

The Janus Face of EU Agricultural and Development Policies

An analysis of consequences for the developing countries
caused by contradictory EU policy processes



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An analysis of consequences for the developing countries caused by
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Abstract

This study takes its point of departure on the mechanisms and effects of globalisation. The focus is set on the relations between EU and the developing countries. The central problem that this study seeks to examine is whether the EU policies on agriculture and development as well as their respective policy processes are attributing factors to the negative effects of globalisation that several developing countries experience due to contradictions in EU policies and EU policy processes. In order to conduct these examinations the analyses of the EU policies on agriculture and development are based on the official treaty establishing the European Community. The analyses on policy processes are based on academic works on EU policy processes. The examination of the consequences for the developing countries is based on analyses of case studies that together represent the situation in developing countries. The theoretical frameworks for conducting the analyses of EU policies are based on traditional economic trade and development theories that allow a theoretical categorisation of the policies. In order to analyse the various policy processes a multi-dimensional approach of policy analysis is applied. The analyses of the consequences that EU policies and policy processes have for the developing countries are analysed on the basis of an abductive approach consisting of theoretical and empirical examinations.

The classifications of the two policy areas conclude that contradictions exist between the theoretical approaches to EU policy on agriculture and EU policy on development. The contradictions lie in the different theoretical notions about how to generate economic growth, the effects of a liberal world economy, and the consequences of capitalism. Furthermore the categorisation of the two policies finds that contradictions exist within the two policies: classic liberalism theoretically contradicts protectionism in agricultural policy in terms of understandings of effects of free trade and liberal economies. In parallel development policy's Modernisation theory and neo-Liberalism contradict post-Imperialism and neo-Marxism on the basis of the effects imperialism, micro and macro economic focuses, and the relation between the developed and the developing countries.

The multi-dimensional approach to policy analysis enables conclusions on differences in policy processes in terms of different policy natures with different policy processes resulting in first and second policy priorities. Another reason is the different policy instruments that are used to attain

the objectives set in the policies. Due to the different policy priorities policy instruments are clearly defined in the agricultural policy but lack in the development policy. Furthermore the different policy processes allow for the inclusion of other policy actors than the EU institutions; These actors are able to influence the policy processes in a direction that favours the actors' economic and political interests. In contrast, the development policy processes are not subject to influential actors to the same extent. The layout of the official EU decision procedures implies different policy settings for decision making in the two policy areas: EU agricultural policy is decided on in a supranational forum, whereas development policy decision takes place in an intergovernmental forum.

The contradictions in EU policies and policy processes lead to consequences where EU's development programmes are undermined by the effects of the agricultural policy. Furthermore, internal inconsistencies in the development policy prevent the general situation in the developing countries from improving.

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1. Introduction

Globalisation

An increased call for political action at a supranational level, which is out of reach for the national states, has given potentials for generating development towards a more equal world, but the supranational institutions that should provide the means for doing so are lacking and thereby creating a governance vacuum.¹ The effects of globalisation are not unambiguous for the developing countries; globalisation creates larger economic growth that would not have otherwise occurred. (E.g. the development in South East Asia is an example of the fact that also poor countries can achieve economic growth). On the other hand some developing countries are affected less fortunate by globalisation than the rich developed countries.² Further the differences are made more rigorous by the asymmetric market liberalisations in favour of the developed countries.

The meanings of and attitudes towards the phenomenon of globalisation are many, as are the efforts to identify the complex processes.³ The suggestions to identify the scope of the concept associate it either with opportunity, prosperity and the spread of democracy, or with inequality, uncertainty and corporate hegemony.⁴ There seems to be consensus on, though that the processes of globalisation are inevitable and irreversible. The wheels of the world are spinning faster and to stop it is not an option. The citizens of the world are left with the opportunities to try and get the best out of it.

Unequal consequences

However, these opportunities are not equally accessible to all, and the globalisation processes are evolving asymmetrically in the world society. Stronger and wealthier nations use their political and economic strength to ensure their own interests via trade unions or trade agreements, and often these agreements are made at the expense of countries standing outside these coalitions.

This means that the economic development described above is a truth with modifications which mainly covers the situation in the developed part of the world. There is a gap between the rich

¹ Erle: 2006

² Ibid

³ Heywood: 1997

⁴ Ibid

and developed countries that have the power to ensure their own interests, and the developing countries that, on the other hand, are kept in poverty and at a slower pace of development. Thus, the otherwise overall, positive development in the world covers huge inequalities; the numbers cover an uneven development in favour of the developed countries.

Globalisation is said to cause closer interaction between the countries of the world, hereunder communication and trade. The worlds' political and trade institutions are trying to control these connections by regulating the trade between countries. The institutions are results of years of historic interdependence, negotiation, agreements, and political traditions, and are further based on an internal consensus of self-protectiveness between the involved actors. This may cause the associations to sometimes appear conservative towards a development perspective.

Cases

One of the persons, who feel the consequences of standing outside the exclusive club of the world's wealthiest and strongest political powers, is Rodolpho Fiche from the Dominican Republic. From 1994 to 2001 he participated in the EU initiated development project PROLINO which objectives, among others, were to improve the farmers' skills and techniques. Fiche benefited from the programme and at the height of his carrier he had 120 dairy cows. However, today the number is down to 70 and his economic situation is still worsening.

One of the major reasons is that Fiche has nowhere to sell the milk he produces. Fresh milk has almost been forced out of the market for milk in the Dominican Republic by milk powder imported from Europe. Fiche cannot compete against the millions of cans of dried milk powder that take up the shelves in the shops. The producer is Europe's biggest dairy, Arla and the price for the imported powder milk is lower than Fiche can produce the fresh milk for. Fiche is facing the same destiny as many other Latin American dairy farmers, he is forced to give up his dairy production and slaughter his cows. The cheap milk powder makes it impossible for him to sell the fresh milk and this means that he cannot afford to buy feed for them - or food and clothes for his family for that matter. He is left with little options but to sell or slaughter his cows and join the thousands of other former farmers in the search for another way to support his family.

Another farmer, who feels the effects of the unequal development, is the South African farmer Ed Granham. He has worked hard to establish a sugar and candy production on his farm. But in spite of a production price of 325 EUR per tonne of sugar produced in South Africa, towards 650

EUR for a Danish produced ton of sugar,⁵ he cannot compete with the price of the export subsidised European sugar and candy products overflowing the South African shops. As a result, Granham has been forced to reduce his group of staff from 16 to four, and he sees the day coming closer, where he must fire the last four, and shut down the production. Some of the European sugar ends up in South Africa, where it is sold at prices below market prices. The South African sugar farmers cannot compete with these prices, and the consequence for many of them is similar to Granham's; they must leave the sugar industry and their farms and production facilities.

The examples illustrate some of the consequences of the globalising world as it is today. As mentioned, globalisation can enhance the uneven development of countries in the world, but some strong actors in the international society enhance this tendency even further.

The European Union is a significant actor in the globalisation process with its now 459.5 million citizens⁶ and strong currency. The increasing cooperation between the EU member states in areas like production and trade have led to integration on policy, and forms a strong threshold towards non-EU states.

In spite of the EU's commitment to the Millennium Development Goals, it seems that EU actions on especially agricultural and trade areas are contributing to an increase in poverty, unemployment and hunger in some countries outside the EU. The uneven access to the world trade scene contributes to maintaining the poorest countries in their sad status. The examples from the Dominican Republic and South Africa are not new or revolutionary in any way. There are thousands of stories like Fiche's and Granham's from all over the developing world. Examples of how EU initiates and funds development projects to help farmers and local communities establish a sustainable living, just to witness the projects fail when they face the reality of the hard conditions that reign on the international markets.

The international society

The EU may play a role in keeping the poorest countries away from taking part in the world market place but other international institutions are playing major parts as well. Examples of

⁵ Midé & Brems: 2004

⁶ http://europa.eu/abc/keyfigures/sizeandpopulation/howmany/index_en.htm

promoters of the developed world's allegedly free trade policy towards developing countries include the WTO, the World Bank, the IMF, and the G8 countries.⁷

They have all signed the 8 UN Millennium Development Goals, a set of time bound and measurable goals that involve support from the developed world in the form of aid, trade, debt relief and investment.⁸ By signing the resolution the international society has agreed on working together towards a common goal to help third world countries in the struggle to get out of poverty and debt.⁹

From the EU's perspective The Commission headed by Romani Prodi (2000-2004) took actions to renew and strengthen EU's development policy, and it succeeded in introducing some remarkable initiatives - at least at a symbolic level.¹⁰ But with the above examples in mind, it seems to be a long way yet, before the intentions and promises lead to actions that will benefit the poor countries.

EU

How is it possible that these contradicting elements exist alongside each other? What is EU's position in this and what is it in the EU system that allows for the self-contradictions? It seems like the success or failure of EU development projects and agreements depends on the economic and political interests of the communities and institutions within the European Union. Furthermore, it seems that the policy processes in the field are blurred. When even a former EU Development Commissioner, Poul Nielsson, claims that he cannot see through the policy jungle of EU development (and trade) policies - then who can?¹¹

The dominating international institutions' actions in the world society have a great deal of influence on the world order and on the developing countries' chances to find their stance on the world's political and economic scene. This is also the case for the EU, and as it increases in size and influence it is becoming a bigger and more important actor on the global political stage. The negotiations of political and economic interaction with other organisations and states are central

⁷ The Group of Eight (G8) is an international forum for the governments of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States. The European Commission is also represented at the meetings.

⁸ www.un.org/millenniumgoals/index.html

⁹ Jensen: 2004

¹⁰ http://ec.europa.eu/development/index_en.cfm

¹¹ Midé & Heilbuth: 2004

in the world agenda - and have negative consequences for the countries that are left with little or no chances to influence that agenda.

Further, negotiations within the EU have consequences that reach beyond the borders of the European Union. For that reason it is interesting to take a closer look at the internal processes in the EU in order to study the policy procedures and the underlying factors. The aim of this study is, thus, not only to examine the major institutional negotiations, but also to consider the 'day to day' functioning of the EU as a polity and the processes and actors that are involved in these processes. The overall focus of this project is thus on EU's internal policy processes, how they work and how they affect the development activities.

The problem statement is outlined in the following:

1.1 Problem statement

In the light of the tendencies of unequal development that globalisation seems to bring along and the important role that political institutions such as the EU play in this context, this thesis attempts to examine in what way EU as an international political actor influences this development. The focus is therefore on examining first of all which mechanisms that are influencing the development and secondly how these mechanisms are influencing the development situation. Finally, the thesis will examine how the mechanisms influence the situation for the developing countries.

The starting point of this thesis is based on an assumption that contradictions exist within EU policies on agriculture and development, and that these contradictions influence the development situation. This leads to a basis for the problem statement focusing on policy contradictions, reasons for policy contradictions and consequences of these policy contradictions. Hence, the problem statement is defined as follows:

The purpose of this thesis is to examine what policy contradictions exist between the EU policy on agriculture and EU policy on development. Furthermore, the thesis examines why

these contradictions in policies exist and finally what consequences these policy contradictions have for the developing countries.

This problem statement points to several different elements of EU policy processes and contradictions in these processes as a source of analysis in order to explain some of the reasons behind the development situation as described in the introduction. The term contradictions as it is used in this context relates to the hypothesis that EU agricultural and development policies in some cases might be in direct confrontation with each other and that this lack of coherence could be one of the reasons for the present development situation. The two policies will naturally focus on two very different areas, but nevertheless policies within the same political institutions should to a certain extent point in a common direction and not in opposite directions. Whether or not the two policies collide, and if so, the reasons behind this are examined in this thesis and on the basis of the result of this examination the thesis analyses how this affects the developing countries.

2. Definition of terms

This section introduces some of the central terms that are used in this thesis. Some terms are defined by theoretical or political approach to the specific field and therefore it is crucial that such terms are defined in order to either reject or acknowledge these approaches. In the following the definitions of the terms developing and developed countries are discussed on the basis of different views on categorisations of the world. Secondly, the term development is discussed according to the two main schools of thinking that forms the basis for development theory. Finally, the term policy is discussed on the basis of different approaches to policy analysis.

2.1 Definition of developing and developed countries

In the various literature on development and development studies, different definitions are used to categorise the countries in Africa, Latin America and Asia that are considered to be in need for development. The definitions depend on the general worldview. Some scholars have divided the world into three different worlds, where the first world countries are Western Europe and North American, the second world consists of the former Soviet Union and the former communist Eastern Europe and finally the third world is defined by Africa, Asia and Latin America.¹² In relation to development research this division presents some general problems first of all because the Soviet Union does no longer exist and the Eastern European countries are more or less integrated with the Western Europe in the EU.¹³ Also the fact that Asian countries like Japan, Taiwan and North Korea can in development perspective be considered to belong to the first world. From a political and economic perspective the three-world division does no longer seem to be valid, however, the term third world countries are still used today to describe countries in Africa, Latin America and Asia with low economic, social and political development rates. In this thesis we will not apply the three-world division approach, but instead turn to another definition, which is more accurate in its wording, but also has some flaws in terms of a diffuse definition of development.

The term developing countries is the definition that is used through this thesis to describe the countries that are considered in need of economic, social and political development. The term

¹² Degnbol-Martinussen: 1997

¹³ Ibid

does not relate to geography in any way. Developing countries can in principle be found everywhere as long as they are considered to lack economic, social and political development.

This definition of the developing countries and need for development is based on the fact that this is what the other group of countries is not: the developed countries or the industrialised countries do not lack economic, social and political development.¹⁴ They might lack one of the aspects, but not all of them at the same time. Therefore this definition can seem rather vague since countries are grouped on the basis of what they not are in relation to what other countries are. Nevertheless, the terms developing and developed countries seem to be the most neutral for conducting development research since the elements of economic, social and political development are crucial and not different geographical and political sectors of the world. By using this definition we also acknowledge that modern development research not only includes economic growth, but also social, political, cultural and historic aspects.¹⁵ This also means that the group of developing countries cannot be considered to be homogenous and the same goes for the developed countries. In the context of this thesis this means that the definition developing countries is used to describe the group of countries that is considered to lack economic, social and political development compared to the developed countries, but that the different developing countries can have very different needs of how to introduce this development.¹⁶ Since the purpose of this thesis does not concern elaboration of any form of development strategy, the term developing countries seem to be the most relevant to apply.

2.2 Definition of development

Scholars of development theory have through the years introduced and discussed several definitions of the term development. According to a research conducted in the mid 1990's the plurality of definitions of development consisted of more than 70 interpretations of the term. An exhaustive list of these definitions will serve no purpose; however a short overview of the different main categories of definitions can be useful in order to conclude on a specific definition for development, which will be used through out this thesis.

¹⁴ Ibid

¹⁵ Ibid

¹⁶ Ibid

The different definitions of development depend on which school of thinking the scholars consider themselves to belong to. Since one of the purposes of this thesis is to place EU development within a theoretical frame and thus conduct analyses on what consequences a certain theoretical approach to development has on the developing countries, a broad perspective of development theories are introduced in this thesis. This also calls for a need for inclusion of different definitions of development since these depend on the schools of thinking.

The first definition of development relates to development as economic growth. From the beginning of the 1950s most scholars considered development to equal economic growth. The developing countries needed economic growth and therefore theories of this period such as Modernisation theory considered economic growth as development.¹⁷ However, there was a lack of definition of what economic growth was, and therefore some general economic measurements such as mediocre income pr. capita were used, mostly because scholars had very little knowledge about the developing countries. Many scholars saw a need for a more useful definition of economic growth and this generated a general view among the scholars of the 1950s about economic growth as increasing production, increased consumption, increased employment and better living standard.¹⁸ The idea was that these aspects would be noticeable on the state financials. However, as the scholars gained more insight in the conditions in the developing countries, they became more interested in the division of income and wealth. This change of focus was mainly caused by a realisation that economic growth rarely benefited the lower social levels.¹⁹

This new focus on social welfare gave birth to a new definition of development where economic growth was not the only factor, but also increases of welfare. Unlike the previous definition of economic growth, where development was measured by income statistics, the scholars who believed that development was increase of welfare argued that economic growth does not necessarily have to result in increase of welfare: They were crucial premises for development, but not sufficient premises.²⁰ This argument was primarily seen among neo-Marxist scholars from the 1970s and onwards. Another argument stated by neo-Marxist scholars relates to development as elimination of dependency. In relation to the developing countries some neo-Marxist scholars believed that development also included real national independency and self-centred economic

¹⁷ Degnbol-Martinussen: 1994

¹⁸ Ibid

¹⁹ Ibid

²⁰ Ibid

growth.²¹ This meant that the developing countries needed to be set free of the world system dominated by western developed countries and also focus on the relation between the developing countries and their own resources.²² In other words, developing countries need to develop in a way that correspond with their own wishes and possibilities and not be dependent and dominated by the developed countries. Scholars of the Dependency Theory supported this argument.

This leads to a complex definition of development as being economic growth in terms of increase in production, consumption, employment and welfare. However, the increase of welfare is not development when it only considers higher social levels, but also need to be increase of welfare among the general population. Furthermore, the aspect of western dominance in the developing countries by focusing on development that is in line with the developing countries' wishes, possibilities and future progress are also needed in order to generate economic and social development that will benefit the developing countries. This socio-economic definition based on Modernisation and neo-Marxist schools of thinking is the basis for the definition of development used in this thesis.

2.3 Definition of policy and policy analysis

Policy and policy analysis are central aspects of this thesis; therefore it seems useful to introduce some definitions of the terms which form the basis for the analyses in this thesis. First of all, the term policy can to some seem quite diffuse and undistinguishable from terms such as politics and polity. Where the term politics refers to the overall apparatus of parliaments, political parties, political opinions and government and polity refers to form or the process of government, policy can in its simplest sense be considered to relate to a decision about of course of action supposed to represent a set of decisions that are interrelated and consistent with others.²³ However, this definition calls for a further elaboration. Policy is a definite course or method of selected actions in e.g. governments, institutions or groups. These courses or methods set out the frame for further decisions.²⁴ This means that policy is a framework set up by the members in a specific group with the intensions to decide within this framework in future matters. This policy framework

²¹ Ibid

²² Ibid

²³ Spicker: 2006

²⁴ Munger: 2000

contains a set of guidelines for how to approach different matters according to values, desires, missions, visions and aims defined by the group. Policy can in principle be about anything. Individual people can have policies about how to deal with certain situations, corporations can have policies in order to guide its employees to act according to corporate values, and naturally political institutions can have policies that set out the framework for the society they wish to establish or maintain. In relation to this thesis the latter sort of policy is the one that is dealt with.

In the context of political institutions this means that policy contains elements that have a significant impact on all citizens' daily lives in forms of regulations, taxes, public services and etc. In other words the policies of the political institutions are the basis that forms the laws and treaties we as national and international citizens are subjects to.²⁵

If policy in terms of this thesis is defined as the framework or guidelines for decision making in political institutions then policy analysis must obviously be the analysis of this framework. This is true, but policy analysis can be considered to be somewhat more complex than this. Policy analysis consists not only of analysis of the framework behind the political decisions, but also of the analysis of other influential actors, which can affect the personal decision making.²⁶ This means that policy analysis includes analysis of the many different processes that influence political decision making such as institutional settings, bargaining and negotiation processes, voting procedures and professional as well as economic and personal interests. The complexity and variety of policy processes is the reason why no single literature succeeds in giving a complete model or theoretical basis for policy analysis and therefore policy analysis needs to be based on different analytical instruments that are capable of analysing the specific processes related to specific political institutions.

²⁵ Chari & Kritzing: 2006

²⁶ Bardach: 2005

3. Method

The following sections present and discuss some reflections concerning the general methodology of the thesis, choices of both theoretical and analytical focus, reflections of means of analysis, on choices of theory and finally reflections about the collection and analysis of empirical data from different case studies.

3.1 Methodological reflections

The problem formulation mentioned in section 1 brings a focus on the EU institutions and the consequences these institutions create for the developing countries. However, the problem of negative consequences for the developing countries is not only relevant to EU institutions, but also to international institutions and organisations such as WTO, IMF, the World Bank and other trade unions such as NAFTA,²⁷ ASEAN,²⁸ APEC,²⁹ and etc. The fact that many of these institutions and organisations are predominantly led by western politics, bringing a western approach to economic and social development and international trade, supports the idea that this problem of negative consequences for the developing countries due to western politics is at a global and not only European level.

3.1.1 Choice of focus

Our choice to focus on EU and EU institutions and politics is based on the fact that EU in many areas has developed into a political supranational institution with common policies for the entire union. This means that EU has transformed from being an intergovernmental institution where each member state seeks to benefit own interest to being a supranational institution with more common policies including policies on foreign issues such as trade, development and international relations. However, it must be underlined that some decisions within the EU still are based on national interest and not common EU interest. We will come back to this later.

²⁷ North American Free Trade Agreement

²⁸ Association of South East Asian Nations

²⁹ Asia Pacific Economic Cooperation

Since the EU has become an international political power and no longer just an organisation promoting free trade within the organisation, it is also necessary to take on more responsibility for the world situation. In contrast, organisations such as NAFTA and APEC are only based on one purpose, namely to enhance trade and economic development within the members of the organisation. So the fact that EU is an international economic and political institution with possibility to affect the world situation and thereby also have responsibilities for the world situation is the reason why we are focusing on EU and EU institutions.

3.1.2 Analytical focus

The choice of focus on EU policies and EU institutions and the consequences these have for the developing countries raise several aspects that need to be analysed further. The first aspect that needs to be considered relates to the paragraph in the problem formulation about examining what contradictions exist between EU policies on agriculture and EU policies on development. In order to do this examination we need to include EU treaties on these issues. The second aspect of the problem formulation concerns an examination of why such contradictions exist within EU policies. To be able to conduct this examination we need to analyse policy making processes within the EU institutions. Therefore we analyse procedures and actors involved in these processes. Thirdly, the last part of the problem formulation raises the question of what consequences the contradictions in EU policies have for the developing countries. For us to be able to examine this aspect, we need two approaches: one that focuses on a theoretical analysis of the results of the EU policies on agriculture and development and a second approach with focus on empirical evidence of the consequences of these policies; Empirical evidence, which we find in different case studies.

3.2 Analytical reflections

In this section reflections about the analysis used to find conclusions that can answer our questions stated in the problem formulation are presented. First of all some reflections about the analytical elements of our thesis and second of all the structure of our analysis are presented. Finally this last section discusses some of the limitations of the theoretical and analytical approaches.

3.2.1 Analytical elements

As mentioned in section 3.1.2 the problem formulation contains three main aspects for analysis: EU policies, EU policy making processes and consequences of EU policies. This section elaborates in more detail about the elements that each of these aspects consists of.

In terms of the first aspect concerning the categorisation of EU policies on agriculture and development the analysis is based on text analysis of the Consolidated Version of the Treaty Establishing the European Community. (Enclosed in annex). This treaty is also known as the Treaties of Rome, Nice and Amsterdam and states the different policies of the EU. The text analysis of the treaty contains an examination and analysis of any sort of indication to what theoretical approaches that may be considered as background for the given policy. This means that our analysis of the EU policies on agriculture is based on official EU policy stated in the treaty, which the member states have agreed on. In order to examine what kind of theoretical framework to place the policies within, we need to analyse what ideas and values lie behind the words of the official text. By looking at the text in retrospect the analysis is able to deduct some general approaches that can indicate a theoretical framework of the policy. The approach for categorising EU development policy within a theoretical framework is based on the same principles.

The second aspect to analyse is the aspect concerning the policy making processes in the EU that might explain why contradictions exist within EU policies. The analytical elements of these aspects regard an examination of the actors involved in the policy making processes, their interests, and also the political and institutional setting in which the policy making takes place. In other words, this means that the analysis of the policy making processes focuses on the forums in which agricultural policies and development policies are decided, who are involved in these decision processes and whether the actors involved represent national or common interests. Finally, it also means that an examination of the EU systems for policy making includes an analysis of different procedures for the three different institutions: the Council, the Commission and the Parliament is needed. The analysis also looks at what consequences these differences in procedures may have in terms of policy outcome and on the differences between policy actors acting according to national interests or according to common interests. These analyses are based on the official procedures in the EU institutions concerning policy nature, policy order, formation of

policy, policy processes including internal and external policy actors, policy settings and voting procedures.

The last aspect to be analysed concerns the consequences of the contradictions of EU policies. In order to be able to examine what these consequences mean for the developing countries the focus returns to the economic trade and development theories used to categorise EU agricultural policy and EU development policy. However, this analysis does not only use the theories as a framework, but also uses the theories to conclude on what results that can theoretically be deducted from the theoretical categorisation of the EU policies. The theoretical deductions about the consequences for the developing countries are conducted as a theoretical analysis of the consequences of the given EU policies on agriculture and development. These results are then compared with the empirical results from the case studied examined in section 9. Hopefully, these results support our theoretical findings and thereby allow a conclusion on the general situation for the developing countries.

This last part of the analysis takes its point of departure in the conclusions of the two previous sections and on this basis tries to explain what direct and indirect consequences contradictions in EU policies have for the developing countries. The conclusions made in this section are based on a comparison of theoretical and empirical results and used to comment on the present situation for the developing countries. This conclusion is then used to outline a perspective of the needs of the developing countries and of suggestions of what can be done to meet these needs.

3.2.2 Structure of analysis

The analytical elements mentioned above are all taken to a further analysis in sections 6 through 8 based on the theory presented in section 4. The categorisation in section 6 consists of two main sections; one categorising the agricultural policy and the other categorising the development policy. The section ends with a conclusion on these two categorisations. The analysis of EU policy processes in section 7 is divided into five main sections. The first section (section 7.1) is an analysis of EU policy nature for both agricultural and development policies. Section 7.2 contains analysis of EU policy order for both agricultural and development policies. The analysis of EU policy formation processes is conducted in section 7.3 and section 7.4 deals with the analysis of policy processes in terms of policy setting, shaping and history-making. Section 7.5 analyses the EU decision making procedures through the voting system. Finally, the conclusions made from

these analyses are brought together and summed up in section 7.6. On the basis of the above analyses of the different policy making procedures this section concludes on the reasons for the contradictions in EU policies that were found in section 6. The inclusion of several different theoretical approaches to policy analysis in terms of policy nature, policy order, policy formation and policy processes may result in some repetition of the arguments. The different approaches bring light to different aspects of the policy analysis, but since this is focussed around the same aspects of the policy analysis, and because of the dualism in the structure of each analysis, containing first agricultural policy then development policy, some of the conclusive arguments will inevitably be repeated.

After having examined the contradictions in the policies and the reasons behind these contradictions, sections 8 and 9 examine what consequences these contradictions have for the developing countries. Hence section 8 concludes on the basis of the findings in section 6 and focuses on the situation of the developing countries based on theoretical analysis of the EU policies' consequences for the developing countries, whereas section 9 is an analysis of case studies of different developing countries. This section supports the theoretical arguments from section 8 by including empirical evidence of the situation for some developing countries. All together these sections of analysis allow a conclusion on contradictions in EU policies and what consequences these policy contradictions have for the developing countries.

Finally, section 10 provides an overall conclusion on the policy contradictions existing within the EU, the reasons for these contradictions and the theoretical as well as empirically found consequences of these contradictions in relation to the developing countries.

3.2.3 Limitations of analysis

As mentioned above the analyses of the EU policies on agriculture and development are based on text analysis of The Consolidated Version of the Treaty Establishing the European Community. We are well aware of the fact that there are many pitfalls linked to only looking at the official political statements of the treaty because these can express a more normative view of how things should be instead of how things actually are. However, since the thesis is only considering the texts with the purpose of finding a theoretical framework for the formulations, and not looking at any practical or bureaucratic interpretation of the texts, most of these pitfalls can be

avoided. This deductive approach allows a conclusion on the assumptions of the intentions and values that lie behind these policies, but not on whether these policies are formed to have a hidden agenda, or are meant to be interpreted by the EU institutions in a particular way. Nevertheless our analysis can shed light on the general aim and thereby the theoretical framework for the policies.

Another aspect of limitation that requires a comment is the fact that the results drawn concerning the consequences for the developing countries on the basis of the theoretical categorisation and an analysis of the consequences of these particular theoretical approaches can only be considered theoretical results. Furthermore, since the theoretical framework only includes the official texts of the treaty and not any form of interpretation of these texts, there is a risk that the results derived from analysing the texts and therefore also the conclusions on the situation for the developing countries can differ from reality. However, the inclusion of the empirical evidence from different case studies, based on an inductive approach allows us to compare our empirical results with our theoretical results. This abductive approach of a melange between deductive and inductive approaches³⁰ allows us to conduct an open research approach and continuously revise our analytical expectations. This enables us to base our final conclusion on a broad foundation of both theoretical and empirical results.³¹

3.3 Theoretical reflections

This section presents an overview of the relevant theoretical field for the thesis. Furthermore it introduces and comments on the specific theories, applied for analyses, along with a short presentation of the different scholars behind the theories. The theories applied for analysis are all presented in detail in section 4.

3.3.1 Theoretical overview

Before the introduction and comments on the choice of specific theories applied to analyse the different aspects mentioned in the problem formulation, a brief overview is given of the theoretical field relevant to this thesis; economic trade theory, development theory, and policy analysis.

³⁰ Riis: 1996

³¹ Collin & K ppe: 1999

Economic trade theory

The theoretical basis for categorising the EU agricultural policy is anchored in an overview of the development of economic trade theories starting with Mercantilism and Classic Liberal trade theories such as Adam Smith³² and David Ricardo's³³ theories about absolute and comparative advantages. Moving on to Modern trade theories such as Staffan Linder's³⁴ theory about overlapping demands, and Raymon Vernon's³⁵ theory about the product cycle. Finally, the overview will contain theories about Protectionism³⁶ and reasons for using Protectionism in world trade. Mercantilism, Classic Liberal economic trade theories, Modern economic trade theories and Protectionism provide a solid foundation for the theoretical categorisation of EU agricultural policy conducted in section 6. Section 3.3.2 explains the relation between economic trade theory and agricultural policy.

Development theory

The theoretical basis for categorising the EU development policies will also be grounded in an overview of the development of different development theories and schools of thinking. The idea of the development theories is not to give an exhaustive introduction to the theories, nor is it the idea to introduce a meta discussion about the theories. Rather the point of including the theories is to give a broad overview of the theoretical field and give a general understanding of the different theories, which enables us base some analytical approaches on these theories. This is the reason why the works of Franz J. Schuurman,³⁷ Björn Hettne³⁸ and John Degenbol-Martinussen³⁹ are used. These authors present in each their work an overall and broad introduction to the field of development theory with a focus on analytical application. The overview contains Modernisation theories elaborated by Walt Rostow⁴⁰, neo-Marxist theories by André Frank⁴¹, Payne and Nassar⁴², Ernesto Laclau, and Emmanuel Wallerstein. Furthermore, it contains neo-Liberal development theories by Michel Chossudovsky and what Leslie Sklair, Alain Lipietz, Michel Aglietta,

³² Kureer & Lundgren: 2000

³³ Ibid

³⁴ Ibid

³⁵ Ibid

³⁶ Ibid

³⁷ Schuurman: 1993

³⁸ Hettne: 1995

³⁹ Degenbol-Martinussen: 1994, 1997, 1999, and 2002

⁴⁰ Martinussen: 1993

⁴¹ Schuurman: 1993

⁴² Payne & Nassar: 2003

and Norman Long refer to as post-Impasse theories. Finally, it also contains post-Imperialist theories elaborated by Aafke Komter, Marias Mies and Vandana Shiva.⁴³

Policy analysis

The theoretical basis for conducting the policy analysis and its influence on policy outcome is based on a range of various elements seeking to explain different aspects of the EU policy making processes. The first aspect of the analysis is based on Simon Hix' five fold classification of EU policy nature.⁴⁴ Secondly, Raj Chari and Sylvia Kritzinger's⁴⁵ theories about first and second order EU policies and their different influence on policy outcome are used for analysis. Next Paul Spicker's⁴⁶ theory about the policy cycle is used to analyse the processes in the EU concerning policy formation in relation to defining political issues and political instruments. Following, theories by John Peterson and Elizabeth Bomberg⁴⁷ concerning policy actors, policy negotiation and policy decision will be used to analyse EU agricultural and development policy processes. Finally, the last section consists of an analysis of different EU voting procedures and their influence on policy outcome. This is based on the works of Sevasti Chatzopoulou.⁴⁸

3.3.2 Choice of theory

In the attempt to examine what contradictions exist between the EU policy on agriculture and EU policy on development, it is necessary to first of all take a closer look at the two policies and try to categorise them within a theoretical framework of respectively economic trade theory and development theory.

Categorisation of EU policy on agriculture

The categorisation of the EU agricultural policy is based on economic trade theory. The relation between agricultural policy and economic trade theories can seem diffuse, but when dealing with agricultural policy and its consequences for third parties, economic trade theories turn out to be quite relevant. This is because the focus of this thesis is on external consequences of the agricultural policy, and one way to analyse this is by focusing on the part of agricultural policy that

⁴³ Schuurman: 1993

⁴⁴ Hix: 1999

⁴⁵ Chari & Kritzinger: 2006

⁴⁶ Spicker: 2006

⁴⁷ Peterson & Bomberg: 1999

⁴⁸ Larsen & al.: 2002

concerns external trade with agricultural products. Another link between agricultural policy and economic trade theories is that EU agricultural policy regulates production of agricultural goods and since the regulation of production in terms of market access, demand and prices have important economic impact both in EU and in the developing countries, the economic trade theories seem relevant to include. In relation to the categorisation this means that EU agricultural policy is placed within a frame of economic trade theory.

The examination of the EU policy on agriculture is based on a broad approach to economic trade theory grounded on a discussion of classic liberal economic trade theories, modern economic trade theories and protectionism. The reasons behind this approach lie in the fact that classic liberal economic trade theories and modern economic trade theories, and thus the analysis that these theories generate, are based on free trade with no barriers what so ever. This means that the results from applying any of the classical liberal economic trade theories and modern economic trade theories only are relevant in cases of completely free trade. However, since free trade is not the only approach to trade, it is necessary to also include trade theory about protectionism. By combining the classical liberal trade theories with theories about protectionism it is possible to determine to what extent the EU policy on agriculture is predominantly based on liberal ideas or on protectionism.

The approach to these economic trade theories is based on Leonard Gomes of International Economics at Middlesex University,⁴⁹ Professor of Economic History and head of the Department of Banking and Finance at The City University Business School Forrest H. Capie,⁵⁰ Professor and cand.polit at KVL⁵¹ in Copenhagen Søren Kjeldsen-Kragh,⁵² and finally Henrik Kureer and Svend Erik Lundgren both cand.polit and associate professors.⁵³ These authors all present and analyse different aspects of the above-mentioned economic trade theories and therefore the analysis and categorisation of the policy are based on these authors.

The discussions about classic liberal economic trade theories include Adam Smith's theory of absolute advantages and David Ricardo's theory of relative advantages. Even though these theories were developed in the 18th and 19th century the basic ideas of economy and trade are still

⁴⁹ Gomes: 2003

⁵⁰ Capie: 1992

⁵¹ Kongelig Veterinær og Landbohøjskole (Royal Veterinary and Agricultural University)

⁵² Kjeldsen-Kragh: 1998

⁵³ Kureer & Lundgren: 2000

relevant, since they are based on explaining the reasons why countries trade with each other and how they benefit economically from this trade.

Concerning the discussion of modern economic trade theories it seems relevant to include Staffan Linder's theory of cultural distance as well as Vernon's theory about the product cycle.

These theories are relevant since they aim at explaining how post World War two trade economy has developed as a result of globalisation.

Finally, the discussion about protectionism includes elements of tariffs and duties, import quotas, market regulation agreements, technical trade barriers, and state subsidisation. Apart from presenting the different means of protectionism and their effect on global trade economy, the discussion also includes some reasons for applying protectionist measures.

Categorisation of EU policy on development

The categorisation of EU policy on development is structured the same way as the categorisation of agricultural policy. Again, a broad theoretical approach is taken, which allows an open-minded view on the EU policy on development. The theories used to categorise the policy are based on Frans J. Schuurman, professor at The Third-World Centre at the University of Nijmegen,⁵⁴ John Degnbol Martinussen professor, dr.scient.pol,⁵⁵ John Rapley, professor, M.A., Ph.D at Department of Government at University of West Indies, Mona,⁵⁶ and Björn Hettne Professor of peace and development research at the University of Gothenburg.⁵⁷

On the basis on these authors the categorisation of EU policy on development focuses on the different approaches to development and thus the different outcomes of the approaches that these authors present. The categorisation is based on the following theoretical aspects of development theory: Modernisation Theory, neo-Marxist theories such as Dependency Theory, Modes of Production Theory and World System Theory, neo-Liberal theories and theories of the Regulation School, the Actor Oriented Approach, Gender Studies and Sustainable Development. It is within these different theoretical approaches to development that the EU policy on development is categorised. The reason for choosing this broad theoretical perspective on development including theories that are no longer predominant in the discourse of development, is based on the assump-

⁵⁴ Schuurman: 1993

⁵⁵ Martinussen: 1993, 2002

⁵⁶ Rapley: 2002

⁵⁷ Hettne: 1995

tion that if there are contradictions within EU policies on agriculture and development, it might be due to a less modern approach to development within the EU policy on development.

Policy making processes in the EU

The second part of the analysis focuses on policy making processes within the EU system. In order to be able to explain possible contradictions between policies on agriculture and policies on development it is necessary to look at the policy making processes behind these policies. Therefore the examination of EU policy making processes includes an analysis of different policy making aspects. First of all the analysis looks at the different natures of EU policies and what processes that are linked to these policy natures. This is based on the works of Simon Hix who is lecturer in European Union Politics and Policy at the London School of Economics and Political Science. He is the author of several publications on EU and EU policy making.⁵⁸ The next element that is analysed is the different preferences/orders concerning EU policies. Based on Raj Chari and Sylvia Kritzinger⁵⁹ an examining of the differences of first and second order policies in the EU are conducted and hereby analysing the aspects of supranational policy making and intergovernmental policy making. Raj Chari is Director of the Centre for European Studies in Trinity College Dublin and lecturer in Political Science. Sylvia Kritzinger is Assistant Professor in the Department of Political Science at the Institute for Advanced Studies in Vienna.

The analysis of the policy formation processes is based on Paul Spicker's theory of the policy cycle,⁶⁰ which takes a rational-comprehensive approach to the process of policy making. Paul Spicker is professor of Public Policy at the Robert Gordon University in Aberdeen and is also director of the Centre for Public Policy and Management.⁶¹ This approach is chosen because it allows us to analyse and conclude within a broad perspective. The rational-comprehensive approach is based on an ideal institutional situation and therefore presents a variety of aspects that needs to be taken to a further analysis.⁶² However, we are aware of the fact that this ideal situation not always corresponds with reality and that this means that some of the aspects mentioned in the policy cycle are not always relevant to include when applying the model of policy making. Due to the fact that this thesis looks at policy formation in retrospect and not as a way to create

⁵⁸ Hix: 1999

⁵⁹ Chari & Kritzinger: 2006

⁶⁰ Spicker: 2006

⁶¹ Ibid

⁶² Hill: 2005

new policy, the use of the policy cycle allows us to have a broad perspective on the policy formation process in general and is likely to generate more diverse answers to our questions about the reasons for contradictions in EU policies.⁶³

Another consequence of looking at the policy formation process in retrospect is that there are some levels of the policy cycle that is not elaborated on in this thesis. These are the levels of the policy cycle that deal with coordination, implementation and evaluation. These levels are not elaborated on because they all relate to a forward pointing policy formation process. Implementation and evaluation of policies are not relevant to include in this thesis since we are only looking at the processes of formation of policy and not how it is implemented or how it works. Coordination relates to a process of coordinating policies with bureaucratic institutions. This also falls outside of the focus of this thesis.

One alternative to the rational comprehensive approach of the policy cycle is incrementalism, where the focus is on the power structures of the policy making processes. This approach could also have been useful, however, the answers generated from an analysis of EU policy formation processes would only concern the power structures and power balances within the EU system. Since this focus is too narrow in the light of the purpose of this thesis, this approach is not applied. Nevertheless we are well aware of the fact that power structures and power balances are important in the policy formation processes in the EU, and therefore this aspect is not ignored, but instead included by bringing focus on power structures and balances as an aspect in the section about the policy shaping (negotiation stage) in section 7.4.

Another alternative to the policy cycle is the punctuated equilibrium theory. Critics of the rational choice model have questioned the ability of decision makers to be completely rational and argue that they are more likely to be “bounded” rational, meaning that decision on a long-term scale changes very little, but occasionally punctuations occur that make decision makers change path.⁶⁴ In relation to the problem formulation, it seems more interesting to look at the variety of aspects within a policy making process than to analyse changes and reasons for changes in policy.

⁶³ Howlett & Ramiesh: 1995

⁶⁴ Robinson: 2003

In the light of this criticism of the different approaches to policy formation analysis, the rational comprehensive view is chosen as the approach to policy formation analysis. Another reason for choosing this approach is that the policy cycle contains elements that correspond well with Chari and Kritzinger's interpretation of Peterson and Bomberg's three-stage approach of policy making; policy shaping (the initiating stage), policy setting (the negotiation stage) and finally history-making (decision making).⁶⁵ These three elements can be placed in the policy cycle and thereby allow us to examine whether the policy shaping takes place within a supranational or intergovernmental context. Furthermore it enables us to examine what context the policy setting takes place in and which actors are involved in this process. Finally, it enables us to examine what kinds of procedures are used at the actual decision stage, and how a specific choice of procedures may have an impact on the final outcome.

Consequences for the developing countries

The last part of the analysis focuses on the consequences of contradictory EU policies for the developing countries. This is done in terms of a theoretical analysis of the agricultural and development policies concluded on in the first section of the analysis. Following, this section examines the results of different case study analyses and compares these results with the theoretical results from the analysis. This approach allows us to gain a broad insight in the actual situation of the developing countries seen both from a political/theoretical as well as practical/empirical viewpoint.

The categorisation of agricultural and development policies in the first section of the analysis based on the theories mentioned above, is the starting point for our analysis of the consequences for the developing countries. This means that the theoretical categorisation from section 6 is taken to a further level, with a focus on analysing what consequences the given theoretical political approaches to agricultural and development policies in the EU have for the developing countries. We are aware of the fact that the conclusions from such an analysis can only be theoretical, however, these theoretical conclusions are compared with and analysed in the light of the empirical results from the different case studies.

⁶⁵ Peterson & Bomberg: 1999

3.4 Empirical reflections

This section shortly introduces some of the reflections about the empirical case studies and how these studies are conducted. The first section explains the choice of cases. The second section presents how the case studies are structured and finally the third section describes how and with what purpose the analysis is conducted.

3.4.1 Choice of case studies

Two of the three cases that have been chosen as the examples for the analysis in section 9 are the same cases presented in the introduction to this thesis meaning the case of the Prolino project in the Dominican Republic and the sugar case of South Africa. A third case examines the MEDA programme involving countries in North Africa and the Middle East. The Prolino project is chosen as a case example because it is a development project conducted by the EU from a central hold. In the light of most development cases being conducted by the individual member states, the Prolino project is distinguished by the central conduct from EU. The fact that this project is run by the EU from a central hold emphasises the inconsistencies between EU agricultural and development policies. Unlike a development programme that is conducted by the member states, where different national aspects can influence the execution of the programme, the Prolino case underlines the direct inconsistencies between EU policies on agriculture and development without the interference of member states interests. In other words the case study of the Prolino case is able to show evidence of direct policy contradictions within the EU.

The second case is the case of sugar production in South Africa. In contrast to the Prolino case, this is not a development project, but only a case of damaging consequences of the EU agricultural policy. The focus of the case is the devastating consequences EU agricultural subsidies can have on the developing countries and their productions. The case analyses the economic and social impact that EU agricultural policy has on the developing countries and outlines the situation for many productions in the developing countries and the direct relation between EU agricultural policy and development (or lack of same) in the developing countries.

The third case is about development in the non-EU Mediterranean countries and the establishment of close trade and economic relations between EU and these countries. MEDA is a multi-

partnership programme that involves a variety of actors ranging from EU's DG Development to national states and national and international development organisations. The case of MEDA is chosen because it represents the diversity that exists within the European development field.

3.4.2 Analysis of case studies

The analyses of the three cases are based on some of the theoretical grounds applied in the policy analysis. This does not mean that the same theoretical approaches are applied in the case studies, but merely that some of the elements that form the basis for policy analysis also are used in the analyses of the cases. These elements relate to examining who the initiator of the projects are, the main financing party, the executing actor, the relation of the specific project to EU development policy, the development as well as agricultural policy processes that might have influenced the projects and the outcome of the project. By using some of the same points of departure in the case studies that were used in the policy analysis, this allows us draw some conclusions on the empirical evidence of the cases in relation to the policy analysis conducted in section 7. This is done with the purpose of being able to conclude on the third part of the problem statement concerning the consequences that EU policies on agriculture and development have for the developing countries. The findings of the case studies are compared to the findings of section 8 about theoretical consequences for the developing countries. The fact that the analysis of the consequences is based on both theoretical and empirical results gives our final results more credibility and will also be able to bring focus on specific problems in an otherwise very complex and complicated system of policies, agents, interests, moral, economy, and etc. Furthermore, if both theoretical and empirical evidence point in one direction, chances are high that this direction presents a realistic picture of the situation for the developing countries.

3.4.3 Limitations of analysis of case studies

An empirical analysis of three cases cannot provide an exact and precise picture of the situation in the developing countries. However, the cases can be seen as an illustration of some of the problems that EU policies generate and furthermore as an evidence of the existence of these problems. Naturally, there are development projects where there are no direct contradictions between EU agricultural and development policies, and since the developing countries cannot be considered a homogenous group, different structures and different cultures react differently to

projects and problems. However, the cases we have chosen to study and the approaches of our studies represent a general situation that in one way or another can be related to most developing countries.⁶⁶

Since the analysis is based on case studies from secondary sources the results of the cases are presented tentatively with the knowledge that a more in-depth analysis beyond a desk study would be necessary to collect enough evidence to make soundly informed statements about the consequences of the EU policies. The desk-based impression on these issues, however, illustrates a less favourable picture of the impact of the programmes in the developing countries.

⁶⁶ Strudsholm: 2005

4. Theory

The following section presents the theories that are applied for analysis in this thesis. In contrast to the theoretical discussions in the previous section the theories are here presented in more details and related to the actual analytical use of the theories. The first part consists of economic trade theories starting with a presentation of the origin of economic trade theories and then goes on to introduce classic liberal and modern economic trade theories and finally presents protectionist theories and reasons for taking protectionist measures. This part is followed by a presentation of development theories ranging from modernisation theories, over neo-Marxist and neo-Liberal theories ending with a presentation of post-Imperialist development theories. The theory section ends with a presentation of policy analysis theories in terms of an introduction to the concept of policy analysis, presentation of the policy cycle including advantages and critique and finally introduces policy analysis in relation to EU policy processes.

4.1 Economic trade theories

Often eco-political measures directly or indirectly affect a country's export and import. This means that eco-politics influence international trade even though it is not intended to and the political measures are not related to trade issues. In order for political measures to be categorised as economic trade measures there are two conditions that need to be fulfilled: the purpose of the measure must be to affect a nation's international trade of goods or services and it has to be a measure that affects the international trade directly generating any form of discrimination between national and international markets.⁶⁷ Measures that can influence international trade indirectly, and therefore cannot be categorised as trade policies, are issues related to financial policy, monetary policy, currency policy and enterprise policy.⁶⁸ These different policies all have an indirectly influence on the international trade economy, but they do not create any form of discrimination towards the international market, since their purposes are to regulate domestic problems. The following sections look at theories that only deal with economic trade issues and therefore can be considered a basis for many countries' economic trade policies.

⁶⁷ Kjeldsen-Kragh: 1998

⁶⁸ Ibid

4.1.1 Origin of economic trade theories

In the 15th and 16th century a remarkable increasing growth in global trade took place. This growth was the basis of the first economic theories about international trade. There was not one common theory, but rather several different thoughts about trade elaborated by different scholars. These thoughts or theories are referred to as mercantilism.⁶⁹ Despite the fact that mercantilism was formed by many different theories and scholars there was a general understanding among these scholars that the crucial factor for a nation's wealth was a surplus on the balance of trade. It was thought that the wealth of a nation could directly be measured on the amount of gold earned from the surplus on the balance of trade.⁷⁰ In order to achieve maximum surplus on the balance of trade, mercantilists focussed on supporting export companies and at the same time protecting the national market against foreign products by means of import regulations. This means that mercantilists saw international trade as a zero-sum-game, meaning that one nation's benefit necessarily had to mean another nation's loss.⁷¹ The mercantilist view on trade thus argues for the use of protectionism in order to benefit from international trade. Even though, many scholars have argued for a liberal approach to trade, as presented in the following section, protectionist measures are still seen today.

4.1.2 Classic liberal economic trade theories

As a reaction to the mercantilist theories about international trade, scholars began in the 18th century to argue for liberal approaches to international trade. This wave of liberalism was led by the British scholar Adam Smith. In his book "Wealth of Nations" from 1776, Smith presents a general economic theory, which later became the basis of liberal ideology. Like the mercantilists, Smith focussed on how to increase a nation's wealth, but in contrast to mercantilism he focussed on specialisation of the nation. This means that instead of one person producing goods from start to end, the production should be divided into several specialised processes, which according to Smith would increase efficiency and thereby give an absolute advantage.⁷² This is the reason that this theory is called Smith's theory of absolute advantage. The absolute advantage

⁶⁹ Kureer & Lundgren: 2000

⁷⁰ Ibid

⁷¹ Ibid

⁷² Gomes: 2003

can appear in different forms: for some nations cheap labour is the absolute advantage, others have easy access to natural resources and others again have the necessary technology.⁷³

Smith's theory means that trade does not necessarily have to be a zero-sum-game, but instead it can be a positive-sum-game for the parties involved if they possess an absolute advantage in production. This means that productions that are not globally competitive should be stopped and instead focussed on productions with an absolute advantage. On a global scale nations should engage in trade in order to buy the products, where they do not have an absolute production advantage themselves, and at the same time they should be able to sell the products where they have an absolute production advantage. This means that global production and thereby global trade increases, which again increases the wealth of nations involved in global trade.⁷⁴ However, Smith's theory only applies to countries that have an absolute production advantage. This is why another British scholar David Ricardo in 1816 elaborated the theory about the comparative advantage. Ricardo's theory is based on the same ideas as Smith, but instead of explaining nations' trade by absolute advantages, he argued that even though a nation has no absolute advantage it could still benefit from global trade due to its comparative advantages. Ricardo's idea of comparative advantages means that a nation's production of a certain good can be less competitive than the productions in the other nations, with which it trades, but nevertheless there will always be some productions that are relatively more competitive and due to this comparative advantage, the nation will benefit from global trade.⁷⁵

Both Smith and Ricardo argued that trade is a positive-sum-game, where all the parties involved will benefit from the trade and thereby increase their wealth. However, it is important to underline that both Smith's and Ricardo's theories about advantages are based on a free trading system with free competition. If one nation uses any kind of protectionist or monopolist measures, the advantages whether absolute or comparative can be eliminated and trade will no longer necessarily benefit all parties involved. Another critique point related to the classic liberal trade theories is that the theories explain trade between nations that are not similar in terms of advantages. However, it is a fact that most of the world trade takes place between nations that are relatively similar.⁷⁶

⁷³ Kureer & Lundgren: 2000

⁷⁴ Gomes: 2003

⁷⁵ Ibid

⁷⁶ Kureer & Lundgren: 2000

4.1.3 Modern economic trade theories

In the light of the critique of the classic liberal economic trade theories scholars presented in the period after World War two some trade theories that could explain trade between nations with similar production advantages. One of them was the Swedish scholar Staffan Linder who in 1960 elaborated the so-called overlapping demand theory. Linder was determined to find the reason why two nations with practically similar production advantages engage in trade and whether they can benefit from it. He introduced the term cultural distance to explain how two nations with low cultural distance are likely to have a similar consumption pattern, which can explain why they engage in trade with one another even though there might not be absolute or comparative advantages.⁷⁷ Linder's theory can explain why most of the global trade takes place between the industrialised countries and not between the industrialised and the developing countries. According to Linder similarity of mediate income is one of the most important factors for trade. Nations with similar GNP pr. inhabitant are also likely to have similar demands.

On the basis of Linder's theory of neighbour trade the scholar Raymon Vernon elaborated in 1966 his theory about the product cycle. Vernon argued that most new products follow a certain cycle. In the beginning when the product is new, there is a need for high skilled labour to develop and improve the product, eventually when the product has matured there will be a need for capital for marketing and machinery. Finally, when the consumers have accepted the product there will be a need for mass production meaning that raw material, capital and cheap labour are the most important factors. In this last phase where the production is standardised, the production is likely to be moved to countries that have a comparative advantage in terms of production. According to Vernon it is not until this last phase has been initiated that the concept of comparative advantages can be applied. However, when it has been initiated, countries with comparative advantages in terms of easy access to raw material and cheap labour will overtake the production and start exporting to countries that previously were producing the goods.⁷⁸ Vernon thus rejects Ricardo's argument that countries with comparative advantages always will host production, and instead argues that production will start in the country where it is developed and then later be moved to a country with comparative advantages.⁷⁹ Vernon's theory of the product cycle can be useful when explaining the globalisation of international trade and economy.

⁷⁷ Ibid

⁷⁸ Ibid

⁷⁹ Ibid

A final development of the modern economic trade theories is the theory of economy of scale. In its origin it is not so much an economic trade theory as it is a pure economic theory, however, it is included because it is based on a close relation between production and foreign markets, which by definition is international trade. It deals with the idea that production of certain goods is only profitable in large scale due to high expenses of development and production of the goods. However, in order to benefit from economy of scale there is a need for a large market. This means that for economy of scale to prove beneficial one need to engage in trade with other nations in order to achieve a market that is large enough to create the necessary demand. However, the theory of economy of scale for a great part only concerns trade between relatively similar industrialised countries.⁸⁰ Nevertheless the theory can successfully be used to explain why the production situation for certain goods is characterised by oligarchy, meaning few producers with more or less monopolist status.

4.1.4 Protectionist theories

The section above explains the relations between trade and the increase in wealth of nations. However, both the classic liberal and the modern economic trade theories all presuppose that trade has to be free, meaning free competition, in order to create a positive-sum-game. Smith and Ricardo's ideas of advantages cannot be applied if the parties involved in trade take any forms of protectionist measures. Protectionist measures will eliminate both absolute and comparative advantages and therefore the theories will prove wrong. The same is the case with Linder's theory about overlapping demands and the theory of economy of scale. If protectionist measures are taken, this will influence the import of goods and thereby also have an impact on the demand due to e.g. increased prices.⁸¹ However, there are different measures of protectionism and thus also different results of these measures. The following sections present and explain these different measures and what consequences they have in relation to the extent in which they are applied. The different measures of protectionism are to be seen as a linear progress where total free trade is the one extreme and protectionism is the other. By applying different protectionist measures to different extents a nation's trade policy can be considered more or less protectionist. The follow-

⁸⁰ Ibid

⁸¹ Capie: 1992

ing section examines the most common measures of protectionism, which are: duty/tariffs, import quotas, market regulations, technical barriers and state subsidisation.⁸²

Duty and tariffs

Duty is the oldest and the most common protectionist measure and it is used by almost every nation in attempt to regulate import. Duty or tariffs means putting a tax on imported goods in order to increase the price of the goods. The general purpose is to favour national production by improving their competitiveness through an increase in the price of the imported goods.⁸³ This means that national products become cheaper than imported products and thereby one can secure that capital stay inside the nation and increase national growth instead of buying foreign products and thereby transfer capital from the home country to the exporting countries. Another purpose of this use of duty is to protect new national industries or industries that are important for a nation in case of war.⁸⁴ This is the reason why this very common use of duty is referred to as protective tariffs.

However, there are different forms of duty that each has different specific purposes. One form of duty is called financial duty. The purpose of this kind of duty is not so much to protect national industries, as it is a means of public finance. Since the purpose of this kind of duty is to make money to the state, it is only used on necessary products that consumers purchase regardless of price – the so-called inelastic products.⁸⁵

Another form of duty is anti-dumping duty. Anti-dumping duty is used when foreign products priced considerably lower than what is considered to be the global market price invade a national market. A such invasion of cheap products is very harmful to the national production and therefore countries often protect themselves against this by putting a duty on these products so they reach the same price level as the national products or even become more expensive.⁸⁶ WTO does not allow dumping, however dumping can still be seen on the global market especially for electronics. This is the reason why WTO has allowed the use of antidumping duty even though WTO is generally against an increase in duty levels. However, the problem of anti-dumping duty is that

⁸² Kjeldsen-Kragh: 1998

⁸³ MacLean & Volpi: 2000

⁸⁴ Ibid

⁸⁵ Kureer & Lundgren: 2000

⁸⁶ Erhvervs- og Byggestyrelsen: 2004

it is very difficult to prove when products are being dumped because the global market price can vary a lot due to different local and international circumstances.⁸⁷

A third form of duty is called compensatory duty. It is similar to anti-dumping duty with the one difference that this kind of duty only is applied when products are sold below the global market prices due to state subsidisation. Like dumping, this is also considered to be unfair competition and therefore WTO also allows that this kind of duty is used in special circumstances to protect national markets from cheap products.

Import quotas

Like duties import quotas are a means of controlling the import of goods. However, where duty and tariffs have a more indirect effect on import due to increasing prices, import quotas have a direct influence on import through a decision of the maximum amount of imported goods. In the 1930s and 1940s import quotas were very common, but after the Second World War GATT (the present WTO) worked intensely on abandoning quotas. This is why quotas as a political means of regulating trade nationally are rare today, and only used in cases of countries that are not members of WTO.⁸⁸ WTO generally forbids the use of import quotas.

In 1993 when EU introduced the common market, it also introduced a line of common quotas for all EU member-states. In other words this means that quotas are used as means of trade regulator on a regional basis since EU has the power to decide which member states that are allowed to make use of quotas. However, EU has decided to use import quotas against only a few countries such as China, Vietnam, Kazakhstan, Indonesia, and the former Yugoslavia.⁸⁹

The reasons for using import quotas are the same as for using other forms of protectionism. It is to protect national industries from the competition of foreign cheap products. Quotas are also to some extent used as a means of political pressure towards countries, which are considered to be out of line with the rest of the world.⁹⁰ This is why quotas are predominantly used towards countries that are not members of the WTO.

⁸⁷ Kjeldsen-Kragh: 1998

⁸⁸ Ibid

⁸⁹ Kureer & Lundgren: 2000

⁹⁰ MacLean & Volpi: 2000

Finally, there is the most extreme version of quotas namely import ban. Most import bans are related to products that are illegal such as drugs and weapons, however, there have been cases where the EU has banned products that are not considered illegal with the only purpose of protecting a member state's production. This means that if international products threaten a EU production, EU has the authority to put a ban on the import of these products.⁹¹

Agreements on market regulations

As mentioned above, WTO has generally forbidden the use of import quotas to regulate global trade. Still, for the last ten-twenty years, countries have bypassed these rules by introducing the so-called voluntary agreements on market regulations. As the name indicates the agreements are voluntary and supposed to regulate trade between two or more nations through a mutual agreement. However, many would argue that these agreements are not voluntary at all. Most market regulation agreements are based on pressure from the strongest power, which is often USA or EU. Since many nations' balance of trade depends on the export to either USA or EU they are often willing to agree more or less voluntarily to restrict their export to these strong powers in order not to lose their exports.⁹² Countries that have been particularly affected by these agreements are: Japan, China, Taiwan, South Korea, and a number of textile producing developing countries. According to WTO regulations these voluntary agreements on market regulations must be phased out because of the fact that it is predominantly the strong economies such as USA and EU who benefit from these agreements. Nevertheless, agreements on market regulations still exist today.⁹³

Technical trade barriers

Technical trade barriers relate to technical standards and in its original form the use of technical standards are not considered a direct measure of protectionism. Technical standards are a way to ensure that imported goods live up to a certain health, environmental or safety regulations. By introducing common technical standards one can protect consumers against products that are dangerous in one way or another. These issues often concern labelling in the import country's language, correct packaging, or additional documentation for different testing.⁹⁴

⁹¹ Kureer & Lundgren: 2000

⁹² Capie: 1992

⁹³ Ibid

⁹⁴ Ibid

However, there seems to be another use of technical barriers, which can be accused of being of a more protectionist character. This is the case when for example a country sets technical standards that are much more strict than the global standards. Setting high standards will automatically have an impact on the import because some producers are not capable of fulfilling these high demands.⁹⁵ This of course means that the producers will have to stop export to the countries with high technical standards. When this kind of technical standards, which are stricter than the standards agreed upon internationally, is used, it is often as a means of protecting national industries.⁹⁶

State subsidisation

A final means of protectionism that will be elaborated on in this section is the use of state subsidisation. In contrast to the above-mentioned means of protectionism that all focus on increasing prices of imported goods or to regulate the amount of imported goods, state subsidisation regulates the production of national goods. The purpose of state subsidisation is not to regulate import, but to increase national production by subsidising national production and thereby give national products a competitive advantage. Subsidising national products results in low prices for national products and thereby imported products become more expensive than the national products. This will naturally have an effect on the import of goods, resulting in a decrease or even a stop to import of a certain products. Like the other means of protection, state subsidisation is meant to protect national industries and especially industries that are considered vital in case of war. This is why the most common cases of state subsidisation are concerned with shipyards, steel industries, food production, and production of fuels.⁹⁷

4.1.5 Reasons for protectionism

As the previous sections have explained there are different reasons why some countries or trade regions choose to make use of protectionist measures. Protection of vulnerable industries is very common in EU and USA. Both have for a long time protected industries that were not able to compete on the global market such as agriculture, steel, shipyards and clothing.⁹⁸ Even though these industries are not competitive, they are protected in order to save work places. The idea is

⁹⁵ MacLean & Volpi: 2000

⁹⁶ Kjeldsen-Kragh: 1998

⁹⁷ Ibid

⁹⁸ Lang & Hines: 1994

that these industries then have an opportunity to adapt to new market conditions and thus improve production; however this is often not the case as these industries generally remain uncompetitive.⁹⁹

Another reason is the protection of new industries. In the attempt to build competitive industries it can often be a good idea to protect these new industries from global competition by means of tariffs on import goods until they have established themselves. When the new industries are established, the tariffs can be removed and free trade is opened up for.¹⁰⁰ This kind of protection has been used by South Korea and Taiwan. Other developing countries have without luck tried to start an industrialisation process because IMF and the World Bank do not allow developing countries to use protectionist measures to protect new industries. A criterion for loaning money from IMF and the World Bank is that the country has a liberal trade policy.¹⁰¹

A third reason to introduce protectionist measures can be a respond to a negative balance of trade.

Countries who suddenly experience a decrease on the balance of trade often try to solve this problem by hindering import e.g. by tariffs or quotas. In periods of global economic decline this kind of protectionism is often seen.¹⁰²

Political issues are also very common for using protectionist measures. Trade barriers have often been used as a political means of pressure towards countries that for one or another reason need to be punished. Foreign politics often use trade protectionism such as tariffs, quotas, boycotts and etc. to underline political statements. E.g. the trade between USA and the former East-bloc was very protectionist on both sides. The purpose of this kind of protectionism is not to protect own industries but only to punish “bad behaviour.”¹⁰³

⁹⁹ Capie: 1992

¹⁰⁰ Ibid

¹⁰¹ Kureer & Lundgren. 2000

¹⁰² Capie: 1992

¹⁰³ Kureer & Lundgren: 2000

4.2 Development theories

The following section gives a broad overview of the evolution of development theories from the post-World War Two period to the end of the 1990s. Each of the sections present a general understanding of the development theories of the period as well as some of the general thoughts of development and society linked to this period. Furthermore the sections also include references to some of the leading scholars behind the theories or other scholars who influenced the period. The section is meant to give on the one hand a broad overview of different schools of thinking and at the same time show the interconnection and the chronology of the different theories.

4.2.1 Modernisation theories

The first school of theory to be presented in this section is the Modernisation theory. The Modernisation theories were elaborated in the period just after World War Two and cannot be considered a common theory, but more a set of ideas related to development and the developing world. The basic concept of Modernisation theories takes its point of departure in a comparison between the modern industrialised countries versus traditional developing countries.¹⁰⁴ According to leading modernist scholars such as Walt Rostow the developing countries were to become more and more like the industrialised countries. In the light of this Rostow developed a theory of growth and phase; A theory that showed the phases which developing countries needed to go through in order to become more industrialised.¹⁰⁵

The general idea of developing countries slowly transforming into industrialised countries brought a focus on how traditional life values, opinions, actions and structures are replaced by modern values, which are more or less copied from the industrialised countries. The fact that modernist scholars saw development as practically a copy-paste procedure of western values and norms is based on a general positive interpretation of imperialism.¹⁰⁶ According to modernist scholars western colonisation of e.g. Africa had a positive influence on the development, and started the industrialisation process for some African countries. Since modernists considered the industrialised countries as superior to the developing countries in terms of culture, they were

¹⁰⁴ Degnbol-Martinussen: 2002

¹⁰⁵ Ibid

¹⁰⁶ Ibid

therefore obligated to spread their religion, values, norms and life style and thus bring civilisation to the developing world.¹⁰⁷ On the basis of this positive approach to imperialism, Modernisation theory argues that the economic and commercial relations are profitable for the developing countries. Impulses for economic changes and progress originate from these interrelations.¹⁰⁸

4.2.2 Neo-Marxist theories

Neo-Marxism disagrees with the modernists' historical progressive role of imperialism and capitalism; instead they believe that imperialism led to underdevelopment in the developing countries and not development and that modern economic imperialism harms the developing countries.¹⁰⁹ Neo-Marxists also see other potential revolutionary actors apart from workers, namely peasants.¹¹⁰ Neo-Marxism influenced development theories from the 1960s until the 1980s. Neo-Marxism looks at imperialism from the perspective of the developing countries, and examines the consequences of imperialist penetration on these. In contrast to Marxism, Neo-Marxists does not only look at class relations (where one class exploits the labour of another) but also at relations where economic surplus between countries plays an important role.¹¹¹ This means that neo-Marxists blame imperialism for the underdevelopment of the developing world and that in order to create development there is a need for inclusion of different classes at different levels. Finally neo-Marxists call for an acceptance of the fact that international relations between developing countries as well as relations between developing and developed countries are important to bear in mind when explaining development and underdevelopment.

Dependency Theory

One of the neo-Marxist scholars who particularly focussed on the importance of relations between nations to explain development and underdevelopment was the American scholar André Gunder Frank, who at the end of the 1960s was one of the leading scholars behind the Dependency Theory. Like Modernisation theory, Dependency Theory was not a single theory, but again influenced by a diverse range of earlier theoretic schools.¹¹² Nevertheless, there was consensus on some general characteristic of the Dependency school. First of all underdevelopment is a his-

¹⁰⁷ Ibid

¹⁰⁸ Degnbol-Martinussen: 1997

¹⁰⁹ Ibid

¹¹⁰ Schuurman: 1993

¹¹¹ Ibid

¹¹² Ibid

torical process where the dominant and the dependent countries form a capitalist system that harms the developing countries and prevents them from developing. According to the Dependents,¹¹³ countries become dependent on each other, and cannot break the cycle. This means that underdevelopment is an inherent result of the way that the world system works. The surplus of the developing countries is transferred to the developed countries, which again means development in the developed world and underdevelopment in the developing world.¹¹⁴ In other words instead of using the economic surplus in the developing countries the surplus is transferred to the developed countries, leaving the developing countries in a vicious circle of underdevelopment. Frank therefore argued that the developed countries saw no need for generating development in the developing countries and this blocked economic growth and led to underdevelopment in the developing countries.¹¹⁵ As a result of this situation Frank suggested that the developing countries were detached from the world market economy.¹¹⁶

Modes of Production Theory

In the 1970s and the 1980s other neo-Marxist scholars such as the Argentinean Ernesto Laclau took a slightly different focus to development than the Dependents. Instead of focussing on the relations between the nations as a reason for development and underdevelopment, he believed that it was more relevant to study modes of production. He argued that a number of modes of production coexist in a society, and that these modes of production have a relationship to each other (regarding exchange of labour, goods, capital, etc.). So instead of looking at the circulation of goods, the Modes of Production theory emphasised the production sphere. Laclau believed that the relationship between capitalist mode of production and non-capitalist mode of production was favourable for the capitalist mode of production. An example of this relationship between capitalist and non-capitalist modes of production was seen in the Apartheid regimes. The workers lived in their traditional homeland, without the possibility to support themselves; therefore they offered their labour to the industries, which in return could give very low salaries, because the workers had some income from their land.¹¹⁷ The result of this was that many developing countries experienced that capitalism articulated with non-capitalist modes of production and thereby hindered these countries from developing. On this basis the French anthropologists Phil-

¹¹³ Term used to define scholars of the Dependency Theory.

¹¹⁴ Schuurman: 1993

¹¹⁵ Degnbol-Martinussen: 1997

¹¹⁶ Ibid

¹¹⁷ Schuurman: 1993

ippe Rey and Claude Meillassoux argued for a need of inclusion of attention at the local level to development theory.¹¹⁸

World Systems Theory

This theory had its roots in the mid 1970s' rapid growth in East Asian countries. This growth could not be described as dependent development, because these new rapid growing economies began to challenge the superiority of USA in some areas. Also the crisis in many socialist countries (failure of the culture revolution in China and economic stagnation in the east bloc) led to the elaboration of the World Systems Theory since the crisis led to an opening in the direction of international capital, and formed new alliances that were previously unthinkable (e.g. Washington and Peking).¹¹⁹

Immanuel Wallerstein was the leading scholar in the debate about World Systems Theory. He based his ideas on Dependencistas such as André Gunder Frank and dependency ideas about unequal trade, exploitation of the developing countries by the developed countries and the existence of a world market. He considered the world as consisting of three groups of countries: the core, the periphery and the semi-periphery. The core consists of industrialised countries, the periphery of the agricultural export countries and the semi-periphery acts as a buffer between the core and the periphery. The semi-periphery countries are differentiated from the periphery by their more significant industrial production. The semi-periphery imports high-tech from the core and exports semi-manufactured goods to the core. It also imports raw materials from the periphery and exports industrial end products to the periphery. The core of Wallerstein's theory builds on the argument of unequal trade. The developed countries are able to import products from the developing countries at prices that are lower than the cost of producing the products in the developed countries.¹²⁰ This argument questions the classic liberal understanding of trade as a positive-sum game.

The World Systems Theory could offer a solution to the question that Dependencistas were confronted with concerning the differentiation of internal and external factors for underdevelopment. By focussing on a more abstract level (with countries as global analysis units) there are no more

¹¹⁸ Ibid

¹¹⁹ Ibid

¹²⁰ Degnbol-Martinussen: 1997

external factors. Further, there are no longer different sorts of capitalism, such as core capitalism and peripheral capitalism, in stead there is one capitalist world system. The origin of development and underdevelopment is then found in the incorporation of countries within the world system. According to World Systems Theory, underdevelopment occurs because countries are subject to a trade regime and produce for a world market that is characterised by unequal trade.¹²¹

4.2.3 Neo-Liberalism

From the mid 1970s neo-Liberalism gained popularity and also influenced the way of thinking in development theory. Neo-Liberalism cannot be considered to be a development theory in itself, but rather a set of ideas about markets, state interference, free trade and world economy that can be linked to development theory. In terms of development neo-Liberalists considered state interference with the market mechanism as ineffective, counterproductive and basically inconsistent. Instead limiting the role of the state, liberal economies and a strict monetary policy according to the guidelines of the International Monetary Fund and the World Bank were believed to be the major policy options in many developing countries. However, according to Michel Chossudovsky (1991) the structural role of the IMF could be considered as the cause rather than the solution to the economic problems experienced in the third world. He believed that less state interference led to the increasing impoverishment of low-income groups and thus a liberalisation of the economy and the growing emphasis on export-led industrialisation would result in a dual economy, with one sector producing for the international market and another sector producing for a shrinking national market. As a development ideology, neo-Liberalism most resembles the Modernisation paradigm, but in fact it has less to offer because the role of the state has been minimalised.¹²² However, the ideas of free trade as a way to generate development are based on the neo-Liberal views on the relation between trade and development.¹²³ Therefore neo-Liberalism can be considered to have an influence on development theory.

4.2.4 Post-Impasse theories

From the beginning of the 1980s there was an intense debate among development theorists about which approach to use. Many theorists had heavily criticised the neo-Marxist theories, but had

¹²¹ Ibid

¹²² Schuurman: 1993

¹²³ Hettne: 1994

not succeeded in coming up with any new theories that could solve the obvious problems that neo-Marxist theories did not deal with. Therefore in 1988 Leslie Sklair argued for a shift of focus within development studies from the level of theory to the level of metatheory.¹²⁴ Sklair considered the only way out of the impasse as the combination of metatheory, theory and empirical research. According to Sklair, the impasse was grounded on confusion among scholars of metatheory and theory. Scholars had attempted to test metatheories, which according to Sklair was untestable. Furthermore, Sklair underlined the problems of diverse, and sometimes divergent, theories can be derived from one metatheory. These can be internally consistent, but are not necessarily consistent with each other.¹²⁵

The Regulation School

The French scholars Alain Lipietz and Michel Aglietta elaborated one of the first post-impasse development theories in the early 1980s. This theory was called the Regulation School. The essence of the school is that regularities in development trajectories are observable through historical comparative research.¹²⁶ According to Lipietz regularities are considered as: “(...) *a sequence of contradictions, crises and transformation in development trajectories.*”¹²⁷ These regularities can then be abstracted in two concepts namely regime of accumulation and mode of regulation. Lipietz describes the regime of accumulation as the way in which the economic product is allocated between consumption and accumulation.¹²⁸ Furthermore he adds to this a particular mode of regulation: regulating norms, values and laws. In other words this is a set of internalised rules and procedures that enables integration of social elements in individual behaviour.¹²⁹ Lipietz and Aglietta argue that the stability and consistency of an economic world system cannot be considered as the consequence of the “*working of the invisible hand of capitalism(...)*”¹³⁰ but it is more likely to be considered as the result of the interaction between relatively autonomous national regimes of accumulation.

According to Lipietz and Aglietta this means that the functioning of multinational corporations will lead to an international division of labour; however, this is still on the condition of the coop-

¹²⁴ Schuurman: 1993

¹²⁵ Ibid

¹²⁶ Ibid

¹²⁷ Ibid

¹²⁸ Hettne: 1994

¹²⁹ Schuurman: 1993

¹³⁰ Ibid

eration of the individual countries. Lipietz and Aglietta's approach provides a way of giving a more precise form to the historical comparative research. Their observations of how development strategies cannot be seen out of context of the position of the countries underlines the necessity of including the international society.¹³¹

The Actor-Oriented Approach

In contrast to Lipietz and Aglietta, who focus more on the level of nation state and internationalisation, sociologist Norman Long (1990) gives more attention to the relationship between the meso level, which he refers to as: “(...) *the wider context wherein access to power and resources play a role* (...)”¹³² and the micro level. Long argues that the actors' behaviour is not based on their structural position, but rather on a lower analytical level. To Long human action, reaction and consciousness play a more crucial role.

Long concluded that even when structural conditions and types of external impulses are relatively constant, behaviour of actors can diverge in forms and therefore expressly do not reduce behaviour of individual actors to individual motive and interests. Long underlines the importance of the interface between the meso level and the individual actor, and he suggests that the latter has a wider variety of actions available than is usually presumed. Furthermore these actions can have an effect on a meso level, in contrast to the previous view that it is primarily meso-level impulses that determine the behaviour of individual actors. Long considers individuals, the church, the state bureaucracy and corporations as actors (or agents), but also corporations, but he does not see gender or class as actors or agents. Just like the Regulation School the Actor-Oriented approach can also be considered a positivist approach since it too deals with the questions and solving the problems that have been documented by scholars of different schools.¹³³

4.2.5 Post-Imperialism

Post-imperialism is not an actual development theory, but rather a set of ideas about the political and social organisation of international capitalism. Developing countries must bring themselves into line with a world economy dominated by trans national corporations, which could supply the

¹³¹ Ibid

¹³² Ibid

¹³³ Ibid

missing inputs, and as such would also be in a position to exercise decision making power.¹³⁴

The important difference between this approach and Modernisation theory, is that the developing countries must adapt to international capitalism in their own way and not by importing western values.

Gender Studies

The ideas of gender studies as an element in development theories were born in the 1990s. On the one hand, gender studies contributed to the impasse in development theories by criticising the invisibility of women in the previous development theories. However, gender studies, on the other hand used metatheories, which they based on these previous development studies, which they had criticised. Therefore gender studies used Marxist metatheory as an inspirational source (e.g. the position of women and gender relations) as many development theories have done before.¹³⁵

Thus, according to one of the leading scholars Aafke Komter (1991) feminist theory in the past had constantly been searching for a more structuralist approach, and therefore ended in a crisis when the material object opened more space for the study of pluralism and diversity among women. The subsequent liaisons with Marxism, psychoanalysis, and post-modernism only led gender studies to growing theoretical fragmentation.¹³⁶

Sustainable Development

Sustainable development entered the development theory range in the 1990s. The term sustainable development often defines a strategy that can “(...) *satisfy the needs of the present generation without interfering with the needs of future generations.*”¹³⁷ This definition and the way it is often used in practice provides a rather heterogeneous basis for understanding the term since the term can cover development strategies which range from light-green to dark-green, from romantic and nostalgic conservatism to utopian socialism, from absolute-zero growth rate in the economy to maintaining the present world economic growth rate.¹³⁸ As a result the green notion of sustainable development could be incorporated without effort into both the neo-liberal develop-

¹³⁴ Ibid

¹³⁵ Ibid

¹³⁶ Ibid

¹³⁷ Ibid

¹³⁸ Ibid

ment models and the socialist or social democratic development models. Therefore critics argue that in a number of cases one cannot speak of an alternative development model.

The common term sustainable development more often associates to connections between the discourse of sustainable development and that of women's emancipation. Scholars argue that exploitative behaviour towards nature is a typical patriarchal attitude, in which both women and nature are given a subordinate role.¹³⁹ Therefore it is also believed that women's emancipation could lead to less exploitative relations with nature. In addition, by emphasising the importance of ethnic minorities in the developing countries, who generally are considered to treat nature in a less damaging manner, one can bring further shape to sustainable development.

However, the negative consequences of the different ways developed countries and developing countries regard the substantiation of sustainable development strategies is according to Komter what creates the danger of ethnocentric handling of this concept.¹⁴⁰

4.3 Theory of policy analysis

To be able to analyse the political processes of the European Union and the international institutions with direct or indirect influence on the development and agricultural policy processes, it is necessary to apply a theoretical framework that will ensure that all aspects, actors and procedures are covered. For this purpose, we turn to policy analysis.

4.3.1 Introduction to policy analysis

The EU system is one of the most highly regulated societies in the world¹⁴¹ and the many processes and procedures make it complicated to provide one single theoretical framework that includes all involved aspects and actors of the EU policy processes.¹⁴² The policy processes take place at various levels and implies official as well as unofficial actors. This claim is supported by Peterson and Bomberg who state that: "*EU decision-making is heavily nuanced, constantly*

¹³⁹ Ibid

¹⁴⁰ Ibid

¹⁴¹ Peterson & Bomberg: 1999

¹⁴² Considine: 2005

*changing and even kaleidoscopic (...)*¹⁴³ and further by a shift in the paradigm of EU policy literature that the notion of a single all-including theoretical framework is unrealistic.¹⁴⁴

The fragmented character makes it impossible to apply one single theoretical frame that would be satisfyingly sufficient for analysing the processes. Therefore, in order to be able to analyse the EU decision processes and the involved actors at the different stages we find it useful to combine different theoretical approaches that are aimed at analysing different political settings. The different elements in the ‘patchwork’ of theories used in this study are each chosen because they are believed to be the best available tool for analysing their respective policy area. The method is supported by the claim that: *“Different kinds of theories are appropriate for different parts of the EU Puzzle.”*¹⁴⁵

In practice, this means that the theoretical framework, for the analyses conducted in this study, builds upon different aspects from the EU literature and on the work of different scholars. The theories are chosen in this relation because they have been found to provide a background for analysing the decision processes in the EU and the different actors that are influencing them at the different stages.

4.3.2 EU policy nature

The first part of the policy analysis concerns an analysis and classification of the nature of the two EU policy areas. The purpose of this classification is to place the policies within a definition of policy nature and thus deduct conclusion about specific policy processes linked to these policy natures. The analysis of policy nature is conducted according to Hix’s five-fold classification model of EU policies.¹⁴⁶ Hix’s model consists of five different policy natures that are each linked to two different institutional settings. The policy natures regard: Redistributive Policies, which are policies concerned with market, competition, and welfare regulations; Expenditure Policies, which are concerned with overall budget and finance matters; Macro Economic policies, which relate to monetary and overall economic policies; Citizens Policies, which are about citizenship; justice, freedom and rights; and finally Foreign Policies, which covers both external economic

¹⁴³ Peterson & Bomberg: 2005

¹⁴⁴ Hix: 1999

¹⁴⁵ Peterson & Bomberg: 1999

¹⁴⁶ Hix: 1999

relations as well external political relations. External economic relations concern the commercial and financial interactions with non-EU states, hereunder also development. External political relations consist of security and diplomatic relations.

According to Hix the five natures of policies can be placed within two different institutional settings; where regulatory, expenditure and some macro economic policies are considered to exist in a supranational setting. Citizens, foreign and most macro economic policies are on the other hand placed in an intergovernmental setting. Hix explains the reason for this division of policy natures with the fact that the policy processes linked to the different policy can be considered to be either supranational or intergovernmental and that these institutional settings are crucial for the individual policy processes. According to Hix, a supranational institutional setting places the EU Commission as the central policy actor along with the EU Council. Policies of supranational settings represent areas where the political integration in EU has gone furthest. These are policies where member states have transferred political power to the EU and thereby given EU the role as the central policy actor on these areas. In terms of policy setting, Hix argues that policies in a supranational setting will seek policy consensus within the EU and that the EU decisions domain over national preferences.

On the other hand policies of intergovernmental setting will seek a political decentralisation from the EU to the individual member states. This means that the EU institutions no longer are the central policy actors, but instead the national governments overtake this role. Such policies represent areas where the national member states wish to remain autonomous and not be subjected to central EU legislation. This allows the national states to cooperate out of self-interest without giving up sovereignty.¹⁴⁷ Hix's model thus presents a framework for classifying the natures of the two EU policies and furthermore analyse on the institutional settings related to these natures.

4.3.3 First and second order EU policies

The establishment of the union was based on a few central policy areas which were crucial for the progress of the integration process in the EU. These policies are defined as being central in the effort to place the EU as a strong international player on the international economic and po-

¹⁴⁷ Chari & Kritzing: 2006

litical scene. Therefore the scholars Chari and Kritzinger argue that there are two different policy orders that reflect this historical importance.

Chari and Kritzinger set out to examine the actors involved in EU decision processes and further to characterise the policy formulation process on the basis of essential EU integration and comparative politics. Chari and Kritzinger operate with two classification levels for EU policies, namely first and second order policies. A central question in the classification process is how and why policies become respectively of first or second order nature.

First order policies

According to Chari and Kritzinger, the integration process has focused largely on harmonisation of first order policy areas between the member states. This has added to the degree of decisions being made at supranational level, and diminished the national states' roles in these matters:

*"The EU is increasingly gaining power to make policy on behalf of its member states."*¹⁴⁸

First order policies are defined as 'high-importance' policies by the institutions of the EU and include: Single market policies, competition policies, economic and monetary policies and the common agricultural policy. In short, it can be said that first order policies are those which are central and important to the foundation of the EU, and the focus in these policies lay within a political harmonisation within the EU.

These policies politically unite the member states and are dealt with at the central EU institutions to represent a strong and unified EU that can match the other major players in the world economy.¹⁴⁹

First order policies can also be defined as the areas where the integration effort has succeeded and thus where the harmonisation and transfer from national to supranational levels of the member states' policies has proceeded smoothly.¹⁵⁰ Chari and Kritzinger argue that several first order policies, though mostly economic, are allocated high priority by EU actors both at supranational and domestic levels.¹⁵¹ This means that the first order policies are in constant focus by national governments both at the domestic level as well as when it comes to the supranational level, and

¹⁴⁸ Ibid

¹⁴⁹ Ibid

¹⁵⁰ Ibid

¹⁵¹ Ibid

in both instances efforts to secure harmonisation in these political areas are high, in some occasions, leading to national governments prioritising the consensus of the common and supranational society over those of national interests.

Second order policies

Second order policies are characterised by a decentralised influence on decision making. These are the policy areas where national governments have continued sovereignty. From a national state point of view this is an important indicator of not having completely given up national sovereignty. Typical examples of such political areas are social, immigration and foreign policies¹⁵² where the individual member states have maintained a large degree of control. The individual stances on these issues mean that it is difficult to achieve consensus among the EU-member states on second policy issues.

Chari and Kritzinger thus present a theoretical framework for analysing different policy orders and their respective focus on EU or the individual member states as the central policy actor. This provides us with a theoretical approach for analysing EU policy processes on the basis of different central policy actors. However, there is not one standard definition of EU policy or decision making processes. The policies are negotiated within varying complex settings and the actors involved are interrelating with each other in more or less transparent ways. Yet, several scholars in the field have contributed with different views on the EU policy and decision making processes. The aim of this study is not to explain the various existing theoretical approaches to understanding the EU integration process extensively, but merely to illustrate the main lines in the development of political integration theories.

4.3.4 The policy cycle

Many scholars have contributed to the theory of policy formation by commenting on and extending the theory field with new nuances and approaches. The theories have been build upon and further developed over the years, evolving in a time-related chronology, but to date, none of them seem to be convincing enough to completely eradicate the others.

¹⁵² Excluding the area of security where the member states have chosen to coordinate actions to ensure domestic security.

This leaves us with three main theory frameworks for analysing policy formation: Punctuated equilibrium, Incrementalism and the Rational-Comprehensive approach. In the present study the Rational-Comprehensive approach is used as a means to examine policy content and policy instruments and to deduct the values and aims that lay behind the policy outcome. The policy analysis model that forms the theoretical analytical tool in this study is based on the policy cycle model presented Paul Spicker.¹⁵³

The model is based on traditional policy analysis and it describes the stages that a decision making process normally goes through, and it considers the actors involved and their influence on the process and the outcome.

The stages of the policy cycle

As argued above, policies can be hard to read. The fact that decisions are being made at different levels by different actors causes the process to be unclear and this argues against any form of order of the process. Yet, several scholars have offered their views on how a logic way through the process may look. The suggestions vary from strict and detailed schemes to more loose guidelines, but they more or less contain the same elements and prescribe similar chronologies.¹⁵⁴ This adds to the discussion by acknowledging that the different models are generic processes that must be adapted to a particular situation in order to be of any value.¹⁵⁵

The policy analysis based on the policy cycle more or less follows the order of stages outlined below, but it is often not possible to list a clear structure because it depends on the case in question and often the considerations are ad-hoc and diffuse,¹⁵⁶ making it impossible to review all aspects of the process. However, the Policy cycle is useful for analysing the essential elements in a given policy process. Policies are often results of processes and all the things in between: Policy is not only about the issues that are formally decided on and set down. The stages described below may not cover all the phases in some policy processes and it may exaggerate the complexity of other processes. In between the formal structures lay secret agendas and personal and organisational interests. Nevertheless, the policy cycle provides us with an analytical tool that can be used as a guideline to the different policy formation processes that can be relevant to include in an analysis.

¹⁵³ Spicker: 2006

¹⁵⁴ Bardach: 2005

¹⁵⁵ Ibid

¹⁵⁶ Spicker: 2006

The stages of the policy cycle are:

1. Identifying issues

This initial stage directs focus towards the importance, and impact, of the surrounding society in which the policy is being made. This stage focuses on the nature of political issues that need to be dealt with.¹⁵⁷

2. Policy analysis

In this context Spicker uses the term policy analysis to relate to analysis of aims, values and objectives behind the policies. Aims and values must be identified in order to form a platform for the following decisions to be evaluated from.¹⁵⁸ Some authors in the field name this phase the problem formulation-stage. Here the background and rationale for the policy is stated. The stage includes the identification and anticipation of problems or opportunities.¹⁵⁹ It is also necessary to explain the background for this problem (or opportunity), and which causes and effects are attached. The definition stage is crucial for the rest of the stages in the policy process and for the result of the policy insofar as the choice of language, approach, and background assumptions may implicitly favour some solutions and rule out others without the politicians being aware of this.

At this stage *aims* describe what the policy is supposed to achieve¹⁶⁰ and general purposes should be operational. *Values* are defined as moral principles or norms. They can be used in positive means, to lead policy in a certain direction, or by negative means to forestall particular options. Finally, *objectives* can be defined by asking questions: What are we trying to do, and how will we know when we have done it?¹⁶¹ It is important to identify constraints and limited factors, since there is often a gap between the expected and the desired future. In a system like the EU, it will often be necessary to examine alternatives and relative priorities of competing objectives in the struggle for the often limited resources available.

¹⁵⁷ Ibid

¹⁵⁸ Ibid

¹⁵⁹ Hogwood & Gunn: 1984

¹⁶⁰ Spicker: 2006

¹⁶¹ Hogwood and Gunn: 1984

3. Policy instruments

This stage allows for the evaluation of different strategies to reach the set objectives. There will often be more than one way to reach the goal. The constraints mentioned above will often eradicate a good part of them. Other criteria to consider are the given factors that are not likely to change i.e. the constitution. The step is crucial to the policy process: It includes listing the outcomes for the listed alternatives. It is far from an easy step, and since it involves the future and a lot of dependables, it implies a certain degree of uncertainty. The possible methods for reaching a solution are listed and the methods are judged against the aims and objectives in order to decide their probable effectiveness. There may be several ways to solve the problem but depending on the process and definition of values, objectives and methods up to this stage in the policy process (hence the process described in point two above), the number of methods may be limited at this stage.¹⁶²

4. Consultation

The fourth stage of Spicker's policy cycle concerns consultation. At this stage the policy objectives as well as the policy instruments are discussed with relevant policy actors. These may be other political institutions, but can also consist of interest groups of any kind that are relevant to include in the policy formation process. In some cases some policy actors might act as professional counsellors to the policy formation processes.¹⁶³

5. Coordination

The stage of coordination is not included in this thesis' policy analysis. In short the coordination process concerns coordinating policies with bureaucratic institutions.¹⁶⁴ (See section 3.3.2).

6. Decision

Stage six about decision of policy includes many of the same elements as stage four. However, other policy actors than politicians are naturally not involved directly in the decision process, but nevertheless this stage can present heavy pressure from other policy actors that are trying to gain influence on the policy outcome. The most important analytical element for conducting analysis at this stage is a focus on the political and institutional setting in which the decision process takes

¹⁶² Spicker: 2006

¹⁶³ Ibid

¹⁶⁴ Ibid

places. As this setting can vary from institution to institution there is not a standard form of analysing these settings, but rather a complex system of varying decision procedures.¹⁶⁵

7. Implementation

This is the ‘moment of truth’ where the policy is tested, when it is put into practice. To ensure an effective policy implementation it is important that the necessary preceding stages in the policy process have been carried out carefully.¹⁶⁶

8. Evaluation

The consequences of a policy are tracked and communicated back into the process of policy formation in order to improve the process. The main question to ask here is whether the policy has reached the desired objectives successfully.¹⁶⁷ Since this thesis only focus on the actual formation processes of policy stages 7 and 8 are not included in this thesis’ policy analysis.

4.3.5 EU policy processes

Like Spicker, Chari and Kritzinger consider the creation of policies to happen in stages. Chari and Kritzinger outline a framework for analysing the process through the different stages. They base their framework on the work of Peterson and Bomberg,¹⁶⁸ although Chari and Kritzinger change the terminology slightly and emphasise the EU institutional setting and the different policy actors. Whereas Spicker’s policy cycle provided us with a theoretical guideline for identifying the different policy formation processes that might exist within the EU, Chari and Kritzinger provide us with more in-depth analysis tools to examine the specific EU policy processes. Chari and Kritzinger base their theory on Peterson and Bomberg’s three-phase model consisting of: policy shaping, policy setting and history-making.¹⁶⁹ These three perspectives are valuable for the understanding of the negotiation process in the policy development stage.

¹⁶⁵ Ibid

¹⁶⁶ Ibid

¹⁶⁷ Ibid

¹⁶⁸ Peterson & Bomberg: 1999

¹⁶⁹ Chari & Kritzinger: 2006

Policy shaping

Indicate the institutional setting in which the first thought of or need for a new regulation is formulated. Policy shaping thus includes analysis of the different policy actors/interest groups and how these influence this stage. In order to understand and gain an overview of the many different types of actors that influence the policy shaping processes it is useful to divide these into two groups: The first being the official EU institutions and the other being the non-institutional interest groups who are trying to influence the institutional actors. The interest groups consist of actors with different aims and means. It is therefore useful to further divide the interest groups into subgroups. The literature suggests different ways of doing this. The European Commission itself distinguishes between profit-making actors and non-profit making,¹⁷⁰ while Chari and Kritzinger divide the interest groups into three subsections: Pluralism, Corporatism and DEC (Dominant Economic Perspective). These are the terms applied in this thesis.

Pluralism concerns the situation where all groups with a vested interest can gain access to the policy making process. In other words all groups have equal opportunities to influence the policy development.

Corporatism is when formally designated interest groups are incorporated in the decision making and implementation processes. Capital and labour interest groups have (semi-institutionalised) fixed positions in policy making process.

DEC perspective is according to Chari and Kritzinger a relatively new perspective in EU-relation. It concerns the fact that a plurality of elites or high-level political elites alone makes the crucial decisions. Corporate capital may cause disproportions in the policy making and thereby exclude other interest groups.

Policy setting

Chari and Kritzinger's second phase concerns policy setting and takes place in either a supranational context or an intergovernmental context. At this stage, policies are formulated by interaction by different actors and thus become a dynamic process and not just a matter of forming pol-

¹⁷⁰ Ibid

icy, but of *negotiation* between the involved actors.¹⁷¹ Like the institutional setting presented by Hix, Chari and Kritzinger apply the same definitions of supranational and intergovernmental setting. However, in the context of policy setting and with a focus on policy actors, Chari and Kritzinger apply these definitions in order to provide analytical means for examining which policy actors supranationalism and intergovernmentalism allow in the policy setting process.

History-Making

The third stage defined by Chari and Kritzinger is the History-Making process, which in other words relates to the actual decision process. Chari and Kritzinger present this stage on the basis of Peterson and Bomberg's theory, however, in order to find a more precise and useful definition we turn to another scholar, namely Chatzopoulou.¹⁷² Based on Peterson and Bomberg's work Chatzopoulou presents the four decision procedures of EU and examines how these procedures influence the policy outcome.

Four different decision procedures exist in the EU:

- Consultation procedure
- Co-decision procedure
- Cooperation procedure
- Assent procedure

Under the *consultation procedure* the Commission sends its proposal to both the Council and the Parliament, However, the Council is not obliged to take account of the Parliament's position, but only to consult the Parliament, so as a result the Parliament can only delay the adoption, but not change the text or prevent its adoption. If the Council amends a Commission proposal it must do so unanimously. The procedure applies in particular to the EU agricultural policy. In some cases, the consultation procedure is compulsory because the legal basis requires it and the proposal cannot become law unless Parliament has given its opinion. In other cases, consultation is optional and the Commission will simply suggest that the Council consult Parliament.¹⁷³ In terms of power balance, the Parliament is more or less ignored in this procedure since the Council is

¹⁷¹ Ibid

¹⁷² Larsen & al: 2002

¹⁷³ http://europa.eu/index_en.htm

not obligated to take the Parliament's comment into consideration. According to Chatzopoulou this results in a decision process dominated by the Council which creates a democratic deficit in relation to the members of Parliament directly elected by the EU citizens.¹⁷⁴

The ***co-decision procedure*** is the most applied decision procedure. The co-decision procedure allows the Parliament the power to adopt legislation in cooperation with the Council, since it requires that the two institutions agree on an identical text before any proposal can become law. As with the Consultation procedure proposals must be initiated by the Commission. Neither the Council nor the Parliament have the power to directly initiate proposals, but can suggest that the Commission take certain initiatives.¹⁷⁵ In contrast to the consultation procedure this procedure allows a balance of power between the three EU institutions in matters concerning the free movement of workers, right of establishment, services, the internal market, education (incentive measures), health (incentive measures), consumer policy, trans-European networks (guidelines), environment (general action programme), culture (incentive measures) and research (framework programme).¹⁷⁶

The ***cooperation procedure*** has more or less been abandoned with the Treaty of Amsterdam. Before this it was applied only for certain aspects of economic and monetary union matters. The essence of this procedure was that it allowed the Parliament two readings of any proposals from the Commission and thereby gave more power to the Parliament than in cases of consultation.¹⁷⁷

The ***assent procedure*** requires the Council to obtain the Parliament's assent before certain important decisions are taken. The procedure is based on a single reading. The Parliament can accept or reject a proposal, but does not have the power to amend it. If the Parliament does not give its assent, the act in question cannot be adopted. The assent procedure is mainly used in question of accession of new member states, association agreements and other fundamental agreements with third countries.

It is also applied in matters of citizenship, the specific tasks of the European Central Bank (ECB), amendments to the Statutes of the European System of Central Banks and the ECB, the

¹⁷⁴ Larsen & al: 2002

¹⁷⁵ http://europa.eu/index_en.htm

¹⁷⁶ Larsen & al: 2002

¹⁷⁷ http://europa.eu/index_en.htm

Structural and Cohesion Funds, and the uniform procedure for elections to the Parliament.¹⁷⁸

According to Chatzopoulou this procedure also shows evidence of a certain institutional balance of power, but not to the same extent as e.g. the co-decision procedure. The Parliament is involved in the decision process, since it needs to give its assent, before the proposal can be adopted. This means that the Parliament can reject a proposal until it meets the demands of the Parliament.¹⁷⁹

4.3.6 EU voting procedures

As well as there are different policy settings in terms of decision procedures within the EU system, there are also different voting procedures. EU operates with two main different voting procedures: unanimity and qualified-majority voting (QMV). In cases where unanimity is required the voting balance is equal; meaning that member states have one vote each. In contrast to cases where qualified-majority is needed votes are weighted according to size of member states' population. In result large countries such as Germany, France and UK have more votes than smaller countries such as Belgium, Denmark and Luxemburg. In order to have a qualified majority at least 255 of 345 votes or the equivalent of a representation of minimum 62% of the EU population is required.¹⁸⁰

There are different procedures of voting for the different institutions and for the different policies. The prescription for the usage of the procedures is integrated in the Consolidated Version of the Treaty Establishing the European Community. The various reforms of the institutional setting that EU has undergone the last decades have introduced QMV as the most applied voting procedure, since it eliminates the risk of veto from one member state and therefore allows a more operational community policy. Unanimity is practically only used on matters relating to the second pillar of the EU, meaning matters of foreign relations and security policy.¹⁸¹

In light of the enlargement of EU, the larger member states demanded that the concept of QMV was revised since the enlargement resulted in a scenario where a qualified majority actually

¹⁷⁸ Ibid

¹⁷⁹ Larsen & al: 2002

¹⁸⁰ http://europa.eu/scadplus/glossary/weighting_votes_council_en.htm

¹⁸¹ http://europa.eu/index_en.htm

would not represent a majority of the EU population. Therefore the principle of the double majority was added to the qualified majority voting in November 2004. This means that not only does a proposal need 62% of the votes, but it also needs a majority of member states in order to be adopted. This concept was introduced to maintain the previous balance between large and small countries.¹⁸²

¹⁸² Ibid

5. Introduction to EU

This section gives a short overview of the history and basic ideas of cooperation that have evolved into the European Union as we know it today. Secondly, it will present the role of the union and the different EU institutions along with their responsibilities. The section will close with an introduction to some of the future prospects of the EU in terms of new structures and new focus areas due to the continuous enlargement of the EU and the propositions for a new constitutional treaty.

5.1 *History and raison d'être of EU*

The main focus areas for the European Union or Community as it was named earlier have changed through the years: From an agreement based on collaboration and co-production of coal and steel to an international political actor, with an internal common market, common currency (for most members) and visions of a more united Europe. This section shortly presents the development of the EU since the 1950s and the present role of EU.

5.1.1. From co-production to a political union

As mentioned above, the foundation for the EU started with a vision of a European collaboration on production of coal and steel. The French foreign minister Robert Schuman presented in 1950 the French government's vision for an agreement between France and West Germany concerning collaboration in terms of coal and steel. The so-called Schuman Declaration was presented in a time of European crisis on various levels. First of all Europe had not financially recovered from the Second World War, and the tensions of the cold war and a fear for a Third World War gave birth to visions about more collaboration in Europe. In addition to political tensions, Europe also experienced financial tensions since an over production of steel threatened the European economies.¹⁸³ Therefore Schuman suggested that French and German coal and steel production was coordinated under "the High Authority" which has now become the Commission. France, West Germany, Belgium, the Netherlands, Luxembourg and Italy signed the Schuman Declaration in 1951 and thus in 1952 the European Coal and Steel Community was established.¹⁸⁴

¹⁸³ Blair: 2006

¹⁸⁴ Ibid

Over the years the formation of the Coal and Steel Community led to more and more European integration both politically and financially. Therefore in 1958 the treaty of Rome came into effect and thereby created the European Economic Community (EEC) and also brought along some of the institutional structures such as a commission and a parliamentary assembly. The High Authority however, still politically governed the community.¹⁸⁵

During the 1960s the EEC went through several changes of structure and the institutions we know today; Council, Commission and Parliament were established. In 1973 the first major enlargement of the EEC took place; Denmark, Ireland and UK entered the EEC. Due to increased economic as well as political integration the EEC changed its name to EC (European Community) as of January 1st 1980. The process of enlargement continued through the 1970s and 1980s and in 1993 twelve countries had ratified the treaty of the European Union meaning an opening of the single European market in the member states and that EC again changed its name this time to EU (European Union).¹⁸⁶

The continuous political and economic integration resulted in the launch of the single European currency in the Eurozone in 2002 and in 2004 the EU underwent another major enlargement when 10 countries, primarily former east-bloc countries entered the union and raised the number of members from 15 to 25. In 2005 the constitutional treaty of EU was approved by all EU institutions and presented a vision for an even more politically integrated union with e.g. a common EU president and EU foreign minister.¹⁸⁷ However, the national referendums, which were to take place in the EU member states during 2005 and 2006, have been stopped, due to rejections in the French and the Dutch referendums. At the moment EU politicians are still discussing whether to proceed with the constitutional treaty or to change the treaty.

5.1.2. The role of EU today

The treaty of the European Union that was ratified by all member states in 1993 has a statement of the purpose and goals for the EU. Article two of the treaty mentions some of the political and economic areas that are important to the EU. It mentions that EU should increase economic and

¹⁸⁵ Ibid

¹⁸⁶ Ibid

¹⁸⁷ Ibid

social progress and seek to achieve a high employment and well-balanced sustainable development by establishing an area without internal borders. This is to be achieved by creating a monetary union with a single currency. Furthermore EU is to strengthen the European identity internationally through common foreign and security policies and eventually a common defence policy by establishing a EU defence unit.¹⁸⁸

On a more civilian level the treaty states that EU should ensure the protection of member states' citizens' rights and interests by introducing a EU citizenship. At the same time EU must preserve and enlarge the Union on the basis of principles as freedom, security and justice with free movement of persons and with appropriate control with outer borders concerning asylum, immigration and proactive crime fighting.¹⁸⁹ Finally, the treaty states a more political structural vision by saying that EU should maintain the present community rights and develop these rights with the purpose of continuously evaluating to what extent it is necessary to change the policies and the cooperation stated by the EU treaty. This evaluation ensures the efficiency of the community mechanisms and institutions.¹⁹⁰

5.2 The EU institutions

As mentioned in the beginning of this section, the EU institutions have undergone structural changes from the Coal and Steel Community to the European Union. The following section shortly introduces the present EU institutions, their composition, areas of responsibility and decision procedures. The three main institutions: the Council, the Commission and the Parliament are given most attention, since they are the most relevant in terms of policy making. Institutions such as the European Court, the European Central Bank, the European Investment Bank, etc. are not dealt with because they have little or no influence on the EU policy making.

5.2.1. The Council

The Council or the European Council or as it is also often referred to; the European Council of Ministers, depending on the composition of ministers, is the highest authority within the EU. It

¹⁸⁸ Consolidated Version of The Treaty Establishing the European Community: 2002

¹⁸⁹ Ibid

¹⁹⁰ Ibid

consists of the member states' ministers of the different relevant resorts. Thus there is a Council on finance consisting of all EU member states' ministers for finances, council on agriculture consisting of all EU member states' ministers for agriculture, and etc. However, the term European Council refers to the council consisting of EU member states' heads of governments; prime ministers and presidents. Both the resort minister council and the European council possess the highest decision authority within EU. The council must approve all legislation, amendments, etc. In some cases, depending on its nature, the EU Parliament co-decides with the Council.

The Council works on two different levels. One is a supranational level, where the Council - often the European Council seeks to form a political agenda for a common EU. This is often related to foreign matters, overall budget planning or other general EU policies. At the supranational level the Council disregards national interests and seek to work for the common EU interests. On the other hand the Council consisting of resort ministers often work on a more national level representing the national governments' interests. Therefore, there are different voting procedures for the Council depending on the matter of the case. Cases in the Council relating to interstate matters are decided upon according to the principle of unanimous voting; meaning all members must agree. If just one member state votes against the proposal is rejected.¹⁹¹ Other cases that are of a supranational nature are decided on according to the principle of qualified majority.¹⁹² This means that every member state is attributed a certain number of votes according to population. A proposal is approved if there is a majority of the total votes for it.¹⁹³ This means that some member states can be overruled by others and thus be forced to accept and ratify legislation they did not vote for.

5.2.2. The Commission

The Commission is the successor of the former High Authority (see section 5.1.1) and it is a central actor in EU policy making and EU policy integration. The Commission consists of 27 commissioners appointed by the national governments: One commissioner pr. member state.¹⁹⁴ In order for the Commission to come into force the EU Parliament must accept all commission-

¹⁹¹ Fredslund: 2002

¹⁹² Ibid

¹⁹³ Folketingets EU-Oplysning: 2004

¹⁹⁴ Ibid

ers.¹⁹⁵ The work of the Commission is similar to that of a national government. Each commissioner is assigned his or her own resort department, which he or she is responsible for on a supranational level. This means that even though the commissioner for agriculture is Danish, she does not in any way represent Danish interests, but only EU interests in her function as commissioner.¹⁹⁶ Apart from being responsible for ratification and acceptance of EU legislation in the member states, the Commission also functions as initiator of almost all EU laws and regulations. Even though the official decision making takes place in the Council, the Commission has an important influence on EU policies, since the Council needs to receive a proposal from the Commission before it can decide on anything. This is the procedure in practically all cases. Matters concerning security, defence, or other urgent matters can exceptionally be dealt with by the Council without a proposal from the Commission. This means that the Commission has no direct decision making authority, but is the essential actor in initiating EU legislation.¹⁹⁷ When the Commission decides on various legal proposals it bases its voting procedure on simple majority, however it seeks to reach unanimity if possible.¹⁹⁸

5.2.3. The Parliament

The European Parliament was originally in the Coal and Steel Community an assembly of member states' representatives, who were also members of the national assemblies. Today it has developed into a democratic assembly consisting of directly elected representatives of the member states (number of representatives vary according to population).¹⁹⁹ Member of European Parliament (MEPs) represent the European population. However, generally the MEPs are not grouped according to nationality, but to political beliefs.²⁰⁰ Nevertheless, MEPs occasionally tend to represent national interests since the national voters elect them.

The main areas of responsibility for the EU Parliament is co-decision making with the Council in legal matters, budget decision making and democratic control of the other EU institutions. Another important role of the EU Parliament is the acceptance of the Commission.²⁰¹ If the Parlia-

¹⁹⁵ Fredslund: 2002

¹⁹⁶ Ibid

¹⁹⁷ Folketingets EU-Oplysning: 2004

¹⁹⁸ Ibid

¹⁹⁹ Ibid

²⁰⁰ Ibid

²⁰¹ Fredslund: 2002

ment is not satisfied with a new Commission it can reject it. This happened with the first Barolo Commission. In terms of co-decision making with the Council, the Parliament can participate on two levels: either by a consultation procedure or by a co-decision procedure. The consultation procedure means that the Parliament not necessarily has any direct influence on the outcome, since the Council can accept the Parliament's suggestions, but is not obliged to. This procedure is used in matters concerning agriculture, fishery, commerce, taxation, and duties.²⁰² Critics claimed that this is one of the major democratic deficits in the EU system, since the EU Parliament is the only institution consisting of democratically elected representatives. Therefore the treaty of Maastricht introduced in 1993 the co-decision procedure, forcing the Council to cooperate with the Parliament, because the co-decision procedure needs an approval of both the Council and the Parliament in order to be accepted. If this is not the case, the Council and the Parliament will meet for negotiations.²⁰³ Decisions in the EU Parliament are reached by simple or absolute majority.²⁰⁴

5.3 Future prospects of EU

In recent years the EU has experienced major changes in terms of further political and economic integration, enlargement of the union and ongoing negotiations with nations that wish to enter the European Union. In the light of these changes and the following challenges EU is faced with the necessity of rethinking some of its political structures and also some of its policies. The following sections present some of these challenges in terms of the enlargement of the union and the new constitutional treaty.

5.3.1. The enlargement of EU

In 2004 when EU opened its doors to ten new member states, it was also forced to evaluate and rethink some of its political structures. First of all the number of Commissioners was naturally raised from 15 to 25.²⁰⁵ Also the enlargement generated a discussion of the presidency of the EU, which was previously held in turns of six month by the member states. However, with the enlargement this procedure would mean that a member state's EU presidency would be with an

²⁰² Folketingets EU-Oplysning: 2004

²⁰³ Ibid

²⁰⁴ Fredslund: 2002

²⁰⁵ Folketingets EU-Oplysning: 2004

interval of 12.5 years, which was considered to be too long. Therefore EU has taken initiative to change this in the Constitutional Treaty (See section 5.2.3).

The enlargement of EU, concerned to a large extent former east bloc countries such as Poland, Hungary, the Czech Republic, Slovakia and the Baltic states Estonia, Latvia and Lithuania. By including these states EU was forced to consider how far the borders of Union could reach. Already the inclusion of the former Soviet Baltic states had caused some political discussions about inclusion of former Soviet states placed on the European continent. The political issue lies in the question of defining European geography, culture, and politics, and whether an inclusion of more former Soviet states would cause political instability towards Russia.²⁰⁶

On a more political level another issue of discussion in relation to the continuous enlargement of the EU is illustrated by the situation in Cyprus. Because Cyprus is divided into a Greek and a Turkish part (only the Greek part is internationally recognised as a nation and Turkey does not recognise the Greek part)²⁰⁷ the referendum in Cyprus about EU membership needed to take this division into consideration. Thus the result was that only the Greek part of Cyprus is member of the EU. This naturally led to a more delicate discussion concerning Turkey's membership of the EU. For years EU has been discussing whether or not Turkey should enter the Union. The arguments both for and against have been many, but there are some main arguments that are often used in this discussion. The arguments against is: Turkey is primarily a Muslim country, Turkey is for a great part geographically placed in the Middle East and not in Europe, and finally Turkey has some difficulties fulfilling some of the political and economic demands for EU membership stated in the Copenhagen Criteria²⁰⁸. On the other hand people that are pro Turkish EU membership often argue that by including Turkey in the EU, EU could gain more influence in the Middle East to e.g. solve the conflict in Israel and Palestine. Turkey as a member of EU could act as a buffer between Europe and EU, and since September 11, this argument has been used in relation to preventing terrorism. As it is today, EU is still split in the question of Turkey's EU membership.²⁰⁹

²⁰⁶ http://europa.eu/abc/12lessons/index12_da.htm

²⁰⁷ Ibid

²⁰⁸ Blair: 2006

²⁰⁹ Ibid

A final consequence of the enlargement of the EU concerns a rethinking of the EU agricultural policy, also referred to as the Common Agricultural Policy (CAP). Many of the new member states saw EU agricultural subsidisation as a way to develop their agriculture and relating industries. Especially Poland, who has a large but rather inefficient agriculture in comparison to other EU countries, saw the CAP as a help to development. However, the enlargement of EU meant that the EU budgets could no longer support all countries with the same amount as before, and therefore the new member states were only granted a smaller percentage than the “originally” 15 member states. This is of course a highly unstable solution, and can only be considered to be temporary. Thus EU is forced to rethink the CAP and cut drastically in the subsidies or possibly abandon them.²¹⁰

5.3.2 The Constitutional Treaty

The constitutional treaty suggests some major political and structural changes to the EU system, as we know it today. This section is not meant to elaborate on all aspects, but merely to give a short outline of the most revolutionary changes. The first is that instead of the present six months EU presidency, the treaty suggests a permanent EU President elected by the European Council. This presidency is suggested to be of a period of two and half years.²¹¹ The present model of the presidency of the Council (resort ministers) is to be replaced by a shared presidency of three member states for a period of 18 months. The three member states hold the presidency in turns at all the Council’s assemblies with the exception of foreign policies.²¹² In matters of foreign policies, the treaty suggests a common EU foreign secretary with responsibilities concerning formation of EU foreign, security and defence policies.²¹³ Another structural change suggested by the treaty is that the number of commissioners is reduced to only 2/3 of the member states.²¹⁴ So it will no longer be possible for all member states to have a commissioner. The EU Parliament is also to undergo changes. The constitutional treaty suggests that the Parliament be granted more influence on the decision making procedure. This means that the procedure of co-decision will be applied in almost all cases with the exception of foreign, security and defence policies. In

²¹⁰ Folketingets EU-Oplysning: 2004

²¹¹ Ibid

²¹² Ibid

²¹³ Ibid

²¹⁴ Ibid

terms of the CAP, this means that EU Parliament will gain more influence of the outcome of the policy, which earlier was more or less single-handed decided on by the Council.²¹⁵

²¹⁵ Ibid

6. Theoretical classification of EU policies

This section seeks to place the EU policies on agriculture and development within a theoretical frame. This is done with the purpose of examining whether contradictions exist in the theoretical approaches to the two policy areas. The first policy to be examined is the EU agricultural policy and this is followed by a similar examination of the EU development policy. Before going into an examination of the theoretical framework for the EU agricultural and development policies, it is necessary to define the exact policies we are dealing with. The EU agricultural and development policies are stated in the Consolidated Version of the Treaty Establishing the European Community. The term “consolidated version” refers to the version of the Treaty of Rome (Treaty Establishing the European Community) including the amendments introduced by the following treaties of Nice and Amsterdam which is now in use.

6.1 Classification of EU agricultural policy

The EU agricultural policy is stated in the treaty’s articles 32 through 38. Article 33 states a political view that increase in productivity along with redistribution of wealth can ensure farmers a fair income: “(...)to increase agricultural productivity (...) thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture.”²¹⁶ This points to an approach along the lines of Smith and Ricardo who state that economic wealth comes from exploiting advantages, whether these are absolute or relative. Article 33 supports this view by stating that European agriculture should benefit from an optimal use of the present resources and thereby increase productivity. “(...)by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour.”²¹⁷ Without any other definition of the resources than labour, one could argue that the article actually states that European farming has an advantage in terms of labour force and if this advantage is used optimal, Europe will experience an economic growth that will ensure farmers a fair income and also generate other advantageous conditions for e.g. the consumers.

²¹⁶ Consolidated version of the Treaty Establishing the European Community: 2002

²¹⁷ Ibid

Another point that supports the argument of wealth as a result of production advantages is stated in the same article paragraph 2 C: “(...) *the fact that in the Member States agriculture constitutes a sector closely linked with the economy as a whole.*”²¹⁸ Here the relation between farming and the member states’ economies is emphasised. The paragraph underlines the importance of the EU agricultural policy to acknowledge and take account of the fact that the farming industry has a direct influence on the national economies. This also shows evidence of a tendency to lean on the classic liberal idea of generating wealth by exploiting production advantages. In the light of the classic liberal economic trade theories this part of the EU agricultural policy is based on the idea of increasing farming production where EU farmers possess some kind of advantage, and abandon other farming production areas without advantages. The general idea is that the European farmers should focus on productions where they have the most advantageous resources. In addition EU is taking different initiatives with the purpose of increasing productivity and thereby increase wealth both among farmers by securing them a fair income, but also among consumers by ensuring a supply of food at reasonable prices.

However, the classic liberal approach is not the only approach, which can be found in the EU agricultural policy. Article 34 shows evidence of a strong protectionist approach to agricultural policy by stating that “all measures required” are allowed in order to reach the goals defined by the policy: “*The common organisation established in accordance with paragraph 1 may include all measures required to attain the objectives set out in Article 33, in particular regulation of prices, aids for the production and marketing of the various products, storage and carryover arrangements and common machinery for stabilising imports or exports.*”²¹⁹ Furthermore, this article defines which protectionist measures can be used. It underlines that the use of regulation of prices, financial support for production and marketing and other technical support measures can be used with no restrictions as long as the purpose is to attain the goals of the EU agricultural policy. This paragraph clearly illustrates a protectionist approach to agricultural policy since it beyond any reason of doubt outlines that protectionist measures of all kinds are allowed and even emphasises that particular price regulation, subsidies and technical support can be applied in order to regulate imports and exports.

²¹⁸ Ibid

²¹⁹ Ibid

The emphasis on the use of price regulation can be considered as a loophole to introduce duties on imported goods, which is otherwise prohibited by the WTO.²²⁰ By regulation of prices the same effect can be attained as duties or tariffs. If EU ensures the European farmers minimum prices for their products these products would need to be either more attractive in terms of prices for consumers in order to create demand, or otherwise the products would need to be subsidised directly by the EU in order to ensure the farmers a minimum price. This subsidisation would then result in low market prices for the consumers and thus imported goods would become more expensive than EU-goods. So in the end the result of price regulation and guaranteeing minimum prices is the same as that of introducing duties and tariffs.

The second protectionist aspect of article 34 is the one relating to subsidisation of production and marketing. Subsidisation of production is in line with the example of price regulation. The purpose is to support the EU farmers financially in order to increase productivity and secure the farmers a fair income. The other aspect concerning subsidisation for marketing is a little more complex. One side of this subsidisation relates to subsidising marketing for the agricultural products on the common EU market and thereby maintain consumers' interest in the products and create a demand. The other side is of more external nature since it can be consider a way to help EU farmers meet with some of the technical standards that EU has introduced for agricultural products. This could for instance be labelling, correct users manuals or other information about the production and what the products consist of. Because EU has decided to set many standards higher than UN, WTO and other international organisations prescribe, the European standards can be very difficult to meet, even for European farmers. Therefore this aspect of marketing subsidisation can be considered a technical barrier for non-EU producers since the EU producers are supported financially in order to do marketing that corresponds to the standards.

The third and last protectionist measure mentioned by article 34 concerns technical support for EU farmers. This paragraph underlines the possibilities of taking initiatives that support the farmers in terms of storage, carryover arrangements, and common machinery all with the purpose of stabilising imports and exports. This measure is a more direct form of protectionism, which allows the EU farmers some general technical and logistic advantages in relation to non-EU farmers. Again the purpose of the measure is to ensure competitiveness of EU farmers by

²²⁰ Kureer & Lundgren: 2000

providing them with facilities that otherwise would have been considerable expenses for them. By eliminating these expenses EU ensures that EU products are competitive on the common market, but also ensures that the EU products are competitive on foreign markets by reducing some of the production costs. So not only does this measure have an effect on the EU market by preventing imported goods from overtaking the market, it also supports the export of EU products and thus supports the EU products in overtaking the foreign markets.

In conclusion the EU agricultural policy can be considered to be a mix of two theoretical approaches, which on the surface can seem rather contradictory. But a closer examination shows that the way the two approaches are interpreted in the EU policy allows them to walk hand in hand. The classic liberal principles ensure that EU keeps a strong focus on the relation between growth in wealth and productivity of the agriculture. However, the advantages that the classic liberal principles are based on do not seem to exist in European agriculture. Therefore protectionist measures are taken to create these advantages. This means that the advantages, which only exist due to the protectionist measures, can be profited from and thus create economic growth. However, the question is whether the maintenance of the protectionist measures is more costly than the income that the production advantages bring to the overall EU economy. If European agriculture has so important influence on the national economies as the policy suggests, then there is a reason for maintaining the agricultural production on the basis of protectionist measures. On the other hand, if modern European agriculture do not generate economic growth and thereby has little or no influence on the national economies, then the maintenance of the European agricultural production at its present level can be considered to have the exact opposite effect on the economy; namely that the protectionist measures have become so expensive to uphold that the EU agricultural policy actually results in an economic decrease. The issue about whether or not modern European agriculture contributes economically is further discussed in section 7.3.1.

6.2 Classification of EU development policy

Articles 177 through 181 of the Consolidated Version of the Treaty Establishing the European Community state the EU development policy. Like the EU agricultural policy the development policy also seems to show evidence of a variety of theoretical approaches. The first evidence is seen in the first paragraph of article 177.

*“Community policy in the sphere of development cooperation, (...) shall foster: the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them.”*²²¹ The EU’s focus on sustainable development can be discussed along two lines: first whether sustainable refers to environmental issues, as it is often used in a western context, or whether sustainable refers to generating continuous development that will be self-supportive in the future. Here the term sustainable economic and social development is used without any further references to a definition of sustainability. Nevertheless, since the term is related to economic and social development, one must consider sustainability to be concerned with creating development that can be self-supportive. Therefore the term sustainability indicates that development in terms of social and economic programmes initiated by the EU is meant to build a solid ground for continuous development in the countries in question. The inclusion of the term sustainability and the likely interpretation of the term suggest an approach based on the post-Imperialist school. The post-Imperialist context defines sustainability to be concerned with the developing countries’ own interest and wish for adapting to world market economies, but that this adaptation is conducted by the developing countries themselves and not by a modern western imperialisation.

In contrast, the second part of the first paragraph in article 177 suggests a different approach more in line with Modernisation theory and neo-Liberal thinking: *“(...) the smooth and gradual integration of the developing countries into the world economy.”*²²² The statement that EU wishes a smooth and harmonic integration of the developing countries into the world economy, suggests that EU considers development programmes to create free capitalist economies based on western values in the developing countries. Otherwise it would seem pointless to aim for an economic integration. So by stating a wish for economic integration EU reveals an approach based on liberal principles such as open economies, less state interference and free market forces. This approach also relates to Modernisation theory, where the basic idea is to “export” western values and norms to the developing countries in order to set them on a path to industrialisation. In this case the values and norms consist of capitalist economies. The Modernisation approach is also found in paragraph two in article 177: *“Community policy in this area shall*

²²¹ Consolidated Version of the Treaty Establishing the European Community

²²² Ibid

*contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms.”*²²³

Here the EU policy states that development programmes should be based on the spread of democracy, rule of law, respect of human rights and fundamental freedoms. The fact that values such as democracy and freedoms are exported in a western context without a discussion whether democracy is a unique term or whether the concept of democracy depends on the cultural, social, geographical or historical setting, corresponds to Modernisation views on development as a copy-paste process, where western values are directly adopted by the developing countries leading the developing countries into a phase of westernisation.

Yet another theoretical approach can be found in the third part of paragraph one in article 177: “(...) *the campaign against poverty in the developing countries.*”²²⁴ Here the EU policy focuses on the campaign against poverty. The fact that poverty is a focus area in itself and needs special attention suggests, rather inconsistently with the other paragraphs, that the problems of poverty need special focus and cannot be solved through the sustainable economic and social development mentioned in the first part, nor by the harmonic economic integration of the developing countries stated in part two. The special focus on the campaign against poverty points to a neo-Marxist approach, since it acknowledges that development need to involve different levels of society and not only institutions and capital actors. Contrary to the Modernisation and the neo-Liberal theories, Neo-Marxism focuses on development of levels consisting of the people (workers and peasants) and also has a strong emphasis on the negative consequences of imperialism, by arguing that development principles of the Modernisation and neo-Liberal theories, will only result in development in the higher social classes. Because these classes have the capital to invest in new production, they will also benefit from this investment. However, according to neo-Marxists development at this social level will not generate overall development, but merely leave the developing countries in a situation where the rich get richer and the poor get poorer. As evidence of this neo-Marxist scholars often refer to the development phases of many Latin American countries where a small elite owns practically all productions and thereby all economic means.

²²³ Ibid

²²⁴ Ibid

All in all just as the case of agricultural policy, EU development policy seems to consist of a set of various theoretical approaches. The Modernisation and neo-Liberal approaches can in this context be considered to have more or less the same theoretical background. The idea is to generate development by initiating a transformation of the developing countries into industrialised countries through programmes that focus on transferring western values such as capitalism, free competition, open economies and etc. On the other hand, the development policy shows evidence of an approach based on generating development on different internal levels in the developing countries. This approach is based on the post-Imperialist definition of sustainable development, where the developing countries are helped to start productions that over time can become self-supportive and thereby generate economic and social development on all social levels. The mere fact that sustainable development is classified as post-Imperialist theory and that Modernisation and partly neo-Liberal theories can be considered to be imperialist theories in the sense that they argue that former colonisation and present economic imperialism are beneficial to the developing countries, seems rather paradoxical. The paradox lies within the fact that the development policy is based on two more or less contradictive approaches; post-Imperialist theories blame imperialism for the underdevelopment and Modernisation theory accredits development progress to imperialism. Unlike the different approaches of the agricultural policy, which seems to be able to support one another, the different views on imperialism seem to be in conflict with each other from a theoretical point of view. One explanation for this choice of approach could be an awareness of the lack of positive results a Modernisation approach brings in terms of development on more than one social level. Inclusion of a neo-Marxist approach ensures a more widespread theoretical focus on development. It is so to speak a bet on all horses that allows the member states to conduct their own development policy regardless of theoretical approach. Another possibility is a simple lack of awareness of the contradictive views on development. Whether it is the first or the latter explanation that is correct, does not change the fact that EU development policy includes theoretical approaches on development that are so far apart that the policy itself becomes very undefined, inconsistent and unfocused.

6.3 Conclusion

A first hand impression of the EU agricultural policy seems to indicate a contradiction between two theoretical approaches: classic liberalism and protectionism. From a theoretical point of view these two approaches do not correspond since one is concerned with increasing wealth on

the principles of benefiting from production advantages on a free market and the other is concerned with protecting one's own market in order to increase exports and minimise imports. But in the historic context of the political integration of EU, these two approaches become more and more reasonable. The classic liberal approach is based on a former situation in Europe when farmers had strong political influence due to a general economic relation between agricultural production and national economies. At the time when the Treaty of Rome was signed, farming was a crucial industry in Europe both in terms of economic, social and political aspects. Because of this strong influence from the farmers, the EU policy also had to include elements that would maintain agriculture as a central economic and political actor. Therefore protectionist measures were also included in the text of the treaty. This way the farmers had insurance for maintaining political influence and at the same time were secured a fair income. Whether or not the production advantages that the classic liberal approach is based on existed at the time of signing the treaty can be discussed. Some experts argue that already in the 1950s the European farming industry had lost the battle to world competition. Other experts claim that it was the introduction of the protectionist measures that made the European farmers lose the battle, since they were not forced to improve production and reduce costs due to stable markets and minimum prices. Nevertheless the fact is that today the text of the EU policy on agriculture remains the same as in 1957 despite the drastic changes that European agriculture has experienced the last 50 years.

As far as the EU development policy is concerned a multifaceted theoretical approach can also be found here. The policy contains elements of Modernisation theory and neo-Liberalism. These two theoretical approaches can easily walk hand in hand since they more or less have the same view on development namely that the developing countries shall adopt world economy principles as fast as possible as thus this will set them on the path to development. However, post-Imperialist and neo-Marxist approaches can also be detected in the EU policy. These two approaches can also be considered to correspond well with each other. They both have a focus on development at several social levels of the society and not only among capital actors. Furthermore, they both counter argue with the Modernisation and neo-Liberal approaches. The main point of difference of these two views on development is the effect of imperialism. Modernisation and neo-Liberal theories see positive results from exporting western values to the developing countries, whereas post-Imperialism and neo-Marxism only see negative results from this. By having a very open and undefined development policy EU allows member states to conduct

almost any kind of development policy as long as the overall purposes of the policy are respected.

All in all the EU agricultural policy can be considered to be based on theoretical approaches that are aimed at maintaining the EU farmers' economic, social and political influence through a creation of artificial production advantages based on protectionist measures. The EU development policy on the other hand seems to open up for very individual interpretations of development approaches by the member states since it is based on approaches that more or less cover the whole spectre of development theories.

Holding the two policy areas against each other also sheds light on contradictions between the two policies. Not only do contradictions exist within the policies, but also between the two policies. The classic liberal approach found in the agricultural policy can on a theoretical level be considered to contradict the post-Imperialist/neo-Marxist approaches found in the development policy. The main theoretical contradiction of these two aspects is the view on the relationship between capitalism and social development. Classic liberalism bases its principles on the mechanisms of capitalism and the economic growth that liberal capitalism generates without any concern to different social levels and what impact or lack of impact liberal capitalism has on the lower social levels. Post-Imperialism and neo-Marxism on the other hand blame capitalism for underdevelopment since it only generates development among higher social levels. Another contradiction is found in the relation between the agricultural policy's protectionist approach on one side and the development policy's approach of Modernisation and neo-Liberalism. The main inconsistency between these two policy approaches is within the aspect of economic integration and free trade. Modernisation and neo-Liberalism argue that the developing countries should enter a system of liberal economies and free world trade in order to generate a development process. However, in terms of agriculture EU does not show any commitment to these principles since its policy on this area is heavily protectionistic. Thus the two approaches collide when on the one hand a theoretical approach to development is based on liberal economies and free trade and on the other hand EU bases its agricultural policy on the direct opposite theoretical approach. Furthermore, the protectionist approach also contradicts the post-Imperialist and neo-Marxist approach, which EU development policy also is based on. Here the notion on reducing poverty in the developing countries is counteracted by the protection of EU agricultural markets.

By protecting its own markets, EU also harms production possibilities in the developing countries and thereby also eliminates means of income.

In fact the only theoretical approaches that seem to be somewhat corresponding with each other are the classic liberal approach of the agricultural policy and the Modernisation/neo-Liberal approach found in the development policy. The main reason for this correspondence is a common understanding and belief that the principles of liberalism generate economic growth and that the developing countries therefore as soon as possible should adopt western liberal economies. Since the liberal principles have generated development in the western world, the argument is that this will also be the case for the developing countries. In conclusion the EU policies on agriculture and development can be considered not only to have internal inconsistencies due to different theoretical approaches, but there are also inconsistencies the two policies in between. A further analysis of these policy contradictions is presented in section 8.

7. Policy analysis

The following sections analyse different political aspects of EU agricultural and development policies. The first aspect to be analysed is the nature of the policies, which determines certain policy processes. The following section analyses the policy order and concludes how different orders can influence the policy processes. The third section identifies political issues and instruments in the EU agricultural and development policies and takes these aspects to a further policy analysis of approaches, values and aims behind the policies. On the basis of the previous sections, section four analyses how different actors can influence the policy formation through different processes. Finally, the last section examines different voting procedures and their influence on the outcome of the policy making. The basis for the text analysis in these sections is the Consolidated Version of the Treaty Establishing the European Community. This version, which is the original Treaty of Rome amended by the Treaties of Nice and Amsterdam, is the present basis for the different EU policies.²²⁵ A copy of the Consolidated Version of the Treaty Establishing the European Community can be found in the annex.

7.1 Analysis of policy nature

This section uses Hix's theory about the five types of EU policies in order to analyse what types of policy nature EU agricultural and development policies are, what they consist of, how they are formed and what consequences this has.

7.1.1 Agricultural policy

EU agricultural policy is based on the ideas of increasing productivity in order to secure a reasonable living for the farmers, to stabilise the markets, to secure food supply and to ensure fair prices on farmer products.²²⁶ These elements all encompass the description of a redistributive policy elaborated by Richard Musgrave²²⁷ consisting of allocation, redistribution and stabilisation. Hix bases his definition of redistributive policies on Musgrave's work and therefore considers the ideas about securing food supply and keeping prices at a fair level to relate to allocation;

²²⁵ Folketingets EU-Oplysning: 2004

²²⁶ Consolidated Version of the Treaty Establishing the European Community: 2002

²²⁷ Musgrave: 1959

The idea to secure a reasonable living standard for farmers is an element of redistribution and finally increase of productivity and stabilisation of markets derive from the concept of stabilisation.²²⁸ Therefore EU agricultural policy can rightfully be considered to be of a redistributive nature. Not only is EU agricultural policy of a redistributive nature, it is also the largest area of EU expenditure. The EU budget in 2004 showed that expenses concerning agriculture reached 45,693 million Euros out of a total budget of 111,300 million Euros, which represent more than 40% of the budget. In comparison the second largest EU expenditure area, which are structural arrangements, accounts for 30,822 million Euros representing less than 30%.²²⁹

As mentioned in section 6 the purposes of the EU agricultural policy were sought fulfilled through various redistributive initiatives such as removal of internal trade barriers to ensure the free flow of agricultural goods between the member states, priority of EU products over non-EU products, and common EU expenditure of the agricultural policy. This resulted in an agreement between the member states to implement redistributive mechanisms in the agricultural policy.²³⁰ These mechanisms are: Protection of low internal prices by introducing a system of buying surplus goods from farmers when prices dropped below a common EU price guaranteed to the farmers, protection against low import prices by means of import quotas on agricultural products in cases of the price falling below the world market price and finally, to implement subsidies to achieve a low export price by creating a system of refund for export goods when prices fall below the world market level.²³¹ These mechanisms of redistribution have resulted in a EU agricultural policy that indirectly supports EU farmers both by means of increasing prices for imported agricultural goods; which keeps non-EU products out of the European market, and at the same time lowering prices for export of agricultural products. Since the EU agricultural policy is a redistributive policy this means that the expenditures are paid for by the EU budget, resulting in EU taxpayers both having to pay for the funding via EU and to pay for the EU products that are more expensive than the imported agricultural goods would have been, had there been no protection of EU farmers. One of the main reasons for these redistributive mechanisms to be implemented was the fact that farming was considered a historical and important industry by many member states combined with the wish to maintain an attachment to rural society.²³²

²²⁸ Hix: 1999

²²⁹ Folketingets EU-Oplysning: 2004

²³⁰ Grant: 1997

²³¹ Hix: 1999

²³² Ibid

Another problem that occurred with the EU agricultural policy was an overproduction of food due to the guaranteed prices. Farmers were no longer dependent on a demand for their products and thus did not coordinate their production with the market. The result of this was wine lakes, grain and butter mountains that needed to be stored at the expense of the EU. Furthermore the revenues of the EU funding to farmers went to large-scale farmers because they were able to produce more, whereas the small-scale farmer did not receive the same financial aid. This led to an industrialisation of the EU farmers, where large-scale production is more lucrative than small-scale farming, leading to an extinction of small-scale farmers. So in the light of the historic argument of maintaining a rural society, the results of the agricultural policy seemed to be somewhat different than the original visions.

In relation to the introduction of import quotas on farming goods and the export subsidies this also had different consequences than anticipated. The import quotas created disputes in relation to world trade and more or less prevented global trade with agricultural goods from being free and furthermore the EU export subsidies were destroying agricultural markets in the developing countries due to the low prices on EU products created by the subsidies.

Being well aware of the budgetary and the production related problems that the agricultural policy created EU introduced several reform programmes that were meant to solve some of these issues. Since the beginning of the 1990s EU has through the MacSherry²³³ and the Fischler²³⁴ programmes reformed its agricultural policy so it no longer guarantees prices for all products (e.g. beef and cereal prices were reduced by respectively 29% and 15%)²³⁵ Also the indirect income support to farmers was replaced by a system of direct income support to compensate for price reductions in some sectors. This was supported by a system of set-aside support, where farmers in some sectors were paid to leave their land fallow in order not to create overproduction. Finally, a new type of financial aid was introduced to support rural development and thereby maintain the rural society.

As a result of the MacSherry and the Fischler plans EU agricultural policy is now more focussed on its redistributive functions than allocation and stabilisation. This means that prices for agricul-

²³³ Ray MacSherry: Irish Agriculture Commissioner

²³⁴ Franz Fischler: Austrian Agriculture Commissioner

²³⁵ Hix: 1999

tural products are increasingly based on the free market and the support programmes are funded via taxation and not increasing prices. Furthermore, the support programmes are based on a means testing in order to estimate how farmers can qualify for welfare subsidies.²³⁶ This means that small-scale farmers can benefit from EU subsidies whereas large-scale farmers are forced to coordinate production to market and demands.

However, the reforms were not able to introduce any changes to the fact that EU taxpayers are faced with double expenditure in terms of agricultural products. The support programmes are still funded by the EU, meaning the taxpayers, and the consumers are still faced with regulated prices on agricultural products.

7.1.2 Redistributive policy processes

The EU agricultural policy is of redistributive nature, which means that the central issues of the policy are concerned with budgetary planning for redistribution of wealth. The fact that overall budgetary and financial decisions in almost every case are placed in the hands of the Council, the central decision making organ in terms of EU agricultural policy is the Council of Agriculture Ministers. Almost all decisions in relation to the EU agricultural policy are taken within this forum. Only in extreme budgetary questions does the Council of Finance Ministers or the Council of Heads of States intervene. This means that the Council of Agriculture Ministers have more or less free hands to decide on the policies it find most convenient. Due to the fact that a large majority of the agriculture ministers represents national parties that are traditionally supported by farmers and farming groups (e.g. Irish Fianna Fail, French Gaullist, Italian Christian Democrats and Bavarian Christian Social Union) or represent rural regions such as Bavaria, rural Spain and France, East Anglia and Jutland²³⁷ this often results in a lack of will to introduce major reforms that could drastically change the conditions for EU farmers.

Furthermore, since the agricultural policy is a redistributive policy the Council of Agriculture Ministers is supported by the Commission's Special Committee of Agriculture staffed with officials from the national agriculture ministries. This is contrary to usual Committee of Permanent

²³⁶ Ibid

²³⁷ Ibid

Representatives, which is staffed with political EU diplomats.²³⁸ Along with the fact that the EU Commissioner of agriculture traditionally represents a political party supported by farmers and comes from a farming member state, this setting of policy actors in the making of the redistributive agricultural EU policy ensures that farming countries seek to wield influence on the common policy. Critics of the EU agricultural policy often refer to this phenomenon as the iron triangle meaning that EU agricultural policy is made by national agriculture ministers, agriculture officials in the Commission and European-level farming interests. This iron triangle becomes impossible to penetrate for outside parties such as the Parliament or other stakeholders since all three parties defend and support the other triangle-parties' interest: agriculture ministers wish to maintain their autonomy in terms of decision power without interference from the Council of Finance Ministers or heads of state. The Special Committee seeks to maintain the centrality of the agricultural policy and thereby the Committee as a central actor. The farming interest groups also have no incentive to break the iron triangle since this is the main channel for influence on the policy.

However, the iron triangle seems to be under pressure due to social and economic changes in Europe through the last 40 years, resulting in a situation where agriculture is of less importance to national economy, employment, and to rural urbanisation.²³⁹ As an example the percentage of the European labour force employed in agriculture declined from over 20% to less than 10% and in terms of national income from over 10% to less than 3% in the years 1950 through 1990.²⁴⁰ This decline in agricultural interest among European voters has led to a change of focus for political parties traditionally supported by farmers. In the 1990s it was estimated that in most member states about 4% of the voters were active farmers and therefore these political parties are now focusing on urban middleclass voters, who are the ones that are paying for the agricultural policy. This shift of focus in voters generated a shift of focus in policy. Therefore the recent years has shown tendencies towards agricultural policy becoming of more and more secondary status and thus creating a political demand for further negotiations of reforms.²⁴¹

Nevertheless, the iron triangle is still dominating in agricultural policy making with the other EU institutions as co-players. Even though all three EU institutions are involved in the policy proc-

²³⁸ Ibid

²³⁹ Ibid

²⁴⁰ Ibid

²⁴¹ Ibid

esses concerning the EU agricultural policy, the European Parliament seems to be set aside because the procedure of consultation is chosen. Section 7.4 elaborates more on the concrete results of this particular procedure, but it is without a doubt that the European Parliament is more or less paralysed when it comes to influencing the agricultural policy. This ensures that the Council of Agriculture Ministers are not forced to consider any other issues than protecting EU farming, and thus have practically free hands to do so, within an overall budgetary frame.

7.1.3 Development policy

The foreign policies of the EU are divided into two main areas; external political relations and external economic policy. External political relations relate to foreign and security policy and defence policy, whereas external economic policies are concerned with trade, development and humanitarian aid. According to Hix's classification of policy nature, EU development policy can be considered an external economic policy because it focuses on the EU's foreign economic relations in terms of development through trade, aid programmes and other initiatives of economic nature.

EU development policy consists of four main focus areas. The first is to create sustainable economic and social development for the developing countries. Secondly, to primarily focus on the countries that are doing worst. "*Community policy in the sphere of development cooperation, (...) shall foster the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them.*"²⁴²

The third area of focus relates to ensuring a harmonic and gradual integration of the developing countries into the world economy and finally the fourth focus is concerned with fight against poverty in the developing world. "*(...) the smooth and gradual integration of the developing countries into the world economy,*" and "*the campaign against poverty in the developing countries.*"²⁴³

Another aspect of the EU development policy that is important to underline is the fact that the EU policy is only meant as a supplement to the national policies on development: "*Community*

²⁴² Consolidated Version of the Treaty Establishing the European Community: 2002

²⁴³ Ibid

policy in the sphere of development cooperation, which shall be complementary to the policies pursued by the Member States, (...).”²⁴⁴ For some member states this has resulted in a focus on a Euro-Mediterranean partnership that seeks to increase trade with non-EU states situated around the Mediterranean and also a focus on partnerships with former colonies. This approach is led by some of the former colonial powers such as France, Spain, Portugal and UK. The general idea in these partnerships is that EU is willing to trade with these states on the conditions that they fulfil certain demands of human rights and market access. This has especially been the case with countries such as Morocco and other Northern African countries. This approach is led by EU Mediterranean member states that have a special interest in engaging in trade and development partnerships with non-EU Mediterranean states, and thus act according to own interests.²⁴⁵ This discussion is further elaborated on in section 7.2.2.

7.1.4 External economic policy processes

As seen above the EU policy on development is meant to be a supplement to the member states' national development policies. However, EU has expressed a wish that the member states coordinate their development policies through different forums, preventing any direct conflicts of interest among EU member states: *“The Community and the Member States shall coordinate their policies on development cooperation and shall consult each other on their aid programmes, (...).*”²⁴⁶

Still the very broad and loose definition of the EU development policy and foreign policy in general places the main responsibility for acting with the member states and thus allows the member states to act more or less according to own interests. An example of lack of coherence within EU development policy is the fact that the member states do not follow the UN standards defined by the Millennium Development Goals for how large a percentage of the GDP that must be allocated to development, even though these standards are ratified by EU.²⁴⁷ This lack of coherence is not so much due to a certain policy process when making development policy in the EU; rather it is a consequence of a more liberal approach to supranational cooperation, where the individual country is considered to be the best actor for executing development policy. Nevertheless EU has

²⁴⁴ Ibid

²⁴⁵ Chari & Kritzing: 2006

²⁴⁶ Consolidated Version of the Treaty Establishing the European Community: 2002

²⁴⁷ <http://www.un.org/millenniumgoals/index.html>

established some supranational institutions that are meant to assist the member states in their execution of development policy; these are institutions such as European Investment Bank, the Development Directorate General and the EP Committee on development. However, these institutions are only practically involved in execution of the development policy in few cases. In the development programmes led by EU these institutions mostly act as financial supports and counselling on the basis on their relations with representatives of the developing countries that are accredited to EU. (See section 7.4).

The final outcome of this approach to development policy is that member states act according to own interest and thus seek to benefit from individual partnerships in their execution of development policy. The liberal approach to supranational cooperation placing the individual member state as a central actor prevents strong centralised policy execution. This results in an EU development policy that is not necessarily coherent since a central EU organ only vaguely defines it. The fact that a central execution of EU development policy is not in focus opens up for the possibilities of member states pursuing own interest through their individual development policy. The possibility of pursuing own interests generates a wish for a decentralised EU development policy. One of the reasons why member states do not wish for a central policy in this area is that national states historically have been very reluctant to engage in political integration on matters of foreign policy.²⁴⁸ Therefore the EU has been equally reluctant to emphasise such political integration. In result this leads to a situation of decentralised development policy.

EU agricultural and development policies can be placed in two different political categories: respectively redistributive and external economic policies. Apart from the obvious content of the policies, the main differences between these two policy natures are found in the policy processes attached to these policy natures. Agricultural policy processes are due to their redistributive nature placed at a central EU level with the Council of Agriculture Ministers as the central decision organ along with the Commissioner of Agriculture and special committees. On the other hand development policy is based on decentralised policy processes because of its foreign policy character. The main conclusion to draw from section 7.1 is therefore that due to different policy natures, different policy processes are in play; both centralised and decentralised policy processes. These differences in approaches to policy processes can be considered a part of the explanation why there seems to be a lack of coherence between the two policy areas.

²⁴⁸ Hix: 1999

7.2 Analysis of policy order

This section takes a closer look at Chari and Kritzinger's definition of first and second order EU policies. Based on the theory explained in section 4.3.3 EU agricultural and development policies are placed within these definitions, and afterwards the meanings of the different policy orders is analysed. Chari and Kritzinger define first order policies to concern: single market policies, competition, monetary, and agricultural policies.²⁴⁹ Second order policies consist of: social, immigration, and foreign policies (with the exception of security policy, which has its own order, since it is always of top priority).²⁵⁰

7.2.1 Agricultural policy

Based on the work of Chari and Kritzinger EU agricultural policy can be considered to be of first order. This means that when it comes to forming policy on agriculture within EU, reaching consensus on a supranational level is of high priority. Historically EU agricultural policy was the first supranational policy that sought to establish a common stand within the EU in order to protect farming and farmers. Today EU agricultural policy is still placed in a supranational context, where the aim is to create common rules and legislation for farmers in the EU and thus according to the formulation of the policy to strengthen the position both internally and externally for farmers.

The fact that EU agricultural policy is a first order policy with a focus on supranationalism also means that EU overtakes the role as the central political actor from the member states. Focus is not on the needs of the individual member states, but on a common best for the EU farmers. The high importance of a first order policy means that it is considered that European integration on this specific political area is important to develop and increase. This has to be seen in relation to the power balance between USA, Japan and EU.²⁵¹ A common and well-grounded EU agricultural policy is necessary in order to be internationally competitive. Only by securing the internal markets and protecting itself against external markets can EU agriculture be competitive and thus also secure EU hegemony. Therefore the emphasis is put on a common policy that can ensure a

²⁴⁹ Chari & Kritzinger: 2006

²⁵⁰ Ibid

²⁵¹ Ibid

positive-sum game for EU farmers instead of diversified policies that are considered to be a negative-sum game.

Placing EU agricultural policy on a supranational level means that the Commission and the Council of Agriculture Ministers become the central policy actors. However, it is important to underline that even though the Council of Agriculture Ministers represents a supranational political organ, national interests can still play a significant role in the negotiation of agricultural policy. In contrast to EU development policy, which is only vaguely defined by some overall frames, EU agricultural policy is clearly defined and thus has a central political basis on which the EU agriculture ministers can work from. This phenomenon is a clear example of how EU has overtaken a political area from the national governments through high priority of political integration. Through these priorities EU has put agricultural policy on a supranational level and more or less nullified the role of the national governments.

In terms of policy processes of the EU agricultural policy the supranational setting results in the Council of Agriculture Ministers being the central decision maker with the Commission as the political initiator. The fact that the Council seeks to decide through consensus of all members has resulted in a state of stalling where no major reforms or amendments can be agreed. The consensus approach opens up for the possibility of vetoing suggestions and thus allows the member states that have an interest in protecting the farming industries to veto reforms. The outcome is that no major reforms are carried out and only small adjustments are agreed.

According to Chari and Kritzinger there is yet another aspect of first order policies that needs to be elaborated on. Based on their work on policy orders it can be discussed whether first order policies can be said to benefit capital actors and therefore experience this state of stalling. Chari and Kritzinger hypothesise that the reason why some policies have become of first order with a high emphasis on supranationalism and political integration is that this is in the interest of powerful capital actors - in this case farming organisations, large landowners and etc. However, as section 7.4 elaborates further on, it can be discussed to what extent farming organisations politically pressurise EU politicians. Nevertheless, an argument for this hypothesis can be found in the fact that agriculture ministers and the Commissioner of agriculture represent political parties that were traditionally supported by farmers and farmer organisations. This could suggest that one of

the reasons that EU agricultural policy was originally considered to be of first policy order can be seen in the relationship between EU politicians and national voters. At the time when the Treaty was originally signed, agriculture had economic, social and employment related importance, and therefore farmers and farmers' organisations were indeed important capital actors and in order to satisfy their demands, EU policy on agriculture needed to be beneficial to these capital actors. Even though agriculture does not have the same socio-economic importance as earlier, there are still important capital actors to include in the EU policy processes. Section 7.4 elaborates further on these actors.

Therefore the EU agricultural policy as a first order policy can be considered to be a policy based heavily on supranational principles with the Council and the Commissioner as the central actors. Furthermore, since the Council of Agriculture Ministers is the central decision maker and since the Council bases most decision on consensus, farming member states have the possibility to generate a situation where no drastic reforms are introduced. Finally, the fact that the agricultural policy area holds several issues that are of interest to important capital actors can still have an impact on the policy making.

7.2.2 Development policy

In contrast to agricultural policy Chari and Kritzinger consider EU development policy to be a second order policy. The characteristics of a second order policy as development policy are manifested in the fact that EU acts in a decentralised manner, that ensures that the national governments remain sovereign. In second order policy areas such as social, immigration and foreign policies the political power is still placed in the national government and member states are generally reluctant to transfer political power to the EU due to a mistrust in EU political integration of these areas.²⁵² This results in a weak definition of EU policy on these areas, and thus enforces the national sovereignty.

Examples of disintegration in relation to foreign EU policy was clearly seen in the case of the recent Iraq invasion, where some EU member states such as UK, Spain, Denmark and Italy pursued military actions in Iraq whereas France and Germany were strongly opposed to a such in-

²⁵² Ibid

tervention. Also in the case of immigration policy, EU is split. Despite some overall set of EU legislation, the individual member states have to a large extent the possibility of controlling national immigration.²⁵³

In the light of this it seems natural that in the question of negotiating development policy EU does not offer a central defined policy, but merely a set of overall frames in order to fulfil demands of WTO, OECD, the World Bank and other development institutions. The agreements of the different development initiatives such as the rounds of Uruguay and Doha and the UN millennium goals are represented in central EU legislation, but only as an overall political frame for the member states' development policy, which of course has to be executed within the EU frames. This is explicitly expressed in article 177, paragraph 3 of the treaty: *"The Community and the Member States shall comply with the commitments and take account of the objectives they have approved in the context of the United Nations and other competent international organisations."*²⁵⁴

However, as concluded in section 7.1.4 the EU development policy is vaguely defined and therefore allows member states to act according to own political and economic interests as long as their policy can fit under the EU development frame. This is seen in the case of France, who is very focussed on development in the North African states, which are mostly former French colonies. This particular interest in the former colonies is partly based on an economic interest to develop neighbouring markets that have a historical, cultural and linguistic connection to France.²⁵⁵ In addition there is a more political reason for focussing on these states, since France is experiencing heavy immigration from its former colonies, especially the North African colonies. There is both a domestic political pressure to improve conditions in these states as a result of some sort of political responsibility, and there is a wish for decreasing immigration to France from these states by supporting local development.²⁵⁶

This example shows how EU development policy is based on the ideas of intergovernmentalism, where national states cooperate and to a certain extent coordinate their development policies, but without the existence of a centralised policy or a central policy actor. Even though EU develop-

²⁵³ Ibid

²⁵⁴ Consolidated Version of the Treaty Establishing the European Community: 2002

²⁵⁵ Kristensen & Larsen: 1991

²⁵⁶ Ibid

ment policy is decided by the Council of foreign ministers and heads of states and thus should reflect a common EU view, this is not always the case. One of the reasons, which is elaborated on in section 7.4 is that since development policy is categorised as foreign policy, the Commission does not have monopoly for initiating legislation as it is the case in most other policy areas. This creates the state of intergovernmentalism where nation states individually can choose to act within a broad frame of the EU development policy. Execution of development policy is in the hands of the national governments with the exception of a few EU conducted development programmes.

EU development policy as a second order policy is based on the principles of intergovernmentalism and therefore it does not include any capital actors in the negotiation processes. This means that the EU institutions (mostly the Council) and the national governments form the development policy. The lack of interest from capital actors in the formation of this policy, based on the reason that EU development policy cannot benefit these capital actors, explains why they are not involved in the policy process. The fact there are no external actors like development organisations that can economically benefit from influencing the outcome of the EU policy is also a reason why it is possible to base the development policy on intergovernmentalism and thus increase national sovereignty by letting the individual member states define their own development policy.

In conclusion EU agricultural and development policies can be placed within two different institutional paradigms. Agricultural policy is based on supranationalism where the Council is the central decision maker. The supranational approach in relation to the agricultural policy is based on a strong political integration where power is transferred from the member states to the EU. This process of political integration can be seen as a result of historic socio-economic importance of agriculture in Europe, which to a certain extent still exists today. This historic and partly present importance that agriculture is given along with the existence of powerful capital actors ensure that agriculture remains of first policy order with the EU as the central political actor.

In contrast EU development policy is based on the institutional setting of intergovernmentalism where the individual member state is considered to be the central actor. There is no attempt from EU to seek political integration in the field of development policy and traditionally member

states are reluctant to transfer power to EU relating to foreign matters. This situation and the fact that there are no important capital actors that can benefit from influencing development policy make development policy of second policy order and therefore in terms of priority less important than agricultural policy. In other words, priority is given to agricultural policy, and therefore the policy is not concerned with any consequences it might have on other policies. Development policy on the other hand needs to take account of the agricultural policy since it has lower priority and therefore is politically subjected to the consequences of the agricultural policy.

7.3 Analysis of policy formation processes

This section takes a closer look at the processes behind the formation of EU agricultural and development policies. Based on Spicker's policy cycle, it analyses the first three steps in the cycle consisting of: identifying issues, where an analysis of the focus of the policies is conducted. Secondly it examines the policy instruments by an analysis of which political instruments that are used to execute the policies, and finally it presents a policy analysis of the aims and values that lie behind the two policies. The policy cycle's elements concerning consultation and decision are analysed in section 7.4 and 7.5. However, these analyses are not directly based on Spicker's theory, but on theory containing the same elements. The elements concerning coordination, implementation and evaluation are not elaborated on in this thesis. (See section 3.3.2).

7.3.1 Agricultural policy

This first section examines the aspects or problems that the EU agricultural policy tries to solve by identifying and analysing the elements stated in the EU legislation concerning agricultural policy. Hereafter the section analyses what political instruments the treaty introduces as a means to solve these problems. Finally, these two dimensions are concluded on in an analysis of underlying values and aims of the EU agricultural policy.

Identifying issues

The main issues of the EU agricultural policy are clearly stated in the Consolidated Version of the Treaty Establishing the European Community, part three, title two, articles 32 through 38.²⁵⁷ This treaty is the original Treaty of Rome including the amendments and supplements that have

²⁵⁷ Consolidated version of the Treaty Establishing the European Community: 2002

been introduced since then through the Treaties of Amsterdam and Nice in 1997 and 2001. Nevertheless the paragraphs stated in the original Treaty of Rome remain unchanged and therefore still form the basis for the EU agricultural policy. This means that even though paragraphs concerning other policy issues such as environment, social and economic integration in the EU legislation²⁵⁸ have been introduced, the paragraphs in the Treaty of Rome are still the core of the EU agricultural policy.

Article 33, part 1, paragraphs a through e of the treaty state that there are five main focuses of the agricultural policy:²⁵⁹

- a. *to increase agricultural productivity, by promoting technical progress and ensuring rational development of agricultural production and the optimum utilization of the factors of production, particularly labour;*
- b. *to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;*
- c. *to stabilise markets;*
- d. *to ensure the availability of supply;*
- e. *and to ensure that supplies reach consumers at reasonable prices.*

The political issues stated in these five paragraphs point in different directions. The first issue is concerned with development and maximum benefit from the resources on hand. This point of view relates to the problems that were present for the farming industries at the time of the formation of the treaty (1957). It was formed at a time when European agriculture was faced with heavy demands to increase productivity in order to be competitive. The farming industry was considered to be very important to Europe, partially because most of the European production industries still suffered from the aftermath of the Second World War, but also due to a historical attachment to farming. Farming was considered to be an industry where Europe had advantages

²⁵⁸ Molde & al.: 2005

²⁵⁹ Consolidated Version of the Treaty Establishing the European Community: 2002

in relation to the rest of the world, due to a long history of farming and relative high quality of products. Therefore it was considered of utmost importance to support the European farmers by emphasising the technological development and thus gain optimal benefit from the resources in terms of land and labour with the result of increase in productivity.

The second paragraph that focuses on securing a fair living standard for farmers, can be seen as an attempt of economic modernisation of the European societies, where small farmers' loyalty were attached to the rebuilding of democracy in Europe.²⁶⁰ The idea was based on a transfer of welfare functions from the national governments to a European level that should secure a central welfare organ that were not subject to national policy, economy or conflicts and therefore could gain the trust of the European farmers. This was of particular interest since the farmers represented a large percentage of the total labour force in the member states, and also because farming still attributed to a great extent to the overall European economy in the late 1950s. This view is expressed in the treaty's article 33, part 2, paragraph c: “ (...) *the fact that in the Member States agriculture constitutes a sector closely linked with the economy as a whole.*”²⁶¹ However, in relation to other industries farmers did not earn as much money as a person employed in other sectors. The income of farmers was in Belgium, the Netherlands, Italy, France, Luxembourg and Germany equivalent to respectively 74%, 61%, 51%, 44%, 35%, and 34% of that of a person working in other sectors.²⁶²

Therefore it was crucial to form an agricultural policy that aimed at redistributing wealth within the various industries in order to secure the farming industry and thus gain the farmers' support for further European integration.

The third aspect that refers to stabilising agricultural markets is closely related to the first paragraph about increasing productivity. The central issue is to create and stabilise the European agricultural markets by using a demand-supply management to secure agricultural employment, increase productivity and thereby also control inflation within the member states.²⁶³ A stable market will provide secure and beneficial conditions for the farmers since they are no longer subject to uncontrollable market conditions in one member state, but instead can rely on a solid

²⁶⁰ Wallace & al.: 2005

²⁶¹ Consolidated Version of the Treaty Establishing the European Community: 2002

²⁶² Wallace & al.: 2005

²⁶³ Hix: 1999

and stable European market with little or no fluctuations. The insurance of a stable European agricultural market will also be beneficial to European farmers in terms of outside competition; whereas other farmers need to adapt to changing conditions in their homeland, European farmers are guaranteed favourable local market conditions and are therefore also able to export at a lower cost since production is more stable and not dependent on positive fluctuations. So all in all the idea of stabilising the European agricultural markets is a means of indirectly supporting technical and economic developments in the European farming industry.

The fourth paragraph about ensuring the availability of supply of agricultural products is like the first paragraphs very much a product of its time. In 1957 when the Treaty of Rome was signed, Europe had just experienced shortage of almost all kinds of food due to the Second World War. Therefore a political focus on securing the farming industry was more or less based on the necessity of being self-sufficient of agricultural products. Farming was considered a very important industry that needed to be taken care of and supported so that people could get food both on a daily basis and in case of crisis. It was thought to be of strategic importance to maintain a productive farming industry in Europe in order to become self-sufficient and not dependent on foreign producers.

The final paragraph is concerned with ensuring consumers reasonable prices for agricultural products. In the light of the second paragraph about securing a fair living standard and increasing the farmers' income this paragraph seems to be somewhat contradictive in its aims. How can one increase income for farmers and still ensure fair prices for farming products? The answer lies within the mechanisms of stabilising the markets. If there is a stable European market, where production is coordinated with demand, the farmers are not forced to dump their products on the market in case of overproduction. However, consumers can never be faced with agricultural products at the lowest prices, since the market is always stable. So whether or not the phrasing of "reasonable prices" refers to lowest prices is not discussable since this is never the case. On the other hand, consumers are also generally ensured from paying heavy overprices due to higher demand than supply. This means that consumers are ensured a medium price that will never become the lowest price possible, but also not likely to become the highest price possible. So the political issue here is a two-faced aspect, where legislation on one hand has a welfare function that secures a steady income for farmers by not allowing prices to drop under a certain level, and

on the other hand has an economic aspect by letting consumers pay a higher price than the lowest possible, and thus help financing the income support of the farmers.

Policy instruments

In relation to the above aims of the EU agricultural policy, the Treaty also states what political instruments can be used to execute the policy. These policy instruments are found in the treaty's third part, section two, articles 34 and 35. The two articles contain two main policy instruments; common organisation of the agricultural markets and support to initiatives that can benefit the agricultural industry.

Article 34, part 1 states that in order to reach the goals presented in article 33, a common organisation of the European agricultural markets is necessary and depending on the nature of the products, this organisation can according to article 34, part 1, paragraphs a through c take any of the following forms:²⁶⁴

- a. common rules on competition;*
- b. compulsory coordination of the various national market organisations;*
- c. a European market organisation.*

The instruments referred to in this paragraph relates to a regulation of the European market for agricultural products. The purpose is to support the farmers by introducing common compulsory market organisations that will ensure that European farmers do not compete with each other, but in stead gain similar market conditions in all member states. The fact that the treaty in article 34, part 2 states that the common organisation “(...) *shall exclude any discrimination between producers or consumers within the Community*”²⁶⁵ reveals an approach based only on internal European concerns and not external consequences of the policy. Emphasis is only on supporting the European farmers and increase market possibilities for them, without any concern of effects on non-member states' farming industries.

²⁶⁴ Consolidated Version of the Treaty Establishing the European Community: 2002

²⁶⁵ Ibid

Paragraphs a through c in part 1 of article 34 suggest a strong centralisation of the market organisations by introducing a European market organisation. Paragraph b points to a strong supranational approach since the member states are forced to coordinate the market organisations and thereby engage in a process of transferring power from national governments to the European Community.

Another important aspect concerning the political instruments at hand for executing the agricultural policy is stated in part 2 of article 34. This part suggests that all means necessary to reach the goals stated in article 33 are allowed. "*The common organisation (...) may include all measures required to attain the objectives set out in Article 33, in particular regulation of prices, aids for the production and marketing of the various products, storage and carryover arrangements and common machinery for stabilising imports or exports.*"²⁶⁶ This means that in order to protect European farming in terms of prices, production and export, all political instruments for regulating the agricultural market are allowed, especially price protection and subsidies that can enhance production and sales. It is obvious that protectionism by means of market regulations and direct economic support are the two main principles behind the political instruments concerning the market organisations.

In contrast to the direct financial and protectionist instruments stated in article 34, article 35 is more concerned with an indirect support of the farming industry through various development initiatives. According to paragraphs a and b in this article the initiatives include:²⁶⁷

- a. *an effective coordination of efforts in the spheres of vocational training, of research and of the dissemination of agricultural knowledge; this may include joint financing of projects or institutions;*
- b. *joint measures to promote consumption of certain products.*

Article 35 states another type of policy instruments seeking to attain the aims of agricultural policy, which are concerned with establishing education and research facilities that can develop European agriculture and thereby indirectly increase its market possibilities. However, not only

²⁶⁶ Ibid

²⁶⁷ Ibid

does this article suggest that the Community initiates education and research facilities, but also that these facilities are funded from central hold, and that this central unit also functions as a central organ for coordination of the various development efforts and as a central knowledge bank for European agriculture. The key aspect in these two paragraphs is joint action in European agriculture. This supports the supranational approach seen above, and underlines the importance of building a strong internal coherent agricultural policy, with the EU as the central political actor.

Policy analysis

The analyses of the EU agricultural policy show that there are various values and aims behind the policy. The analysis in the section about identifying political issues of the policy points to a liberal approach based on Smith and Ricardo's theories about advantages. (See section 4.1.2)

The policy is focussed on developing technology, benefiting maximum from resources, and stabilising markets all in order to increase productivity and thus become more competitive. At the time of the formulation of the policy, farming was considered an area where Europe had advantages in relation to world farming. Therefore the idea was that by developing the farming industry and thereby benefit from the advantages the wealth of Europe would also be increased. This increase of wealth should in first case benefit the farmers through a guarantee of prices and stable markets, but in second case it should also benefit the consumers in terms of fair prices and insurance of food supply. So the basic underlying aim behind this part of the policy is to benefit economically from the production advantages and then introduce a sort of welfare management led by the EU in order to distribute wealth.

The question is whether this is still the case for European farming. Production costs, land quality and resources are by some experts considered to be uncompetitive compared to e.g. production in Africa, Asia or South America.²⁶⁸ If there are no longer any production advantages of European farming, then there will be no economic surplus from the agricultural industry to increase wealth in Europe. It seems that the approach of benefiting from production advantages is turned up side down and has a contrary effect on the economic outcome. If European farming is no longer competitive, then Smith and Ricardo argue that this production should be abandoned, and instead EU should focus on production where it actually possesses advantages. Smith and Ri-

²⁶⁸ Korsgaard: 2004

cardo's theories precisely argue that maintaining production with no advantages will only have a negative impact on the economy. So the key issue here seems to be a policy that is based on an economic, social and demographic situation that created advantages for European farming in the 1950s and 1960s, but is not representative of the present situation.

Another aspect in relation to the welfare function of the policy was to ensure political support from farmers. In 1957 the political support from the farmers was crucial for the further political integration of the EU. Therefore the financial support to farmers can also be explained by political strategy. However, as section 7.1.2 illustrates, the importance of political support from farmers has diminished drastically through the last fifty years. The fact that political parties traditionally supported by farmers now seek support from the urban middleclass also suggests that the incentive to maintain financial support to farmers as a political strategy is gone, because the urban middleclass is more concerned with prices and quality of food production. Therefore the political strategy of supporting the farmers also seems to be a product of the time when the treaty was signed in 1957.

Supranationalism is also one of the clear aims of the EU agricultural policy. In the light of the political strategy of gaining farmers' support, there was a need for building a strong coherent European policy on agriculture. Otherwise farmers could have experienced national fluctuations that would have affected their support to European integration negatively. The concept of supranationalism is in this case also the reason why the agricultural policy is only concerned with internal issues, and not external issues aside from export possibilities and import control. The supranational agricultural policy has ensured that conditions for European farmers are equal and that these conditions are favourable. This prevents any external considerations.

The EU agricultural policy only deals with one external aspect and that is to protect its own farming industry against outside competition. As concluded in section 6.2 about the theoretical classification of the EU agricultural policy the view on protectionism could not have been stated more clearly than in article 34, part 2: "*The common organisation (...) may include all measures required to attain the objectives set out in Article 33(...).*" In other words protectionism in whatever form necessary is allowed as long as it aims at fulfilling the objectives of the policy. However, international organisations such as WTO and UN have restricted the use of protectionist

measures, nevertheless, the phrasing of the EU legislation is a clear statement of a wish to protect its own farming industry by all means.

In conclusion the EU agricultural policy is based on the idea of increasing wealth by supporting and developing its production advantages in the farming industry and at the same time protecting its farming industry against cheap foreign products. In terms of theoretical approach it looks like EU is sitting between two chairs when on the one side there is an approach based on liberalism in terms of free market trade and competition advantages, and on the other side protectionist measures ensure that these advantages are artificially upheld even though they might not exist any longer. It can seem as a paradox when the ideas of generating economic wealth by focusing on production where EU has advantages, become EU's major source of expenditure. European agriculture today does not seem to generate economic growth to the national economies to the same extent as it did earlier. But instead of acknowledging this problem and seek other production forms, which might have advantages, EU seems to artificially maintain production advantages by the use of protectionist measures, which are very costly.

7.3.2 Development policy

The development policy of EU is also stated in the Consolidated Version of the Treaty Establishing the European Community and like the agricultural policy development policy also remains in its original phrasing from the Treaty of Rome despite amendments and supplements by the Treaties of Amsterdam and Nice. The EU development policy is stated in the treaty's part three, title 20, articles 177 through 181. This analysis follows the same structure as the analysis of the EU agricultural policy: first section analyses the political key issues of the policy; second section analyses the policy instruments for executing the policy and finally the last section concludes on the overall aims and values behind the policy.

Identifying issues

The key elements of the EU development policy are stated in article 177 of the treaty. The policy is based on three main focus areas, which are expressed in the following three paragraphs:²⁶⁹

²⁶⁹ Consolidated Version of the Treaty Establishing the European Community: 2002

1. *the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;*
2. *the smooth and gradual integration of the developing countries into the world economy;*
3. *the campaign against poverty in the developing countries.*

Paragraph one focuses on economic and social development based on the principle of sustainability. In the light of the theory about sustainability as to “(...) *satisfy the needs of the present generation without interfering with the needs of future generations*” (See section 4.2.5) and the discussion in section 6.2 about the theoretical approach to sustainability, the policy focuses on generating development through support programmes, and the idea is that this development shall be self-supportive after a certain period of time.

This idea is supported by paragraph two by stating that over time the developing countries should be integrated gradually in the world economy. This prerequisites that the developing countries are actually experiencing economic development that is not dependent on foreign aid programmes or western investors. This means that paragraph two is a vision from EU that indicates that by initiating sustainable development in the developing countries, these countries will gradually build up a solid economy that will be able to be integrated in the world economy including world market competition, open economies and etc.

The third paragraph is of particular interest in relation to the first two paragraphs. It seems that the focus of sustainable development stated in paragraphs one and two are not considered to help solving the problems of poverty in the developing countries. There seems to be somewhat inconsistency between these issues, since the campaign against poverty could be a result of creating sustainable development and not a focus area in itself. It can be discussed whether it is possible to generate sustainable development and over time integrate developing countries in the world economy if they at the same time are experiencing heavy poverty. Modernisation theory argues that by focusing on economic structures and production it is possible to generate economic sustainable development that will benefit company owners, land owners and investors, and thus take the developing countries through a growth phase transforming them into modern industrialised

countries. However, according to neo-Marxist theories this will not generate a social sustainable development that will benefit the general population, but only increase the wealth of those who have capital to invest in production, and since this is often western companies, the argument is that economic surplus will be transferred out of the developing countries and into developed countries.

So the two-faceted development policy suggests on the one hand that EU believes in generating development that over time will be self-supportive and thus allow the developing countries to be integrated in the world economy, and on the other hand, EU acknowledges that this development strategy does not make an end to poverty in the developing countries.

Article 177 also states that in addition to the areas mentioned above, focus is also set on democracy and human rights in the development programmes: “*Community policy in this area shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms.*”²⁷⁰ As this paragraph states, it is a clear vision from the EU to build institutional structures that can ensure and support an economic and social development. If the developing countries are to be integrated in the world economy, which implies a liberal and capitalistic economy, the developing countries’ internal institutional structures will have to align to this paradigm. Therefore in the line of integrating the developing countries into the world economy it is important to create structures that ensure right of property, free competition, freedom of speech, and democratic political influence. Modernisation development theory argues that the “export” of western modern values will result in a modernisation and development of the developing countries, as they will slowly become more and more developed in the line of western values. The counter arguments to this, such as the actor-oriented approach, underlines the importance of including a broader range of local actors in the development process than those who would benefit from an open and free economy, which would be investors, land owners and owners of production resources.

The key issue of this paragraph is the lack of definition of democracy, rule of law and fundamental freedoms. Even though paragraph 177 provides a reference for definitions that are found in the UN human rights and other charters: “*The Community and the Member States shall comply*

²⁷⁰ Ibid

with the commitments and take account of the objectives they have approved in the context of the United Nations and other competent international organisations.”²⁷¹ Without a definition of these terms, the individual EU member-state can choose how to interpret them.

Policy instruments

Unlike the agricultural policy where the policy instruments are stated in a few clear-voiced paragraphs, the policy instruments for executing the development policy seem somewhat more diffuse and broadly defined. The first evidence of a policy instrument is stated in article 177 part 1: *“Community policy in the sphere of development cooperation, which shall be complementary to the policies pursued by the Member States, (...).”*²⁷² This paragraph supports the conclusion in section 7.2.2 that development policy is not an area for a strict common EU policy, but rather an issue for political intergovernmentalism, where the EU legislation is considered a supplement to the member states’ development policies. However, even though the overall initiative is in the hands of the member states, the Council is still responsible for providing means for execution of policies, as stated in article 179, part 1: *“Without prejudice to the other provisions of this Treaty, the Council, (...), shall adopt the measures necessary to further the objectives referred to in Article 177. Such measures may take the form of multiannual programmes.”* This means that from a central hold, the European Investment Bank contributes to financing programmes that correspond to the aims of the development policy stated in article 177. As evidence of the argument presented in section 7.1.3 about EU member states seeking to execute development policy in compliance with own interests, article 179, part 3 states that cooperation with African, Caribbean and Pacific countries (where most former European colonies are situated) is excluded from the demand of corresponding to the aims of the development stated in paragraph 177.

Another policy instrument for executing the development policy through the member states is by coordination of policies. Article 180, part 1 clearly states that consultation and coordination of policies on development is compulsory and that this must take place via international organisations and international conferences: *“The Community and the Member States shall coordinate their policies on development cooperation and shall consult each other on their aid programmes, including in international organisations and during international conferences. (...).”*²⁷³

²⁷¹ Ibid

²⁷² Ibid

²⁷³ Ibid

Also, member states are forced to participate in any Community programmes: “*Member States shall contribute if necessary to the implementation of Community aid programmes.*”²⁷⁴ Nevertheless, the article says nothing about how this coordination between member states are to be executed, but only mentions that the Commission is allowed to take initiatives to promote this coordination. The only aspect mentioned in the policy about how to coordinate policies is in article 181 that states that: “*Within their respective spheres of competence, the Community and the Member States shall cooperate with third countries and with the competent international organisations. (...).*”²⁷⁵ and also that: “*The previous paragraph shall be without prejudice to Member States' competence to negotiate in international bodies and to conclude international agreements.*”²⁷⁶

Therefore, again the conclusion on EU development policy must be that there is no central vision for creating a coherent common EU policy on development, with a central organ to execute the policy. Member states have the competence to negotiate and decide individually on development issues and are thus practically free to act as they wish as long as it is within a few general frames set by the EU.

Policy analysis

The analysis of the EU development policy has shown that from a theoretical point of view the development policy, like the agricultural policy seems to place itself between two schools of thinking. EU's Modernisation approach to development aims at integrating the developing countries in the free world economy by generating development that focuses on democracy, rule of law and fundamental freedoms defined by western values. EU considers the idea of “exporting” western values to result in a process of growth in the developing countries. The fact that EU development policy needs to comply with international development policy such as WTO, IMF, and the World Bank only supports this approach. As evidence to this argument, the World Bank and IMF do only allow loans to developing countries if they liberalise their economies and adjust to a western capital world economy.²⁷⁷ Therefore the use of the term sustainable development becomes somewhat diffuse due to the fact that if the principles of liberal economies are introduced without any precautions in the developing countries, the economic surplus will be trans-

²⁷⁴ Ibid

²⁷⁵ Ibid

²⁷⁶ Ibid

²⁷⁷ Bach: 1999

ferred out of the country because of foreign investors. This would result in no economic basis for generating development. Since the policy also includes focus on the campaign against poverty, it seems that EU acknowledges that the development programmes will not eliminate poverty and thus takes on a different approach to development. This neo-Marxist approach sees development as change coming from the lower social levels of society and not only for capital actors.

Another aspect that characterises the development policy is the strong tendency to intergovernmentalism in almost every aspect of the policy. Responsibility is clearly placed within the member states, and EU only provides an overall political framework with little means for the execution of development policies e.g. the European Investment Bank.²⁷⁸ Intergovernmentalism is also brought to light by the fact that the policy directly states that development policy in relation to former colonies can be suspended from the general objectives of the policy and still be supported by the Investment Bank. This strong focus on intergovernmental cooperation is a clear statement that EU has no wish to pursue a coherent common development policy. As long as the member states' development policies do not collide with each other and fulfil the requirements set by the international organisations such as WTO, the World Bank, the International Monetary Fund and UN, the EU treaty states no vision about having a more consistent policy on development.

Section 7.3 has showed how the differences in policy instruments and policy aims can be considered to be somewhat contradictory for EU agricultural and development policies both within the policies and between the policies. When looking at the policy issues and the policy instruments for agriculture the contradictions stand out in the paradox between having a liberal approach for the general purpose of the policy by focusing on generating economic growth by exploiting production advantages and at the same time introduce protectionism as the policy instrument to attain this. The paradox seems obvious, but in the present situation where EU agriculture is not competitive to the same extent as the present market allows it to be, protectionist measures are the only means of maintaining market assets. Therefore the reason for EU to use protectionism as a policy instrument in order to be competitive seems logical. However, the main problem lies in the fact that EU agriculture is not generating economic growth to the EU in relation to the expenses of maintaining the market positions. Therefore the overall contradiction in EU agricul-

²⁷⁸ Cosgrove-Sacks: 1999

tural policy is placed in the very approach that agriculture ensures economic growth to EU and therefore expenses to maintain present positions are legitimate.

In terms of development policy internal inconsistencies can also be found. The dualism of Modernisation and neo-Marxist theories shows evidence of this. EU development policy is based on two theoretical approaches that are in direct conflict. One focuses on generating economic development through capital investors and the other to generate development among the lower social classes. This inconsistency of approaches suggests that EU development policy is made on the basis on the individual member states' policies and not the other way around, as it is the case with the EU agricultural policy. This difference of approach in terms of intergovernmentalism and supranationalism becomes evident in the analyses of the policy instruments. The objectives of the agricultural policy are meant to be attained through a coherent and centralised market organisation where the individual member states adapt to EU agricultural policy. This is not the case with EU development policy. Here the policy instruments are reduced to a few structural and political frames, in which the member states are to conduct their development policy.

When the two policies are faced with one another, contradictive aspects occur. First of all the contradictive fact that EU wishes to integrate the developing countries in a liberal world economy based on the principles of free trade, and world competition and at the same time do not follow these liberal principles in its own agricultural policy. Instead EU subjects the developing countries to heavy protectionism in order to protect internal markets and gain access to foreign markets.

The protectionist approach of EU also prevents the developing countries from benefiting from the sustainable development that EU also expresses a wish for. It is rather paradoxical to have a vision for sustainable development in the developing world and then at the same time protect own markets. How will development ever be sustainable, if the developing countries are not able to build up productions that can be self-supportive and eventually generate economic growth due to protectionist measures from EU.

7.4 Analysis of policy processes in EU

EU like most organisations consists of a wide range of formal organisational structures which serve the purpose of systematising and distributing the work tasks according to the available resources. In a complex multi-level system like the EU the formal organisational structure helps politicians, bureaucrats and citizens to understand, act in and make use of the system in the best possible way. The formal structures are laid down in the treaties for EU but the complex formal system of EU rules and regulations causes even more complex sub-systems; This being formal as well as informal ways of influencing decision makers and decision procedures by e.g. using social and otherwise non-political settings to lobby for a certain case. In the following section the decision processes of EU agricultural and development policies are presented and commented on. The structure of the section is based on the triple-stepped model of decision making in EU²⁷⁹ as introduced by Chari and Kritzinger.²⁸⁰ The model's three stages provide a framework that is helpful for understanding EU policy processes. The three stages are:

- Policy shaping
- Policy setting
- History making

Within each policy process stage an analysis of the different actors and their individual role in influencing the processes is conducted.

7.4.1 Policy shaping

The policy shaping stage refers to the processes that take place around the formulation of a new policy in EU, and it includes the EU institution responsible for initiating a draft for the policy and the actors that wield influence on the policy formulation processes. Generally, it is believed that the actors capable of influencing the EU policy formation processes fall under one of two categories; namely institutional or interest groups.²⁸¹ In the following the institutions and actors

²⁷⁹ Peterson & Bomberg: 1999

²⁸⁰ Chari and Kritzinger's approach builds on an interpretation of the work of Peterson and Bomberg. See section 4.3.5

²⁸¹ Nugent: 2003

that wield influence on the policy initiation stage for agricultural and development policies are identified and analysed.

Agricultural policy

As argued for in section 7.2 on policy order, agricultural matters in the EU are regarded to be of first policy order. This confirms the high priority that the agricultural area is ascribed and underlines that decision making regarding agriculture takes place in a supranational setting. The important economic and social results of the agricultural policy make it an intensely monitored political area. The formulation of first order policies is heavily influenced by interest groups trying to ensure that the institutional actors consider and represent their interests in the supranational legislation.

The actors in EU policy formulation can be divided in two groups: The institutional players and interest groups. The two groups may have coinciding objectives in some matters and may even work together to reach them, but the methods they use in this process may be of very different character. The actors that influence the policy shaping process are analysed in the following.

Institutional players

The institutional players are the official EU institutions and other institutions whose basis for involvement in the policy process is based on constitutional law or treaties. The Commission has the right to initiate agricultural issues and this makes it an important actor in the initiation process but also the target of lobbying from interest organisations. However, the national states still have a strong influence on the policy formation processes. This is partly because of the national governments' role in the Council of ministers, where each country has the possibility to adduce the national interests via their national agricultural ministers or even through the head of state in the Council. The latter is seen in the case of France and Spain, where the significant national agricultural interests are promoted in the Council by the prime ministers of the countries. The historical development of agricultural policies shows evidence of supranational governance as well as intergovernmentalism. The supranational governance level has influenced the initiation phase of the reforms in the agricultural area in form of the central role of the Commission, whereas the influence of the national level is demonstrated in the Council.

Initiation

In order to facilitate an understanding of the policy initiation process it is beneficial to look at the institutional procedures at supranational as well as national level. Policy formulation regarding agricultural policy is formally initiated by the Commission. Other parts may suggest that the Commission treats certain matters, but the formal formulation must come from the Commission. This underpins the argument of agriculture being a supranational matter, since any suggestion for agricultural policy is formulated so that it complies with what is regarded as best for the common European interests.

The suggestion for a new policy is forwarded to the Council, where the standard working procedure prescribes that the suggestion is sent to a work group consisting of country representatives. When the group has agreed on the most important points they forward it to the Special Committee on Agriculture. At this stage, political considerations are more important than technical details, meaning that the political consensus is prioritised over that of technical details in the suggested policy. This is partly ensured by inviting agricultural specialist groups to offer their view on the matter. In case the Committee does not come to an agreement, the suggestion is sent back to the work group, to make a new suggestion.

The involvement of agricultural experts in the Special Committee on Agriculture ensures not only expert advice, but also allows the agricultural industry access to the initiation phase and secures that suggestions are in compliance with the agricultural industry's interests and thus shows evidence of a mutual beneficial relationship that exists between the official institutional initiators and the interest groups. In this relation it is interesting to examine the relationship between the institutional and non-institutional actors further. The agricultural experts are often representatives of the professional European farmers' groups who, for the larger part, are in favour of maintaining the CAP system of subsidisation and protection against non-EU agricultural products. The inclusion of expert groups on agricultural matters has become a tradition to an extent that is almost institutionalised. The long existing procedure of consulting agricultural experts on political or technical matters were introduced to ensure the political anchorage of decisions between those that it involved, and to ensure that the agricultural sector approves of the suggestions put forward by the Commission.

At the national level, governments can act in domestic matters concerning agriculture, but it must be within the overall frame of the CAP. Therefore the national governments' best chance to exert influence on policy matters is via the national representative in the Council of Agriculture Ministers and this supports the argument that agricultural policy is initiated in a supranational context.

Interest groups

At the supranational level the EU institutions are the main actors in the policy initiating process. The Council and the Parliament can unofficially suggest that the Commission takes action in a certain case but other actors can make suggestions as well: interest groups, committees etc. The same actors may also be included in other parts of the decision process as sources of expert information on certain topics, as it is the case with the Euro-agric groups,²⁸² and these may affect the initiation stage by trying to ensure implementation of their interests.

As decision making in the farming area increasingly has moved to Brussels, the national farmers' unions have followed, and some of them have joined forces in trans-European unions to strengthen their position and their chances of having their interests considered in the EU policy process. Non-institutional actors are trying to influence the policy processes at supranational as well as national levels. The interest groups can generally be seen as deriving from three forms of interests: economic interests, professional interests and finally the interests of public groups.²⁸³ In the case of agricultural policy the interest groups are trying to gain influence at national as well as supranational level and in both cases they are constituted by professionally acting farming groups.

Farmers' organisations have a long and strong history in most European countries,²⁸⁴ and they share a common goal, in that they try to improve their conditions through available channels in the national political arena. The special historical status and political influence of the agricultural sector in most of the member states as explained in section 7.1.1, ensures the industry access to and influence on the decision making process on a national level. The influence on the policy process at this level is important for the agricultural sector in order to be able to influence na-

²⁸² Established by the Commission

²⁸³ Chari & Kritzing: 2006

²⁸⁴ Nugent: 2003

tional administered laws, but also to gain influence on the national politicians who are representing the national interests in the Council of ministers.

Furthermore, in spite of the tendency to centralisation of agricultural legislation towards the EU level, the national states still have some autonomy in the agricultural area, especially on the environment, where the agricultural sector has strong interests in influencing the policy formation²⁸⁵.

The largest of the agricultural interest organisations in EU is the umbrella Committee of Professional Agricultural Organisations in the European Union (COPA),²⁸⁶ which unites and represents the interests of European farmers' national groups in one body in Brussels. The overall aim of COPA, in its own words, is to: '*Defend and develop a European model of agriculture.*'²⁸⁷ In other words, the main purpose for economic actors like COPA is to ensure that the agricultural policy provides lucrative production and market conditions to guarantee the economic interests and future existence of the European farming industry. COPA's choice of words is interesting and seems to contain an implicit self-contradiction; it seems impossible to defend something and develop it at the same time. The use of the word 'defend' expresses conservative values, while the term 'development' gives an impression of progress and modernisation. The agricultural sector's traditionally conservative approach to changes does not exactly promote a developing environment. Rather a reasonable assumption could be that the development term refers to the ensuring of the development of continued economic means of existence for the agricultural industry.

Generally, the Commission is positively positioned to the organised lobby groups who offer their expertise in specific cases and this argues for the influencing role these possess. A common factor for first order policies is that economically strong interest bodies have influenced the formulation stage. By working closely together with the Commission and the Council, as it is seen in the expert position COPA enjoys in these institutions, they have gained influence on the formulation of agricultural policies.

Apart from being concerned with internal production circumstances in EU, the economic interest groups are also concerned with the international agreements, especially those regarding export

²⁸⁵ Ibid

²⁸⁶ <http://www.copa-cogeca.be/en>

²⁸⁷ http://www.copa-cogeca.be/en/copa_objectifs.asp

and trade agreements with third parties, to ensure a competitive EU economy on the world stage through influencing the export agreements. This demonstrates a convergence between interests of EU institutions and interest groups since institutions primarily are concerned with internal affairs. This is a shared objective for EU institutional and non-institutional players at the domestic as well as supranational level. However, the farming lobby may no longer enjoy the same influential status at the EU level as it has in the past. This will be elaborated further on in the next section.

CAP reforms

Since the beginning of the 90's the agricultural policy has undergone a series of reforms. In order to analyse the policy formulation stage within the CAP it is useful to take a look at the processes for these reforms. The purpose of including the reforms is to illustrate which actors that wield influence on agricultural policy and how and where they act their influence.

The first was the MacSharry reform in the early 90s and latest the Fischler reform in 2003. The reasons for these reforms were among others deteriorating market conditions and problems with enormous surplus production, not to mention the fact that the agricultural sector received more than half of the EU budget, and this forced the Commission to initiate long-term plans to solve the problems.

Additionally the rising pressure from the concurrent negotiations at WTO about trade agreements with third parties, to ease subsidy levels and export supports made the reform of the CAP relevant and necessary for other parties as well, such as the EU citizens', environmental and humanitarian organisations that questioned the ability of EU to take responsibility for its actions in the increasingly globalising world.

The proposals of the MacSharry reform were put forward in 1991. It started out as a consultations document issued by the Commission, followed by specific proposals for changes and reforms of the CAP in 1992. The background for the reforms was, among others, the inconsistency between demand and agricultural production levels and the high share of the EU's budget that was tied to the agricultural post. Although the original proposals were diluted, the agriculture ministers agreed to implement the restructuring of the CAP. Thereby the Commission forced its will through, in spite of strong protests from the farming lobby as well as from national actors.

This demonstration of power can be seen as an indication of the Commission beginning to respond to the pressure from citizens and politicians (who were concerned about voters' interests), to introduce reforms in the agricultural area in order to cut expenses on the EU budget and to try to regulate the farming industry's harming production methods. The result was that the Council increasingly concentrated the policy powers to the political institutions in the EU and that the influencing role of the farming interest groups was weakened.²⁸⁸

Detaching the level of support from level of output (decoupling) was among the major issues in the reforms. The large farmers rejected this proposal since the consequence of it would cause them to lose a major income source, whereas it would be an advantage for smaller farmers. From COPA's perspective, this internal inconsistency of interests within the different national members resulted in a more fragmented impression of the organisation, and it was made clear that European farming was not able to speak as one sector when it regarded the CAP reforms. This made the national agricultural interest organisations turn to their national channels in the hope of gaining more influence here. The same scenario was more or less repeated in the case of the Agenda 2000 proposals. The problems that caused the reform initiatives were more or less the same, as in 1991, and again, the process was initiated by the Commission.

As it is seen above, the Commission plays a strong role in the initiation process, and this makes it the most interesting aim for agricultural interest groups. But the interest works both ways, and the Commission is open for the farmers' opinions and professional advice on agricultural matters, and has established a close cooperation with groups that represent European farmers. The cooperation facilitates a close communication and mutual understanding between the Commission and the farmers,²⁸⁹ and this ensures COPA direct access to the policy initiation process.

The European farmers' direct access to the policy initiation stage illustrates a special admittance to the influential processes that no other interest group enjoys. Even though consumers' and environmentalists' interests have gained more focus in EU, none of them come close to possessing the same level of economic and political influence as the agricultural organisations.²⁹⁰

²⁸⁸ Hix 1999

²⁸⁹ Ibid

²⁹⁰ Wallace & al.: 2005

However, the weakening of COPA's influence on the Commission as a result of the MacSharry reform and the before mentioned decrease in voters' support to farming led to a re-concentration of decisional powers to the Commission.

The course of events in the reforms of the CAP, outlined above, confirms the Commission as the initiating actor and thereby determines the evidence of supranational governance, in which the Commission and the Council of agriculture ministers become the central policy actors.

Development policy

The development area falls within the EU's external policies. As the classification in section 7.1.4 confirmed, development policy is of second policy order and is classified as an external economic policy, and the situation regarding development policy sets a very different scene than the one concerning agricultural policy. The secondary status of development at EU level to the member states' individually defined and regulated development programmes is expressed in article 177, in the Consolidated Version of the Treaty Establishing the European Community which states that: "*Community policy (...) of development (...) shall be complimentary to the policies pursued by the member states.*"²⁹¹

The Council sets the overall agenda for the development programmes initiated at the EU level in accordance with the commitments that EU has adopted on the development area, regardless of varying national interests. At this level the intentions for the development policy seem strong and clearly defined, but as the policy proposal moves from the overall supranational level of the Council to the national or sub-national level where most of the development projects are planned and carried out by national development organisations or NGOs, the overall objectives of EU development policy risk being blurred or neglected by the executing organisation.

Within the foreign policy, the Commission administers three General Directorates (DGs) which cover each their policy area related to development. Each DG has its own commissioner attached and the DG that is the focus of attention here is the DG of Development (DG DEV), where development aid is administered. The DG Development mandate is to enhance the development

²⁹¹ Consolidated Version of the Treaty Establishing the European Community: 2002

policies in all developing countries worldwide.²⁹² Further it provides policy guidance on development policy and oversees the programming of aid in the Africa, Caribbean and Pacific (ACP) countries and in overseas countries and territories.

Returning to the example of Euro-Mediterranean Partnerships in section 7.1.3 in e.g. Morocco where the initial intention of promoting democracy and stable political environment seem to vanish as economic interests of gaining power over the ideologies defined by the Council. On one hand, the actors that influence the development policy are generally not economically strong, and therefore they are not allocated a strong voice in the decision process. But on the other hand, it can be argued that exactly the strong economic actors influence the decision process of the development policy, but by means of ruling out the development area by prioritising agricultural and commercial interests over development matters. However, as the Commission formulates proposals for developmental programmes and forwards them to the Council, it is clear that the development policy is not defined as precisely as it is the case with the agricultural area. Furthermore the policy processes surrounding it are not the target of the influence from as many different actors as in the agricultural sector.

The different interests between member states in the development area result in a vague common external policy. In addition, the decisions are dominated by some member states' interests (e.g. France), and thus not driven by common European interests. The economic and bargain wise influential member states' national diverse interests domain over supranational ruling, and this makes a consensus for a common position almost impossible to reach.

7.4.2 Policy setting

Policy setting can be defined as the stage where policy is formed and bargained over, by the implied actors, institutional as well as interest groups. The stage of policy setting is dominated by different actors trying to make their voice heard in the negotiations for EU policies. This section analyses the elements of policy setting in the agricultural and development policy processes; this being actors and institutions involved at this level.

²⁹² Holland: 2002

Agricultural policy

In the case of agricultural policy, the strengthened role of environmental and consumers' groups could argue that there is room for more interest groups to be heard at the negotiation stage. They do not necessarily need to be economically powerful, but if they represent large groups of citizens they may be powerful in terms of votes. However, this does not offer sufficiently strong arguments to argue for the pluralist point perspective. The historical strong influence of the European farmers' lobby organ, COPA on the negotiation processes in agricultural policy at both EU and national levels, advocates for a Dominant Economic Class perspective, which argues that a plurality of elites or high-level political elites influence or alone make the crucial decisions. The weakened position of COPA in the policy process caused by the Commission's change of political agenda on farming interests has resulted in an increasing focus from COPA on the efforts to influence national politicians.

In extension of the above, a relevant discussion is whether the implied actors and persons have personal interests in a certain result. Critiques have raised questions regarding the personal interest of the Commissioner for agriculture and the president of the Commission, since they both come from nations with traditionally strong farming interests (Denmark and Portugal). Although the Commissioners are supposed to act on a common best for Europe, expertise and knowledge in an area is hardly separable from personal interests. Under the current circumstances the Commissioner of Agriculture is personally involved in large scale farming, and it would therefore be easy – and reasonable – to assume that it must be hard for the Commissioner to separate personal professional large scale farming interests from what is common overall best for the EU society. The DEC – perspective can also be substantiated with the fact that the major interest groups generally have represented the economic interests of large-scale farmers.

The role of interest groups

In order to understand the decision process of the CAP fully, all influencing (f-)actors that affect the political output before the final voting in the Council, must be considered. The stages before the actual voting and hearing can be crucial as these can change a suggestion drastically on its way through the different actors. The analysis in this study is based on a differentiation of political actors into three groups; those who represent economic interests, those of professional inter-

ests, and, finally, those representing public interests. The influence and role of interest groups are exemplified in the recent reforms of the CAP which are depicted in the following.

MacSharry and other reforms

The negotiation stage of the CAP reforms was influenced by national actors, who participated alongside representatives of large-scale farmers who based their survival on the subsidies, to secure that the reforms would not decrease their subsidies. The result was that it was hard to introduce any larger reforms to the CAP, and only minor changes were made. Furthermore the negotiation process was to a larger extent influenced by national actors, both governmental and professional interest groups representing the large farmers. Furthermore, the agricultural interest groups gained influence on the Council by influencing the national ministers and members of the Council. This points to a conclusion that the negotiation stage was dominated by intergovernmentalist principles and largely influenced by representatives from the Dominant Economic Class, in this case the large farmers. This means that the role and economic strength of farming organisations in some countries enable them to pressure national politicians to oppose or vote in favour of certain schemes, in accordance with the large-scale farmers' interests.

Development Policy

The EU's external economic policy is based mainly on intergovernmental agreements made between the national governments and the development policy is no exception. In comparison with the agricultural policy, which takes up around 45% of the EU budget, the development area is only allocated around 4 % of the budget. The European Development Fund which finances the Commission's development programmes is not included in the EU general budget but is mainly financed via the member states,²⁹³ and the European Union counts for 10% of the total aid given to developing countries. Collectively the member states of the European Union are the largest contributors to international development, contributing with 45% of all international help. The largest amounts are paid via the member states' individual bilateral aid programmes²⁹⁴ which are defined and budgeted for in the individual country.

²⁹³ http://ec.europa.eu/development/How/Aid_en.cfm

²⁹⁴ Nugent: 2003

Institutions in development policy

EU's economic policy reflects the deviating political stands on the issue between the member states. The arguments for the intergovernmental perspective are further strengthened by the fact that member states have very different positions on development issues. Regarding agreements that solely concern trade with external parties, the Commission and the Council are the main actors in the policy according to article 133 in the Treaty, which states the Commissions role as the initiating part at the EU level.²⁹⁵

The EU humanitarian Aid Office (ECHO) coordinates the EU action on emergency, food and refugee aid but the aid scene is also strongly influenced by national and international aid programmes provided by actors such as Oxfam, Red Cross and Doctors Without Borders, and etc. The mentioned organisations' objectives are merely to provide humanitarian aid to developing countries and do not represent any economic interests.

The development scene is thus dominated by interest groups such as the above mentioned and this underlines the de-central management of development initiatives that origin within Europe, either at sub-national, national or supranational level. The cooperation between EU institutions and private or national state initiated development programmes calls for a characterisation of the policy setting in the Development area as belonging to that of the pluralist perspective, since all the different actors are able to influence the policy development. The pluralist system of interest representation involves interest groups lobbying the formal institutions with the aim of trying to get their preferred legislative options adopted. However, the system does not advocate an equal access to the decision process; it rather favours those holding key resources, such as information, expertise and economic format²⁹⁶ over the groups that do not possess any resources interesting to the formal EU institutions. Since the influencing actors in the development area are mainly humanitarian organisations with humanitarian and political objectives, groups with mainly economic interests are absent in the policy processes of development policy, following the limited economic benefits the development area offers.

²⁹⁵ Consolidated Version of the Treaty Establishing the European Community 2002

²⁹⁶ George & Bache: 2001

7.4.3 History-Making

After the initiation and formulation of a policy the implementation of policies takes place at the history-making stage. The principles of history-making are based on the work of Sevasti Chatzopoulou²⁹⁷ and cover the different decision procedures that are used by the EU institutions.

Since the introduction of the Maastricht treaty the EU institutions have operated with four different standard procedures for non-administrative legislation:²⁹⁸

The four decision procedures in EU:

- The consultation procedure: The Council must consult the EP before disposing of proposals from the Commission.
- The co-decision procedure: Gives the EP and Council equal powers.
- The cooperation procedure: The Council adopts a ‘common position’ by qualified majority vote after a first round of consultation. The position is then communicated to the EP.
- The assent procedure: The assent of the EP is required for a measure to be adopted.

The consultation, co-decision, and assent procedures stand out in that they allow for qualified majority voting (QMV), when certain treaty articles are being defined, while unanimity is used for other articles. The voting procedures are further discussed in section 7.5 below.

Agricultural policy

After the Commission officially has decided on the initiation, stage different actors can contribute with their viewpoints. For the CAP the consultation procedure is used as it is prescribed in article 37, part 2 of the Consolidated Version of the Treaty: “*The Council shall, on a proposal from the commission and after consulting the European Parliament, (...) make regulations, issue directives, or take decisions, without prejudice to any recommendations it may also make.*”²⁹⁹

²⁹⁷ Larsen & al 2002

²⁹⁸ Ibid

²⁹⁹ Consolidated Version of the Treaty Establishing the European Community 2002

The process of the consultation procedure entails that the Commission sends the proposal to the Council for a single reading, after which it is passed on to the Parliament. The Parliament must be consulted in a single reading albeit it has no right to veto the suggestion. The Council can reject the comments put forward by the Parliament and if so, the parliament has no other way to influence the decision in the Council – at the most, it can delay the process by taking its time to formulate the comments.

By ensuring the Council the last saying in the case, the possibility for the Parliament to influence the case is eradicated and the official decision maker in the consultation procedure is thus the Council of Agriculture Ministers because it holds the right to give the final and conclusive saying in agricultural matters. The allocation of powers to the Council gives reason to reflect on which consequences it has for the policy processes that the European Parliament's possibility to influence the decision processes are eradicated. First of all, the notion of a democratic deficit in the EU is supported, since the European Parliament is the only institution that represents the citizens of the member states directly. This is further supported by the fact that the Council of Agriculture Ministers decides on supranational agricultural matters by means of QMV. This adds to the argument that agricultural policy procedures are based on top-managed decision processes, in opposition to the more consensus-seeking policies that also allow actors without significant economic or historical relations to the area, admittance to the decision processes.

In sum, the position of the Council of agricultural ministers as the official decision making body in agricultural policy is emphasized by the use of the consultation procedure. The consultation procedure forces the ministers to try and incorporate the member states' position on each case into the complex decision processes regarding agriculture.

Development policy

In matters of development policy the Council can issue declarations or resolutions without consulting the European Parliament meaning that the Parliament's possibilities to influence the policy process are practically non-existent. However, for the principles of the decision procedure in Development policy is defined in Title XX on Development Cooperation in the TEU. The title points to the procedures for the consultation procedure laid out in chapter 2, article 251 which

states that: *The Commission shall submit a proposal to the European Parliament and the Council (...) The Council, acting by a qualified majority after obtaining the opinion of the European Parliament.*³⁰⁰ This means that the EP can offer their opinion on a case but they have no power to stop the aid funding.³⁰¹

In sum, the EU's external economic policies are inconsistent. A central aim of the single market, the CCP (Common Commercial Policy) and some of the internal policies (most notably the CAP) favour domestic producers over producers in third countries. These circumstances are being specified further in section 8.

Inter-Institutional powers

In the light of the above it is interesting to take a closer look at the distribution of powers between the institutions of EU and the national interests. Authors within the EU literature, especially representatives of new institutionalism, debate that the institutions share a great deal of institutional autonomy between them.³⁰² In order to pass important decisions, a broad inter-institutional agreement is required. Even though the national governments try their best to wield their individual interests, the powers that are shared between the institutions are beyond the control of the national governments or coalitions formed among them.³⁰³ This adds to the New Institutionalists' beliefs that EU is an autonomous system of governance with entitlement to special rights and privileges.

However, the analysis in the previous sections of allocation of interests and powers between institutions and actors in decision making processes regarding agriculture and development policies, points towards the enforcement of powers and national interests depending on the political issue, and further it indicates an asymmetric allocation of interests, activity, and hence powers between the two political areas.

A recent study from the Swedish Institute for European Policy Studies (SIEPS) adds to the idea of asymmetry of the influence of the member states by pointing to the core large member states

³⁰⁰ Consolidated Version of the Treaty Establishing the European Community: 2002

³⁰¹ Holden: 2006

³⁰² Wallace & al.: 2000,

³⁰³ Peterson & Bomberg: 1999

France and Germany in company with Great Britain possess more influence on EU decision making compared with the small and medium sized states,³⁰⁴ despite the fact that they are formally given equal influence and that the group of EU member states recently has been extended to 25. The large states especially exploit their size to gain negotiation power in the Council, making it hard for small and medium sized states to press their interests through. The procedures of negotiations in the Council (explained in section 5.2.1) of carrying out negotiations behind locked doors and the fact that the Council can issue declarations and resolutions without consulting the EP further promote the chances of the large states to overrule the smaller member states, since the procedure allows for coalitions between states with similar interests.

The negotiation power in the Council is further commented on by Professor of political science Jonas Tallberg³⁰⁵ who identifies three forms of coalitions building that take place in the Council; country groupings, party networks, and issue coalitions.³⁰⁶ Regarding the agricultural policy, all three of the coalition forms are potential instruments in favour of the member states who wish to influence the negotiation and decision making in the agricultural policy matters and in the case of agricultural policy, the traditional farming member states are excellent examples of states seeking to protect their agricultural interests both via their agriculture minister as well as their heads of state. The group of member states that mainly profits from or for other reasons give the agricultural sector high priority, are more likely to “(...) *invest scarce resources, negotiate with greater care, stay longer at the negotiation table, and have higher aspirations.*”³⁰⁷ according to Tallberg.

³⁰⁴ Tallberg: 2007

³⁰⁵ Ibid

³⁰⁶ Ibid

³⁰⁷ Ibid

7.5 Analysis of EU voting procedures

On the way through the political institutions of EU a decision can receive “red,” “yellow” or “green” light from the different institutions. The procedures add to the complexity of the decision process; each level in the process uses different procedures to vote and this has different effects on the formation of policies. The voting procedures mainly used are the unanimity-procedure which means that each member state has one equally weighed vote, or the Qualified Majority Voting (QMV), where each country’s voting power is calculated according to the size of population.

Agricultural policy

Within the CAP the voting procedure in the Council is qualified majority as it is stated in article 37, paragraph 2 in the Consolidated Version of the Treaty Establishing the European Community. The paragraph declares that following the Commission’s initiating role to put forward new suggestions, and that the Parliament must be consulted, the Council makes final decisions via QMV on directives.³⁰⁸ However, this has proven to obstruct the introduction of reforms since the QMV allocates proportional large decision power to the member states that support the original CAP-system. This favour of inertia and status quo has the consequence that if no changes are suggested, even less decided on, the system will continue to work as always. The use of QMV on supranational matters allows actors to use the strategy explained above, where coalitions are formed between countries or political parties with similar interests or groups with alike issues, in order to influence the outcome of the negotiation process.

As a result, it is being discussed to use the co-decision procedure in cases with general importance for the development of the CAP. This takes its point of departure in the argument that the co-decision procedure would make up for some of the democratic deficit,³⁰⁹ make the EU Parliament an important actor in the decision process, and thereby give EU citizens a more direct influence on EU decisions and politics through their national members of the European Parliament. The introduction of co-decision would further add to the transparency of the decision procedures and thereby also improve the possibility for EU citizens to understand and influence the agricultural policy processes.

³⁰⁸ Consolidated Version of the Treaty Establishing the European Community: 2002

³⁰⁹ Larsen & al.: 2002

Development policy

Since the development policy is negotiated in an intergovernmental setting, the principles of unanimity are used (although under the external economic and trade policy, qualified majority voting is used in the Council if the matter concerns trade). Whenever the Parliament is involved in the decision process it acts by the principles of co-decision. This underlines the relative openness in the decision process regarding development policy, since it allows other actors to be heard and thus influence the decision result. The result is that decisions made on development issues often end up representing very different stances on the issue, and thus not really changing much. The coalitions potentially formed in the negotiations of development policy include the group of national states who agree on the level and form of development aid. Further, political parties across Europe with the same stance on development policy, and interest groups such as NGO aid programmes and non-profit organisations may work together to try to ensure that development policy is formulated in accordance with their goals.

The asymmetry of interests in the EU development policy area is apparent when development is seen in the light of the economic interests of some of the EU member states. For example, the former colonial powers of Europe have special bonds with their former colonies, e.g. because of close (and lucrative) trading relations or a large share of immigrants from former colonies, as the case is with France, which has extensive trade agreements with Morocco and in addition accommodates a large share of Moroccans.³¹⁰ The political situation in Morocco is criticised by humanitarian organisations and is accused of being a dictatorship. The example of the relationship between France and Morocco illustrates that economic interests often precede over those of the official development policies and aid organisations, since the member states with economic interests tied to a certain political or economic construct in a developing country will seek to influence the decisions in the direction of their interests. This often leads countries to prioritise their economic interests higher than those of their official development policy. In the French-Moroccan case the French wish to maintain the present relative political stability, in order not to jeopardise lucrative trade arrangements in France's favour, and this contributes to maintain the present undemocratic political situation in Morocco in spite of development organisations' warnings against collaboration with the dictator regime.

³¹⁰ Chari & Kritzing: 2006

The influential powers of the member states with strong economic interests in the decision process further promote the gap between EU development programmes and more philanthropic projects initiated and carried out by independent NGOs in the single member states. This means that the EU institutions in effect are without the possibility to influence the majority of development projects carried out by EU member states.

7.6 Conclusion

Section 6 concluded that there are contradictions both within and between EU policies on agriculture and development. The analyses in section 7 have attempted to explain why these contradictions in policies exist through different analyses of policy processes. The first analysis shows that there are great differences between processes of redistributive policies as the EU agricultural policy and of foreign economic policies as the EU development policy. The central explanation for contradictions in relation to these two policy processes is that agricultural policy making is in the hands of the Council of Agriculture Ministers supported by the Commissioner on agriculture and special committees on agriculture; the so called iron triangle. The Council is the central decision maker of all policies on agriculture even budgetary decisions. Therefore the interests of the farmers are protected by a strong central coherent EU policy. On the other hand the processes concerning development policy are more or less placed in the hands of the individual member states. EU policy on development is only meant as an overall political framework and as a supplement to the member states' development policy. This results in a scenario where the individual member states act according to own interests in the execution of the development policy. EU policy on development only requests that member states' development policies do not collide with each other and that the policies respect some very general principles stated by EU.

The second analysis found evidence of differences of priority of the two political areas. Whereas agricultural policy can be considered to be of first policy order with high priority on consensus and supranationalism, development policy is of second policy order and consensus among the EU member states is not considered to be of importance. This result is an intergovernmental approach to development policy where the individual member states are not forced to follow central legislation, as it is the case with agricultural policy. Agricultural policy as a first order policy is given priority by EU and has become one of the areas where EU has gained most political and economic influence over member states' autonomy due to a historical focus on the farming in-

dustry. On the other hand development policy as a second order policy and as a part of the foreign policy has never been of priority in terms of political integration in EU. This is mainly because EU member states traditionally have been reluctant to transfer political powers to EU in questions regarding foreign policy.

These arguments are supported by the findings of the third analysis that conclude that EU agricultural policy focuses on generating economic wealth in EU by benefiting from production advantages that are artificially maintained by a heavy protectionist policy. Again the historical element plays an important role since farmers represented a large economic factor at the time when the policy was formulated. By securing farmers reasonable income and protecting the EU market, EU could gain important political support from the farmers which was crucial for the political integration of EU as a new institution. This mutual economic-political beneficial arrangement between EU and the farmers is the reason why EU has gained strong influence on the agricultural policy and why EU sees a need for a strong coherent EU policy on agriculture. Development policy does not have and has never had the same political importance as agriculture and therefore it is of less importance in relation to political integration of the EU. This explains why most EU development policy is placed in the hands of the individual member states and not in a central coherent political organ.

Furthermore, the analyses of policy instruments and policy aims also points to an inconsistency both within the policy themselves and between the two policy areas. Agricultural policy instruments include both liberal and protectionist measures, which by definition are theoretically contradictory. Nevertheless, the EU policy on agriculture has created a situation where the two approaches seem to walk hand in hand. The benefits of the classic liberal approach are attained through heavy protectionism that generates production advantages. As for development policy, the inconsistency is found in the contradictory relationship between sustainable development with the purpose of smooth economic integration and the campaign against poverty. It seems that the inclusion of the campaign against poverty implies an acknowledgement that the sustainable development fails. Also, the section points to some inconsistencies between the two policies. This is mainly seen is the paradox of a wish for economic integration of the developing countries into a liberal world economy with free trade and free competition on the one hand, and heavy protectionism from EU in terms of agricultural markets on the other hand. How can the develop-

ing countries be expected to be integrated in a liberal world economy, if the developed countries do not follow the liberal principles in all matters? Another inconsistency is placed in the contradiction within EU's wish for sustainable development in the developing countries on the one hand, and the heavy protectionist measures that keep foreign products out of the EU market on the other.

So both in terms of agricultural and development policies the reasons for contradictions can be found in policy processes behind the two policies. More precisely, the policy instruments and the aims and values behind the policies hold the explanation for the policy inconsistency. The policy instruments and the objectives of the agricultural policy do not seem to include any concerns of its consequences for the developing countries. In addition the EU development policy does not seem to acknowledge the problems that EU agricultural policy is causing for the developing countries and therefore is not concerned with solving the problems caused by the agricultural policy.

In the fourth analysis the role of and allocation of power between EU institutions at the supranational level and national actors at the intergovernmental level was discussed. The effects of different formal and informal procedures were evaluated, and in conclusion it can be said that national interests, political as well as economic interest actors, are sought fulfilled by interest groups, trying to influence the channels that have access to the policy formation process at supranational level. Overall, it can be said of the EU development policy that compared with the agricultural policy, it is characterised by the absence of political and economic actors fighting to gain influence in the policy processes. Instead, the most significant development projects are planned, financed and carried out by organisations at national levels. This reflects in the low lobbying activity in the development area, which is characterised by the pluralist perspective, since the potential economic gains for lobbying organisations are low. The development policies that are initiated at the EU level are characterised by the fact that the political priority allocated to them is low, compared to policies negotiated in the agricultural area.

The last analysis shows how different voting procedures in EU can affect the outcome of the policies. Agricultural policy is decided on through QMV procedures which ensure that the large EU states, which also traditionally are farming nations, can dominate the voting result, whereas

smaller states are more or less prevented from having any important influence on the result. This leads to a situation where no major reforms are introduced. Development policy on the other hand make use of unanimity voting, which gives each member state equal votes. This way groups of states that form a direct majority can influence the result. This again proves the lack of interest for strong EU political integration in terms of development policy.

All in all the conclusion on section 7 is that the contradictions in EU agricultural and development policies are caused by policy processes that are very different due to different approaches in terms of intergovernmentalism and supranationalism, different priorities regarding first and second order policies, different actors involved in the processes of decision making both institutional actors, economic actors and other interest groups and finally different procedures in terms of voting. Together these different processes result in a scenario where the EU agricultural policy in many areas directly collides with the development policy even though EU as an international political actors should have political coherence.

8. Analysis of consequences for the developing countries

This section takes a closer look on what consequences EU policies on agriculture and development have for the developing countries. However, this section is only concerned with the theoretical analysis of the consequences and not with any empirical verification of the results. (Section 9 presents an empirical analysis of the consequences for the developing countries). This section bases its analyses on the theoretical classification of the EU policies conducted in section 6 and seeks to outline and conclude in details how the different theoretical approaches of the EU policies affect the developing countries. The section is structured in three main subsections. The first subsection analyses the consequences of the different approaches found in the EU agricultural policy, the second subsection analyses the consequences of the different theoretical approaches found in the EU development policy. The third subsection analyses on the consequences of the existing contradictions in the EU policies and sums up and concludes on the overall theoretical consequences for the developing countries.

8.1 Consequences of EU agricultural policy

As concluded in section 6 the EU agricultural policy is based on two main theoretical approaches: classic liberalism and protectionism. This section takes the conclusions of section 6.1 to a further analysis in terms of discussions about the direct and indirect consequences of these theoretical approaches for the developing countries.

8.1.1 Classic liberal approaches

The classic liberal economic trade theories are based on the principles of free world trade where national states compete on equal basis. This free world trade allows nations to focus on the production where they have advantages and thus have competitive possibilities. The basic idea of classic liberal economic trade theories is that world trade will always be a positive-sum game, where all parties can benefit economically if they focus on the advantageous production and abandon non-advantageous production. In theory this means that the developing countries also should possess production advantages, since the theory of Ricardo argues that even relative advantages can result in economic benefit. According to the theory this should mean that if the developing countries focus on the advantageous production they should be able to gain market ac-

cess due to competitive advantages. But in the light of the fact that the only area where developing countries have a small chance of production advantages is within agriculture (primarily in terms of cheap labour and climate advantages), the EU becomes an obstacle to exploiting these production advantages due to its agricultural policy.

The reason that EU prevents the developing countries from exploiting their production advantages is that EU does not acknowledge the need to abandon some agricultural productions that in fact are not competitive. One example is the production of sugar. EU farmers are not able to produce sugar at the same low cost as in e.g. South Africa. Nevertheless the EU sugar industry is given artificial production advantages and thereby becomes internationally competitive. (The case of sugar production is further elaborated on in section 9). So in terms of the classic liberal principles, EU artificially maintains production advantages that do not exist and this leads to a situation where EU products, which in fact are more expensive to produce, become internationally competitive. The reasons for doing this are solely based on a wish to secure EU farmers a reasonable income and thereby satisfy farmers' organisations demands.

If EU wishes to base its agricultural policy on the classic liberal principles, EU should abandon all agricultural production that do not experience production advantages, and thereby open up for the free market mechanisms where genuine production advantages are the basis for market access. When EU artificially maintains production advantages the free market mechanisms are set aside and this creates an unbalance in the positive-sum game that classic liberalism otherwise prescribes. By abandoning non-advantageous EU production, the situation of a positive-sum game in terms of trade with agricultural products can be realised according to theory. Some developing countries would have to focus on other productions, but a shift to a competitive production would eventually generate economic benefit.

In other words, even though the EU policy on agriculture claims to be based on the liberal principles of free world trade, this is in fact not the case. Liberalist principles are found in the policy's approach to economic growth, but nevertheless the policy does not turn to any of the liberal principles in the specific policy. In fact the main theoretical principle of the policy is protectionism rather than liberalism.

8.1.2 Protectionist approaches

The protectionist measures that EU has introduced in its agricultural policy as seen in section 6 has a direct influence on the developing countries in terms of eliminating possible production advantages. By introducing financial, technical and logistic support for EU farmers, EU also creates a situation where EU products become more competitive in relation to non-EU products. In other words this means that the protectionist measures result in the fact that the developing countries have no production advantages and thus are unable to benefit from any competitive advantages.³¹¹ The effect of this is that only very few non-EU agricultural products are imported into EU. These products are primarily products that EU cannot produce itself due to climatic or other circumstances that cannot be politically or economically regulated (e.g. coffee, tea, tobacco etc.).

Another consequence of the protectionist measures is that EU products are able to out-compete local products in the developing countries due to heavy export subsidies. This means that not only does EU prevent farmers in the developing countries from exporting their products to EU,³¹² but it also means that the EU products overtake the local markets in the developing countries and thus prevents the local farmers from selling their products locally. The protectionist measures that EU has introduced on its agricultural policy therefore not only effect the EU farmers in terms of better market conditions internally; it also destroys the local market conditions for the farmers in the developing countries. The result of destroying market access both internally and externally for the farmers in the developing countries is rather evident. If the farmers cannot sell their products, they will have to find another employment. However, if labour forces in the developing countries are forced to shift to another industry, this means that the farming industry, where the developing countries actually possess some production advantages will be abandoned and the costly EU agricultural industry will gain even more market access.

In addition, the shift to other productions would mean that the developing countries have to make large investments in new production material such as machinery, knowledge, raw materials and etc. but since the developing countries do not possess the capital means for this kind of investment, the investors would have to be foreign investors. Foreign investors could bring some

³¹¹ McMahon: 1992

³¹² Langbehn & al: 2006

economic growth to the developing countries in terms of new industries and thereby employment. However, foreign investors would not see a need for investing in further development that could generate overall development in the specific country. Therefore the capital that is generated by these foreign investments will for the most part be transferred out of the developing countries and into the developed countries.

One consequence of this scenario is that the developing countries will need to abandon agriculture and thereby become dependent on food supply from EU and that this dependency on EU and the market dominance of EU products will increase prices for agricultural products and thus leave the developing countries in a situation where they cannot produce their own food and cannot afford to import it from EU. In other words the EU protectionist agricultural policy is slowly eliminating the means of existence for the developing countries.

A likely reaction to this is heavy emigration to EU, which already can be seen today. So at a more indirect level, the EU agricultural policy as it is today generates a pressure on the EU borders and results in illegal immigration since people are trying to escape the worsening situation in the developing countries. By eliminating the developing countries' means of existence, EU generates heavy immigration because people in the developing countries see no future in staying. This is already a well-known phenomenon today in the EU Mediterranean countries. An example of this is seen in Spain, where illegal immigrants from Africa now compete with the local Spanish farmers. This happens when legal African immigrants buy land and then hire illegal immigrants to work on the farms at prices that are much lower than the local labour force. Local farmer organisations have protested heavily against this, because they know that if this problem is not solved, the Spanish farmers will be out-competed by the African farmers due to cheap labour. However, there is another paradox to this situation. Some Spanish farmers, especially those of labour-intensive productions such as e.g. tomato production, maintain their competitiveness only by means of using cheap African labour.³¹³

Another aspect of this emigration is that the people, which are the poorest and the less educated, will have to stay in the developing countries. This economic and knowledge depopulation of the

³¹³ Heilbuth: 2006

developing countries will result in a situation where they do not have the means nor are they able to provide the means for any kind of development.

So not only does the protectionist agricultural policy eliminates the means of existence for the developing countries by forcing them to shift to other productions where they might not have any production advantages or productions that need heavy investments, but this will also make the developing countries even more dependent on the developed countries both in terms of investments and for food supply. This vicious circle of no means of existence and more dependency on the developed world will undoubtedly put the borders of the developed world under pressure due to heavy emigration from the developing countries.

8.1.3 Conclusion

In conclusion the EU agricultural policy can be said to create a situation where the farmers in the developing countries have no possibility of producing for the EU market, even though they can produce cheaper than EU farmers. EU sets aside market mechanisms that otherwise would have given the developing countries production advantages and thereby a possibility to export to EU. Instead it allows the more expensive EU products to be exported and dumped on the markets in the developing countries.

The export and dumping of EU agricultural products in the developing countries furthermore generates a situation where the farmers in the developing countries cannot compete on the local market with EU products. The farmers are therefore forced to abandon farming and shift to other industries, where the developing countries have no production advantages. The final result is that the developing countries will become more and more dependent on food supply from EU and investment from the developed countries. Furthermore, they will have no industries that can generate economic means for development. The developing countries will become more and more poor, and capital actors, educated people and investors will leave the developing countries and their situation will only worsen in a vicious circle of more dependency on the developed world; both economically, socially and politically, because the EU agricultural policy undermines the developing countries' means of existence. Furthermore, this lack of means of existence leads to immigration that creates a future situation for the farmers in the South of Europe that seems somewhat insecure due to the paradoxical scenario of the EU agricultural policy, which on first hand allows EU farmers to destroy the markets of the developing countries, but on second hand

indirectly also destroys the EU farmers' means of existence by generating heavy immigration, which out-compete EU farmers due legal immigrant landowners that hire cheap labour.

8.2 Consequences of EU development policy

As seen in section 6, the EU development policy can also be categorised within two major theoretical frames of development theory: Modernisation/neo-Liberal theories on the one hand and post-Imperialist/neo-Marxist theories on the other. Based on the conclusions in section 6.2 this section discusses the possible consequences of the EU development policy.

8.2.1 Modernisation and neo-Liberal approaches

The Modernisation development theory is based on an assumption that the developing countries have benefited from previous imperialism and still can benefit from a close cooperation with the developed countries. The main principles behind this approach is based on the thought that western values of capitalism, western culture and western social principles can be copied by the developing countries and thereby set them on a path to economic growth. However, the economic growth is only considered to concern capital actors in the developing countries such as land owners, owners of production means, natural resources etc. The problem with this approach lies in the fact that the social classes that will benefit from economic growth based on Modernisation theory are the ones that need it the least. In other words, Modernisation theory makes the rich richer and the poor poorer.

Another problem of this focus on generating development at this social level is that most of the capital actors are western companies or locals that live abroad. This means that the economic growth that is generated by supporting these capital actors is transferred out of the developing countries. This capital drain leaves the other social classes with no economic means to create development, and result in conditions where a small elite owns almost everything that can generate economic growth, and transfers the money out of the country. In terms of development this means that the lower social levels do not experience any development. Also political and administrative institutions have no economic means for generating development. So all in all this leaves the general population in a situation where economic development is impossible. Since

economic development is the basis for almost any other sort of development, this results in no social, political, environmental or sanitary development.

In addition the principles of neo-Liberalism in terms of open economies, world competition and open markets will destroy the fragile economies of the developing countries, since they have no means of protecting own productions and markets. This results in a situation where local production is out-competed by international competition: in the case of agricultural goods, by subsidised EU products that are cheaper than local products. If the developing countries have no means to protect their own productions against foreign competition, they will eventually be left without any means of production, and be dependent on import of foreign products, but without the possibility to make the necessary capital to pay for the imported goods.

A country with no or little production that is forced to import most goods, will inevitably experience a huge deficit on the trade balance, and therefore be in heavy debt. The only actors that benefit from a neo-Liberal development approach are trans national companies, foreign investors, and local capital actors in the developing countries. All economic surplus is generated and absorbed by these actors.

8.2.2 Post-Imperialist and neo-Marxist approaches

On the other side of the development theory spectre, EU development policy also presents an approach based on post-Imperialist and neo-Marxist theories. Unlike Modernisation and neo-Liberal theory, these approaches consider the effect of imperialism to be damaging to the developing countries and see a need for generating development at other social levels.

Post-Imperialism agrees with neo-Liberal theory concerning the need for some capital actors (primarily TNCs)³¹⁴ and the positive influence these can have on generating economic growth. However, the central difference between neo-Liberalism and post-Imperialism is that it is not the developing countries that have to play along the rules of the TNCs, but that the developing countries and the TNCs should find a way of mutual benefit. Some TNCs are very interested in moving to a place with easy access to raw materials, cheap labour or other advantages, and this

³¹⁴ Trans national companies

should result in a scenario where the developing countries provide some kind of production advantage on the condition that the TNCs use some of their economic surplus to generate development locally e.g. by hiring local workers, pay for the construction of infra structure, building of institutions etc. This way, the TNCs can benefit from production advantages and the developing countries are added economic means to create development.

The fact that TNCs should hire and educate local workers results in a development process on more than one social level. This way a process of sustainable development is started. Workers that become educated and/or get a permanent job will bring capital to the local society, which then again will nourish from this capital flow that the TNCs generate. If the TNCs do not in any way try to exploit the local society by e.g. heavy pollution, underpayment and etc. the development process will, according to the theory of post-Imperialism become sustainable and continue on a long term basis. This is the core meaning of the term sustainable development: To generate a process that will continue on its own over a long period of time and not harm future generations and their possibilities.

This approach is supported by the neo-Marxist theory. Like post-Imperialism, neo-Marxism sees the need for inclusion of other classes than the capital actors. They see the workers and the farmers as the main channels to generate development. This corresponds well with the principles of making use of mutual beneficial relationship between TNCs and the host country. Workers are employed and educated and thereby can generate a general development including the overall population. Neo-Marxism focuses on generating development in a bottom-up model. If the lower classes experience development so will other classes too. That is also why EU's focus on the campaign against poverty falls within neo-Marxist theory. The lowest class is the one to focus on in order to generate general development. By ensuring an economic stability poverty can be reduced through different campaigns, and development will be generated because people will have the means to buy food from the local farmers, the farmers will earn money to improve their production and so on.³¹⁵

³¹⁵ Chen: 2005

8.2.3 Conclusion

EU development policy can be considered to result in two practically opposite situations for the developing countries. The Modernisation and neo-Liberal approaches generate economic growth in the higher social classes and lead to a capital drain of the developing countries. The effect of the economic growth will therefore not be of benefit to the general population, but only to the elites.

In addition the principles of the neo-Liberal development theory will destroy the economies of the developing countries by forcing them to have open economies and thereby be subjected to world competition. The fragile economies and the less competitive industries of the developing countries will be undermined and this has devastating results for the developing countries. The industries that are not competitive on the world market, which in terms of developing countries are most industries, are out-competed and will have to shut down. The developing countries will become totally dependent on the developed countries with no means for generating any economic growth due to lack of competitive industries.

On the other hand the post-Imperialist and neo-Marxist approaches guarantee the developing countries a minimum of living standards. The post-Imperialist approach of generating sustainable development allows small productions that are not out-competed by international companies. This way people in the developing countries can be employed in these productions and generate capital flow on a micro economic level. However, these productions are not of a size that can gain influence on the world markets and thus generate more substantial economic growth. Therefore the question is whether it can be considered to be sustainable or not. Nevertheless, the development programmes of this nature have proven to be sustainable at least for a period of time. One of the problems with the programmes seeking to generate sustainable development is the simple relation between production and market. A development programme that has established e.g. a production of agricultural goods needs to have a market in order to be sustainable. However, when EU agricultural products out-compete local producers and protect own markets, there will be no market for these products, and thus many of the programmes turn out to be sustainable only for a short period of time. (Chapter 9 elaborates further on this scenario).

The neo-Marxist approach has more or less the same effect on the developing countries. The aim of reducing poverty in the developing countries also effects the capital flow in the local societies and at the same time improves education, sanitation, health and environment in these societies. However, the campaign against poverty can seem endless, if there are no industries to generate the capital to reduce poverty. Again the main obstacle for a sustainable reduction of poverty is the neo-Liberal principles of open economies and free competition. If the developing countries have no competition advantages there will be no economic growth and thereby no capital to reduce poverty.

All in all the different approaches of the EU development policy can be considered to counteract each other. Where the post-Imperialist and the neo-Marxist approaches generate economic growth on a micro economic level, Modernisation and neo-Liberal approaches can be considered to drain capital from the developing countries on a macro economic level.

8.3 Conclusion

As concluded in the sections above there seem to exist contradictions between the EU agricultural policy and EU development policy. On one hand EU agricultural policy aims at protecting and increasing market possibilities for the EU farmers by eliminating the means of existence for the farmers in the developing countries and on the other hand the development policy tries to generate development in these countries. However, contradictions are not only seen between these two policies, but can also be found in approaches within the individual policies.

Section 6.1 concluded that even though the theoretical principles of the agricultural policy are categorised to be contradictive, the different approaches actually support one another. However, in the case of the development policy this seems to be somewhat different. The main problem of EU development policy is that the approaches of post-Imperialism and neo-Marxism are in direct conflict with the theories of Modernisation and neo-Liberalism. So the key issue in terms of the EU development policy is that there seems to be great disagreement on what to focus on and what approach that has the best results. This means that the EU member states are allowed to follow any of these approaches to execute their development policy, and then the individual member state must consider itself, which approach it finds best. Furthermore, there is no path dependency in terms of choosing development approach. One development programme can be

based on the neo-Marxist approach and the next programme on neo-Liberalism. This inconsistency of development approaches leaves the developing countries in a situation where development is entirely in the hands of the funding country or private organisations and their interests. If a EU member state finds it more beneficial to support the capital actors in a given developing country, there is no central EU policy that prevents the member country from this.

In terms of the contradictions between EU agricultural and development policies the different analyses conducted in sections 6 and 7 clearly show that on a political level agriculture is more important than development. EU has a strong emphasis on coherence in agricultural policy, which cannot be found in the development policy. This means that EU as a political and economic power is more concerned with internal than external issues and therefore also shows evidence of strong political and economic coherence internally and weak or practically no political and economic coherence externally.

This results in a situation where the two policies more or less counteract each other. One of the most obvious evidence of this is the contradiction between a wish for an integration of the developing countries into a liberal world economy and the fact that EU in no way participates in the world economy on liberal terms when it comes to agriculture. So the demand that the developing countries should introduce liberal economies in order to be integrated in the world economy does not correspond with the principles of protectionism behind the EU agricultural policy. Another obvious contradiction between the two policies can be seen in the relation between generating sustainable development and EU protectionism. The development that is generated in the developing countries can never become sustainable when EU protects its own market and at the same time out-competes local producers.

In conclusion the two policies can be said to contradict each other on several levels. Also, the policies can be said to directly counteract one another due to lack of coherence. The EU agricultural policy eliminates the developing countries' means of existence and in addition the EU development policy provides no solutions to repair on the damages caused by the agricultural policy. This is where the most obvious lack of coherence is seen. On the basis of what have been

found in the previous analyses it can seem like “(...) *the one hand does not know what the other is doing, or even worse that the one hand does not care what the other hand is doing.*”³¹⁶

³¹⁶ Midé & Heilbuth: 2004: Quotation by the Danish development scholar Per Pinstrup-Andersen.

9. Analysis of empirical consequences for the developing countries

In continuation of the theoretical analysis and characterisation in sections 6, 7 and 8, three different cases of development projects are presented, in order to exemplify what consequences EU development and agriculture policies cause in the developing world. The purpose of including case studies in the thesis work serves as a link between the theoretical analyses and the societies where the policies are implemented and the consequences of these policies.

9.1 Cases

The cases present different types of development projects initiated or affiliated with the EU development organisations and some are executed by or in corporation with partners from the member states. For each case it will be assessed who the initiating part is, who the main financing actors are, and how and by whom the project is executed. Further it is examined how the projects are related to EU development, and how EU development and agriculture policies affect the outcome of the projects. The cases that will be presented are the following 3:

- PROLINO: EU development project in the Dominican Republic ‘EU giveth and EU taketh’ EU initiated and executed project.
- Sugar production in South Africa: Consequences of export subsidies of European agricultural products.
- The MEDA programme: Development in North Africa and the Middle East: EU co-operation with external and national partners.

9.1.1 The Prolino Project

EU Giveth’...

As it was presented in the introductory section of this study, the European Development Fund financed and executed a development project in The Dominican Republic from 1994 - 2001. The project was set up in 1994 with a budget of 23.6 million €, and the overall objectives were to improve the living conditions in the poorest regions of The Dominican Republic.

The project concentrated mainly on two major aspects; The first was to boost farm production, while the second aim was to improve social infrastructures and the living conditions of the population in the rural areas.³¹⁷ The purpose of enforcing the rural areas was further an attempt to reverse the trend toward exodus from the rural areas to the larger cities, which resulted in a lack of labour force in some of the areas. The enforcement was done by providing the farming population with necessities like water and electricity supplies combined with education programmes on e.g. the sensible use of water, hygiene and etc. Further, the EU development project set up agricultural development programmes to train farmers in live stock rearing. The training helped farmers like Rodolfo Fiche make a living of livestock and the land, in opposition to barely survive on it, and the initiatives have contributed to a raise in the quality of living in the farming communities.

The effects of the project were tangible to many farmers. With help from the PROLINO Programme the Dominican farmers improved feed qualities and farming practices, and at the heyday of his farming career the dairy farmer Rodolfo Fiche managed 120 dairy cows. The country's production of milk doubled during the programme period, and Fiche earned money enough from his milk production to invest in better production facilities, to produce better feed for his cows and to pay for clothes and schooling for his children.

...And EU taketh'

But the Dominican dairy market was subject to export of substantial quantities of milk powder from Europe. The milk powder was part of the large amounts of surplus milk produced by European dairy farmers. The Agriculture subsidy system ensured the farmers a subsidy for their surplus milk production³¹⁸ even though it could not be sold on the European market. Instead it was turned into milk powder and exported to non-EU countries with export subsidies, where it was sold at prices below normal market prices.

The result for the dairy farmers in the Dominican Republic is that their fresh milk produce is de-selected by consumers in favour of the cheaper milk powder, and suddenly the basis for the dairy production in the Dominican Republic was undermined. It is estimated that Rodolfo Fiche's des-

³¹⁷ http://ec.europa.eu/development/index_en.cfm

³¹⁸ The subsidy system ensures that the European overproduction can be disposed of without losing turnover by means of EU guaranteed profit. About one fifth of the milk produced in Europe is exported to non-EU countries.

tiny is shared by around 20.000 farmers in the Dominican Republic³¹⁹ and similar scenarios can be observed in Jamaica and South Africa.³²⁰ Some of the things that were brought by the development project improved the living conditions in the otherwise poorly developed farming areas; among other things an improved infrastructure and water and electricity supplies to the remote rural areas. But in some points the Dominican farmers are worse off than before the implementation of the EU project. They are left with production facilities that are just about useless and with no chances to finance a switch to other production areas that would secure them a steady income. At the limit, the loss of basis for living may force the farmers to leave their farms and move to the larger cities in order to try and find jobs there.

The PROLINO project is initiated and financed by the EU Development Fund and a relevant question is; is the 23 million € that EU invested in the development project all wasted?

Compared to the amount that is paid in export subsidies for the European milk the developing countries would have been better off without EU exports and development support.

The farmers and the rural societies have gained some advantages from the projects, such as extended electricity and water supplies but the failed milk production project means the farmers need to find other ways to make a living and that leaves them in the same – or even worse – situation compared to before the implementation of the PROLINO project.

9.1.2 Sugar production in South Africa

Sugar is one of the main crops grown in South Africa. Ed Graham is one of the many sugar cane farmers in South Africa and he owns a small candy production facility. In spite of the uneconomic sugar production in EU the European farmers export six million ton of sugar annually.³²¹

It is estimated that for each billion ton of sugar that South Africa could export, a 100.000 jobs would be created;³²² a considerable number that would lead to a change in the increasing unemployment rate South Africa suffers from. The unemployment forces many farmers to abandon the country and instead try to make a living in the larger cities.

³¹⁹ Mide & Brems: 2004

³²⁰ Sørensen: 2003

³²¹ Mide & Brems: 2004

³²² Hansen & al.: 2002

Regardless that South Africa is one of the world's most effective sugar producers³²³ the comparative advantages of South Africa's sugar production are undermined because of the heavy production and export subsidies of EU-produced sugar.³²⁴ The economic support to production and export of sugar in EU member states means that EU sugar and candy products are being exported to Africa where it is sold at prices below half the normal price level for sugar containing products. For Ed Graham this means that he can not sell his raw sugar or his processed candy anywhere. The imported products are sold at prices below what he needs to charge for the unprocessed sugar, making it impossible for Graham to compete with the EU produced candy.

The example illustrates the effect that EU's agriculture policy and the associated export subsidies have on farmers' living conditions and development possibilities. The policies that was initially defined with the purpose of "*protecting and developing*" the European farmers, are doing so by influencing and outmanoeuvring the market powers far from European fields at the expense of farmers in the developing countries.

9.1.3 The MEDA Programme

The European – Mediterranean Programme MEDA (measures d'accompagnement)³²⁵ is the principal financial instrument of the European Union for strengthening of the Euro-Mediterranean Partnership.³²⁶ Geographically the programme stretches from Morocco, Tunisia, Jordan, and Egypt at the African continent, to Lebanon, the West Bank, the Gaza Strip and Turkey in the Middle East. The programme includes development activities aimed at rural development and water supplies in some countries to establishing infrastructure and industry in others.

In the Commissions' own words the aim of the Euro-Mediterranean Partnership is to turn the Mediterranean area into an area of dialogue, exchange and co-operation guaranteeing peace, stability and prosperity; strengthen the political dialogue, development of economic and financial co-operation, social, cultural and human dimension, and by 2010 establish a free-trade area.³²⁷ It makes economic transition and free trade the central issue of the EU financial co-operation with

³²³ Mide & Brems: 2004

³²⁴ Ibid

³²⁵ Accompanying measures

³²⁶ http://ec.europa.eu/europeaid/projects/med/foreword_en.htm

³²⁷ Ibid

the Mediterranean region. This emphasises the fact that another of the projects' overall objects is that both the Mediterranean partners as well as the EU member states should benefit from the project.

The Commission's External Relations Directorate-General is responsible for drawing up the overall strategy for the MEDA programme. Based on this input, the Commission's EuropeAid Co-operation Office establishes the financing plans and manages the projects and programmes from the identification to the evaluation phase. The partnership involves both bilateral and multi-lateral cooperation. The regional/multilateral activities are outsourced to national governmental partners as well as independent development organisations from the member states. The scope of the programme considered, this is a necessity; it would not be possible for the External Relations Directorate-General to facilitate all the different projects in the different countries on its own.

The advantage of the many partners involved is that it is possible for the Commission to choose the best operator for the different development objectives. Some development organisations are highly specialised in a specific geographical area or provide a special technical service that it would be hard – and expensive – for the External Relations Directorate-General to perform just as well on its own. On the other hand, the diversity of structure, political background, and different expectations to outcome of the projects in participating organisations add to the fragmentation of the EU development. The MEDA programme illustrates the important role of development programmes in relation to EU's foreign policy, as tools to promote political security. By establishing close cooperation, trade, and support of governments and/or opposition parties in North African and Middle Eastern countries, EU gains influence on the political setting and promotion of democracy.³²⁸

9.2 Conclusion of the analysed cases

The case of the Dominican farmer Rodolfo Fiche illustrates that even though EU initiates and runs development programmes with successfully meet the objectives in the first place, they still fail to succeed overall because of incoherence of EU's external policies. The high priority status internally in EU and the external consequences of the agriculture policy undermine the possibil-

³²⁸ Holden: 2006

ity of the development programmes to reach objectives of creating sustainable living conditions for the poor populations in the developing part of the world.

Following revision reports that pointed to the issue of inconsistency between the aims of EU policies and development programmes the EU external assistance seeks coordination and complementarity between community and bilateral initiated assistance.³²⁹ But the secondary status of development policy taken into consideration, this seems merely to be a mission statement, and not a factor that is visible in the practical examples, and even less a demand that the member states can be forced to follow. Yet, revision reports on the different development programmes points to problems with inconsistency and long execution times for projects. This relates to the varying structures and aims of development actors and not least to the inconsistent results between development and agriculture policies.

The effects of the inconsistency between EU agriculture and development policies cause severe consequences outside of EU. The examples of Rodolfo Fiche and Ed Granham illustrate how the two policy areas exist side by side with contradictory objectives. The results of the development policy becomes the 'weaker' of the two, and the results made through the PROLINO project falls to the ground because it is undermined by the agricultural production terms in Europe. The consequences may not have been foreseen by the EU officials, but the question is, whether anything would – or could - have been changed. The two policy areas are allocated different emphasis and resources in favour of agriculture policy and this means that it is unlikely that an (external) development issue would preside over an (internal) agricultural matter. The inconsistency of policies supports the argumentation in section 8 which stated that the free trade conditions that EU claims to promote are very conditional and not giving the developed countries real chances to act on equal terms with the EU member states.

An internal revision of the EU development programmes from 2005 highlights problems with long execution times of programmes and further attention is directed to the fact that the Commissions procedures are rigid and slow.³³⁰ Another report published by the Evaluation Unit, an independent revision organ under the Commission, states that some development programmes do not take all relevant policy areas into account; This can be seen as an indication that the EU organisations are aware of the fragmented state of the development policy area. In other cases it is

³²⁹ http://ec.europa.eu/development/How/Methodologies/Programming_en.cfm

³³⁰ http://ec.europa.eu/europeaid/reports/europeaid_annualreport_highlights_2006_da.pdf

pointed to that unclear or inappropriate government policies and strategies lead to poor identification of suitable projects. This questions the ability of national governments to recognise development needs and act in the best suitable way in a given development situation. Further, it questions the individual governments' interests in choosing certain projects or procedures. Some may focus on own (economic) gains at the expense of the overall success of the development project and the people and organisations it involves. The revision results can be interpreted as an indication that the institutions managing EU development are aware of the problems that the systemic political procedures cause. It may still be a long way, though, before the initiated changes and stated objectives to improve this situation will be evident in the development projects.

Farming is often the main occupation and more or less the only source of food in developing countries, while developed countries are importing increasingly more food and employing fewer in the primary agricultural industry. But the export subsidies creates problems at regional as well as at the international level because the farmers in the developing countries are not able to compete with products helped on the way with export subsidies and beneficial taxes, and this causes a deprivation of the chances to ensure a self-supported basic living which again leads to a further dependency on development aid in the affected areas.

The total budget of the export subsidies paid for by EU amounts to annually 26 million EUR.³³¹ Seen in relation to the budget for development aid at 7.5 million EUR,³³² some of the development activities could seem in vain. The 26 million EUR could pay for a great deal of development programmes.

It is positive that the subsidy secures the existence of e.g. organic and small scale mountain farmers in Europe, but the negative effects of the extensive economic redistributions are felt tenfold in developing countries where farmers are forced to give up their land because they can not compete with the low prices of the European produced food products.

³³¹ Hansen & al.:2002

³³² http://ec.europa.eu/europeaid/reports/europeaid_annualreport_highlights_2006_da.pdf

9.3 Consequences

Political procedures

Although agriculture and development policy are negotiated and approved by the same overall European Union, the differences between the 2 policies are significant; Not least the influence from the different institutions and actors that wield authority on the policy processes regarding the two policies, is of decisive importance to the practical outcome of the policies. The first and most considerable difference that can be observed is the different setting of the policies in terms of intergovernmentalism and supranationalism. The fact that there is no clear model for EU development programmes and foreign policy in general means that it is subject to influence from the individual national governments and aid groups, and even though the EU institution define the overall politic direction, the execution of the development programmes often represents the economic or political interests of the individual aid donor.³³³ Further the coordination of development programmes is blurred by the mixed picture of donors, meaning that the different projects may counteract each other, resulting in reduced or even nullified effects of the individual programmes.

The parties involved in the policy process from initiation to execution, influence the policy outcome in different ways, depending on whether it is an agricultural or developmental matter that is being negotiated. The different procedures for voting on agriculture issues versus development issues mean that the institutions involved in the procedures are of decisive importance for the outcome of the negotiations. The MEDA programme is negotiated by the consultation procedure, which means that the Commission and the Council are the main actors while the Parliament is left with the chance to offer its opinion on development matters but with no right to block negotiated aid programmes.

9.2.1 Consequences of EU agricultural policy for development policy

In comparison with the theoretical consequences of EU development and agriculture policies presented in section 8 the empirical evidence in this section supports the conclusion of the theoretical analysis of EU policies that showed evidence of liberal and protectionist tendencies in the policy output; The EU subsidising of export goods and dumping in non-EU markets price locally produced agricultural products out of the market. The dumping of e.g. milk powder and sugar in

³³³ Holden: 2006

African and Caribbean countries contributes to the argumentation that EU cares about developing countries only as long as it does not conflict with internal (agricultural and economic) interests.

The EU farmers benefit from subsidised agricultural production, but it is necessary to differentiate the support between the parties of the agricultural production that produce intensively in order to gain maximum economical benefits from the ground, and those who contributes to preserving special geographical areas like the extensive farmers who produce extra careful in order to preserve nature. Ideally the European farmers would produce the products they are best at (regional comparative advantages, French farmers wine, Italian farmers parmesan cheese and vinegar), less intensively it would heighten the quality of the food products and leave room for import of non-EU foods, plus of course free markets in developing countries for dumping of second range and artificially cheap food products.

10. Conclusion

This study analysed the contradictions that exist between and within the EU policy on agriculture and the EU policy on development. Further, it examined why these contradictions exist and what consequences these policy contradictions have for the developing countries. The focus on EU is based on the fact that EU plays an important role as an international economic and political institution and thereby through its policies wields influence on the economic and political world situation. This influence entails a responsibility towards the developing countries. This means that an examination of EU policies and EU policy processes is relevant in order to analyse the relation between EU policies and processes on the one hand, and the following consequences for the developing countries on the other.

The chosen frame of economic trade and development theories against which the EU policies on agriculture and development are mirrored, represent the traditional main schools within these two policy areas. This approach provided us with a broad theoretical tool for placing the EU policies in an overall theoretical frame. However, the theoretical categorisation of agricultural and development policies does not facilitate an in-depth analysis of policy content. On the other hand this was found in the policy analysis sections where policy content was analysed as the outcome of the different policy processes.

In order to examine EU policy processes a variety of policy analysis theories were applied. The choice of a composite approach to policy analysis resulted in analyses consisting of different individual focal points which together add to an overall (picture) of EU policy processes. The lack of one single theoretical approach for EU policy analysis necessitated a multi-dimensional theoretical approach. Therefore the framework of this study is based on a collage of theories each chosen because they allow differentiated analyses that are necessary for examining the diversity and complexity of the EU policy processes.

The focus on the consequences that EU policies and policy processes have for the developing countries called for an inclusion of theoretical deductive analyses as well as empirical inductive analyses. This resulted in an abductive approach enabling us to base our conclusions about consequences on two different foundations. In term of this thesis' conclusion of the consequences

for the developing countries the theoretical and empirical findings supported each other and thus reinforce our conclusions.

The following sections conclude in details on the analyses on EU policy processes and consequences for the developing countries.

10.1 Conclusion on contradictions in EU agriculture and development policies

This thesis' section 6 analysed and categorised the different theoretical approaches to both EU agricultural and development policies. The categorisations in section 6 were based on an analysis of the texts concerning agriculture and development stated in the Consolidated Version of the Treaty Establishing the European Community. Based on the theory about economic trade and development the analyses in section 6 found that both EU agricultural and development policies consist of a dualism of theoretical approach.

As far as the EU agricultural policy is concerned section 6 showed that the dualistic theoretical approach of this policy area concerns classic liberalism and protectionism. Classic liberalism was seen in the policy's notions of generating economic growth by exploiting production advantages and also in the acknowledgement that agriculture and national economies are closely linked and that agriculture thus is a main factor for economic growth and thereby national economic wealth. On the other hand the protectionist approaches were found in the policy's focus on price regulation, securing minimum prices for farming products, subsidisation that secures more export and less import and finally technical barriers that impose high standards on imported products and support EU farmers in terms of marketing and logistics.

Even though these two theoretical approaches at first look seem to be in direct conflict with each other, the analyses in section 6 showed that the EU agricultural policy is formed in a way that enables these two approaches to support one another. The classic liberal approaches of exploiting production advantages can only be realised by introducing protectionism that creates artificial production advantages. This way protectionism ensures that EU can profit from the classic liberal principles of production advantages.

The same dualism was found in the theoretical approaches to EU development policy. Here the two strings are Modernisation/neo-Liberalism and post-Imperialism/neo-Marxism. Even though Modernisation and neo-Liberalism cannot be considered to consist of the exact same principles there are some similarities that allow us to consider them as one side of the development spectre as opposed to post-Imperialism and neo-Marxism on the other, which also are considered sufficiently similar in order to categorise them as a common theoretical approach.

Modernisation and neo-Liberalist approaches were found in the EU development policy's statement about a smooth integration of the developing countries into the liberal world economy and in the policy's paragraphs about the spread of western values such as democracy, human rights and etc. In contrast to these approaches signs of post-Imperialism and neo-Marxism were pointed out by the policy's focus on sustainable development and the campaign against poverty. Unlike the case of the theoretical approaches applied in the agricultural policy, the approaches in development policy cannot be considered to support one another. Rather, the development approaches can be considered to represent opposite sites of the development theory spectre and thus have completely different focuses that in some cases are in direct conflict with each other. Furthermore, section 6 concluded that not only do contradictions exist within the two policies, but also between these. Classic liberal approaches of the agricultural policy collide with the post-Imperialist/neo-Marxist notions about capitalism and economic growth and the relation between capitalism and development. The protectionist approaches found in the agricultural policy contradict the Modernisation/neo-Liberal approaches on the aspects of a wish for liberal economic integration of the developing countries but without EU itself being part of the liberal economy due to protection of agriculture. In addition, the protectionist approach counteracts the post-Imperialist/neo-Marxist approach. This is seen in the contradiction between protection of EU markets and at the same time a wish for sustainable development and poverty reduction in the developing countries. This does not correspond since poverty can be seen as a result of EU protectionism. If EU markets are closed to the developing countries' farmers they need to turn to other productions that are less advantageous and thereby less competitive. This will inevitably result in poverty in the developing countries. Furthermore, EU protectionism also allows EU farmers to conquer markets in the developing countries and thereby out-compete local farmers. Thus a wish for generating sustainable development can seem ridiculous in the light of the fact

that EU offers no market for productions in the developing countries. Without a market for selling products, no production can become sustainable, nor can it reduce poverty.

10.2 Conclusion on reasons for EU policy contradictions

In section 7 different policy analysis approaches were applied in order to examine the reasons behind the policy contradictions found in section 6. The various policy analysis approaches allowed us to conclude on a range of different aspects that can explain the inconsistencies of the EU policies on agriculture and development.

The first conclusion of section 7 was that different policy natures cause different policy processes in different institutional settings. Section 7.1 concluded that the EU agricultural policy was of redistributive nature, meaning that the main purpose of the policy is to regulate markets, competition and welfare; whereas the EU development policy is of external economic nature. The analysis of section 7.1 also showed that agricultural policy as a redistributive policy is formed by an iron triangle consisting of the Council of Agriculture Ministers, the Commissioner and special committees on agriculture. These actors are the main decision-actors and they have more or less similar interest in protecting EU agriculture. On the other hand development policy is formed with the individual member states as the central policy-actors and not from a central EU hold.

In the light of these differences of institutional settings section 7.2 analysed the different policy orders that exist within the EU system. The analyses concluded that like different policy natures, different policy orders also cause different policy settings. Based on the institutional setting of the agricultural policy, which is formed by a supranational EU policy organ that focuses on a broad EU consensus agricultural policy can be considered to be of first policy order. This means that agriculture has high priority and that EU policies and legislation on this area reside over national policies. Development policy, however, is considered to be of second policy order since the policy making process is based on intergovernmentalism, giving the individual member states the role as central policy making actor. In terms of priority, development policy has low priority in EU, due to the fact that member states wish to maintain national autonomy on issues relating to foreign matters here among development policy.

The reasons behind these differences in policy orders were analysed in section 7.3. Here we found that the main reason for EU agricultural policy to be of first policy order was based on a

historic importance of political integration in EU. At the time of the establishment of EU, farmers were considered an important factor for the future political integration of EU. Farming was an important industry in a socio-economic sense and therefore EU focused on creating a strong coherent agricultural policy that farmers would support and thereby also support the political integration of EU; meaning the transfer of political power from the member states to EU. Thus one of the main reasons for agriculture to be of first policy order is the farmers' historic status in Europe and the mutual beneficial arrangement between EU and the farmers. EU provided a policy that maintained the economic and political status of the farmers and in return the farmers secured political support for EU. Since there have been no similar arrangements between EU and development stakeholders, development policy has not gained the same importance in the political integration in EU and therefore remains a second order policy. Furthermore, the different policy orders also result in different policy instruments for achieving the policies. Where agricultural policy instruments can literally be described as all means possible, EU does not define development policy instruments. The same goes for the general aims and values behind the two policies: in the case of agricultural policy these are clearly defined in the treaty, whereas those of development policy are more vaguely defined. These differences in priority between the two policies can be considered to be some of the main reasons for policy contradictions. The actual policy processes also point to some crucial differences that in the end result in policy contradictions.

Section 7.4 directed focus to the political processes of the European Union and to the actors that influence the processes of initiating, negotiating and deciding on the political areas of agriculture and development. At the supranational level the processes concerning agriculture policy are overall influenced by the Commission, but also the Council wields its power on this area. Farming interests at the national levels are channelled through the national governments and their role in the Council of Agriculture Ministers or in the Council, and seen in relation to the fact that national political interests follow the same pattern supports the notion of agricultural policy processes as a mainly supranational matter.

In sum it can be said of the political processes concerning agriculture that it is a matter of power balance between EU institutions and the farming lobby. In spite of attempts to minimise the chances of the farming industry to secure their interests through influence of the political proc-

esses, representatives of the farming interests are still secured an almost traditional access to the formal political sphere in form of the consultative role they enjoy in both the Commission and the Council. For the interest actors in agricultural policy, the Dominant Economic Class perspective is the reigning because of the strongly organised pan-European farming lobby representing actors that are interested in maintaining status quo of agricultural support.

Regarding the area of interest actors in development policy the pluralist perspective supports the mixed picture of actors that wield influence on the policy process. The development interests mainly seek influence at the national level and the fact that the actors are likely to have different goals for development projects further contributes to the multifaceted impression of this area.

Overall it can be said that the different policy processes, interests and priorities cause a contradicting effect between the agricultural and the development policy areas.

10.3 Conclusion on theoretical consequences of EU policy contradictions

In section 8 the theoretical consequences of the EU policy contradictions were analysed with a focus on the impact these have on the developing countries. The analyses in section 8 were based on the theoretical classifications of EU agricultural and development policies made in section 6.

The analyses of the consequences of EU agricultural policy showed that the protectionist measures of the policy eliminate the free market mechanisms by means of conquering the agricultural markets in the developing countries and at the same time protecting EU's own agricultural market from cheap foreign products. Thereby EU eliminates the developing countries' possibilities to compete against EU farmers. This enforces the developing countries to change means of productions to even less competitive areas. The fact that the developing countries are forced to give up productions where they actually have a chance of possessing production advantages results in a situation where the developing countries become more and more dependent on EU as a food supplier but also economically dependent on development aid due to lack of competitive productions. This dependency leads to a scenario of unemployment and poverty, which again leads to

heavy emigration. Since the successful EU farmers are the reason that farmers in developing countries are out competed many will immigrate to EU in order to set down as farmers here.

In terms of EU development policy the Modernisation and neo-Liberal approach generates development in the higher social levels among capital actors, landowners and owners of production means. Since these are often rich locals or foreign investors, the capital generated from this development will be transferred out of the developing countries and into the developed world, leaving the developing countries with no means for development. Furthermore the neo-Liberal notions of open economies and free trade will destroy the fragile economies in the developing world since these would become subjects to international competition from stronger economies in the developed world. This will generate more dependency for the developing countries, since capital investments in development would need to come from the capital actors in the developed countries.

At the other end of the development theory spectre post-Imperialism and neo-Marxism can be considered to provide the developing countries with a minimum of standard of living. Employment and capital flow can be generated on a micro economic level. On this level sustainable development in form of small productions can generate development that can reduce poverty. Nevertheless the scale of this development is only on a micro level and thus cannot affect the general development situation of the developing countries. The fact that development on a macro economic level generated by the Modernisation and neo-Liberal approach results in capital drain out of the developing countries can be considered to neutralise the positive effects of the development progress on the micro economic level. The contradictions lie within the inconsistencies between protectionism on the one side and sustainable development on the other. Agricultural productions that reach a macro economic level cannot be sustainable due to the competition of EU and the closed EU agricultural market.

In addition the contradictions between a wish for a liberal economic integration of the developing countries into the world economy and EU's protectionist agricultural policy have consequences for the developing countries. If the developing countries were able to enter a free competition concerning agriculture, the chances of a smooth economic integration into the world economy would be significant higher. However, since EU applies protectionism on the agricul-

tural market, the developing countries cannot compete, and will therefore only suffer from being integrated in the liberal world economy.

In conclusion the consequences for the developing countries are that EU through its agricultural policy and lack of coherent development strategy is undermining the means of existence for the developing countries and thereby creates more dependency. This vicious circle of no means of production combined with unemployment, poverty and general underdevelopment results in emigration from the developing countries and pressure on the EU borders.

10.4 Conclusion on empirical consequences of EU policy contradictions

In order to shed light on the practical consequences of EU policies on the developing countries section 9 presented an analysis of three cases with different structures and donor organisations. The cases serve a purpose to illustrate the impacts of different types of development actions derived from within the overall EU development frame.

Based on the case of the EU initiated and executed development project PROLINO for dairy farmers in the Dominican Republic, it is illustrated how the development programme reach the objectives of improving living standards and facilitating sustainable basis for living for the farmers involved. It also shows how the superior political status of one political area causes problems in another. The fact that the agricultural policy area is attained higher political and economical status within EU leads to a clash of policy results in non-EU countries.

The second case introduced the situation of a South African producer of sugar cane. In spite of an effective and viable sugar production the sugar industry is under heavy competition from sugar exported from EU with substantial economic support. The subsidised exports cause distortion of the comparative advantages that the South African farmers posses.

The third case introduced the MEDA programme which covers several countries on the Mediterranean South coast and in the Middle East. The overall frame of the programme is set by the EU

Development DG but is carried out in corporation with a range of national as well as non-governmental development organisations.

Even though development actions fall under the overall frame of EU external policy legislation, the majority of projects are coordinated by actors at intergovernmental, national, and sub-national levels. Further, there is none or only poor coordination between donor countries, organisations and the EU development authorities, and this leads to counteracting, and in the worst case ineffective projects. The multiplicity of project coordinators further blurs the picture of objectives for development projects. National actors show greater interest in projects in countries that are historically connected to the donor country, and it is furthermore seen that project coordinators choose projects with objectives that are mutual beneficial to the donor as well as to the receiving parts.

In sum, this thesis concludes that policy contradictions exist between and within EU policies on agriculture and development in terms of counteracting theoretical views in the two policy areas. The contradictions in policies derive from differences in policy processes existing in EU agricultural and development policies. Inconsistencies between the two policy areas obstruct the long term successful results of the development policy. In addition inconsistencies within the EU development policy reinforce the lack of success of the EU development policy.

In terms of the developing countries this means that generating development for the poorest people in the world becomes less than a second priority to EU. In EU policy the developing countries are neglected to a such extent that EU in principle could be held responsible for contributing to the unchanged situation in the developing world. EU does not live up to its defined responsibilities as an international political and economic power when it keeps the development countries in a vicious circle of no major economic development and only provides a minimum of living standard through humanitarian aid and more or less failing development programmes. The fact that EU policy processes allow the interest of a few thousand European farmers to be prioritised over the survival of millions of people in the developing countries points to a lack of international responsibility of EU. As a result the developing countries are left in a situation from where there seems no way out unless EU policy processes are revised.

11. Perspective

Since the enlargement of EU from 15 to 25 member states EU has been in a transition phase where different institutional structures and setting are being revised and negotiated. One of the issues that are of high priority is the restructuring of the EU agricultural policy and especially the agricultural subsidisation. With the enlargement of the 10 new member states EU's agricultural farming area was increased with 45%, however, the respective increase in GDP was only 4% due to low productivity and lack of technology in the new member states.³³⁴ Therefore the enlargement has set the EU agricultural policy under pressure, since the budget cannot uphold the same level of support to the new member states. Thus the enlargement calls for a revision of the agricultural policy in order to ensure that EU does not become a two-level organisation with A and B members.

Also the Constitutional Treaty of EU in its original form opens up for drastic changes of EU. At this moment, EU is in vacuum regarding the implementation of the Treaty. Since France and the Netherlands rejected the Treaty, EU is considering whether to revise the Treaty or to continue the implementation process of its present form. If the Treaty is ratified in its present form it entails a revision of the decision processes by introducing the co-decision procedure as the applied procedure in matters regarding the common agricultural market organisation.³³⁵ This means that the EU Parliament will gain more influence on the agricultural policy and thereby possibly be able to break the iron triangle and the traditional status quo of the agricultural policy. However, the Council still remains the sole decision maker on issues relating to price levels, taxes, subsidisation and quantitative restrictions.³³⁶

Another aspect of the Constitutional Treaty that might be able to change policy processes is the suggestion of a common EU foreign secretary. The Constitutional Treaty prescribes that a common EU foreign secretary should replace the functions of the present commissioner on foreign matters and the special EU foreign policy coordinator.³³⁷ The EU foreign secretary would be responsible for forming and executing the EU foreign policy and thereby secure more coherence

³³⁴ www.europarl.europa.eu

³³⁵ König & Bräuninger: 2004

³³⁶ Ibid

³³⁷ Folketingets EU-Oplysning: 2004

on foreign policy matters here among also development policy.³³⁸ This might lead to a more consistent EU development policy that could benefit the developing countries.

A third aspect that could change the situation for the developing countries is the UN Millennium Development Goals. In the year 2000 the worlds' leaders, including the leaders of the EU member states, committed to the UN Millennium Development Goals by signing the Millennium Declaration at the UN Millennium Conference. The eight goals were defined to provide the developing countries around the world a framework for development and sustainability, and they are targeted to be fulfilled by 2015.³³⁹ The EU is considered to play a leading role in securing a successful outcome of the UN development policies. EU has committed to a closer cooperation with the UN in the development area in order to support the implementation of the goals.

Today, almost half-way through the 15 years, some progress has been made but there is still a long way to go before the commitments will be met and the promises to current and future generations in the developing countries can be fulfilled.³⁴⁰ If the progress continues at the present speed the goals will not be reached until the year 2117,³⁴¹ and according to the Secretary-General of UN it is necessary to more than double the level of global development assistance over the next few years if the goals should be reached within the time frame.³⁴² Therefore in order to reach these goals EU would need to refocus on the consequences of its policies which might necessitate a revision of EU policy processes.

³³⁸ Ibid

³³⁹ Millennium Project: 2005

³⁴⁰ United Nations: 2006

³⁴¹ www.2015.dk

³⁴² <http://www.un.org/millenniumgoals/index.html>

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<http://www.copa-cogeca.be/en>

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Official Danish info site about the UN Millennium Development Goals

www.2015.dk

UN Secretary General's site about the UN Millennium Development Goals

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13. Annex

Excerpts on agriculture and development from the Consolidated Version of the Treaty Establishing the European Union.³⁴³

13.1 Title II of the Consolidated Version of the Treaty Establishing the European Community

TITLE II AGRICULTURE

Article 32

1. The common market shall extend to agriculture and trade in agricultural products. ‘Agricultural products’ means the products of the soil, of stockfarming and of fisheries and products of first-stage processing directly related to these products.
2. Save as otherwise provided in Articles 33 to 38, the rules laid down for the establishment of the common market shall apply to agricultural products.
3. The products subject to the provisions of Articles 33 to 38 are listed in Annex I to this Treaty.
4. The operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy.

Article 33

1. The objectives of the common agricultural policy shall be:

³⁴³ A complete version of the treaty can be found at www.eu-oplysningen.dk

(a) to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;

(b) thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;

(c) to stabilise markets;

(d) to assure the availability of supplies;

(e) to ensure that supplies reach consumers at reasonable prices.

2. In working out the common agricultural policy and the special methods for its application, account shall be taken of:

(a) the particular nature of agricultural activity, which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions;

(b) the need to effect the appropriate adjustments by degrees;

(c) the fact that in the Member States agriculture constitutes a sector closely linked with the economy as a whole.

Article 34

1. In order to attain the objectives set out in Article 33, a common organisation of agricultural markets shall be established. This organisation shall take one of the following forms, depending on the product concerned:

(a) common rules on competition;

(b) compulsory coordination of the various national market organisations;

(c) a European market organisation.

2. The common organisation established in accordance with paragraph 1 may include all measures required to attain the objectives set out in Article 33, in particular regulation of prices, aids for the production and marketing of the various products, storage and carryover arrangements and common machinery for stabilising imports or exports. The common organisation shall be limited to pursuit of the objectives set out in Article 33 and shall exclude any discrimination between producers or consumers within the Community. Any common price policy shall be based on common criteria and uniform methods of calculation.

3. In order to enable the common organisation referred to in paragraph 1 to attain its objectives, one or more agricultural guidance and guarantee funds may be set up.

Article 35

To enable the objectives set out in Article 33 to be attained, provision may be made within the framework of the common agricultural policy for measures such as:

(a) an effective coordination of efforts in the spheres of vocational training, of research and of the dissemination of agricultural knowledge; this may include joint financing of projects or institutions;

(b) joint measures to promote consumption of certain products.

Article 36

The provisions of the chapter relating to rules on competition shall apply to production of and trade in agricultural products only to the extent determined by the Council within the framework of Article 37(2) and (3) and in accordance with the procedure laid down therein, account being taken of the objectives set out in Article 33. The Council may, in particular, authorise the granting of aid:

(a) for the protection of enterprises handicapped by structural or natural conditions;

(b) within the framework of economic development programmes.

Article 37

1. In order to evolve the broad lines of a common agricultural policy, the Commission shall, immediately this Treaty enters into force, convene a conference of the Member States with a view to making a comparison of their agricultural policies, in particular by producing a statement of their resources and needs.

2. Having taken into account the work of the Conference provided for in paragraph 1, after consulting the Economic and Social Committee and within two years of the entry into force of this Treaty, the Commission shall submit proposals for working out and implementing the common agricultural policy, including the replacement of the national organisations by one of the forms of common organisation provided for in Article 34(1), and for implementing the measures specified in this title. These proposals shall take account of the interdependence of the agricultural matters mentioned in this title. The Council shall, on a proposal from the Commission and after consulting the European Parliament, acting by a qualified majority, make regulations, issue directives, or take decisions, without prejudice to any recommendations it may also make.

3. The Council may, acting by a qualified majority and in accordance with paragraph 2, replace the national market organisations by the common organisation provided for in Article 34(1) if:

(a) the common organisation offers Member States which are opposed to this measure and which have an organisation of their own for the production in question equivalent safeguards for the employment and standard of living of the producers concerned, account being taken of the adjustments that will be possible and the specialisation that will be needed with the passage of time;

(b) such an organisation ensures conditions for trade within the Community similar to those existing in a national market.

4. If a common organisation for certain raw materials is established before a common organisation exists for the corresponding processed products, such raw materials as are used for processed products intended for export to third countries may be imported from outside the Community.

Article 38

Where in a Member State a product is subject to a national market organisation or to internal rules having equivalent effect which affect the competitive position of similar production in another Member State, a countervailing charge shall be applied by Member States to imports of this product coming from the Member State where such organisation or rules exist, unless that State applies a countervailing charge on export. The Commission shall fix the amount of these charges at the level required to redress the balance; it may also authorise other measures, the conditions and details of which it shall determine.

13.2 Title XX of the Consolidated Version of the Treaty Establishing the European Community

TITLE XX DEVELOPMENT COOPERATION

Article 177

1. Community policy in the sphere of development cooperation, which shall be complementary to the policies pursued by the Member States, shall foster:

- the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them,
- the smooth and gradual integration of the developing countries into the world economy,
- the campaign against poverty in the developing countries.

2. Community policy in this area shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms.

3. The Community and the Member States shall comply with the commitments and take account of the objectives they have approved in the context of the United Nations and other competent international organisations.

Article 178

The Community shall take account of the objectives referred to in Article 177 in the policies that it implements which are likely to affect developing countries.

Article 179

1. Without prejudice to the other provisions of this Treaty, the Council, acting in accordance with the procedure referred to in Article 251, shall adopt the measures necessary to further the objectives referred to in Article 177. Such measures may take the form of multiannual programmes.

2. The European Investment Bank shall contribute, under the terms laid down in its Statute, to the implementation of the measures referred to in paragraph 1.

3. The provisions of this Article shall not affect cooperation with the African, Caribbean and Pacific countries in the framework of the ACP-EC Convention.

Article 180

1. The Community and the Member States shall coordinate their policies on development cooperation and shall consult each other on their aid programmes, including in international organisations and during international conferences. They may undertake joint action. Member States shall contribute if necessary to the implementation of Community aid programmes.

2. The Commission may take any useful initiative to promote the coordination referred to in paragraph 1.

Article 181

Within their respective spheres of competence, the Community and the Member States shall cooperate with third countries and with the competent international organisations. The arrangements for Community cooperation may be the subject of agreements between the Community and the third parties concerned, which shall be negotiated and concluded in accordance with Article 300. The previous paragraph shall be without prejudice to Member States' competence to negotiate in international bodies and to conclude international agreements.