalism or Liberal Intergovernmentalism, because they focus on the member states governments and that it’s the member states there lead the European integration (Wiener, A & Diez, T.(eds), 78: 2004). This happens through hard intergovernmental bargaining between member states which means that it’s the members stats preferences there are shaping the European Integration (Wiener, A & Diez, T. (eds), 78: 2004) I have chosen not to use neo-functionalism because it also focuses on the European Integration as well. I do not want to discus what role CAP has played in
the integration process. It sounds very interesting but it’s out of the scope of this project.

I will not look upon how sociological- and rational choice institutionalism explains and capitalize changes. I do not wish to analyze whether there have been a change in the institution the Commissions way to shape the commissioners behavioural framework and norms when it comes to the outcome of a CAP reform. Furthermore I will not go into a discussion of where the institutions come from. I do not find it relevant for the research question to discuss the different theories approach to the question about the institutional formation. My focus is on the institutional structures constrains and effect on the individual behaviour and not a discussion about which factors and framework there are essential in the creation of the institution of the Commission.

1.8 Explaining Terms

**CAP:** CAP is the European Unions Common Agricultural Policy and is a system of agricultural subsidies and the objectives of CAP are set out in Article 33. The Common Agricultural Policy (CAP) has its origins in the European Community’s fundaments, since the Treaty of Rome was established it in 1957. CAP has the privileged role of being the first genuine supranational policy of the EU. The original purposes of the policy were to obtain both economic and social objectives, which could facilitate the agricultural production and thereby secure food supply within the territory of the Union (Hix, 1999: 250). The economic objectives especially dealt with increasing agricultural productivity by promoting technical progress, ensuring availability of food supply, ensuring fair prices for the consumer and stabilizing the market for agricultural product. In addition to these economic goals, a social aspect was given great importance as well; this was to ensure a fair standard of living for the rural population, by increasing the earnings for farmers (Wallace, 2005:169). Thereby the objectives of CAP sought to satisfy the needs of different groups in the society, especially farmers and consumers, mainly by stabilizing and protecting the market for agricultural products, a task which the market forces at the time being were not able to perform (Hix, 1999: 250). The means to reach the goals set out by CAP, took different forms, such as price support, import levies and export subsidies and other sorts of barriers to trade etc. The CAP had thereby provided safe frames within the Union, which protected farmers against hard competition from the external producers, both to make Europe self-sufficient in the area of agriculture, and to prevented unemployment among farmers, and to some extent also prevented urbanization as a result hereof.
**EC/EU:** The European Community was established in 1967 and the term EU came with the Maastricht treaty in 1992, also known as the Treaty of the European Union, therefore I will use the term EC to any events before the Maastricht.

**GATT/WTO:** General Agreement on Tariffs and Trade (GATT) was establish in 1947 and was replaced with the establishment of World Trade Organisation in 1995 after the conclusion of the Uruguay Round. WTO’s main purpose is, as it was with GATT, to liberalise world trade. In achieving this, it has different functions; to be a facilitator in the multilateral trade round negotiations and to resolve trade disputes among the member countries.

**The institution:** What is an institution? Since I am dealing with institutionalism, it’s important to have a definition of what an institution is, because institutions can be everything from a formal structure to an amorphous entity. The Institutions are to be understood as a formal and informal set of rules, norms and convention embedded in the institution. I perceive institutions as being able to shape and constitute actors action. Here the degree of the institutions ability to shape and constrain the actors’ action, behaviour and preferences varies to a high extent between the three theories of new institutionalism I have chosen. A further elaboration is provided in chapter 2 and 3.

**Rules and routines related to the normative institutionalism:** Routines are “a stable pattern of behaviour” (Peters, 1999: 30) which makes the behaviour of the institution more predictable but it does not mean that is unchangeable or dysfunctional. Rules in an institution are control mechanism of behaviour and formalization of the appropriate behaviour in the institution. (Peters, 1999:30-31), (March and Olsen, 1989:21-26)
2 Normative Institutionalism and Rational Choice Institutionalism

In this chapter normative – and rational choice institutionalism are presented. First normative institutionalism is described and afterwards different norms, rules and structures are discussed referring to the research question. These norms, structures and rules are the “principal of collegiality” in the Code of Conduct for Commissioners, “Constitutionalization of the CAP”, “the decision making procedure of the CAP” and “the agricultural exceptionalism”. This should give an understanding of what role these rules and structures which are embedded into the institution plays regarding the outcome of a CAP reform. Secondly rational choice institutionalism is presented and subsequently the rational behaviour of the commissioners is discussed. The rational behaviour I am looking at is called “the logical of electoral”. This is to give an understanding of what role the rational behaviour of the commissioners’ play regarding the outcome of a CAP reform

2.1 Normative Institutionalism

Normative institutionalism has its focus on norms and values in the institutions. These two factors play a central role in explaining the behaviour of the individuals in an institution. Here the individual reflects about the values that consist in the institution which they are associated with. (Peters, 1999: 26) The formations of the individuals’ preferences are shaped endogenous to the institution this means that the individual preferences are shaped with their involvement with the institutions. (March and Olsen, 1989:40) The institutions simply affect and mold their participant’s preferences trough its rules and norms which are embedded into the institution. (Lynggaard, 2005:65), (Peters, 1999: 26), (March and Olsen, 1984:744), (Hall and Taylor, 1996: 948) This influence that the institutions have on the individual preferences and behaviour comes from the guiding of the” logic of appropriateness” which is the dominant values in the institution.(March and Olsen, 1989:23) The “logic of appropriateness” set the appropriate standards regarding the values, routines, rules and norms for the individual. But there are room for the individual to make a conscious choice and interpretation of the values set by the institution, “since
values are never unambiguous and all embracing” (Lynggaard, 2005: 66) but it will still be in the scope of the parameters established by this “logic of appropriateness”. (Peters, 1999: 29), (Lynggaard, 2005:66-67) It is important to remember that in long-standing institutions there are people from different cultures and with different definition of what appropriated behaviour, norms and rules are. (Peters, 1999: 30)

2.2 Discussion of Normative Institutionalism

2.2.1 “Principal of collegiality”

The institutional norms and rules that are prescribed in an institution do set the limit for the behaviour of individuals, like the Commissioners. The Code of Conduct for Commissioners is a set of rules that describe what a Commissioner can and can not do, in other words, how the commissioners can behave.

One of the central features in the Code of Conduct for Commissioners is the principal of collective responsibility and confidentiality. (Code of Conduct, 2004:4)

The principal of “collegiality” is a very good example of how rules do constrain the commissioners’ behaviour and this rule goes back to the founding fathers of the community. (Edwards and Spence, 1997:39) The aim of the “collegiality” is that all the decisions taken in the Commission are collegial decision with collective responsibility and all the commissioners must support the Commission decision in public. The decision making structure is consensus. (Smith, 2003:138-139), (Peterson, 1999:48)

CAP is a very sensitive area and the member states have very different attitudes and positions. For example France is against any reform proposal, UK is very pro and Germanys’ position it is difficult to say whether they are for or against, depend on what else there are on the EU agenda.

Since the Commission is obliged to speak with a single voice, this means that they have to resolve their internal conflicts either derived from different political approaches or technical consideration. This occurs through negotiation, coalition building and package deals.

This shows a potential of rational act in the college of commissioners. (Edwards and Spence, 1997:112) So national barraging does accrue with the College of commissioners, but not at the same level as in the Council of Ministers, because its here that the national interest are defended. (Grant, 1997:160), (Bellier, 2000:137) The Commission do represent the interest of the Union because the
reform proposal is a more ambitious, than what the Council can obtain. The reform proposal is always watered down and a diluted version of what the Commission proposed, after it has been discussed and adopted by the Council. (Nelson and Halderman, 2004:20)

Even though the Commission has this principal of collegiality, it does not mean that the different president of the Commission has interpreted it differently. Jacques Delors and Jacques Santer had different ways to interpret the rhetoric of consensus and to reach an agreement. Delors used formally voting and Santer rarely used voting, but used compromises to get an agreement. (Smith, 2003:141)

This do shows that even though this principal is embedded into the institution, there are different ways to interpret it.

The principal of “collegiality” do set limit’s and constrain on the Agricultural commissioner to propose a radical CAP reform, because they have to come to an agreement that fit all the member states national preferences. Taking the very different member states position in to consideration it means that the outcome of the reform is modest.

2.2.2 Constitutionalization of the CAP

Ideas that are embedded in an institution and “surrounded by a protective belt of other policies, institutions and/or social groups are more resilient in the face of challenge than other ideas not similarly institutionally fortified” (Skogstad, 1998:464). This is a very good description of what CAP is.

CAP is constitutionalized in the Treaty of Rome set out in Art. 33 to 38EF5. This makes it more difficult to changes the idea/concept. To make changes in the Treaty it requires unanimity in the Council of Ministers and afterward ratification either by the national parliament or by referendums. An abolishment of CAP will not happen in the near future taking the different member states position to CAP in consideration. (Skogstad, 1998:479) The texts of Article 33 to 38EF are given, but the interpretation of the Article is up to the single member state to make, because the Article doesn’t proscribe the amount of money and how the services

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3 Jacques Delors was the president of the Commission from 1985 to 1995. See Int: 1.
4 Jacques Santer was the president of the Commission from 1995 to the 15 march 1999 where the entire Commission resigned “after an investigation into allegations of corruption concerning individual EU commissioners”. See Int: 2.
5 The initial objectives were set out in Article 39 of the Treaty of Rome: to increase productivity, by promoting technical progress and ensuring the optimum use of the factors of production, in particular labor; to ensure a fair standard of living for the agricultural Community; to stabilize markets; to secure availability of supplies; to provide consumers with food at reasonable prices.
is provide. But no matter how you interpreter it, the support and payment to farmers will remain.

2.2.3 The decision making procedure of the CAP

The decision making procedure of the CAP, is long and difficult and it keeps the CAP in a locked position. The decision making procedure is a rule that has to be followed.

The important actors regarding the decision making process are the agricultural directorate-general of the Commission and the Council of Agriculture Ministers. (Ritson and Harvey, 1997:61) The commissioner of Agriculture makes a proposal together with his/her cabinet and the DG VI. The proposal is present for the Commission there after a debate adopt the proposal and send it to the Council of Agricultural Ministers

The Council of Agricultural Ministers have to adopt it by unanimity, even though it is stated in the treaty that agricultural decisions are to be taken by qualified majority voting. The reason for this norm is because of “the Luxembourg Compromise” which it’s from 1966. (Ritson and Harvey, 1997:66) It states that if a policy is of a very vital national interest to a member state, the other member states will refuse to vote about the subject and then the Council should use unanimity. (Ritson and Harvey, 1997:66) This veto opportunity makes it more difficult to get to an agreement. This means that it’s the national preferences get the last words and the result is that the Commissions proposal always will be watered down. (Skogstad, 1998: 479) This diminishing the Commissions ability to get a far reaching CAP through because they have to take into considering that the proposal has to represent the minimalist position of each member state, the lowest common denominator. (Edwards and Spence, 1997:9)

2.2.4 Agricultural Exceptionalism

In the founding fathers countries, in particular West Germany and France, where there a norm that the state did intervene in the agricultural market because it was in the common interest to support the farmers since it was an exceptional sector. The belief/norm has survived that the agricultural area is an exceptional one and it is for the common good that it is subsidized. “Delors describe the 1992 reform as a way to ensure that the CAP continues to contribute to the public good of sustainable rural communities” (Skogstad, 1998:475) Delors kept on saying: “The market cannot take care of all economic and social needs of a society, an it cannot charge of...public goods, invisible goods that we can only get collectively” (Skogstad, 1998:476). This represent the majority view in the EU agricultural policy community which are “national and supra national farm organization based in Brussels staff on the Permanent Representation of member states, and
officials in the DG VI” (Skogstad, 1998:476). Furthermore it’s always DG VI permanent staff there are responsible for the policy initiation which means that the ideational principals of CAP are kept in force, because it’s the norm or “the institutional memory”. (Skogstad, 1998:479) Furthermore the DG VI has been dominated by France, because agriculture is an important area for them. (Egeberg, 1996, 726-727) And the Director Generals since 1958 have been held by Frenchmen. (Nedergaard, 1994:143-144) This only intensifies the institutional memory because of the French attitude towards changes in the CAP.

The above described culture and unwritten acceptance of the agricultural exceptionalism in the agricultural policy community and especially in DG VI shows that the proposal will have a special context there are more pro for limited reform than for a deep cutting reform. This means that the commissioners also have to take into consideration that the agricultural exceptionalism, still are a belief that the majority in EU agricultural policy community as well in the member states. This will make it more difficult to do a deep cutting CAP reform.

You might even say that since the commissioner is a part of this agricultural policy community, the commissioner himself will be drawn into this belief that agricultural is an exceptional area. This will limit the commissioners’ vision about a deep cutting reform because it is the unwritten norm in the agricultural policy community.

2.3 Part conclusion

In the above discussion I have argued that there are rule, norms and structures that constrain and influence the commissioners when a CAP reform is made. The principal of collegiality shows that the possibility of a deed cutting reform is difficult to get, because all commissioners have to agree on the proposal. Since all the commissioners have to agree, the reform proposal is modest. The reason is that the commissioners have different preferences regarding CAP, depending on which member state they are coming from. This utility element shows a clear aspect of rationality that is in the commissioners’ behaviour.

The constitutionalization of the CAP shows that it is strongly embedded into the system of the European Union and not matter how you interpret it, the element of providing financial support will exist and can’t no be ignored. This means that the commissioners have to follow the words of the act in the treaty articles and they cannot do what they want.

These treaty articles have existed since the Treaty of Rome (1957/58) and this has brought a norm in the EU agricultural policy community and in the member states, that agricultural area are exceptional compared to other areas, which illustrates that the proposals from the DG VI keep the ideational principal of CAP in force.
The last structural element is the decision making procedure of CAP. It is long and since the Council of Agricultural minister has the last word, means that it is difficult for the commission to get their proposal through because of the heavy national interest there are in the Council.
2.4 Rational Choice Institutionalism

Central to rational choice institutionalism theory are the individuals. The basic assumptions about these individuals are that they are utility maximising when it comes to realise their own preferences and behave rational and strategically, with a rationalistic approach with the wish to maximize their personal utility and that their preferences are fixed. (Lynggaard, 2005:41), (Hall and Taylor, 1996:944-945)

The individuals are expected to react in the same rational way to the different incentives. (Peters, 1999: 46) The individuals’ preferences are exogenous to the institution. This means that it’s not within the institution that the individuals’ preferences are shape but they are shaped outside the institution of the individuals themselves. (Hall and Taylor, 1996: 939)

The institution is an “aggregation of rules” and these rules are shaping the individuals behaviour, but not in the way describe in the normative approach. In rational choice institutionalism the individuals react rationally to the institutional rules that constrain their behaviour. (Peters, 1999:47) They obtain knowledge about the institutional structure and adjust their behaviour, in accordance to maximising their own utility. This means that the individuals are constrained by the institution set up by affection the choices on the agenda and the political outcome are an interaction between the individuals and the institution. (Lynggaard, 2005:41), (Hall and Taylor, 1996:945)

The design of the institution is the outcome “of the incentives and constrains being built into the institutions” (Peters, 1999: 47) and the institutions past policy does not have any executive influences on the design (of the institution). New incentives taken by the individuals can change the institution relatively easily. (Peters, 1999:47) The reasons for these changes are if the institution does not live up to the individuals’ expectations, the individual can and will change it. To put it in other worlds, the institution only survives as long as it provides more benefits for the rational individual than alternative institutional forms. (Hall and Taylor, 1996: 945)

As mentioned above, rational choice institutionalism recognises that the institutional rules do constrain the agents regardless the game of maximization. The reason why the rational individuals chose to create/enter an institution and accept these institutional rules of constrains and loss of independence are because of the problems of collective action, like free-riding, rising transaction cost and uncertainty about the other individuals preferences and behaviour. (Lynggaard, 1999: 41-42), (Peters, 1999:45)
The institutional structures set the bounds of acceptability and make it “capable of producing some predictability and regularity of outcomes that benefits all participants in an institution” (Peters, 1999: 45). This means that the institution structure creates a pattern of the acceptable behaviour, better knowledge about the competitors preferences and behaviours and thereby the future policy outcome and minimising of transaction cost, because they are constrained by the same institutional rules. (Hall and Taylor, 1996: 939, 945) These benefits paramount the constraints that the institution puts on the rational individual. They can better achieve their goals with the benefits that they gain being a part of the institution. (Peters, 1999: 48-49)

2.5 Discussion of Rational Choice institutionalism

2.5.1 The logical of electoral

The main assumption in rational choice theory is that the individuals are rational and strategically thinking and utility maximizing. The commissioners are politicians and politicians want to be re-elected, in this case re-appointed. It is the national government that appoint their commissioner which often are picked from the winning political party or from their coalition. (Nedergaard, 1994:135) In Denmark, we have a liberal/conservative coalition and the Danish commissioner6 is from the liberal party. Another example is the British commissioner7 Peter Mandelson from the UK. He is from the Labour party, which are in power right now in the UK. This means that the commissioners more or less have to follow their governments overall line or else they do not get a new period representing their country. For example a commissioner from the UK, Lord Cockfield in 1989, was not re-appointed because his national prime minister, did not think he did enough for his home country or the French commissioner Claude Cheysson was accuse to betray France because he voted yes to a agricultural proposal there were against the French interest. (Nedergaard, 1994:138) Even though the commissioners have sworn an oath of independence, it is important to remember that their national governments are their interlocutors. The commissioners “articulate policy concerns that reflect their domestic political

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6 Her names is Mariann Fischer Boel and she is the Commissioner for Agriculture and Rural Development
7He is the EU Commissioner for Trade
backgrounds or specific points of national concern” (Edwards and Spencer, 1997:38). This link is not directly shown but its defined thought the Commissions decision and the national reaction. (Bellier, 2000:143)

This means that the member states governments do exercise influence over their commissioners and thereby the principal of collegiality and the European integration, by refusing to re-appoint their own commissioners. (Edwards and Spence, 1997:8)

But the link goes further out, because their government want to be re-elected as well and therefore offers policies, which can get them the most votes. This means that the politicians are “most interested in the short-term consequences of their action” (Pierson, 2000:261) rather than the long term. If politicians make radical reform the consequences are only happening in the future, long after they are gone. (Pierson, 2000:261)

To use this rational behaviour of the logic of electoral politics, we first need to look at who are the central electors of CAP. Very roughly you can divide the European citizens into two groups, consumers and farmers. These are the two components of the demand side of political measures, but they demand two different things. Farmers are supporters of agricultural protectionism and status quo and consumers are presumed to be against. Here Nedergaard firstly notes that farmers are much better organised at an EC level than consumers. The reason for this is because the burden of subsidies is collectively shared which makes the incitement for farmers to organize much bigger as the individual farmer has much more to gain from lobbying than the individual consumer. (Nedergaard, 1993: 93-99) Farmers are very concerned with this area and mobilize a lot of public attention, and therefore create an important electorate for politicians. (Nedergaard, 1993: 101-103) This means that the most important electors still are the farmers because they are better organised.

But can this be the reality that the farm electors have big influences on the member states’ governments and thereby on the conducted policy? Let us look at France governments’ position to CAP and at the farm lobby electoral influences. France is the EC’s biggest agricultural producer, and has a tradition of perceiving itself as a farm country. There are very few consumer organisations, in contrast to the very well organised farmers. Therefore farmers lobby costs are very low, and they have big incentives to organise. Farmers as an electorate are very important and this creates a situation where a big reforming of CAP is unthinkable. (Nedergaard, 1993: 136) (Nelson and Halderman, 2004:23) This does that the farm electors are dominant and important in the French election. Jacques Chirac is very sceptic and do threaten to use his veto power when it comes to reforming the CAP. As Nedergaard said, that the commissioners come from the winning party, means that the French commissioner is from Jacques Chirac party. This does that the French commissioner has to take the national preferences into consideration when a proposal of a CAP reform are made.
The commissioners don’t make drastic reforms, because they want to be re-appointed of their national government. This is the rational behaviour of the logical of electoral. This means that the commissioners do follow the line of their national government regarding a CAP reform. In the 1992 agricultural reform the commissioners national interest did that there were divergence regarding “the question of favouring small farmers in compensating for cuts in cereals prices” (Daughjerg, 1999:422) but to say that the commissioners is just a national delegate, can be overruled because of the constrain of the principal of collegiality.

2.6 Part conclusion

In the above discussion I have argued that the commissioners do act rational when a CAP reform is made, because of the wish to be re-appointed. The commissioners are appointed by their national government which does that the commissioners more or less follow their governments’ position towards CAP. These lines differ a lot between the member states and these positions have something to do with how strong the farm lobby electoral threat is, in the respective member states. This shows that the commissioners are acting rational and are defending their national interest in the proposal of CAP reform because of the wish to be re-appointed
3 Historical Institutionalism

In this chapter historical institutionalism are presented. Historical institutionalism is to give an understanding of the historical constrain that a policy can have. First historical institutionalism are described and afterwards there will be different section dealing with the interpreting the development of the CAP as path dependent and how historical institutionalism explain changes. After that an analysis are made with the MacSharry reform and the 2003 reform which is followed by a part conclusion.

3.1 Historical Institutionalism

The central aspect in historical institutionalism is that the policy choice made in the beginning of an institutions life, when it’s formed, influences the future policy. (Peters, 1999: 63) This means that the institution is shaping policy over time and it’s called “path dependency”. (Lynggaard, 2005:55), (Hall and Taylor, 1996: 941) Put in other words, the institutional factors have influence over the policy outcome and makes it difficult to alter the created institutional structures. Once a policy is initialled and the institutional choices are made, it creates a pattern which will persist. (Peters, 1999: 64), (Lynggaard, 2005:54-55) This means that the “prevailing power relation, norms and ideas, preferred administrative and political processes among agents during times of institutional creation will become embedded in these institutions and sets out a path for the future” (Lynggaard, 2005:55)

To understand institutional influence in CAP I am using the term path dependency through Adrian Kay’s analysis. He focuses on the policy of CAP as an institution and his definition of path dependency are the same, as mentioned above. “A system is path dependent if initial moves in one direction elicit further moves in that same direction; in other words there are self-reinforcing mechanisms or positive feedbacks” (Kay, 2003: 406). The concept should not be understood as “lock in”8 because this understanding has some deterministic implications and is

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8 When actors adopt to the new rules of the game by making extensive commitments based on the expectation that these rules will continue, previous decision may “lock in” member-state governments to policy options that they would not now choose to initiate.
avoided, instead Kay refers to path dependency as constrains on future choice sets. (Kay, 2003:406)

Historical institutionalism does not focus that much on “how the individuals relate to the institutions within which they function” (Peters, 1999: 71). The assumption is that the individuals have accepted the constrains imposed upon them, in the initial face of the institution. (Peters, 1999:71) Historical institutionalism has both a rational element and a sociological/normative element regarding the relationship between the institution and the individuals. This means that the institutional settings do constrain the policy actors, because of the path dependency element, but it does not mean that the individuals are incapable of action rational it just narrows the opportunities.

"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 nearly predicts the future” (Kay, 2003:406)

3.1.1 Interpreting the development of the CAP as Path Dependent

In the path dependent system the initial events are important because they sets out the path for the future, this is also called positive feedback loops, which means that the initial policy are reinforced in the future decisions. (Kay, 2003, 411) The question is why the initial policy structure has remained in place?

The main ambition stated in the Treaty of Rome article 39, was to increase productivity and technological progress through support in the form of high prices. The elements in Article 39 are deeply embedded in the EU culture. To analyse this Kay looks at three feedback mechanism.

The first is the effect of CAP on interests groups. “Policies provide both incentives and resources that may facilitate or inhibit the formation or expansion of particular groups”’” (Kay, 2003: 412) COPA9 is a good example of this, with its important role in the bureaucratic functioning of CAP and its role in an eventual implementation of a reform. Its power may increase the cost of adopting alternative policies and thus inhibit the exit from the current policy path. (Kay, 2003:412)

The second effect of CAP is on administration. Its skills are very technical and therefore very specialized. Switching administrative resources may be very costly and it may favour “status quo in Commission and member state thinking on the CAP” (Kay, 2003:413), (Ackrill and Kay, 2003:5)

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9 Comite’ des Organisation Professionelle Agrigolos
The third feedback mechanism operates on an individual level. The individuals are affected by the current agriculture policy because they make commitments and investment on the basis of this. A change in this policy will increases the costs on future policies. (Kay, 2003:413), (Pierson, 1998, 46-47), (Ackrill and Kay, 2003:5) It’s important to remember that there are a constitutional commitment written in the treaty of Rome to support agriculture. (Ackrill and Kay, 2003:5) These self-reinforcing mechanisms of the CAP and the constitutional commitment provide an explanation “of why the initial policy structure of the CAP has become entrenched and resistant to reform” (Kay, 2003: 413).

3.1.2 Historical institutionalism and changes in CAP

Regarding explaining changes historical institutionalism says that changes do occur but the range of possibilities are constrained of the past choice and the path, these past policy choice had made. (Peters, 1999: 65) Historical institutionalism has difficulties to explain the question of institutional changes. It can better “explain the persistence of the patterns than to explain how those patterns might change” (Peters, 1999: 68). But how historical institutionalism explain changes in policy are referred to as critical junctures, which are “moments when substantial institutional changes takes place thereby creating a branching point form which historical development moves onto a new path” (Hall and Taylor, 1996:942).

These movements are external shocks there does that the reproduction of the policy are changes. This could be budget crisis or trade negotiation in WTO/GATT

However path dependency feedback loops connecting past policy decisions also have unintended consequences on EU budget, international trade negotiations and the environment.

These affected interests can be mobilized and upset by the mechanisms that usually reproduce policy. This means that CAP’s reinforcing mechanisms can have unintended effects which produce pressure for change and shocks to the existing policy path. (Kay, 2003: 415) However CAP is a multi-dimensional policy, therefore changes in reform have only altered parts of this. The reform process might illustrate that several key factors are still reinforcing and thus developing in a path dependent manner. (Ackrill and Kay, 2003:6)
3.2 Part Conclusion

Historical institutionalism has introduced the term “path dependency”. A system is path dependant if initial moves in one direction elicit further moves in that same direction. Kay has then argued that CAP is a path dependant system by using the term in its original sense, describe stabilization. Furthermore both Kay and Ackrill argue that the self-reinforcing mechanisms of CAP have created shocks and thus pressure for the reforming of CAP. However these reforms might not change all the reinforcing mechanisms of CAP.

3.3 Discussion of Historical Institutionalism

I will shortly tell about the two chosen reform, the MacSharry reform and the 2003 reform. It will only be a short presentation where the highline of the two reforms are provided. Afterward I will start analysing whether or not CAP policy is path dependent or not.

3.3.1 The MacSharry reform

The MacSharry reform is named after the agricultural commissioner at that time, Ray MacSharry. He was the first agricultural commissioner that succeeded in cutting the level of support prices to farmers, for example 30 % in the intervention price\textsuperscript{10} for cereals and beefs intervention price with 15 %. MacSharry present direct payment to the farmers which were a compensation for the loss of income in support prices. The reform also introduced an early retirement scheme, an agri-environment scheme so that the farming structure could be improved. (Int: 3)

3.3.2 The 2003 reform

The 2003 reform are the latest of all CAP reform and it build on the ideas from the MacSharry reform and Agenda 2000(another CAP reform). The main elements in the 2003 reform are the “single farm payments” or also called decoupled payment. (Int: 4) The core of this policy is that the EU farmers will receive a payment but it is decoupled from the production. Furthermore to receive

\textsuperscript{10} Intervention prices: if the EC price dropped below the political given intervention price, the EC should buy up any excess production.
this single farm payment the farmers have to live up to some environmental, food safety, animal health and the requirement of keeping the “farmland in a good environmental condition” (Int:5), also called compulsory cross-compliance. (Int: 5) Furthermore there was some cut in the intervention price in cereals, milk etc.

3.4 Discussion of Historical Institutionalism

*If CAP reforming is constrained by a system of path dependency, how does this influence the commissioners regarding the outcomes of a CAP reform?*

The 1992 reforms were pressured by increasing budget expenditures and GATT negotiations. In contrast to earlier reforms the level of support prices came under particular scrutiny. This created the basic parameters in which reform process had to be framed. Quotas were not an option as they left high prices intact. This left two options – replacing price supports with another set of instruments or reducing price support substantially. In practice the former option was infeasible because the removal of price support would remove one of the original three pillars of CAP – Community Preference. (Ackrill, 2003: 6-9) The reform can be summarised as the level of price support being cut substantially, offset by a series of direct payments partially de-coupled from production. (Int: 6)

The ‘income support’ element of the 1999 reform built upon the 1992 reform to reduce further the level of support prices, raising further the level of direct payments. The second element drew together the disparate components of agricultural ‘Guidance’ policy into a new Rural Development ‘Pillar II’ of the CAP. Pillar II was given 10% of the CAP budget. Since Pillar II requires national co-financing modulation is a way of raising CAP spending without threatening the EU spending limit. The combination of modulation and the partial compensation of price cuts also broke the link between specific price cuts and specific ‘Compensation’. As such, the support system introduced in 1992, based on direct payments, was confirmed as a “general” shift in the way the CAP supported farm incomes. (Ackrill, 2003: 12)

The main element of the 2003 reform was the introduction of the de-coupled Single Farm Payment (SFP). The reform occurred during the Doha Round of WTO. WTO wanted EU to de-couple all pre existing direct payments, in this reform, but adapting the majority of CAP payments, offered the opportunity for a compromise agreement to be negotiated. One proposal from 2003 that was not accepted was the ‘final’ 5% cut in cereals support prices. (Int: 7) This would remove ‘Community Preference’, at least from one sector, but was seen by some countries as a reform too far. (Ackrill, 2003: 13)
The enlargement has also posed not to be the threat of CAP as many thought. The evolution of the CAP was set out in the agreement for the 2004 enlargement. The EU 15 set out terms that defended the existing distribution of budgetary transfers at the expense of the “common” nature of the CAP. (Ackrill, 2003: 21)

3.5 Part Conclusion

I have shown that the fundamental principles of providing income security to farmers have remained unchanged and reforms have been small. This represents a measure of the path dependence of CAP. It also constitutes a constraint on the CAP that imposes path dependant limits on CAP reforms. This can be seen in the few options of policy changes in the reforms. This means that the commissioners are constraint by the element of path dependency in CAP.
4 Conclusion

Research Question
How do the Commission as an institution influence the commissioners regarding the outcome of a CAP reform?

Normative institutionalism focus on the norms, rules and values there are embedded in the institutions. These norms, rules and values constrain the individuals regarding a policy outcome. The rules and norms I have been looking give an idea about how must the institutional settings in the Commission influences the commissioners referring to a CAP reform. The principal of collegiality constrain the commissioners in the sense that the possibility of a deed cutting reform are difficult to get, because all commissioners have to agree on the proposal and taking the different commissioners position in to consideration, the reform proposal is modest. This shows that there are, even though there is this principal of collegiality, an element of rational behaviour and an attempt of utility maximizing in the commissioners’ behaviour.

The constitutionalization of the CAP does that it difficult to ignore the main elements of the CAP which are strongly embedded into the system of the European Union. This has the consequences that the element of providing financial support keeps on existing. Furthermore these treaty articles have existed since the Treaty of Rome (1957/58) and this has brought a norm in the EU agricultural policy community and in the member states, that agricultural is an exceptional area, there need to be supported financially by the European Union.

The DG VI is in this policy community and it is the one there make the proposals does that the ideational principal of CAP are kept in force. Furthermore the commissioner are embedded into this environment, which does that the commissioner also followed the unwritten institutional memory and thereby limiting her/himself views on the CAP.

The last structural element is the decision making procedure of CAP. Since the Council of Agricultural minister has the last word, does it difficult for the commission to get their proposal through because of the heavy national interest there are in the Council.

Rational choice institutionalism focuses on the utility maximising individual and in the project I have been looking at the logical of electoral. I have argued that the commissioners do act rational when a CAP reform is made, because of the wish to be re-appointed. Since the commissioners are appointed and re-appointed by their
national government does that the commissioners more or less follow their governments’ position towards CAP. The governments’ position towards CAP depends on how big electoral threat and influences the national farm lobby has on the national government. This shows that the commissioner are acting rational and are defending their national interest in the proposal of CAP reform because of the wish to be re-appointed

**Sub question**

*If CAP reforming is constrained by a system of path dependency, how does this influence the commissioners?*

Historical institutionalism has introduced the term “path dependency” and argued that CAP is a path dependant system by using the term in its original sense, to describe stabilization. Furthermore it has found that the self-reinforcing mechanisms of CAP have created shocks and thus pressure for the reforming of CAP. In relation to this I have shown that the fundamental principle of providing income security to farmers has remained unchanged. This represents a measure of the path dependence of CAP. It also constitutes a constraint on the CAP that imposes path dependant limits on CAP reforms. This can be seen in the few options of policy changes in the reforms. This means that the commissioners are constraint by the element of path dependency in CAP.

I can conclude that the institutional structures do influences the commissioners when a CAP reform are made, but I have also discovered that the commissioners do also think and act rationally which shows that they are not totally ruled by the institutional settings in the Commissions. It is a mixture of them both. Furthermore CAP has an element of path dependency which also constrains and influences the commissioners’ attitudes and possibilities. Al in al this does that the outcome of a CAP reform is more modest.
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