

**French and American Agricultural Policymaking:
Domestic Preferences, International Imperatives**

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Comprehensive Exercise in Political Science

March 10, 2006

Since the Second World War, the agricultural subsidies of many advanced industrialized economies have presented a paradox of political economy. Abundant in capital relative to land and labor, these nations do not enjoy comparative advantages in agriculture. The perpetuation of agriculture through devices such as export subsidies, import quotas, and income supports conflict with Pareto-optimal trade policy. What explains this outcome? Traditionally, agriculture has overcome the problem of collective action described by Stolper-Samuelson and Ronald Rogowski. Agriculture penetrates representative governments to win protection from more efficient foreign rivals. However, the Uruguay Round of World Trade Organization (WTO) negotiation initiated the gradual erosion of many mechanisms of producer protection. The much-publicized stalemates of the Doha round of international trade negotiation belie substantive liberalization within even the most entrenched systems of agricultural protection since Uruguay. What explains recent deviation from past policies? After all, the domestic trade coalitions of sectors hurt by free trade, able to overcome the problem of collective action, should trump the dispersed aggregate interests of consumers in the sphere of national politics. In fact, despite substantive liberalization, which I will explore in detail, the incentives of these coalitions remain unchanged. I will argue that international negotiation within the WTO explains the liberalization of agricultural markets.

Absent the concessions required to bring about successful international trade negotiation, developed nations simply have no reason to cross politically powerful agriculture. I will demonstrate this point through an exploration of agricultural support policy before the context of the URAA. Though domestic political considerations shape participant nations' positions at the WTO, international pressure proves necessary to the enactment of liberal policy outcomes. Evidence of the force of the international level lies with the agricultural complaints lodged with

the WTO. The success of complaints, many against powerhouses such as the U.S. and EU, indicates the importance of this relatively new constraint.

To determine the roles of international and domestic politics and to attribute causal force to this international level, it is necessary to disentangle these two arenas of policymaking. Robert D. Putnam provides a useful framework with which to approach this puzzle. Essentially, the representation of agricultural interests in international trade negotiation signifies a game with two, often-interrelated levels. Policy “reverberation” occurs between international and domestic arenas. Putnam’s model enables a clear exploration of the incentives and motivations at both the international and domestic levels of policymaking. With this approach, it is possible to explore what enables the retrenchment of agricultural support mechanisms. By separating the influences of actors within each stage of policymaking, I will test the extent to which international negotiation and ex post coercion explain recent liberalization. The models of French and American agricultural policymaking on the following two pages illustrate this research model.

Research Design

I approach this puzzle seeking to understand the relationship between the international level of policymaking, my independent variable, and incremental policy change, my dependent variable. To what extent have international considerations within the context of the WTO altered the status of agricultural coalitions in domestic politics? Policy change or “convergence” signifies the removal of state-imposed barriers to international trade, such as subsidies, tariffs, and price supports. It can also include evolution to relatively benign mechanisms of protection— from quotas to more transparent tariffs, for example. The rate of increase of agricultural

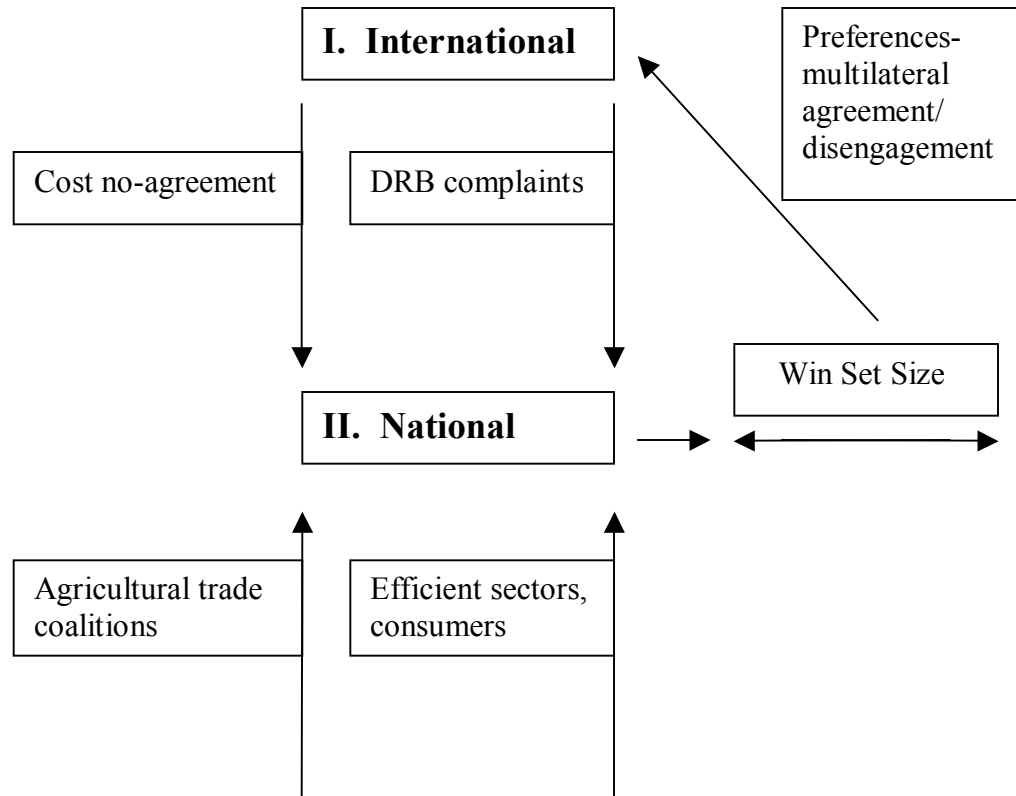
commodity imports, controlling for GDP growth, provides an effective quantitative indicator of liberalization.

The explanatory variable, the international level, as indicated by relevant literature, proves difficult to define concretely. To conceptualize this force, I look to the size of nations' win sets. A win set charts the benefits of multilateral agreement and costs of multilateral non-cooperation; it indicates the propensity of politicians to agree to agricultural concessions. I employ a two-pronged approach to measure the latitude these win sets afford policymakers. First, I look to the cost of no-agreement at the international level of trade negotiation- the free trade opportunities a given state must forego to retain agricultural protectionism. The greater the cost of no-agreement, the larger the win set of a given state. Large win sets allow states to move beyond entrenched agricultural interests at home.

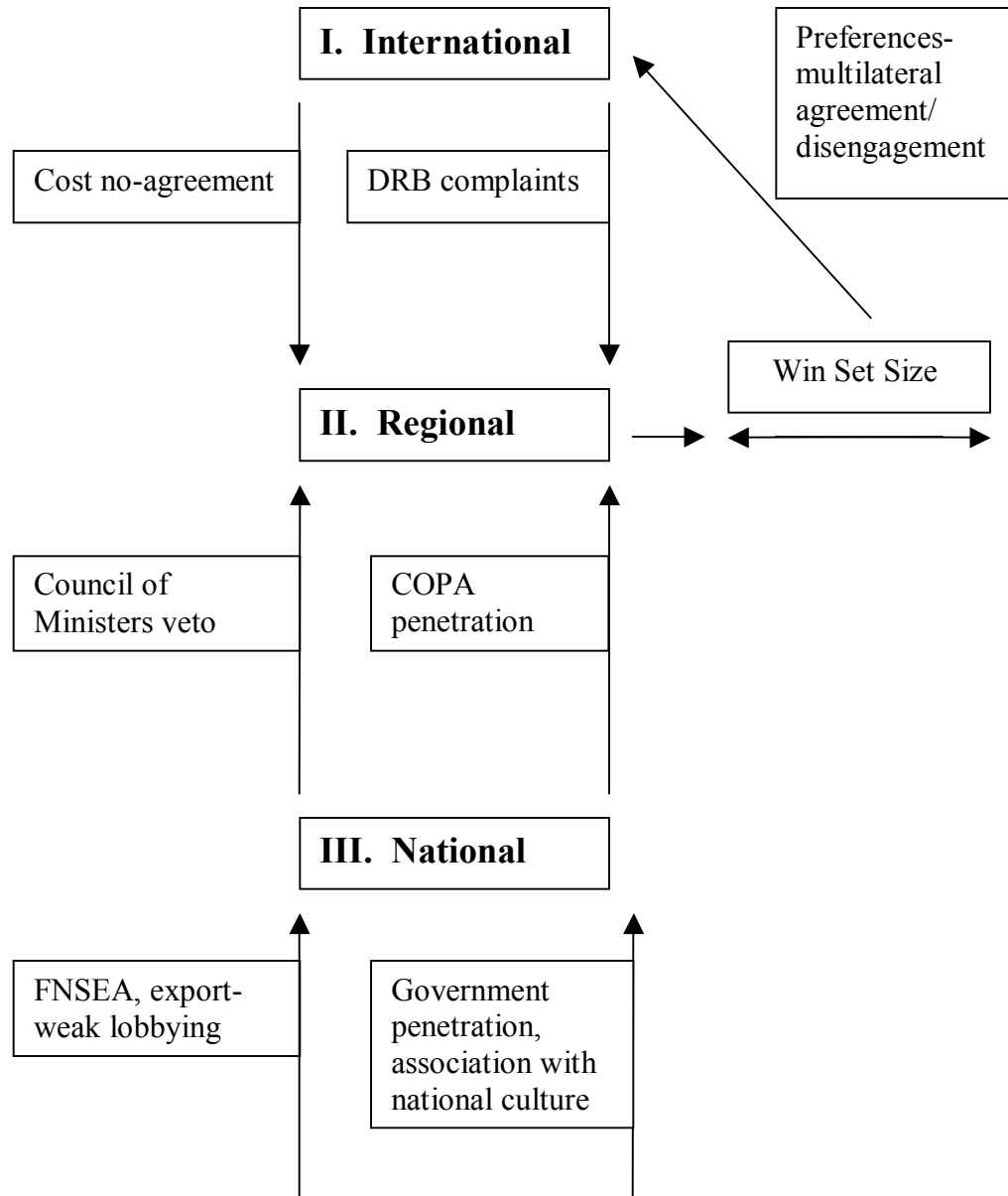
Second, ex post complaints before the Dispute Resolution Board (DRB) reveal the cost of violating international agreement. The increasing number of disputes since the formation of the WTO in 1995, often against the powerful industrialized nations, underscores an additional pressure from the international level of policymaking. Since the initiation of the WTO and the URAA, these forces have compelled the adoption of norms and rules that do not align with the redistributive mechanisms of WTO members. I seek to determine the explanatory power of this variable relative to two other contenders: domestic and regional level policymaking. Domestic-level politics would signify the unilateral adoption of policies that liberalize beyond the standards of the regional and international levels. Regional-level policymaking encompasses policy that retrenches agricultural support mechanisms beyond international and domestic standards.

To test this hypothesis, I compare French adherence to the European Union's (EU) Common Agricultural Policy (CAP) and the United States' agricultural support system. Both states have traditionally sheltered farm interests fearful of free trade and open agricultural markets. Political scientists traditionally characterize the U.S. as a "weak" state, more susceptible to pressure from interest groups than the "strong" French state. Interestingly, while the U.S. has itself advocated substantial reforms, France offers some of the fiercest resistance to retrenchment in the E.U. and, by extension, the WTO. Further, both states represent economic powers; successful multilateral economic governance hinges upon their cooperation. While structural differences exist between the two regimes of agricultural protectionism, owing to these similarities, this study controls for domestic politics, preexisting policy legacy, and clout within the international trade regime. The following two diagrams illustrate these research models.

Trade policymaking as two-level game: U.S.



Trade policymaking as three-level game: France



Domestic Contexts

Abundant literature exists analyzing trade policy outcomes, most of which derive explanations from the domestic level. To begin with, seminal articles in political economy explore the power and expected outcomes of the domestic level of this game. Barring the threat of WTO failure in trade negotiation, one would expect these coalitions to continue to shape policy outcomes in France and the U.S. Using Stolper-Samuelson's "mobile" factors of production approach, Ronald Rogowski analyzes the domestic political alliances created by exposure to international trade (Rogowski, 1990: 323). The potential to empower abundant factors of production combines with the potential to weaken scarce factors of production; agriculture would signify a scarce factor of production in France and the U.S. As it creates an incentive for divergent policy preferences with regard to international trade, abundant factors desiring free trade and scarce factors desiring protection, trade policy introduces political coalitions and domestic cleavages.

Extending Rogowski's analysis of the incentives of domestic actors, "The Political Economy of Trading States," James E. Alt and Michael Gilligan explores how "weak" sectors conquer the collective action dilemma to restrict free trade. How do interest groups successfully lobby for policies that benefit few and cost many? Excludability and organizational cost resolve this puzzle. With smaller groups come lower transaction costs and more significant impact per person. Combined with the uncertainty of political outcome, these factors provide a powerful impetus for individuals within small groups to contribute (Alt and Gilligan, 1994: 329). Since the benefits of protectionism are excludable, accruing only to the agricultural sector, the classic problem of free-riding is minimized. Higher stakes relative to larger groups informs the success of agriculture and stubbornness of protectionism in France and the U.S. Given the theoretical

frameworks of Gilligan and Alt and Rogowski, one would expect the domestic-level of policymaking to prefer protectionist outcomes.

Assuming the preeminence of the domestic coalitions described by Alt and Gilligan and Rogowski, Helen Milner explains U.S. and French trade policy during the 1970s using this domestic framework. The prevalence of comparatively liberal trade policy during this period, Milner reasons, stems from the preferences of increasingly internationally-oriented firms. She adopts an implicitly unilateral conception of trade policy in which the effective domestic coalitions envisioned by Gilligan and Alt determine policy. The state functions as the essential variable in this game. Whereas “strong” states such as France, displaying unitary policymaking structures and coherent policy overcome these interests, relatively “weak” America tailors trade policy to these interests (Milner, 1987: 653). While this approach treats national preferences in trade negotiation, it fails to satisfactorily account for outcomes in disaccord with these domestic goals.

Enter the International Level

These explanations of trade policy tell only part of the story. After all, why would states liberalize if it violated their domestic political self-interest? Robert D. Putnam, in his analysis of the interplay between domestic and international levels of policymaking, notes the inherent limitations of models derived only from domestic politics. He models negotiation and subsequent policymaking using a two-level game; the first level consists of domestic interests and the second the international coordination political leaders. According to Putnam, leaders liberalize to the extent that their win sets allow. Leaders maximize the interests of their selectorate at the international level and achieve international cooperation. The greater the cost of “no agreement,” both at the international and domestic levels, the greater the win set size

(Putnam, 1988: 434). This delineation of the national and international stages of policymaking, and the subsequent equilibrium that they establish, is essential. Clearly placing the national imperatives of France (represented by the EU) and the U.S. within the context of international negotiation allows us to distinguish the extent and cause of agricultural policy liberalization. However, despite French weight within the Council of Ministers, CAP decision-making is supranational. Domestic-level interests indirectly through regional farm lobbies such as COPA. Consequently, Putnam's two-level game cannot account for the obvious importance of regionalism in the formulation of CAP policy. Similar to the analysis of Lee Ann Peterson's, Putnam perceives the international level to be secondary to domestic politics in this policymaking game.

Peterson applies Putnam's framework to agricultural policymaking in France and the U.S. To provide an appropriate comparative model, she places a regional level, represented by the EU's CAP, between the international and the domestic levels of Putnam's hypothesis in the French case (Peterson, 1997: 141). She explains policy changes such as the 1992 MacSharry structural reforms to the CAP, as the extent to which national and regional-level politicians are willing to trade the satisfaction of powerful lobbies for the benefits of free trade (150). The comprehensiveness of her synergistic approach to national, regional, and international policymaking is persuasive. However, she perceives regional and domestic win sets to represent the obstacles or catalysts of liberalization; national or regional representatives negotiate based upon the domestic or regional cost of failing to achieve multilateral settlement (160). She does not consider that global economic governance itself can influence domestic or regional political imperatives. While domestic-level politics cannot be discounted, the international trade regime as a causal force must also be considered. Impetus from the international level, in the form of

potential loss from trade negotiation failure and the threat of complaints before the WTO, prove necessary for free trade to trump the interests of agriculture in national policy.

Employing this three-level game framework, Jonathan Keeler analyzes the role of ingrained protectionist interests in EU and GATT decision-making. Notably, he focuses upon “reverberation” between the national and EU levels of policymaking. Within the framework of the EU, farm lobby advocacy appeals to both national-level politics and regional-level policymaking (Keeler, 1996: 127). Despite the supranational nature of the CAP, Keeler points to the preeminence of the French and European farm lobbies. Despite its inherent inefficiency and detriment to consumers, subsidization continues due to pressure exerted upon the French government and, by extension, the EU. Essentially, using its vote in the Council of Ministers, France can block substantial retrenchment of the CAP.

Additionally, Keeler notes the phenomenon of EU-level advocacy through the COPA agricultural lobby (Keeler: 1996, 134). Disproportionate farmer representation is complemented by the path dependency of protectionism and the capacity of interested governments to obstruct CAP reform. Importantly, Keeler attributes “minimal” CAP reform to regionalism; with the accession of relatively poor, agriculture-dependent Eastern European nations, the sustainability of CAP depends upon its reform (Keeler, 1996: 143). As I will explain later, this regional-level reform, in both cases, proves less significant than global economic governance. It can even serve to further entrench the CAP as the EU expands eastward (Daugberg and Swinbank, 2004: 99). This analysis locates the determinants of policymaking win sets at the national level; capacity for liberalization derives from the flexibility of domestic actors, not the international impetuses of negotiation and dispute resolution.

The Cases: American Protectionism

To understand the changing paradigm of agricultural policymaking, it is first necessary to understand the modern contexts of French and American agricultural support programs. In both cases, “weak” agricultural coalitions traditionally shaped agricultural trade policy. America’s post-Depression use of export subsidies, domestic support, and market restrictions owes largely to the pluralist penetration of its policymaking. The foundation of American subsidization of agricultural interests is rooted in the Keynesian interventionism of the FDR Administration during the Great Depression. Against this motif of demand stimulus and government intervention, politicians argued that agricultural commodity markets yield low rates of return and are exposed to market fluctuation (Sumner, 1995: 3). The insurance of domestic food supply and farmer livelihood justified agricultural compensation.

American intervention in its agricultural market consists largely of export subsidy programs such as the Export Enhancement Program (EEP) and sectoral support mechanisms such as the Dairy Export Incentive Program and Cottonseed Oil Program (3). The EEP lowers the price of American agricultural products on the international market relative to foreign competitors, rendering agricultural exports relatively cheaper and more competitive. These non-tariff barriers, consequently, afford American farmers a relative international advantage and an incentive to produce more than under market equilibrium.

Additionally, the American government has traditionally mitigated the effects of international trade on its farmers through commodity-specific quotas. Quotas, another type of non-tariff barrier to trade, lessen domestic exposure to international goods by limiting their flow into the country, thereby increasing their prices. The restrictions placed upon the U.S. agricultural market, codified by the Agricultural Adjustment Act of 1933 and the Meat Import

Law provide indirect, non-transparent support to farmers (Sumner, 1995: 4). The price of foreign agricultural imports is artificially higher than the products of domestic producers. The U.S. also supports agricultural interests through market promotion, underwriting international trade shows and advertising. The US vastly increased funding of this Targeted Export Assistance Program (TEAP) to \$200 million per year as part of a 1985 farm bill (Sumner, 1995: 105). These factors bolster the disproportionate strength of America's farm lobby. Despite the net economic losses incurred by agricultural subsidies, the farm lobby has historically proven adept at blocking any national-level retrenchment. The cost of these programs to American consumers and industries that use agricultural commodities is hidden by their indirect nature. The sectoral basis and incoherence of these statutes makes advocacy for reform and subsequent policy change relatively difficult.

France and the CAP

While French and American systems of government and representation differ significantly, they share useful similarities. Like the American example, France contends with a disproportionately influential farm lobby and a pluralist government whose policymaking, at the national and EU levels appears susceptible to its advocacy. The agricultural sector employs only 3% of the French workforce, yet France's farm lobby, the FNSEA, represents the third largest professional advocacy group in France (Keeler, 1996: 127). The supranational CAP, extending to all EU members, with the exception of the ten CEEC nations, signifies the fundamental difference between French and American agricultural policymaking. France has represented one voice within a growing body since the inception of the CAP at the Treaty of Rome in 1957.

French interests have proven adept at blocking and stalling meaningful policy reform of the CAP. At Putnam's national level of policymaking, the French government closely associates

farmer welfare with national self-interest. This is evidenced by the integration of France's farm lobby, the FNSEA, and the French Ministry of Agriculture (Keeler, 1996: 40). Nationalist rhetoric is labeled both a smokescreen for the service of the agriculture sector and a manifestation of France's desire to preserve its farm cultural (Nostalgie de la boue, 2004). At the national level, French interests clearly align with protectionism.

This paradigm of national policymaking asserts itself where CAP policymaking actually occurs: the regional, EU-level. France can block proposed CAP reform through its vote on the Council of Ministers (Messerlin, 1996: 303). Even the European Commission, enjoying a degree of autonomy from member states, does not independently introduce policy. Effective lobbying by the supranational COPA farm lobby and the threat of French veto limit its ability to put forward an agenda of agricultural policy liberalization. The anemic nature of EU-initiated reforms of the 1980s, such as the 1988 Stabilizers Package, evince the influence of these constraints. For these reasons, the CAP has provided for the massive subsidization of French farmers in the form of price support mechanisms (Swinbank and Tanner, 2001: 199). Much like the former import quotas of the US, price supports indirectly passed the costs of redistribution onto the French and EU consumer. Because the CAP tied subsidization to production, it created the incentive to produce more than in normal market equilibrium. To appease concentrated agricultural interests, the EU has permitted tremendous market distortion, funneling a staggering 46 percent of its annual budget into the CAP.

Recent Changes: The WTO and the Uruguay Round

Over the course of the last twenty years, something has changed. The language of accords such as the URAA and the new legal framework of the WTO's dispute resolution mechanism underlie changes in international and regional of policymaking. Broadly speaking,

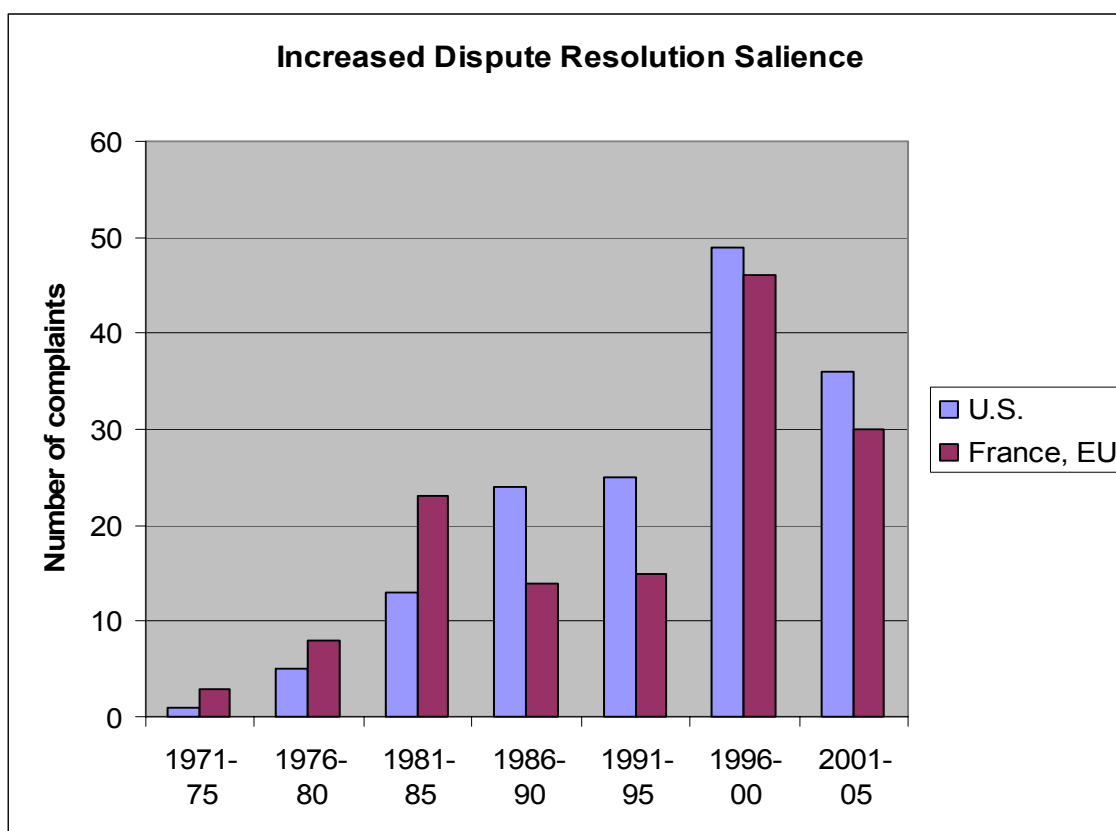
negotiation dealt with reductions of domestic support and export subsidies, thereby increasing market access (URAA Briefing Room, 2005). As members of the OECD and WTO, the agenda setting role of these negotiations is implicit.

In both cases, the international trade regime drives agricultural liberalization, expanding French and American win sets, or incentives to trade protectionism for the benefits of free trade. Although the WTO is not a supranational authority with the ability to enforce its law upon member-states, its agenda setting capacity shapes the environment of state policymaking. Liberalization owes directly to international negotiation and subsequent pressure within the framework of the WTO. It also encompasses bilateral, extra-regional pressure, as evidenced by negotiation between the EU and the US from the early 1990s to the present.

Members of the WTO, such as the U.S., made clear to the EU that the benefits of free trade negotiation in other sectors, such as intellectual property rights, hinged upon EU concessions regarding the CAP. Owing to this international pressure, the U.S. and EU embarked upon the process of switching from sector-based quotas to transparent quotas (tariffication) and decoupling agricultural compensation from production levels and the reform of commodity-specific EU and U.S. price supports. The international trade regime rendered the cost of multilateral failure greater than the political benefits of appeasing the farm lobby.

Reflecting the coercive nature of the international Level I of Putnam's game, nations can now bring complaints against one another using the WTO's DRB. In contrast to the relatively informal pre-WTO system of dispute resolution, this provides significant recourse to countries wronged in international trade and an incentive for violators to align themselves with WTO policy. A sharp increase in disputes before the WTO since the 1995 inception of this mechanism testifies to its importance. The number of agricultural complaints filed against France and the

EU increased from a pre-WTO level of two per year to more than three per year since the formation of the DRB in 1995. International trade complaints against the U.S. have risen more dramatically, from 0.75 per year to well over two since the formation of the WTO (WTO Dispute Resolution dataset). Since this increase in complaints has occurred amidst aforementioned liberalization, it demonstrates the increased efficacy of the dispute resolution rather than evidence of the expansion of protectionism. The threat of complaints and subsequent WTO-mandated countervailing measures increases the ability of French and American politicians to liberalize policy. Pre-committed to WTO trade guidelines, they can more easily ignore the concerns of domestic agricultural interests (Brown, 2001: 21).



In addition, the Cairns Group of export-competitive agricultural producers, such as Australia and Brazil, helped put subsidy reform on the agenda for the Uruguay Round. They continue to utilize “soft power,” strategically distributing information and accessing the media,

to draw attention to the inherent inefficiency and cost of EU and U.S. export subsidies, domestic supports, and market restrictions. In this sense, causally, the Cairns group of nations remains indirectly linked to subsequent French and American agricultural reforms (Cairns Group, 2005). Their only impact upon the policies of agricultural subsidization and protectionism occurred through WTO negotiations. In this sense, the activity of the Cairns Group does not directly explain convergence of policy instruments and outcome.

American Change: Policymaking and Outcome

Corresponding with these relatively recent pressures, the American government has reformed or eliminated many of its barriers to free trade in the agricultural market since the late 1980s. Notably, this has transpired despite the bureaucratic path dependency of these long-standing policies and the fierce advocacy of America's farm lobby. This section probes the magnitude of American convergence toward a policy of no redistribution at both the regional and international levels. Unlike the French EU case, however, the US government itself appears to have promoted Uruguay Round changes. While policy instrument and outcome convergence is clear, the reason for these changes is less definite. International agreement may also reflect the pressure of competing interest groups who would benefit from free trade to trade the benefits of free trade for agricultural support reforms, not coercion from the WTO itself.

The bulk of substantive structural adjustment to US agricultural supports stems from the international trade regime of the WTO, Putnam's international level of analysis. This reform derives from US efforts to comply with the Uruguay Round Agreement on Agriculture (URAA) of 1994. Essentially, the URAA defines "aggregate measurement of support" (AMS), imposing a ceiling on state agricultural supports (12). Notably, this agreement contains a "Green box" of support mechanisms that do not count toward the AMS since the URAA determined that they are

“non-trade concerns,” functioning to promote farmer welfare rather than increase competitiveness (Nelson, 2002: 13). Specifically, direct income support to American farmers, provided it is not tied to production, remains legal. While this signifies continued government intervention, the “decoupling” of farm payments from supply or price eliminates the incentive to produce more than mandated by the market equilibrium between supply and demand (16). The 1996 Federal Agriculture Improvement and Reform Act (FAIR) implemented this new system; farmers now receive approximately \$5 billion annually in direct payments tied to static, historical levels of production (Burfisher and Hopkins, 2004: 1). The US has altered its policy of export assistance in terms of its Targeted Export Assistance Program (TEAP). By reducing the TEAP program from an annual budget of \$200 million to \$85.5 million in 1995, the government shored up this form of market distortion (Sumner, 1985: 105). However, the US continues to provide certain sectors of the agriculture industry with export assistance.

The institution of direct redistribution survives, but acts more as a safety-net to compensate for the pressures of the international marketplace than to distort it. Efforts at deeper reform, primarily initiated by the Group of 20 developing nations, have thus far only resulted in the stalling of the Doha Round of trade talks. Hence, while the reform of export subsidies and market access progresses, the eradication of domestic support appears unlikely in the short-term.

Another essential component of multilateral reforms falls under the category of market access. Specifically, the US has moved toward a rules-based system of transparent, bound tariffs. This “tariffication,” replaces indirect non-tariff barriers to free trade such as quotas with more transparent tariffs. In accordance with the Agreement on Agriculture of the Uruguay Round, the US began to use transparent tariffs rather than concealed quotas on the imports of specific commodities (Sumner, 1995: 5). While this modification does not directly promote free

trade, it exposes tariffs to scrutiny. In this sense, tariffication promises to facilitate the reduction and eventual eradication of these protectionist barriers, thereby increasing the exposure of the American market to agricultural imports.

As highlighted by the seminal MacSharry reforms, the convergence of U.S. agricultural policy reflects the relevance of the agenda of this international trade regime. Successful completion of the Uruguay Round, with its corresponding free trade benefits, depended upon agricultural reform on the part of the U.S. and EU. This free trade imperative outweighed the force of domestic political alignments with farmers, making agricultural concessions an acceptable political outcome. While unsuccessful thus far, the current Doha Round of trade talks promises to introduce further reforms. The Group of 20 nations, advocating agricultural liberalization, appears to have placed agricultural reform at the forefront of multilateral negotiations. Their attention-grabbing 2003 exit from negotiations in Cancún, Mexico broadened the awareness of agricultural protectionism to popular presses in industrialized nations.

U.S. systems of agricultural support have reformed in conjunction with international, regional, and bilateral negotiation. But, what do these changes actually signify? Have they lessened government intervention in the agricultural sector and promoted free trade? Imports represent a useful measure of convergence. In economic terms, the reduction of barriers to free trade and domestic support should be associated with an increasing ability of foreign producers to penetrate the American market; the U.S. cannot enjoy a comparative advantage in every sector. Intervening variables such as technological change render the correlation between policy and results indicating convergence imperfect. Nonetheless, it seems reasonable to assume that

the annual volume of imports after the implementation of these policies should exceed their levels before the URAA.

Using data from the World Trade Organization, a statistical comparison of agricultural imports from 1980 to 1988 and imports from 1995 to 2003 confirms this supposition. At a significance level of .15, the mean difference in the annual rate of increase in imports between the two periods is greater than \$1.7 billion. Statistically, a 15% chance exists of this great relative increase in imports occurring by chance. This level of significance proves less than ideal, but comes as no surprise given the limited time frame from which to draw data. While this increase pales in comparison to the U.S. GDP, it still indicates some agricultural trade policy convergence.

Insufficient Regional Explanations

Regionalism fails to fully account for French or American liberalization. Political science literature treating the relationship between regionalism and multilateral trade liberalization is bipolar. Whereas some perceive regional trade associations (RTAs) as obstacles to global free trade, a more liberal school views RTAs as second only to multilateral agreements in fostering open trade. The EU and America's myriad of RTAs do not fit neatly into either categorization.

U.S. agricultural trade policy functions within the frameworks regional trade agreements (RTAs) such as NAFTA, the Canada-US Trade Agreement (CUSTA), and the Caribbean Basin Economic Recovery Act (CBERA). While America's policy of income-support to farmers is not affected by these regional agreements, they have produced tariff reductions. The tariffs protecting frozen orange juice, for example, have been gradually lifted since the 1994 signing of NAFTA (Sumner, 1995: 27). Members also receive preferential treatment. Whereas sugar

imports normally incur a nominal duty, imports from members of these regional trade agreements are not taxed (Chapter 17 Harmonized Tariffs Schedule, 2003). To some extent, these commodity-specific support reforms have lowered real prices in specific sectors across Mexico, Canada, and the US. Given America's hegemonic status within this free trade, however, it has pursued only minimal economic convergence within these RTA frameworks. Despite regionally-determined liberalization, these agreements do not impinge upon domestic support and apply to only a small number of states internationally. America has succeeded in "cheating" on certain policies. It coerced Canada, for example, to voluntarily cut wheat exports to the U.S. (Sumner, 1995: 43). U.S. regional trade initiatives remove some trade barriers, but only to certain countries and only when amenable to the interests of American political and agricultural coalitions.

Moreover, these RTAs do not contribute significantly to the normative framework of the URAA. Regional-level changes to American agricultural policy do not necessarily conform to the precept of free trade as distinguished by the URAA. These regional agreements only influence one facet of liberalization: the opening of domestic markets (Sumner, 1995: 26). As noted earlier, this prospect is qualified by the fact that the U.S. largely determines how and to whom it opens its markets regionally. If anything, America's RTA obligations appear to minimize the need to pursue liberalization through multilateral WTO negotiation. The benefits of regional free trade mitigate the lost international trade opportunities of refusing to liberalize agricultural policy. Further, as the case study indicates, America can cheat in its obligations to RTAs such as NAFTA in the form of side payments and orderly market agreements.

Domestic Explanations?

From the initiation of protectionist agricultural policy in America in the 1930s to the Uruguay Round, substantive reform simply did not occur. Returning to Putnam's policymaking game analogy, the domestic coalitions between American policymakers and the farm lobby dominated policymaking. This explains why liberalization did not transpire during this timeframe. Despite the implementation of regulatory policies such as the Clean Water Act of 1972, which regulated industrial water pollution, little incentive existed for the American government to unilaterally harm this vital constituency (Gardner, 2002: 242). While the U.S. itself has advocated liberalization since the 1980s, this advocacy is predicated upon multilateral agreement. Absent significant the opportunity costs of lost international trade gains, U.S. history indicates a reluctance to liberalize. It seems reasonable to assume the causal relationship between the introduction of agriculture to the agenda at Uruguay and corresponding policy reform in the US.

France and CAP Reform

France differs from the U.S. in that some pressure to reform emanates from the regional level, the EU. Again, I measure French (EU) retrenchment as the extent to which liberalization conforms to the URAA agenda of increased market access and reductions of domestic support and export subsidies. These policies are regional or international, signifying levels I and II of Peterson's modified three-level game. Contrary to the American case, CAP reforms have derived from the regional and international policymaking levels.

Post-Uruguay WTO Influences

Paralleling the U.S., France slashed and reformed some aspects of the CAP in the pursuit of multilateral and bilateral free trade opportunities. Fundamental to reform in both countries

was the eventual Agreement on Agricultural of the Uruguay Round of the GATT. The extent to which France and the EU converged toward the free trade agenda of the URAA can be measured by the MacSharry reforms of 1992. For the EU and France, the Blair House agreement and the MacSharry reforms are fundamental to convergence. In order to reap the benefits of multilateral trade agreements, the EU first had to conform, to some extent, to the principles set forth by the GATT (150). While the MacSharry reforms preceded the 1994 URAA by two years, its proposal and subsequent adoption as formal EU policy reflects the causal strength of international pressure (Peterson, 1997: 155). Admittedly, what ultimately passed the Council of Ministers signified a diminished version of MacSharry's original proposal. However, its content proved drastically more substantive than any CAP reforms prior to the original discussion of agricultural policy at the Uruguay Round. It is not unreasonable to suppose that the consolidation of "decoupling" and "tariffication" policies of Agenda 2000 and the 2003 Copenhagen Summit were permitted by the URAA. As the Commission has repeatedly failed to act in an agenda-setting capacity, the introduction of agricultural reforms at the Uruguay Round provides a plausible explanation for convergence.

Perhaps the most notable adjustment of the MacSharry reform of CAP policy was the switch from price support to direct income subsidies which appear in the EU annual budget (Peterson, 1997: 138). While substantial redistribution continues, funding is no longer proportional to supply. This "decoupling" of domestic support to farmers renders redistribution independent of production and price, thereby eliminating the incentive to overproduce and distort the agricultural market. Further, direct income supplementation is transparent to both EU taxpayers and France's trading partners (Roederrer-Rynning, 2003: 137). In the same fashion as the American case, while this alteration does not eliminate domestic support, it mitigates its

impact on nation, regional, and international markets. This signifies some degree of compliance with the URAA directive to lessen unfair export support. European farmers are no longer encouraged by production-bound subsidies to overproduce and flood the market with their subsidized products, placing nations with no domestic or export support at a competitive disadvantage.

The MacSharry reforms, named for the former Irish EU Commissioner, commenced at the behest of the Commission. However, whereas the original proposals of the Commission called for CAP overhaul, the Council of Ministers could accept only what satisfied the French minister and his agricultural constituents (Peterson, 1997: 150). The ultimate stimulus that allowed for CAP modification derived from the international rather than regional level. To substantiate this claim, prior to the Uruguay Round, Commission-initiated proposals such as the Stabilizers Package of 1988 led to only superficial policy change (Peterson, 1997: 137). More recently, France has successfully dismissed initiatives by Trade Commissioner Pascal Lamy (a Frenchman, no less) to eliminate export subsidies (“From Cancun to Can-do”, 2004). In 2003, the EU Agriculture Council continued the processes of commodity price cuts and the decoupling of farm payments from production. But these represent continuations of the agenda outlined by the URAA in 1994. For the most part, EC has proven incapable of overcoming the French veto to introduce substantive CAP reform.

To some extent, this incremental policy convergence, reflecting compliance with the guidelines of the URAA, is quantitatively validated. Like the American case, imports represent a crucial measure of economic openness, as defined by the URAA. Reflecting the small number of cases (years) represented, the significance is only .19. However, the mean annual increase in imports from 1998 to 2003 is more than \$13.1 greater than from 1980 to 1985. A 19% chance

exists that this outcome occurs by coincidence. While other variables may help explain this convergence outcome, the incremental change of policies themselves is difficult to dispute.

Despite the institutional strength of agricultural in France, the EU has reformed its mechanisms for protecting farmers. These policy changes reflect regional or global level adjustments, levels II and I of Patterson's adapted policymaking game. Within this framework, policy convergence signifies a progression toward the goals of the URAA: the reduction of domestic support and export subsidies as well as restrictions of market access. Substantive, multilateral policy convergence appears to emanate directly from the global level of WTO negotiation. While this association is clear in the American case, the role of the EU complicates the French example; EU-level directives have helped to consolidate reforms coinciding with URAA goals.

Regional Explanations

Given the supranational nature of the CAP, regional liberalization of agricultural support differs substantially from American modifications through NAFTA. First, whereas America's RTAs mark an unfinished march toward regional free trade, France, as an EU member, has experienced free trade and common external trade policies with EC members since the CAP's inception at the 1957 Treaty of Rome (Messerlin, 1996: 298). Despite this preexisting agricultural policy unity and market integration, the accession of ten new members has propelled some degree of unilateral regional reform.

The 2004 entrance ten new CEEC nations, composed of large agriculture-dependent countries such as Poland, spurred broad structural adjustments to the CAP. EU-level directives from Agenda 2000 and, more recently, the 2003 EU Copenhagen Summit, aim to continue the process of "decoupling" income support from production and to increase CAP's sustainability.

Notably, the full CAP incorporation of Poland, the Czech Republic, Estonia, Hungary, and Slovakia alone would lead to a €10 billion increase in direct payments (101). This would entail either the redirection of CAP funding from original member states, such as France, or a dramatic rise in expenditures. As both outcomes are undesirable for the original 15 EU members, the Copenhagen Summit has laid the groundwork for the gradual phasing-in of the ten CEECs, with direct payments of 25% of the EU-15 level in 2004 increasing to full payment by 2013 (Daugberg and Swinbank, 2004: 101). Reinforcing these expansion-induced changes, Germany and France, through intergovernmental negotiation, reached an accord to arrest spending on agricultural subsidies until 2006 (142). By avoiding the problem of allocating funding to the ten new EU nations, this policy circumvents substantial retrenchment of agricultural distribution. If anything, these regional policy adjustments further entrench or “lock-in” the CAP; beyond their fulfillment of preexisting, multilateral agreements to decouple income support, they do not constitute substantial reform (Roederrer-Rynning, 2003: 99). The adjustments encompassed by agreements such as Agenda 2000, responding specifically to a regional political imperatives, less convincing account for liberalization than global economic governance (Swinbank and Tanner, 2001: 209).

Such regionally-based alterations to the CAP do not always correspond with liberalization. Specifically, policy originating from the internal imperative of the EU, namely, expansion, does not signify liberalization as defined by the URAA. While CAP spending may be frozen and CEEC nations phased into the CAP, domestic compensation, export subsidies, and market restriction remain intact. Within the EU, export subsidies and domestic farm support are preserved, and intra-EU trade has enjoyed freedom from barriers to agricultural trade since the Treaty of Rome. Moreover, in accordance with the “restaurantable” effect, the fact that the CAP

is supranational rather than nation-specific may encourage excessive subsidization and market distortion. With common funding, states such as France have an incentive to seek maximum benefits from the CAP; the costs of national protectionism are dispersed between the other 25 EU members.

National Explanations

Like the American case, Putnam's national level of negotiation functions as an intervening variable in probing the extent to which globalization molds agricultural policymaking. The state, and in this case the EU, retains its role as the implementer and enforcer of these rules. Given the path dependency of the protectionist policies and the importance of agricultural interests in both nations, domestic politics alone cannot explain these policies. Rather, in both the French and American cases, the traditional state acts primarily as a brake for this slide toward convergence, filtering the effects of globalization. Rogowski and Alt and Gilligan depict the extent to which state interests align with the protection of these exposed sectors. Applying the prisoners' dilemma to trade negotiation, France represented within the EU and the U.S. simply has no incentive to reform unilaterally. To an even greater degree than the U.S., the strength of French agricultural interests and their penetration of French domestic politics preclude unilateral liberalization. Despite the clout of France in the EU and the WTO and the U.S. in the WTO, international obligations constrain their capacities to shelter an important group of their respective selectorates.

Conclusion: The Significance of Agricultural Policy Convergence

Considering this evidence, it is difficult to argue that France and the US have not pursued convergent policy liberalization. Both nations have pursued similar structural changes such as "tariffication" and the decoupling of income supplements from production. The increased

exposure of domestic agricultural markets to commodity imports points to the significance of these changes. Although domestic-level politics oppose the wholesale elimination of agricultural protectionism, even measured evidence of policy liberalization proves significant. Eliminating variables such as domestic politics and, in the American case, regionalism, global economic governance appears the strongest explanation of liberal policy and outcomes. Pressure from the international-level, in the form of WTO complaints and the cost of WTO negotiation intransigence produce the win sets necessary for the sacrifice of protectionist policy mechanisms. While this international level does not directly dictate these outcomes, it lowers the political and economic opportunity costs of retrenchment. This win set expansion seems a necessary though perhaps not sufficient condition for agricultural support retrenchment.

To extend this conclusion beyond agriculture, these cases suggest moderately diminished state policymaking capacity. France and the U.S. are limited in their abilities to mitigate the negative effects of global economic integration on farmers, a traditionally powerful constituency in cultural and political terms. The fact that these states represent economic powerhouses renders this conclusion more significant. To presume that less powerful states have relatively less capacity to protect constituencies such as farmers seems a logical inference. Because dispute resolution coercion depends upon the magnitude of countervailing measures, less powerful states cannot exact or bear the same costs as more powerful players. The liberalizing impetus of this international level seems generalizable to all states involved in WTO international trade negotiation. For this reason, the role of state power within the WTO would seem an interesting avenue for future research.

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