

7

GERMANY AND EC AGRICULTURAL POLICY

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Presented at the Biennial Conference
of the European Community Studies Association,
George Mason University,
May 22-24, 1991

INTRODUCTION

While in recent months all eyes have focused on dramatic events in the Persian Gulf and the Soviet Union, equally important developments affecting the future of world politics have been taking place on the international trade front. In December 1990 a meeting in Brussels, Belgium of representatives of the 108 member countries of the General Agreement on Tariffs and Trade (GATT) which was originally intended to mark the conclusion of the four year-long Uruguay Round of multilateral trade talks, ended without the signing of agreements on agriculture, services, intellectual property, and foreign investment. While tentative steps have since been taken to reconvene the talks, and the major participants have all reaffirmed their desire to bring the negotiations to a successful completion, prospects for such an outcome remain uncertain. The possibility of failure has led some experts to warn of a potential collapse of the system of multilateral rules and agreements that has governed world trade since the late-1940's, and a return to the competitive regional trade blocs and destructive economic nationalism that characterized the interwar period.

At the heart of the current impasse in GATT trade talks is the dispute over agriculture, which essentially pits the United States and other agricultural exporting countries against the European Community (EC). Since the 1960s the EC has pursued a highly protectionist and trade-distorting Common Agricultural Policy (CAP), consisting of import levies on foreign farm products and highly expensive and inefficient price and export subsidies. As a precondition for agreement on new rules in other areas of trade and a successful conclusion of the Uruguay Round talks, the United States and the 14 member countries of the "Cairns group"¹ have demanded the fundamental restructuring of CAP, which they claim violates the principles of free trade and has severely damaged their own, more efficient, farm export sectors. To this point, however, the EC and its member countries have refused to agree to any such reform of CAP, and the trade talks have consequently foundered.

Among the more surprising aspects of this dispute is the intransigent position on agricultural trade and CAP reform so far taken by the Federal Republic of Germany. While other EC countries, most notably France, are far more dependent economically on the farm sector, and would appear to have a more obvious interest in maintaining a highly protectionist system of agricultural supports, Germany's position and interests seem to be quite different. As the world's leading exporter -- largely of industrial and manufactured products -- Germany would appear to have an overriding national interest in the preservation and expansion of the GATT system of trade. One might expect, therefore, that it would hold a more compromising position on the

issue of CAP reform. Nevertheless, and despite pressure exerted by the United States and the potential crisis in international trade relations, Germany has so far refused to budge on the agriculture issue, and has not taken an active role in promoting CAP reform. Instead, Germany has teamed with France to form the axis upon which opposition to CAP reform within the EC has turned.

This paper examines the reasons for Germany's paradoxical position on the agriculture issue. In doing so, it focuses on the role of both internal, or domestic, and external (international) factors. The relative importance of domestic and external factors in explaining a nation's foreign economic policy have been amply debated by students of political economy. Among the factors generally included in the former category are the institutional structure of state policymaking, the relative power and influence of interest groups, the nature of partisan and electoral politics, and cultural values and orientations. Those who have emphasized the relative importance of external or international factors have mostly stressed the role of the international structure, consisting of the distributional configuration of political and economic power among nations; from a nation's relative position within this structural context are derived basic foreign policy needs and interests, although these can also stem from historical experience and cultural and ideological values. Others emphasizing the role of external factors have focused on the potential for both increased economic interdependence and international "regimes," including intergovernmental organizational structures, to affect state behavior.²

The most common explanations for German agricultural policy have focused on the role of domestic politics and structures. These include such factors as cultural values and historical experience, the power of highly organized farm interests, the nature of partisan and electoral politics, and the institutional structure of government policymaking. This paper argues, however, that while domestic factors are important sources of German agriculture policy, they alone do not provide a sufficient explanation of that policy, nor of Germany's current stance on the issue of CAP reform and agriculture trade; also important, it will be shown, are external factors such as Germany's integration into EC institutions, and foreign policy considerations stemming from regional economic and political interdependence and recent changes in the international geopolitical structure. Taken together, it will be argued, these domestic and external factors present formidable barriers to change in current German policy, and make it unlikely that Germany will play a more aggressive role in promoting CAP reform that the United States and others demand of it.

The following section of the paper provides the background information necessary for understanding the strategic dilemma faced by German policymakers on the agriculture issue. This includes a brief description of the history of CAP and its basic structures, Germany's relationship to CAP, the role of EC agricultural policy in the current Uruguay Round of trade talks, and a discussion of Germany's vital interest in international trade. The paper then examines the various domestic and external factors which have played a role in the formation of German agricultural policy, and which present significant barriers to change in that policy. Finally, it looks at the building internal and external pressures for change in Germany's position on the agriculture issue, and speculates on the future course of German policy.

I. THE CAP, INTERNATIONAL TRADE, AND GERMANY

The CAP has its origins in the bargaining process leading to the establishment of the European Economic Community in the 1950's. As one student of European agricultural policy has described it:

"It was clear that France, the Netherlands and Italy would not agree to open their markets to industrial goods if Germany in particular did not admit their agricultural exports. National measures of agricultural support would then have to be replaced by common regimes."³

From its very beginning, then, the CAP's development was closely linked to progress in establishing the Common Market for industrial goods. In the early 1960's, France made it clear to Germany that it would not agree to move to the second stage of the transition to the Common Market -- due to begin on January 1, 1962 -- unless sufficient progress was made on development of the CAP; German concessions on price and tariff levels made in mid-January of 1962 finally allowed phase two to begin. Again in 1964, German intransigence on setting common prices for grain led France to warn that it would withdraw from participation in Community institutions unless the common market for agriculture was realized. A package deal finalized in December of that year, which again involved German concessions on price levels for cereals, allowed progress towards economic integration to continue. The EC attained a full customs union on July 1, 1968. Final consolidation of the common market for agriculture, however, did not take place until 1970.⁴

The mechanisms established by CAP consist essentially of a system of common prices for agricultural products, set at above-world market levels and supported by extensive subsidies drawn from the Community budget. European farmers are protected from

lower-cost foreign products by a system of variable levies, which ensures that imported food does not undercut over-priced European products. The subsidization of prices at above-market levels has had the consequence of promoting the overproduction of many commodities and foodstuffs, generating, for instance, a massive "butter mountain" and an expansive "wine lake." This surplus, in turn, has been exported to non-EC countries at artificially low prices with the support of extensive export subsidies.

From its very inception the CAP has been beset with numerous structural problems, stemming primarily from the program's expense and the inefficiency it generates. In recent years CAP supports have amounted to about \$35 billion per year, and have absorbed close to 70 percent of the total Community budget. From the early 1980's reform efforts have centered on revising CAP's pricing structure to make the program less costly. A major step in this direction came in February 1988, when a summit meeting of EC heads of government agreed to impose a ceiling limit on CAP spending.⁵ By the spring of 1991, however, this ceiling was already being challenged, as the agriculture ministers of 10 of the 12 Community countries demanded expansion of the CAP budget to deal with the costs of incorporating the farm sector in eastern Germany.⁶ While budgetary policy has been one target of CAP reform, attention has also focused on revising the structure and nature of farm supports. The latest movement on this front are the proposals of the current EC Agriculture Commissioner, Ray MacSharry. The so-called "MacSharry proposals," scheduled to be formally presented in the summer of 1991, but details of which were leaked in December 1990, essentially call for a shift in CAP subsidies policy from price to income supports; severe price cuts are to bring EC farm prices closer to world market levels, while farmers -- and especially small farmers -- are to be compensated through direct income supports.⁷

Pressures for reform have come not solely from internal budgetary and structural problems, but also from outside the Community in the form of GATT trade talks and the demands of the United States and other agricultural exporters that the EC fundamentally restructure its farm policies. While non-EC exporters complain about the difficulty of penetrating the European market, of equal if not greater concern are the export subsidies provided under CAP to European farmers which, it is argued, constitute unfair competition in third-country markets. The unwillingness of the EC to radically reform CAP was a key factor in the failure to successfully complete the Uruguay Round talks in December 1990. While the U.S. and other agricultural exporters were demanding a 90 percent cut in export subsidies and a 75 percent reduction in internal subsidies and import levies over a ten-year period, the EC responded with proposals that were far less radical: an overall reduction in subsidies of 30 percent over ten years, retroactive to 1985. After breakup of the talks, successful efforts have been made to get them restarted. The key

has been an EC agreement to negotiate "specific binding commitments" to reduce farm subsidies in each of three areas: internal supports, border protection (import levies), and export subsidies.⁸ Gaining a satisfactory agreement on the level of these supports will prove far more difficult, however.

Germany's position on CAP has moved from ambivalence in the 1950's and 1960's to strong support for the existing CAP system and opposition to fundamental reform in the 1980's and early 1990's. Early on German farmers were openly hostile towards CAP, since it meant a reduction in prices and tariff levels for grain and other products, which were generally higher in Germany than in other European countries. Nevertheless, an overriding national interest in securing the Common Market for industrial goods led the German government to "sacrifice" farm interests for economic integration.⁹ Since its consolidation, however, German farmers have learned to live with CAP, and have generally been able to exploit CAP mechanisms to their own advantage.¹⁰ The German government, in turn, has increasingly used the country's growing economic power and weight to oppose price and structural reforms that would disadvantage German farmers, even when this -- as some observers have noted -- appeared to contradict other proclaimed goals, such as fiscal balance and further progress towards European integration.¹¹ In the mid-1980's for instance, Germany used its veto power in the Agricultural Council to block proposed cuts in grain prices that would have harmed German farmers at the same time that it was pushing for the extension of majority voting in the Council of Ministers.¹² In the current dispute over CAP spending levels, Germany has demanded an increase in the CAP budget to assist the farm sector in its eastern provinces.¹³

Perhaps most indicative of the level of Germany's support for the inefficient and expensive mechanisms of CAP is its current refusal to play a key role in promoting CAP reform even when the failure to do so endangers the open international trade system upon which Germany, with its export-oriented industrial economy, is so dependent: exports account for 35 percent of total national GNP, and Germany is currently ranked as the world's top exporting country.¹⁴

The export orientation and dependence of the German economy goes back to the country's recovery after the devastation of the Second World War. Despite the destruction, Germany retained an industrial infrastructure which meshed perfectly with the considerable postwar global demand for industrial capital goods. Within the context of a U.S.-led international free trade system, as well as the emergent European Common Market, the German economy rapidly became integrated into the world economy. As Hanrieder describes it, "During the 1950's, in the formative stage of the Federal Republic's development, there existed a striking correspondence between the principles of Germany's domestic economic order and the principles of the international

economic order guided by the United States and supplemented by the fledgling institutions of West European integration."¹⁵ As a result of the policies and preferences of both German elites and the United States, as well as the structural convergence of German industrial capacity and world demand, Germany turned away from a pre-war policy of autarky and instead became increasingly dependent on foreign export markets in many key sectors of its economy. This high degree of integration and export dependence has, in subsequent decades, only increased. As Deubner has argued, since the early 1980's economic elites in Germany have promoted a strategy of "reindustrialization," based on the rejection of reliance on domestic growth and consumption and geared toward the expansion of export markets for manufactured goods, thereby increasing even further the dependence of German industry on international trade.¹⁶

Along with the goal of domestic price stability, then, the goal of export-oriented growth -- based on the maintenance of export competitiveness and the expansion of export markets -- ranks as a top economic policy objective of the German state.¹⁷ Indeed, if Germany can be said to have a dominant national interest in terms of international relations and politics, it would appear to be the need to preserve and expand free trade. According to Kreile, "Because of its export dependence the Federal Republic has an overriding interest in the preservation of an open and liberal world economy."¹⁸ As Deubner notes, two "guiding principles" of German policy appear to derive from this export dependence: "One is to keep the international flows of trade, capital, and technology as free as possible ... The other is, in the face of increasing challenges to the first principle, to preserve and stabilize existing intergovernmental institutions for negotiation or coordination of international economic policy and, if possible, to create new ones with the aim of institutionalizing and stabilizing the liberal international economy."¹⁹

II. THE DOMESTIC SOURCES OF GERMAN AGRICULTURAL POLICY

Despite its position as an industrial power with a vital national interest in the maintenance and expansion of free trade, Germany has pursued over the past 40 years a highly protectionist agricultural policy, and is currently resisting demands for the reform of CAP. In this section explanations for German agricultural policy which focus on domestic politics and structures are briefly examined. These include cultural values and historical experience, the power of the organized farm lobby, the nature of partisan and electoral politics, and the structure of government policymaking. Taken together, these factors also represent a powerful barrier to change in current German policy on agricultural subsidies and trade. As the next section will

argue, however, they do not provide a sufficient explanation for that policy.

Cultural Values and Historical Experience

It is impossible to fully understand German agricultural policy without an awareness of the extent to which agricultural protectionism is rooted in the cultural values and historical experience of the country. Of considerable significance in this regard is the "social myth" of farming; while present in most European countries, it exerts perhaps its strongest influence in Germany. According to one student of agricultural policy in advanced industrial countries, "nowhere is the social value of farming more highly prized (and priced) than in Germany," where farming -- and especially small farming -- is valued for its important contribution to the "physical, social and economic environment of the countryside."²⁰

The social value of farming is one aspect of the overall importance of social peace and stability as an objective of German policy. Once again, this is a goal which Germany shares with other advanced democratic societies, but to which its unique history and position have lent a special significance. In addition, however, social cohesion is viewed in more instrumental terms in Germany, as a basis for the country's economic competitiveness. One commentator has even claimed, in this regard, that Germany pursues a policy of "social mercantilism."²¹ The economic significance of social cohesion was underlined by Chancellor Kohl in December 1988 when he stated that "an essential factor in favor of (the Federal Republic's) advantage as a production center is social peace and stability... They are a vital element in our competitiveness."²²

In the case of farming, the goal of social stability also has broader political significance that is firmly based in historical experience. As Tracy has noted, politicians in postwar Germany, "remembering the part played by agricultural distress in the rise of Hitler, were anxious to avoid any right-wing agitation in the countryside."²³ Such fears were easily manipulated by agricultural interests as they sought to gain government protection and income parity with other sectors of the economy. In recent years, the rise of right-wing extremist parties, such as the Republicans, and the voting support they have received in the countryside, have reinvigorated traditional fears of political instability in rural areas, and bolstered support for agricultural protection in policymaking circles.²⁴ Further reinforcing the role of agricultural policy as a basis for social stability are the current economic dislocations and problems in eastern Germany following unification. In this situation, the preservation of income and jobs in the farm sector

is considered vital for the prevention of further economic decline and political upheaval.

A second important lesson drawn from historical experience is the need for maximum self-sufficiency in food. Food autarky was a key goal of pre-war German regimes as a means of promoting economic and political independence, but as Hendriks has argued, food security has also been an important objective of postwar government policies. Important factors here were the experience of severe food shortages in the immediate postwar years, as well as the political uncertainty and instability in international food and commodity markets in the 1970's and early 1980's; here, it is worth noting, the U.S. grain embargo directed against the Soviet Union in retaliation for its intervention in Afghanistan played a key role. Although strongly denied by German policy-makers, Hendriks asserts that an unofficial belief in the need for basic food security is a deeply engrained aspect of German agricultural policy, as a response to what history has shown to be an often unstable and unpredictable world.²⁵

The Organized Farm Lobby

Any attempt to explain German agricultural policy must also consider the extraordinary power and influence of the country's organized farm lobby. Although originally opposed to the CAP, German farmers have been able to exploit CAP mechanisms to their advantage, and are now strong opponents of CAP reform. Since the beginning of the current round of GATT talks, the German Farmers' Association (DBV) has vigorously resisted any attempts to restructure CAP. In February 1990, for instance, DBV president Constantin von Heeremann stated that European and German agriculture should not be sacrificed to the rule of market forces.²⁶ In July 1990, the DBV reiterated this position, stating that there is no justification for "sacrificing German farmers to the interests of industrial exports."²⁷ Instead of cuts in farm subsidies, the farm lobby has pushed for even more state support in order to aid the troubled agricultural sector in eastern Germany.²⁸

Much of the power of the German farm lobby stems from its high degree of organization and cohesion. The DBV organizes about 90% of all farmers in the country. This, plus the fact that organized farm interests suffer from no significant regional or religious cleavages -- as is often the case with other interest groups in Germany -- enable it to be a strong actor on behalf of national farm interests.²⁹ The DBV is also closely integrated into the powerful agricultural lobby at the European level; it is a key player in the Committee of Professional Agricultural Organizations of the European Community (COPA), which exerts considerable influence in EC decisionmaking on farm issues.

Currently, in fact, the head of the DBV, von Heereman, is also serving as the president of COPA.

The DBV also derives much of its influence from its close links to the bureaucratic and legislative policymaking process, and its connections to the major channels and institutions responsible for agricultural policy decisions. Of perhaps greatest importance in this regard is the considerable formal and informal access the DBV enjoys to the federal department responsible for policy in its area -- the Ministry of Agriculture -- which according to Katzenstein is "arguably greater than that of any other interest group in Bonn."³⁰ Hendriks has also emphasized the mutual interpenetration of the Agriculture Ministry bureaucracy and the DBV; she stresses the "continuous interaction between administration and agricultural interest organizations cultivated over many years," resulting in a "high degree of interest homogeneity" between them, as a crucial factor explaining the influence of the DBV over the making of national farm policy.³¹

The links of the farm lobby to the policymaking process also extend to the legislative arena, and include its penetration of the key committee to which the Bundestag delegates its authority over agricultural affairs, the Committee on Food and Agriculture. In the 1980-82 legislative period, for instance, 16 of 26 members of this committee were themselves directly engaged in farming. This means, according to Bulmer and Paterson, that the views of this committee are normally very close to those of the DBV. As a result, the committee -- and therefore the Bundestag itself -- is very unlikely to act as a countervailing power to the Agriculture Ministry.³²

Another important source of power and influence for the farm lobby is its links to the political parties. The DBV has traditionally enjoyed close ties to the Christian Democratic Union (CDU), the largest party on the political center-right and the leading party of government in Germany. As Hendriks has noted, the votes of farmers -- many of whom are Catholic -- are an important source of support for the CDU. In fact, "agricultural policy in Germany has primarily been a sociopolitical policy which determined the relationship of Christian Democrats to the rural population."³³ While the close relationship between the farm lobby and the CDU is based, to a great extent, on shared ideological values and assumptions -- the social value of farming being a key aspect of the ideology of Christian Democracy -- it is also the product of political expediency and mutual interest; the DBV, for its part, has made it clear that its support for the CDU is largely conditional upon a satisfactory agricultural policy.³⁴

In many ways even more significant than ties to the CDU, however, are the farm lobby's links to two smaller parties: the

Christian Social Union (CSU) -- the Bavarian sister party and alliance partner, yet in many respects also competitor, of the CDU -- and Free Democratic Party (FDP), for both of which farm votes offer a "crucial core of electoral support."³⁵ The importance of the farm lobby's links to these two parties will be discussed in more detail below.

Partisan and Electoral Politics

Perhaps the most commonly cited explanation of German agricultural policy is that of domestic partisan and electoral politics.³⁶ According to this explanation -- a version of "public choice" theories of public policy -- German decisionmakers are basically hostage to the small but crucial farm vote, and considerations of electoral advantage have led them to pursue policies that are otherwise "irrational" in terms of broader national goals and interests.³⁷ Such an interpretation of events has also been advanced by reporting in the American news media about the agricultural trade dispute, which have focused on Chancellor Kohl's need to appease the farm vote prior to the December 2 federal elections in a newly-united Germany.³⁸

The political power of German farmers stems not simply from the ties of the DBV to political parties, but the strategic importance of the relatively small farm vote and the nature of coalition politics and interparty relations in Germany. While the farm population makes up only about 5 percent of the total population of Germany, and farmers make up only about 2 percent of the vote in a united Germany,³⁹ its political significance stems from its capacity to swing voting outcomes in a number of marginal constituencies. Given the typically narrow majorities in the Bundestag for government coalitions, the impact and importance of the farm vote in party electoral considerations is considerably magnified.⁴⁰ The importance of the farm vote has also been increased by the emergence in the late 1980's of radical right-wing parties, which have drawn strong support in rural areas. Accordingly, the fear of losing votes to the new right parties was reported to be a key factor behind the pro-agriculture policies pursued by the Christian-Liberal government in the run-up to the 1987 federal elections.⁴¹

In addition to the strategic significance of the relatively small farm vote, the farm lobby exerts influence in partisan politics because of the nature of interparty relations and coalition politics in Germany. In the country's unique "two-and-one-half" party system, the small FDP has played a pivotal role as necessary coalition partner for either of the two large parties -- the CDU and the Social Democratic Party (SPD). Since the foundation of the Federal Republic in 1949, there has been only one instance of a party or party alliance receiving more than 50 percent of the seats in the Bundestag (this was the

CDU/CSU in 1957). Otherwise -- and with the significant exception of the Great Coalition of 1966-69 -- German governments have featured coalitions of one of the two large parties with the FDP. Since 1949, in fact, the FDP has only been out of government for three years, this during the period of the Great Coalition.

The role of the FDP as a "swing party" in coalition politics has given it tremendous leverage, which it has exploited to promote the interests of its key business constituency. Also important as a source of support for the FDP, however, is the farm vote, which provides crucial support for the party in election districts in northern Germany and Bavaria, where larger grain farms are located. Despite its reputation as a party of business and free trade, then, the FDP has also traditionally been a strong representative of protectionist farm interests. This was especially significant in the 1969-82 period, when the FDP was junior coalition partner with the labor-and industry-oriented SPD. During this period, the position of Agriculture Minister was held by the FDP's Josef Ertl, himself a farmer from Bavaria. Ertl was able to use the leverage derived from his party's pivotal position in the coalition to fend off any attempts at agricultural policy reform emanating from other federal ministries or the SPD.⁴²

A similar leverage is exerted by the Bavarian CSU over its CDU sister party as a result of alliance politics and electoral competition between the two parties. An illustration of the benefits gained by the farm lobby from the sometimes tense relationship between the CSU and CDU is provided by Germany's 1985 veto in the EC Agricultural Council of proposed cuts in CAP grain prices, which would have disadvantaged large Bavarian grain producers. According to one report, this veto was motivated primarily by electoral considerations, with Chancellor Kohl concerned that a failure to exercise the veto would lead to the loss of CDU electoral territory to the CSU."⁴³ Since 1982, the CSU Agriculture Minister Ignaz Kiechle has utilized the strategic position of his party vis-a-vis the CDU as leverage for the successful defense of farm interests.⁴⁴

The Structure of Policymaking

While the power of the organized farm lobby, cultural values, and partisan politics are commonly regarded as important factors explaining German agricultural policy, some scholars have pointed to the institutional structure of policymaking as key to understanding national farm policy. As has frequently been noted, policymaking in Germany is governed by three constitutional principles: 1) leadership by the chancellor (Kanzlerprinzip), 2) by the cabinet (Kabinettsprinzip), and 3) by the departmental ministers (Ressortprinzip), referring to the fact that, in the absence of overriding general reasons, departmental policy is

normally accepted. According to Mayntz, none of the three principles is "so fully realized and jealously guarded as the third."⁴⁵ What this means in practice is that departmental ministers enjoy considerable autonomy to develop policies in their own sector, an autonomy that is generally respected by others in the government. While the Chancellor has the authority to override the objections of his ministers in the attempt to forge coherent national policies, this is a prerogative that has been increasingly neglected, especially by someone like Helmut Kohl, who has displayed a preference for acting as a consensus builder rather than asserting executive leadership.⁴⁶ In the making of European policies in particular, Bulmer and Paterson have noted a trend since the 1950's -- marked by the strong leadership of Adenauer in European affairs -- toward ministerial autonomy and the "sectorization" of German policymaking, with the tendency of German policies in particular areas to be "house policies," developed through the interaction of government bureaucrats and organized private-sector interests; a result is that departmental policies are often in conflict with each other and contradict rhetorical principles and goals of the federal government.⁴⁷

Bulmer and Paterson cite agriculture as perhaps the best example of such "house policies," and the trend toward sectorization in European policymaking. Routine government policy in the agriculture arena largely arises out of the interaction of the DBV and officials of the Agriculture Ministry.⁴⁸ Not only has the Agriculture Minister enjoyed relative autonomy to pursue policies that benefit German farmers to the maximum extent, but agricultural policies have been in obvious contradiction to other proclaimed government goals, such as those of fiscal balance, free markets, and free trade.⁴⁹

III. EXTERNAL CONSTRAINTS ON GERMAN POLICY

While domestic politics and structures have certainly played an important role in determining German agricultural policy, they are by themselves not sufficient as an explanation for that policy, nor do they provide an adequate understanding of the current impasse in German policy over the issue of CAP reform. Also important to understand are the external constraints imposed by Germany's integration into EC institutions, and foreign policy considerations stemming from European economic and political interdependence and recent changes in the international geopolitical structure.

Integration into EC Institutions

A key factor limiting Germany's options in the agricultural policy realm, as is the case with commercial policy more

generally, is its integration into the joint decisionmaking structures of the European Community. Along with the other member countries of the EC, Germany has committed itself to the formation of common policies on agriculture. Even in the early 1970's, just after the consolidation of CAP, it was estimated that in the Federal Republic "about two-thirds of all questions of agricultural policy ... can no longer be made in a purely national context, but rather must be made within the decisionmaking structure of the European Community."⁵⁰ What this means is that German decisions on agricultural policy cannot be made unilaterally, but must involve negotiation and compromise with other EC countries, and must necessarily consider their interests. This, along with the complex and inefficient nature of CAP decisionmaking procedures, also means that despite its considerable economic power and weight within the Community, Germany's influence on the formation of common policies is severely limited.

According to original plans, the decisions of the Agricultural Council -- the meeting of agriculture ministers of the EC member countries -- on proposals made by the European Commission were to be made after 1966 by a "qualified majority," with the votes of member states weighted according to the size of their populations. This plan was frustrated by DeGaulle's "empty chair policy" and the ensuing "Luxemburg Compromise," and ever since decisions have been made on a unanimity basis.⁵¹ This means that any country, but especially a large and powerful one such as Germany, can veto legislation or proposals which it views as harmful to its vital national interests. As a result, decisionmaking within the Council has been based on the principles of consensus and unanimity, making the process far more complex and difficult, and leading to "protracted negotiations and complicated 'package' agreements which give something to each minister, and are often quite removed from the original Commission proposals."⁵² Community policy decisions, then, reflect a process of complex bargaining and shifting coalitions of interest among member states within the EC, the net effect of which is to limit the ability of any one country to exert too great an influence over policy outcomes.

In addition to the limits it imposes on the influence of individual countries, the nature of decisionmaking within EC institutions, along with the historical pattern of European integration, have strengthened the relative power and influence of agricultural interests in the Community. Similar to the situation in the Federal Republic, decisionmaking at the EC level is also highly "sectorized." This, as Nello has argued, largely stems from the very process of European integration itself, which has taken place by sector, with agriculture playing a special role as "motor."⁵³ The sectorized policymaking process at the EC level, in which the Councils of Ministers for distinct policy areas meet separately, and so-called "joint-councils" involving

ministers from different policy sectors are rare, means that it is difficult to reconcile CAP decisions with other Community goals and interests. This results in incoherent, often contradictory Community policies. In addition, however, sectorized policymaking makes it even more possible for highly organized public-private agricultural interests to steer policy in a desired direction, without the constraints imposed by general or other sectoral policy goals. Nello has also argued that the early integration of the agricultural sector and the special role of CAP in the process of European integration have "entailed a preeminent position for farm groups in Brussels." What is more, she asserts, "farmers have been able to maintain this position partly because they had a head start on gaining experience in exerting pressure in Brussels, and partly because they have succeeded in perpetuating the myth that the future of the EC hangs on the CAP."⁵⁴ The powerful position of the agricultural lobby in Brussels, in turn, also reinforces the power of the domestic farm lobby in Germany through the extensive transnational links and cooperation which have evolved over the years.

A final important consequence of the pattern of EC decision-making is the manner in which it reinforces the already fragmented and sectorized process of policymaking in Germany.⁵⁵ It does so by providing additional support for the principle of departmental autonomy and the formation of "house policies," thereby further discouraging the involvement of other departmental interests in the making of agricultural policy and strengthening the tendency toward policy incoherence in the Federal Republic

In summation, Germany's ability to assert its general interests in external free trade in the CAP decisionmaking process -- even assuming that this interest can be effectively asserted at the national level -- is severely limited and constrained by its integration into EC institutions and structures, and by the nature of the decisionmaking process within those structures. The formation of CAP ultimately represents a significant loss of national autonomy and control for the Federal Republic in farm policy -- a reality which could have important ramifications for Germany's external trade and commercial policies as well. Reflecting the extent to which this is the case are comments made recently by officials of the DBV in response to a public opinion poll on the question of where the capital of a united Germany should be located, in Bonn or Berlin. According to the DBV, the debate over the future location of the federal government is largely irrelevant. "For us," they claimed, "Brussels is the capital city of the future."⁵⁶

Economic and Political Interdependence

Even taking into account the constraints on national policy imposed by integration into CAP and the nature of decisionmaking within EC institutions, Germany remains a powerful and influential player in European politics on the basis of its size and economic strength, and one could expect its views to carry considerable weight in Community policy deliberations. Clearly this is the hope of the Bush administration, which as early as the July 1990 economic summit in Houston let it be known that it was counting on Germany to provide the "political muscle" necessary to generate progress on farm talks with the EC.⁵⁷ On this score, however, U.S. hopes have remained largely disappointed. A major reason for German unwillingness to exert this muscle are foreign policy considerations stemming from its situation of economic and political interdependence in Europe.

Germany's reliance on European markets for its economic well-being is perhaps the easiest aspect of this condition of interdependence to document. Roughly 50 percent of all German exports go to EC countries. This figure expands to more than two-thirds when one includes other European countries linked to the EC through membership in the European Free Trade Association (EFTA). Many of these countries, including Austria, Switzerland, Sweden, and Norway are now actively considering formal membership in the Community. Perhaps even more significant, however, is the structural surplus which Germany runs in its intra-European trade, a fact which reflects not only the relative strength and competitiveness of German industry, but also the institutional organization and bias of the German political-economy.⁵⁸ If the dependence of Germany on intra-European trade is clear, so is its interest in further liberalization of the internal European market via completion of the EC 1992 project -- which aims at the elimination of all nontariff barriers to the movement of goods, capital, services and labor among EC countries -- and monetary union. The latter has the potential to further link other European economies to Germany via common -- most likely German -- standards for monetary and macroeconomic policies.

Germany's dependence on intra-European trade and further regional economic integration has the potential to create a situation in which its interest in continued access to European markets is held "hostage" to demands for external protection by other EC countries. In such a situation, Germany could be forced to trade growing demands for external protection by weaker and traditionally more protectionist countries, such as France and southern European countries, for continued openness and progress towards liberalization and integration of the internal European market. This "Fortress Europe" dynamic is a situation which Schumann and Mehl have speculated about with respect to trade and commercial policies in general,⁵⁹ and it is a trade-off which

could be embodied in the current intra-EC bargaining over CAP reform.

The situation of trade and economic interdependence is reinforced by the condition of political interdependence within the EC. As Tsoukalis has noted, the leading position of Germany in the economic and monetary spheres is not consistent with the more even political balance of power in Europe.⁶⁰ This stems partly from the complexities of the Community model of decisionmaking, as noted above, as well as from the economic dependence of Germany on the markets of its EC partners. It also derives, however, from traditional German political weakness that has its roots in the consequences of defeat in the Second World War. After the war, the fledgling Federal Republic was dependent for its security on the United States and NATO, and for its external political influence and legitimacy on integration into multilateral Western European institutions. The resulting situation of an economic powerhouse that is relatively weak and dependent politically remains evident today even after, and to some extent because of, unification. Perhaps the best recent indication of this is Germany's confused and uncertain response to demands that it play a larger role in support of US policy in the Persian Gulf conflict. This was certainly due to domestic politics and structures -- preoccupation with the problems of unification, constitutional constraints, and domestic political divisions and opposition; it also reflects, however, external political weakness.

The most crucial external political relationship for Germany is with France. Close Franco-German relations have been a priority of German leaders since the end of the Second World War, serving as a foundation for continental peace and Germany's integration into Europe and the Western alliance. The Franco-German axis is generally regarded as the very basis and motor of European integration. The maintenance of close ties with France continues to be a central policy objective of Germany's political leaders, perhaps even more so today than ever as Germany undergoes the difficulties and uncertainties of unification, for which French and European support is deemed critical.

The vital importance to Germany of positive relations with France is a major obstacle to German policy on CAP. It is clear that German support for the fundamental restructuring of CAP, along the lines demanded by the United States and the Cairns group, could well endanger close Franco-German ties. As Europe's leading agricultural producer and exporter, and as the country most dependent upon CAP subsidies -- especially export subsidies -- France has strongly resisted any attempts to reform CAP. In calling upon Germany to oppose CAP reform, France has also been able to utilize to its advantage the myth of CAP as a pillar of the European Community, according to which the EC is essentially a bargain reached between Germany and France, with Germany

sacrificing its domestic agricultural interests in return for gaining France's agreement to open its markets to Germany's more efficient industrial and manufacturing sector. Regardless of the actual impact of CAP on German farmers -- which has been quite positive -- support for CAP subsidies and protections, many of which benefit France, is generally seen to have been a necessary quid pro quo for French acquiescence in the formation of the Common Market. At the same time, the example of success in reconciling different national positions in the original formation of CAP has contributed to its symbolic status as a pillar of the EC, a concept which, as Tracy notes, is usually invoked whenever CAP is challenged or its structural reform demanded.⁶¹

Bulmer and Paterson have noted that the Franco-German relationship reinforces, from outside, the sectorized nature of policymaking in Bonn, due to the relative coherence of the French position and the incoherence of German policies.⁶²

Lending additional strength to the importance of Franco-German and European considerations in the formation of Germany's agricultural policy are the dramatic developments of 1989-90. With the rapid collapse of communist regimes in eastern Europe and the unification of Germany, the importance of support for German policies among the country's European partners and the EC is of critical importance. This is the case not mainly for financial, but political, reasons. Unification and the changes in eastern Europe have awakened old fears among its neighbors of an independent and powerful Germany going its own way in the middle of Europe. While such a scenario is not likely, Germany has sought to calm these fears through a reemphasis of its commitment to the goal of European integration. At the same time, Germany desires the flanking stability provided by the support of its EC partners during the troublesome process of unification. In times of crisis, it has been often noted, Germany emphasizes the values of stability and continuity, which in this case means business as usual within the EC. The experience of unification has only intensified Germany's commitment to, and need for, European integration, a factor which could make it less willing to contradict the vital interests of its partners in multilateral talks on trade and agricultural reform.

Changes in International Structure

A second crucial external relationship for Germany is, of course, with the United States, upon whom Germany has been dependent for its security over the past 45 years. German-American relations are to a large extent, however, a function of the broader global geopolitical structure; with the achievement of unification, the Soviet withdrawal from Eastern Europe, and the decline of the Soviet military threat to Western Europe,

Germany's security dependence on the United States is significantly diminished. In fact, the changing geopolitical balance will likely lead to the growth of European self-sufficiency in the security realm and greater independence from US security policies.⁶³ This, in turn should reinforce Germany's political dependence on other EC countries, and make it even less able to ignore their needs and interests in international trade discussions. Geopolitical structural change will also result in decreased US leverage over Germany in economic affairs, which means less pressure that it can bring to bear on Germany in negotiations over agriculture and other trade issues.

IV. PRESSURES FOR CHANGE AND FUTURE PROSPECTS

As the previous sections of the paper have shown, the barriers to reform of agricultural policy in Germany are formidable. They include domestic factors, such as the strength of the organized farm lobby, support for agricultural protectionism rooted in cultural values and historical experience, partisan and electoral politics, and the structure of policymaking in the federal government. Also working against agricultural policy reform are important external factors, including integration into EC institutions and foreign policy considerations stemming from European economic and political interdependence and changes in the international geopolitical structure. Nevertheless, there are significant forces pushing for change in German farm policy which appear to be gaining in strength. Within the context of the threatened crisis of the GATT system of international trade, and the danger this poses to Germany's core interest in open world markets, these are: 1) the mobilization of internal pressure generated by business interests and the pro-export lobby, and 2) the growing pressure applied by external actors -- most importantly the United States -- on Germany for agricultural policy reform. As this section will argue, however, these forces may, in the end, not be sufficient to overcome the formidable obstacles to change outlined above.

Mobilization of the Domestic Export Lobby

Quite obviously, the goal of preserving an open, liberal world economy is important not only for the government but also for key private actors and interests in the German economy. These include bankers and industrialists, as well as organized labor; together they form a powerful coalition of social forces that cuts across established class lines. The influence and leverage of this pro-export coalition is, of course, considerably enhanced by the export orientation and dependence of the national economy.

A key interest group that actively promotes the goal of free trade is the National Association of Chambers of Commerce (DIHT).

Also significant in this regard is the German Federation of Industry (BDI). Within the federal government itself, the main center of free trade interests and ally of the export sector is the Ministry of Economics, which traditionally has been held by the pro-business FDP.

Both the Ministry of Economics and business groups have traditionally been openly critical of agricultural protectionism, viewing it as a violation of the principles of free trade and a potential threat to the liberal international trade system. Since the beginning of the Uruguay Round talks, however, and with the evident centrality of CAP reform for the success of the negotiations, the export lobby has stepped up its pressure considerably. At the end of 1988, for instance, as the trade talks neared their half-way point, FDP Economics Minister Martin Bangemann called for an EC decision to promise at least a 50 percent reduction in agricultural subsidies, asserting that Germany's export interests could not be allowed to be endangered because of the interests of a few farmers. This attempt failed, however, against the strong opposition of Germany's Agriculture Ministry.⁶⁴ As the 1990 deadline for conclusion of the trade talks approached, however, warnings about the danger to German export interests posed by the dispute over agriculture became more dire. According to FDP economics spokesman Martin Gruener, the CAP and European farm subsidies represented a "time bomb, whose explosion could threaten the entire world trade system."⁶⁵ FDP Economics Minister Hausmann also called on Chancellor Kohl to override the Agriculture Ministry's opposition to a reduction in farm supports, citing the dangers posed to the German economy from a possible trade war in the event that GATT talks failed.⁶⁶ On the eve of the ill-fated Brussels meeting, Hausmann noted that, "With growing dissatisfaction, the rest of the world is observing the egoistic German position, which endlessly exploits the open markets of others for itself, but has largely closed its own agricultural market [to foreign competition]."⁶⁷

The business community also stepped up its pressure on government policymakers. According to BDI president Tyll Necker, German companies had no desire to become "victims of a wrong-headed agricultural policy."⁶⁸ Hans Peter Stihl, president of the DIHT, asserted that it would be "a joke, if global free trade were to be sacrificed to our agricultural protectionism."⁶⁹

The failure of the GATT talks in early December was a bitter pill for the free trade lobby. Economics Minister Hausmann told the press on December 10 that he was deeply disappointed, and reiterated that the German economy's export-orientation meant that it had a "vital interest" in a rapid resumption and successful completion of the talks.⁷⁰ In January 1991, DIHT president Stihl restated his claim that European agricultural policy "disrupted world trade," and he called on the German government to work for a successful conclusion of the GATT

talks.⁷¹ The DIHT also sponsored a petition drive, securing signatures from the owners of some 20,000 German firms with a total of more than four million employees. In presenting the petition, which demanded a successful conclusion of the trade negotiations, Stihl explained the action as support for the federal government, which he indicated had recently reaffirmed that it took seriously its responsibility for promoting free trade. He reemphasized that it must be guaranteed that GATT negotiations do not founder due to a "falsely-conceived agricultural policy."⁷²

Also stepping up its pressure was the BDI. Its president, Heinrich Weiss, expressed in January his concern that the GATT talks might fail due to the dispute over agriculture, and called on the governments of all participating countries to bring the talks to a successful conclusion. In doing so, Weiss pointed out that industry, not agriculture, is the true "backbone of the world economy." Agricultural policies should be reformed, he argued, and brought within the framework of GATT rules.⁷³ In February, the BDI made an open appeal to the governments of Germany and the other member countries of the EC and the European Commission not to allow the GATT negotiations to fail, and requested a "last-minute initiative" to save the talks; above all else, the BDI called for flexibility in agricultural policy.⁷⁴

German business groups also exerted pressure on government policymakers through their participation in the mobilization of transnational action by national business associations. In Washington, D.C. in late January 1991, for instance, business organizations from around the world came together to push for a resumption of the GATT talks and an acceptable compromise agreement on agricultural subsidies and trade.⁷⁵ This was followed by an unprecedented joint statement in late February by the 600 member organizations of the European Chambers of Commerce Federation, which called upon the EC to dismantle CAP and show more flexibility in agricultural trade matters.⁷⁶

Against this background of growing pressure from the private sector, the Economics Ministry has continued to voice its own support for the reform of agricultural policy. The new federal Economics Minister, the FDP's Juergen Moellemann -- who assumed his position upon restructuring of the cabinet following the December 1990 elections -- has taken up where his predecessors left off in urging the fundamental reform of CAP, terming this an "important precondition for the successful completion of the GATT talks."⁷⁷

External Pressure from the United States

The internal pressure on the German government generated by domestic export interests has been reinforced by those coming

from external actors. Most important here is the United States, the country which defeated Germany in the Second World War, yet also the power primarily responsible for the establishment and maintenance of the global free trade system in which Germany has thrived and -- until 1989 at least -- the principal guarantor of democratic Germany's military security and independence. The breakup of the communist bloc in eastern Europe and German unification led to increased speculation in 1989-90 about a budding new "special relationship" between the United States and Germany, based on American recognition that united Germany was Europe's most powerful and important player, and the key link to eastern Europe and the Soviet Union. Earlier hopes for this special relationship have somewhat diminished as a result of Germany's stance in the Persian Gulf War. They have also been undermined, however, by Germany's perceived intransigence on the agricultural trade issue. This has generated considerable U.S. pressure on Germany to revise its position, and to become a stronger advocate of CAP reform within the EC.

U.S. pressure on Germany tended to be of a more veiled or diffuse variety prior to the breakdown of GATT talks in December 1990 and the strains in relations produced by the Gulf War. They included hints at trade retaliation and more protectionist U.S. commercial policies pushed by a resentful and politically pressured Congress, and the possibility of a general closure of the world economy in the event of a failure of the GATT talks, with all of the disastrous implications these held for Germany.⁷⁸ More direct pressure, however, has come in recent months. In early February, President Bush sent FDP chairman Otto Lambsdorff back to Bonn with the message that the U.S. viewed Germany as the country which held the key to a successful conclusion of the GATT negotiations. Only Germany and the Kohl government, Lambsdorff was told, could influence France to give up its opposition to a reduction of CAP export subsidies and thereby create a framework for negotiations that would allow trade talks to proceed. According to Lambsdorff's report, the U.S. had expected since the June 1990 economic summit in Houston that Germany would use its influence with France to bring about a change in the EC's position on agriculture, but it had been severely disappointed; Washington now expected that the Kohl government would finally use its influence.⁷⁹

In exerting pressure on the German government to play a more active role in promoting agricultural policy reform, the U.S. has pursued a deliberate strategy of linkage, tying the agricultural trade issue to other aspects of U.S.-German relations. According to Lambsdorff, for instance, American officials made it clear during his February visit that Germany's actions on the agriculture front would have important ramifications for bilateral relations, which had been damaged by the Gulf War. With the Germans anxious to repair these relations, such a suggestion is bound to carry even more weight than usual. In placing such

pressure on the Germans, however, the Bush administration has also indicated its awareness that Germany's position on agriculture is bound to have important implications for that country's pivotal relations with France. Reportedly the German visitors to Washington were informed that, if on this issue and others the Germans continued to place a higher value on Franco-German ties than trans-Atlantic relations, then further strains in U.S.-German relations could be expected in the future.⁸⁰ U.S. pressure on Germany to take the lead in promoting agricultural reform, then, could run up against Germany's traditional foreign policy goal of maintaining positive and close relations with France as the basis for its European policy.

Future Prospects

The growing internal and external pressures on Germany to modify its stance on CAP and agricultural trade could provide the federal government with the impetus and political support it needs to override the numerous domestic and external barriers to change in German policy. Similarly, the threatened crisis in international trade relations posed by the collapse of the GATT talks, and the challenge this poses to Germany's international export interests, could serve to sufficiently concentrate the minds of German leaders to allow them to take the necessary painful steps to push for reform of the European agricultural system.

A shift in German policy towards a vigorous support for CAP reform, however, would entail considerable political, and possibly economic, costs. On the domestic front, such a move risks alienation of the farm lobby to an extent which could not only lead to a short-term loss of political and electoral support, but could also promote significant long-term shifts in social-political alignments and change within the party system. It could also require wrenching adjustments in political-cultural attitudes towards the social value of farming, as well as in institutional structures and traditions of policymaking in the federal system. Perhaps the most severe costs would come on the foreign policy front in terms of relations with other EC countries, and in particular France. As has been noted, a shift in German policy in the direction of CAP reform could do extensive damage to Germany's traditionally close relations with France, and could sour intra-EC relations to an extent that further progress towards economic integration becomes difficult or unlikely. Such progress depends, as we have seen, on the building of complex coalitions of states with often divergent interests; a bitter dispute over agriculture could make the formation of such future coalitions impossible. A deterioration of intra-EC relations through a dispute over farm policy would not only endanger German economic interests, but it could also be profoundly politically unsettling as Germany goes through the

uncertain and potentially destabilizing process of incorporating eastern Germany into its capitalist market system. Finally, concessions made to the United States on the issue of CAP reform would be a blow to Germany's prestige and self-image as a sovereign and independent country as it strives to move out from under the US political shadow. Such concerns were undoubtedly behind the recent remarks of one official in the Agriculture Ministry that Germany was "not the 51st state," as well as the vow of Otto Schlecht -- a high-ranking official in the traditionally free trade-oriented Economics Ministry -- that Germany was "not ready to kowtow" to demands from Washington.⁸¹

Given the significant political and economic costs involved in the shift towards a pro-reform stance, a much more likely scenario, it would appear, is the maintenance of a tough bargaining position as Germany attempts to perform the delicate balancing act of satisfying U.S. demands -- and thereby preserving the GATT framework of multilateral governance of international trade relations -- while at the same time protecting its domestic and European interests. Such a position might entail pressure on Germany's EC partners for limited concessions on CAP reform, in combination with a shift to more direct national subsidization of farm incomes under the guise of social and environmental policies. Such a "renationalization" of farm policy, however, could not go so far as to endanger the existence of CAP and perpetuation of its "myth," which continues to provide considerable political and symbolic glue for the European Community.

In short, the various constraints and compromises shaping German policy will most probably lead to a deal on agriculture which will not, ultimately, prove very satisfying to farm interests in the United States and other non-EC countries, and which could further promote the trend towards economic regionalism and the erosion of the multilateral trade system. Such an outcome, of course, involves much longer-term choices for Germany about the future shape of the world and its role in it. From the vantage point of this author, however, the current balance of forces in Germany appears to favor regional stability and interests above global ones -- a situation which could ultimately, and very rapidly, be changed, of course, by developments within the Soviet Union.

V. SUMMARY AND CONCLUSION

This paper has focused on the current paradoxical position of Germany on the issue of CAP reform and agricultural trade: although it is an industrial power and the world's largest exporter, with considerable interest in the continued openness of international trade, Germany has so far refused to support a major restructuring of EC agricultural policy, even though

European intransigence on this issue has resulted in the collapse of GATT trade talks and threatens a crisis in international trade relations. The paper has argued that German policy can be explained by the interaction of both domestic and external factors. In the realm of domestic politics and structures, important determinants of German agricultural policy are cultural values and historical experience, the power of organized farm interests, partisan and electoral politics, and the institutional structure of federal government policymaking. Domestic factors alone, however, while they represent important sources of national policy, are not sufficient for understanding German policy, nor do they provide an adequate explanation of Germany's current intransigence on the issue of CAP reform. Also significant are external factors, including the integration of Germany into EC institutions and decisionmaking structures, and foreign policy considerations stemming from regional economic and political interdependence and recent changes in the international geopolitical structure.

The paper has also shown that pressures for change in German policy have gained in strength in recent months. Within the context of the crisis in trade talks and the potential threats this poses to the GATT system, these consist of: 1) internal pressure resulting from the mobilization of domestic business and export interests, and 2) increased external pressure from the United States. Despite the growth of such pressures, however, the paper has argued that the combination of domestic and external factors outlined above imposes sufficient constraints and barriers to make a drastic change in German policy unlikely, at least to the extent necessary to promote changes in EC policy that would satisfy the United States and other agricultural exporting countries. In the final analysis, then, the dispute over CAP, and Germany's response to it, could well mark a significant shift in German foreign economic policy away from priority for the international system and multilateralism, and in the direction of intensified regionalism.

Notes

1. The Cairns group consists of 14 agricultural exporting nations, including Australia, Canada, Argentina, and Brazil. The name itself derives from the city in Australia where representatives of these countries first met.

2. A good review of the relative importance of domestic and international factors in determining a nation's foreign economic policy are the articles in Peter Katzenstein, ed., Between Power and Plenty, Madison: University of Wisconsin Press, 1978). Also see John Odell, "Understanding International Trade Policies," World Politics, Vol. 43 (October 1990), pp. 139-67. On the concept and theory of international regimes, see Stephen

Krasner, ed. International Regimes, Ithaca: Cornell University Press, 1983. The consequences of growing economic interdependence for national trade policies are examined in Helen Milner, "Resisting the Protectionist Temptation," International Organization, Vol. 41 (Autumn 1987), pp. 639-65.

3. Michael Tracy, Government and Agriculture in Western Europe, 1880-1988, Third Edition, New York: NYU Press, 1989, p. 251.

4. For a history of the development of CAP in the 1960's, see *ibid.*, pp. 251-66.

5. On the 1988 CAP reform package, see Stefan Tangermann, "Evaluation of the Current CAP Reform Package," The World Economy, Vol. 12, No. 2 (June 1989), pp. 175-88.

6. Financial Times, 27 March 1991, p. 33; 9 April 1991, p. 2.

7. Financial Times, 12 April 1991, p. 24.

8. Financial Times, 22 February 1991, p. 5; New York Times, 21 February 1991, p. C1.

9. Gisela Hendriks, "Germany and the CAP: National Interests and the European Community," International Affairs, Vol. 65, No. 1 (Winter 1988/89), pp. 77-8.

10. On the benefits of CAP to German farmers, see Hans J. Michelmann and Jack C. Stabler, "Concluding Remarks," in Michelmann, et al, The Political Economy of Agriculture (1990), p. 234.

11. On the contradiction between German farm policies and national financial interest, see Simon Bulmer, "The European Dimension," in Gordon Smith, et al, Developments in West German Politics, Durham: Duke University Press, 1989, p. 221. On the contradiction between German farm policies and the goal of European integration, see Hendriks, pp. 75-87.

12. *Ibid.*, pp. 84-7; also Tracy, pp. 307-8.

13. Financial Times, 27 March 1991, p. 33; 9 April 1991, p. 2.

14. The Economist, 30 March 1991, p. 93.

15. Wolfram Hanrieder, "Germany as Number Two? The Foreign and Economic Policy of the Federal Republic of Germany," International Studies Quarterly, Vol. 26, No. 1 (March 1982), p. 62.

16. Christian Deubner, "Change and Internationalization in Industry: Toward a Sectoral Interpretation of West German Politics," International Organization, Vol. 38, No. 3 (Summer 1984), p. 531, fn. nr. 63.
17. On the foreign economic policy goals of the German state, see Michael Kreile, "West Germany: The Dynamics of Expansion," International Organization, Vol. 31, Nr. 4 (Autumn 1977), pp. 775-808; also Hanrieder, pp. 57-86; Deubner, pp. 501-35.
18. Kreile, p. 782.
19. Deubner, p. 532.
20. John Marsh, "The CAP - A Vital Ingredient of the Package for the German Presidency," in Wolfgang Wessells and Elfriede Regelsberger, eds., The Federal Republic of Germany and the European Community: The Presidency and Beyond, Bonn: Europa-Union Verlag, 1988, pp. 90-1.
21. David Law, "Transatlantic Economic Co-operation: The Baker Initiatives and Beyond," in Stephen Gill, ed., Atlantic Relations, New York: Harvester Wheatsheaf, 1989, p. 150.
22. Quoted from a speech given by Chancellor Kohl at the December 7, 1988 Europa-Konferenz, as cited in Jonathan Story, "Social Europe: Ariadne's Thread," Journal of European Integration, Vol. 13, Nos. 2-3 (1990), p. 162, fn. nr. 44.
23. Tracy, p. 224.
24. Simon Bulmer and William Paterson, "European Policy-Making in the Federal Republic - Internal and External Limits to Leadership," in Wessells and Regelsberger, eds., p. 253.
25. Gisela Hendriks, "The Politics of Food: The Case of Federal Republic Germany," Food Policy, Vol. 12, No. 1 (February 1987), pp. 37-38.
26. The Week in Germany, 2 February 1990, p. 5.
27. Der Spiegel, 16 July 1990, p. 67.
28. Financial Times, 22 March 1991, p. 32.
29. Bulmer and Paterson, p. 157.
30. Peter J. Katzenstein, Policy and Politics in West Germany, Philadelphia: Temple University Press, 1987, p. 29.
31. Hendriks, "The Politics of Food," p. 39.

32. Simon Bulmer and William Paterson, The Federal Republic of Germany and the European Community, London: Allen and Unwin, 1987, pp. 157-8.
33. Hendriks, "The Politics of Food," pp. 40-41.
34. Tracy, Government and Agriculture in Western Europe, p. 236.
35. Katzenstein, p. 28.
36. Bulmer and Paterson argue that Anglo-American scholars especially have tended to view partisan politics as the dominant factor in the formulation of German agricultural policy. For a citation of some of this literature, see Bulmer and Paterson, The Federal Republic and the European Community, pp. 155-56.
37. On the application of public choice theories to agricultural policymaking in Germany and the EC, see S.M. Senior Nello, "Reform of the EC Agrimonetary System: A Public Choice Approach," Journal of European Integration, Vol. 9, No. 1 (1985), pp. 55-79. More generally, see H. Wayne Moyer and Timothy E. Josling, Agricultural Policy Reform: Politics and Process in the EC and the USA, Ames: Iowa State University Press, 1990, pp. 5-8.
38. New York Times, 10 December 1990, p. C11; 11 December 1990, p. A7.
39. New York Times, 12 November 1990, p. A7.
40. Tracy, in Michelmann, et al, p. 12.
41. Bulmer, p. 226; also Bulmer and Paterson, "European Policy-Making in the Federal Republic," p. 253.
42. Hendriks, "Food Politics," p. 41; also Bulmer and Paterson, The Federal Republic and the European Community, p. 160.
43. Agra Europe, February 15, 1985, p. P/1; cited in Nello, pp. 70-71; also see Bulmer and Paterson, The Federal Republic and the European Community, p. 159.
44. Tracy, in Michelmann, et al, pp. 11-12; also Tracy, Government and Agriculture in Western Europe, p. 308.
45. Renate Mayntz, "West Germany," in W. Plowden, ed., Advising the Rulers, Oxford: Basil Blackwell, 1987, p. 4.
46. Bulmer and Paterson, "European Policy-Making," p. 245. An obvious and important exception to this general tendency, however, is Kohl's decisive leadership and action on the issue of German reunification in late 1989 and early 1990.

47. Ibid., pp. 245-46.
48. Bulmer and Paterson, The Federal Republic of Germany and the European Community, pp. 159-60.
49. Bulmer and Paterson, "European Policy-Making," p. 246; also Bulmer, pp. 221 and 224.
50. Karl Kaiser, "Transnational Politics: Toward a Theory of Multinational Politics," International Organization, Vol. 25 (Autumn 1971), p. 799.
51. These events took place in 1965-66. For an account of their impact on EC agricultural policies, see Tracy, Government and Agriculture in Western Europe, p. 250.
52. Ibid., p. 333. On the inefficiencies of the CAP decisionmaking process in general, see *ibid.*, pp. 333-34.
53. Nello, p. 72.
54. Ibid.
55. Tracy, Government and Agriculture in Western Europe, pp. 333-34.
56. Frankfurter Allgemeine Zeitung, 16 April 1991, p. 16.
57. The Economist, 30 March 1991, p. 23.
58. Marcello De Cecco, "The European Monetary System and National Interests," in Paolo Guerrieri and Pier Carlo Padoan, eds., The Political Economy of European Integration, Savage, MD: Barnes and Noble Books, 1989, p. 97.
59. Wolfgang Schumann and Peter Mehl, "Bundesdeutsche Interessen und gemeinsame Aussenpolitik der EG," Aus Politik und Zeitgeschichte, B 24-25/89, 9 June 1989, pp. 36-46.
60. Loukas Tsoukalis, "The Political Economy of the European Monetary System," in Guerrieri and Padoan, eds., p. 70.
61. Tracy, in Michelmann, et al, p. 11.
62. Bulmer and Paterson, "European Policy-Making," p. 258.
63. See, for instance, David P. Calleo, "Rebalancing the U.S.-European-Soviet Triangle," in Gregory F. Treverton, ed., Europe and America Beyond 2000, New York: NYU Press, 1990, pp. 36-62.
64. Der Spiegel, 16 July 1990, p. 67.

65. Ibid.
66. Ibid.
67. Der Spiegel, 3 December 1990, p. 139.
68. Ibid.
69. Ibid.
70. The Week in Germany, 14 December 1990, p. 4.
71. The Week in Germany, 18 January 1991, p. 5.
72. Frankfurter Allgemeine Zeitung, 1 February 1991, p. 15.
73. Frankfurter Allgemeine Zeitung, 26 January 1991, p. 14.
74. Frankfurter Allgemeine Zeitung, 19 February 1991, p. 19.
75. New York Times, 27 January 1991, p. 12.
76. Financial Times, 25 February 1991, p. 6.
77. Frankfurter Allgemeine Zeitung, 6 February 1991, p. 14.
78. See Der Spiegel, 3 December 1990, p. 139; 10 December 1990, p. 120.
79. Frankfurter Allgemeine Zeitung, 11 February 1991, p. 2.
80. Ibid.
81. Both quotes from New York Times, 10 December 1990, p. C11.