Imtiaz Hussain

Agriculture and Supranationalism: A Comparative Study on North American and West European Policy-Making Experiences
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The proliferation of regional trading blocs in the 1990s raises a fundamental question: To what extent is policy making shifting from the national government to a regional entity? The conversion of GATT into the World Trade Organization, also in the 1990s, further complicates the search for an answer since new or revitalized multilateral rules also exert influences upon policy outcomes. I apply that question to a study of farm policy, with the European Union and the North American Free Trade Agreement (NAFTA) as my cases. The next two sections profile the importance of agriculture and my rationale in selecting the two cases before pointing out the organization of the remainder of the study.

I would like to thank an anonymous reviewer, as well as participants and discussants at the three conferences where this paper was presented: the Mexican International Studies Association (AMEI)/International Studies Association convention in Manzanillo during December 1997, the International Studies Association annual convention at Minneapolis during March 1998, and the Midwest Political Science Association at Chicago, April 1998. Gustavo Acua provided able support, for which I am grateful.
Agriculture: Permanently Afflicted?

Two overlapping transitions this century have taken their toll on agriculture. Before World War II, a commercial impulse, triggered by mechanical improvements and chemical innovations, not only restructured agriculture as an economic activity, but also politicized the process in an unprecedented way; peasants and small family farms, the backbone of traditional society, were threatened into eviction; downward pressures upon produce prices, and thereby farm income, made government intervention a permanent fixture; and domestic farm intervention was matched by protectionism abroad, even as broader world trade shifted towards more openness.

More recent applications of biotechnology are further revolutionizing farm production—and with it the vulnerability of farmers. What distinguishes this second transition from the first is the shift towards liberalizing agricultural trade—caused in part by preferences of agribusinesses and large farm-owners, in part by the sheer

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5How this happened is conveyed by James T. Bonnen, "U.S. agricultural development, transforming human capital, technology, and institutions," in *U.S.-Mexico Relations*, pp. 267-300.


7This is shown of the 1940s by Stephen D. Krasner, "State power and the structure of international trade," *World Politics* 28, April 1976, pp. 317-343.

competition for markets of an ever-growing number of exporting countries, and in part by the enormous concurrent and cumulative costs of sheltering agriculture.

By most accounts, the United States has been a central actor in both agricultural production and trade. On the one hand, it initiated both transitions. On the other, it more or less singlehandedly fashioned the relevant trading rules for both epochs. Whereas in the 1940s and 1950s it unilaterally exempted agriculture from multilateralism, in the 1980s and 1990s, it defiantly imposed multilateral rules upon agriculture. Some have argued this shift was part and parcel of a broader decline in U.S. hegemony since World War II; others point to the autonomous drift towards regional trading arrangements as a step towards increasing competitiveness and reducing subsidy wars.

Empirical Focus

My comparative study of transitions in West Europe and North America recognizes that these are not symmetrical cases. Beforehand, however, why these two regions? First, the Common Agricultural Policy (CAP) of the West Europeans is the first formal attempt at regionalizing farm policy, making the region a natural selection for either a case or comparative study. Second, regionalization is also being farm trade formally pursued in North America, an area including two of the most keen farm trade competitors of the European Union—as was so evident in the Uruguay Round deadlock. Third, there is sufficient diversity in both the process as well as level of regionalization and the treatment of agriculture in the two parts of the world to facilitate an inquiry if the policy-making process also differs.

Perhaps the most trenchant mismatch is that the plurilateralization of national farm policy began thirty-odd years apart in both—from 1962 in West Europe and

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11 In this study, multilateralism refers to the rules and provisions adopted by the GATT from 1947, and the WTO from 1994.

12 This shift in U.S. policy is explained well by Robert Paarlberg, “Why agriculture blocked the Uruguay Round, evolving strategies in a two-level game,” in World Agriculture and the GATT, pp. 39-54.

13 See Cohn, 1993.

This, in turn, creates quite different trajectories of development—in terms of the relationship with multilateral arrangements, the impact of technological innovations upon farm production, and thereby the degree of market competitiveness abroad, and so forth.

Yet, it is the contention of this study that certain dimensions of the farm transformation in both West Europe and North America are comparable. First, the place of agriculture in relation to other industries or sectors at the time of plurilateralizing domestic farm policy can be analysed independent of the time factor. We may ask if agriculture is serving as the engine or the spillover of regional integration?

Second, in turn we can identify if plurilateralizing domestic farm policy is a felt-need of all countries seeking regional integration or only one or a few of them—which then informs us about the relative weight of the various aspiring member countries in determining policy outcomes. Another question to ask, is if regional farm policy is formulated symmetrically or asymmetrically. A symmetrically formulated policy involves either a roughly equal contribution by all member countries or roughly equal impact upon all members. Conversely, an asymmetrically formulated policy involves either a disproportionately larger contribution by one member or a few members, or the policy impact being greater upon one member or a few rather than all members.

Third, since plurilateralizing any policy invariably involves the expression of specific interests, and then their translation into collective rules and institutions, a comparative study of these elements—expressed interests, rules, institutions—is not affected by the time discrepancy. Indeed, in most cases, long-term considerations, such as principles, shape short-term policy prescriptions. As such, even if a regional trading entity is forty-years old, for example, we rarely expect it to drift too far from the principles and broad objectives initially adopted. External pressures may shift and internal priorities may be adjusted accordingly, but the basic purposes and instruments generally remain the same—assuring that a comparative study of entities originating at different points of time is indeed feasible and capable of shedding new light.

**Organization**

The comparative study places as much emphasis on the geographic regions themselves as on the economic entities formally created regionally. This is a necessary approach to bridging the wide gulf between the initiation of regional

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15 Plurilateralism is being used in the same way as Jacob Viner. See *The Customs Union Issue*, New York, Carnegie Endowment for International Peace, 1950, pp. 21-22. Sometimes supranationalism is used as a synonym.
efforts in both areas. For example, a discussion of the European Community in 1960 when North American countries were far from thinking regional, offers not only a comparative framework for evaluating how Canada, Mexico, and the United States handled their own farm policy at a later time, but also a refreshing reappraisal of the state of agriculture across North America in the 1960s.

A four-part analysis follows. First, the farm transformation in both regions is profiled separately, using the 1960s and 1990s as cut-off points. Second, similarities and differences in the placement of agriculture within the regional integration framework are assessed. Third, the sources of policy influences are traced to different levels to determine if any one is more critical to the outcome than the others. Finally, observations are drawn from the study and implications projected in the final two sections.

Intra-Region Farm Transformation

How different was agriculture in the 1990s from the 1960s? Two sub-sections assess the broad contours of change for West Europe and North America, respectively, along twelve dimensions. These dimensions are suggested by various aspects of the transformation, provide the groundwork of subsequent comparisons, and are not exhaustive.

West Europe

Table 1 presents the framework of analysis for West Europe. Several structural changes are evident. First is the definite shift of policy-making from the national to the European level, matched by revolutionizing farm production and creating supranational institutions. Second, from being the driving force behind regional integration based on a Franco-German nucleus, agriculture became in the 1990s just one of several prominent issues in the European Union rather than the critical one it was before. Third, domestic interest groups, and thereby the national agricultural interests of the dominant countries, continue to be important in spite of the Europeanization and multilateralization of farm policy, though without the veto

16 In this study transformation is used to refer to a broad shift in structures from tradition to modern farming, and transition to a specific farm revolution, either the one causing the shift from traditional methods, or others causing an improvement from one threshold of modernized production to another. Three overlapping but sequential revolutions help clarify these shifts—the mechanical, chemical, and biotechnological.

17 The integrative impulse, going as far back as to the European Coal and Steel Community of 1950, profited from the Cold War, which provided the security umbrella for economic reconstruction to take place. However, actual integrative efforts under the Treaty of Rome of 1957 were directly shaped by the Franco-German agreement on agriculture in January 1962.
power they once exerted. Fourth, by the 1990s, the European Union not only faced intensive competition from the rest of the world, which it did not thirty years earlier, but also embraced multilateral rules on agriculture, which did not exist before.

Europeanization

Farm policy was Europeanized over thirty-odd years, as the first five dimensions of Table 1 convey. It was the explicit goal of France, the one country which made the treatment of agriculture the sine qua non of regional integration. A French ultimátum resulted in the Franco-German Agricultural Code of January 1962, which created the European Agricultural Guarantee and Guidance Fund (EAGGF) to both modernize agriculture and protect farmers during the transition. European resources were mobilized to modernize French agriculture on the one hand, and on the other France elevated the European institution most conducive to defending national interests—the Council of Ministers (COM)—over agencies advocating supranational interests—for example, the European Commission. Yet the monetary crisis between 1969 and 1971 revealed convincingly that agricultural goals could not be pursued in isolation—particularly in forging common prices from varying currency values. By virtue of a stronger currency, the Federal Germany emerged in the 1970s as an equally important agricultural player, but one without too much interest in modernizing its small family-farms. While escalating costs and misunderstandings in protecting farmers dampened the spirit of regional integration in the 1970s and 1980s, salvaging efforts within the European Commission blunted the pressures of the COM—generally through the Single European Act in 1986, and more specifically for agriculture through the MacSharry Reforms of 1991.

18Hanns Peter Muth, French Agriculture and the Political Integration of Western Europe, Toward "An Ever Closer Union Among the European Peoples," Leyden, A.W. Sijthoff, 1970.
Table 1  
Agricultural Transformation in West Europe,  
A Comparison over Time

<table>
<thead>
<tr>
<th>Question</th>
<th>1960s</th>
<th>1990s</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Member country approach to farm policy?</td>
<td>Nationalistic</td>
<td>Substantial delegation to supranational body</td>
</tr>
<tr>
<td>2. Creation of common farm policy?</td>
<td>Established as goal</td>
<td>As reality</td>
</tr>
<tr>
<td>3. Dominant agricultural country?</td>
<td>France</td>
<td>France, Germany</td>
</tr>
<tr>
<td>4. Nucleus of any common farm policy?</td>
<td>Franco-Federal Republic consensus</td>
<td>Consensus between France, Germany, and other members of European Union</td>
</tr>
<tr>
<td>5. Dominant supranational institution, if any?</td>
<td>Council of Ministers</td>
<td>European Commission, Council of Ministers</td>
</tr>
<tr>
<td>6. Impact of farm revolutions?</td>
<td>Not started yet</td>
<td>Urban migration, larger farm size, expanded production, price supports</td>
</tr>
<tr>
<td>7. Intra-region competition over farm trade?</td>
<td>Almost nil</td>
<td>Almost nil</td>
</tr>
<tr>
<td>8. Place of agriculture in larger regional context?</td>
<td>Prominent and dominant</td>
<td>Prominent but not dominant</td>
</tr>
<tr>
<td>9. Role of domestic farm groups?</td>
<td>Vehicle of nationalism, influential, possess veto power</td>
<td>Considerably dampened versions of same roles</td>
</tr>
<tr>
<td>10. Role of transnational farm alliances?</td>
<td>Not at all important</td>
<td>Marginally important</td>
</tr>
<tr>
<td>11. Farm-trade competition with non-members?</td>
<td>Limited</td>
<td>Extensive, contentious</td>
</tr>
<tr>
<td>12. Subject to multilateral rules?</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Diminishing Role of Agriculture

From being the driving force of Europeanization, the CAP became just one of several important issues. Indeed, the transformation of agriculture, as dimension #6 of Table 1 conveys, invoked several forces which also demanded independent attention and exerted autonomous authority. Exchange rates, monetary policies, fiscal policies, for instance, had to be harmonized to unify farm prices, stabilize production, and pay for the costs of protecting farmers, respectively. To even fulfill them, supranational bureaucratic-level management became an imperative, and which only the European Commission was equipped to provide. Even though intra-bloc farm trade competition has not existed, as dimension #7 observes, simply diverting limited resources and attention-span to other areas of felt-needs reduced the critical position of agriculture over time, as dimension #8 indicates. To be sure, the *sine qua non* characteristic of agriculture was premised upon this expectation. Once a common farm policy was more or less in place, shifting to other policy areas was only natural. This did not mean that agriculture became an unimportant issue in the 1990s. On the contrary, it still commands the largest share of European Union resources and priorities, but not as overwhelmingly as in the past.

Sustained Domestic Interests

Europeanization did not eliminate domestic concerns. Farm policy may be irreversibly institutionalized at the European level after thirty-odd years, but without displacing domestic interests. This is most evident in terms of pressure groups, as dimensions #9 and #10 point out. The French farm group, FNSEA, which was so instrumental in shifting farm policy from the politicians of Paris to the bureaucrats of Brussels in the 1960s continues to exert considerable weight inside France during the 1990s—as evident in its resistance to multilateralizing agriculture through the MacSharry Reforms. The German farm group, DBV, which was not too keen on shifting farm policy to Brussels before the monetary crisis of 1969-71, has played, and continues to play, a pivotal role in domestic elections primarily, and in Brussels secondarily. Neither have allowed the fate of European agriculture to be determined by COPA, the European level association of farm interests.

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25 Fédération nationale des syndicats d'exploitants agricoles.
26 Muth, op. cit.
28 Deutscher Bauernverband.
Multilateralization

Europeanization preceded multilateralization. Two measures of how successful CAP became was that by the 1980s, European farmers were intensely competing for foreign markets and furiously resisting exports from other parts of the world. Dimension #11 of Table 1 acknowledges this. Competition, in turn, shifted attention to reconsidering farm trade rules at the multilateral level. Of course, this was not the only reason why agriculture was made a priority at the Uruguay Round. The reduction of tariffs and non-tariffs on manufactured products made agriculture and services the next natural targets of liberalization. Yet, as dimension #12 depicts, France conceded to multilateral pressures through the Blair House Agreements of 1992-93, paving the way for the liberalization of CAP.

North America

Table 2 profiles transformation across North America. At least four features stand out. First, nationalistic approaches were multilateralized without any form of North Americanization. Second, intra-regional rivalry is not only embedded, but also increasingly intense. Third, domestic interest groups, and through them national agricultural interests, have distinctively been subordinated to other interests over time. Fourth, increasing global-level competition parallels regional-level competition.

Multilateralism Without Regionalization

National farm policies in Canada, Mexico, and the United States were multilateralized without prior regionalization. Canada and the United States were not only born free, but also had almost parallel forms of agricultural development. Both commercialized farming between the two world wars, and experienced the price depression, government supports, and protection which followed—which boosted production and exports, particularly of grains, but creating in the process a farm trade dilemma of how to sustain farm income amidst the pressures for overall

34 Several strands of similarities during the inter-war period are captured by Paul F. Sharp, The Agrarian Revolt in Western Canada, A Survey Showing America's Parallels, New York, Octagon Press, 1971, esp. chps. 7-10.
### Table 2
Agricultural Transformation in North America, a Comparison over Time

<table>
<thead>
<tr>
<th>1. Member country approach to farm policy?</th>
<th>1960s, Nationalistic</th>
<th>1990s, Increasingly liberal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Creation of common farm policy?</td>
<td>No</td>
<td>Convergence expected over 15 years</td>
</tr>
<tr>
<td>3. Dominant agricultural country?</td>
<td>Canada, United States</td>
<td>Canada, United States, increasingly Mexico</td>
</tr>
<tr>
<td>4. Nucleus of any common farm policy?</td>
<td>Canadian-United States rapport</td>
<td>Rapport between (a) Canada and the United States, (b) Mexico and the United States</td>
</tr>
<tr>
<td>5. Any supranational institution?</td>
<td>No (except when binational panel invoked)</td>
<td></td>
</tr>
<tr>
<td>6. Impact of farm revolutions?</td>
<td>Urban migration, larger farm size, expanded production, and price supports well underway in Canada and the United States, just started in Mexico;</td>
<td>Similar impacts in Mexico, but on a relatively reduced scale</td>
</tr>
<tr>
<td>7. Intra-region competition over farm trade?</td>
<td>Yes, between Canada and the United States</td>
<td>Yes, between Canada and the United States; also between Mexico and the United States</td>
</tr>
<tr>
<td>8. Place of agriculture in larger regional context?</td>
<td>Prominent</td>
<td>Less prominent</td>
</tr>
<tr>
<td>9. Role of domestic farm groups?</td>
<td>Vehicle of nationalism, influential in all three countries, possess veto power in Canada and the USA</td>
<td>Ambivalent, some groups in favor of liberalization, others not so in all three countries</td>
</tr>
<tr>
<td>10. Any supranational farm groups?</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>11. Farm-trade competition with non-North American countries?</td>
<td>Limited</td>
<td>Increasingly intense and contentious</td>
</tr>
<tr>
<td>12. Subject to multilateral rules?</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>
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trade liberalization. Enormous amounts of farm trade also flow between the two countries. However, both ended up competing with each other rather than coordinating policies after World War II. On the one hand, the United States took to multilateralizing trade of manufactured goods by exempting agriculture, whereas Canada, which earnestly sought globalized farm rules, became highly critical of the 1955 GATT waiver the U.S. sought for its farm policy. On the other, provincialized policy-making and supply-managed marketing boards for Canada generate structurally different problems than the price and income supports, deficiency payments, and export enhancement programs in the United States. Spiralling costs of sheltering agriculture in the 1980s pushed Canada to align with other farm exporters, the so-called Cairns Group, to break European farm barriers down, and the United States to reduce domestic farm supports, tariffs, and subsidies on agriculture. Taking a slightly different route, Mexico sought the same goals after embracing multilateralism in 1986, then concluding free trade agreements with its two northern neighbors in the 1990s. Agricultural transformation, triggered by import substitution industrialization before World War II, produced two broad sectors by the 1990s—an area of deficit, in which grains and oilseeds belonged, and an area of surplus, including fruits and winter vegetables—and faced the same trade policy dilemma as its northern neighbors. By embracing multilateralism, and later the free trade agreements, all three countries eagerly sought to redress the dilemmas they faced in favor of liberalism. Dimensions #1 through #5 of Table 2 dwell upon various aspects of this shift over time, and together point to the results mentioned in dimension #6. Of note is dimension # 5, acknowledging the partial emergence of supranational institutions. This is true in the 1990s only when a chapter 19 complaint is filed by any member country against the imposition of an antidumping or countervailing duty by another member, when a binational panel is formed to review the case. Although an ad hoc body, the binational panel has the potential of becoming a viable, durable supranational entity affecting farm trade.


Andrew F. Cooper and Richard Higgott, "Australian and Canadian approaches to the Cairns Group, two-level games and the political economy of adjustment," in World Agriculture and the GATT, 126-27, but see pp. 121-141.


Celso Cartas Contreras, "The agricultural sector's contributions to the import-substitution industrialization in Mexico," in U.S.-Mexico Relations, pp. 111-112, also see pp. 111-129.

Embedded Intra-regional Rivalry

Intra-regional farm trade is inherent and increasingly intense across North America—even as integrative efforts proceed. Dimension #7 of Table 2 mentions this. Both interdependence and competitiveness characterize Canada-U.S. and Mexico-U.S. farm trade—and catalyze disputes. There were more countervailing and anti-dumping duties filed in the two bilateral relations during the 1980s, for instance, than in the preceding 35-odd years since World War II. That the United States is the largest farm trade partner for both Canada and Mexico is but one explanation for this. The magnitude of trade makes disagreements inevitable. Another is the transparency of trade laws, especially in the 1980s. Both regional and multilateral trade agreements seek to make national farm policy instruments more transparent. As with West Europe, there is a great degree of farm trade interdependence in North America in terms of these two specific bilateral networks while a third bilateral network between Canada and Mexico is only just beginning to emerge in the 1990s. Unlike West Europe, though, there is also a great deal more competition and disputes.

Subordination of Domestic Interests

Domestic farm interests, and by extension, national farm policy priorities, were clearly subordinated to other policy interests from the 1980s—led by the United States. This is conveyed implicitly by dimension #8, explicitly by #9. Domestic farm subsidies were outrightly opposed by the Reagan administration, but continued to receive strong bipartisan congressional support owing to the pressures of societal groups. The ingenious solution to this deadlock, devised by Clayton Yeutter, the United States Special Trade Representative, and Daniel G. Amstutz, the Under Secretary for Agriculture, was to internationalize farm policy—use the Uruguay Round negotiations to reduce domestic farm subsidies worldwide.


further informs us that no supranational farm group has yet emerged in North America.

Inherent Global-level Competition

Competition with non-North American farm exporters also spiralled from the 1980s, as dimension #11 observes. Indeed, the Uruguay Round deadlock can be explained to a large extent by this. Previously, domestic supports cushioned the after-effects of the mechanical and chemical revolutions. But the biotechnological revolution of the 1980s distorted agricultural production and supports beyond meaningful levels, which prompted Canada and the United States to seek additional foreign markets, utilizing international coalitions to facilitate this goal. One other aspect of global competition was the increasing resort to non-tariff barriers. Since many of them are not transparent, farm trade became even more contentious. Whereas Canada utilized the Cairns Group to grapple with this problem, the United States used GATT and its own unilateral measures, such as the Export Enhancement Program and Section 301. Both, however, favored multilateral rules, as dimension #12 points out—and as it turned out, for the first time together.

Inter-Regional Similarities

Table 3 lists ten areas of similarities in adjusting agriculture to regional integration in the two regions. This is not an exhaustive list, simply one portraying that in spite of a significant hiatus in their gestation, both regional integrative efforts share a number of commonalities with regards agriculture. What are some of these? These may be grouped broadly as the very treatment of agriculture, domestic considerations influencing regional priorities, interdependence, and the multilateral framework within which these actions took place.

Agriculture is treated with sensitivity in both regions. This is clearly evident in the sine qua non status accorded agriculture with regards regional integration in West Europe and the attainment of a free farm trade area in North America, not in 5 years, nor in 10, but over 15 years—the last category of products before the projected shift to a customs union in the year 2008. Both the importance

Footnotes:

44 Frederick H. Buttel, "The US farm crisis and the restructuring of American agriculture, domestic and international dimensions," in International Farm Crisis, pp. 46-83.
45 Laurence Tubiana, "World trade in agricultural products, from global regulation to market fragmentation," in International Farm Crisis, pp. 23-45.
of the farm vote, declining though it may be, and the impacts of the farm revolutions, combined to provide this sector special treatment.

Domestic considerations insured a special place for agriculture, as the second similarity in Table 3 notes. Agriculture was far too important a domestic issue to be left out of any regional integrative efforts. In addition, as the third, fourth, and fifth similarities point out, regionalization enhanced the interests of domestic farm exporters, and often received their support. They reflected either a critical source of national income at a time of increasing national deficits—as was the case for Canada and the United States—or strengthened an existing area of comparative advantage—as was true for France. Favorable farm trade balances go a long way in creating viable economic actors—a goal Canada, France, and the United States have all cherished. In turn, each country was able to influence the positioning of agriculture in the regional framework—which is the sixth similarity—even if it represented a minority interest in the regional setting, as France was, or a weaker partner, as Canada has been.

Table 3
Agriculture and Regional Integration in West Europe and North America, Similarities

1. Agriculture treated as a sensitive sector.
2. Agriculture explicitly included in initial framework of regional integration.
3. Regional integration obviously favored farm exporters.
4. Dominant farm exporting member(s) face(s) increasing dependence on farm exports to support overall trade balances.
5. Dominant farm exporting member(s) utilize(s) agriculture to enhance overall economic competition.
6. Dominant farm exporting member(s) exert(s) greater influence over the placement and treatment of agriculture at the regional level than other members.
7. At least a degree of farm interdependence existed prior to regional integration.
8. Although both entities formed under Article XXIV, both prioritize regional obligations more than multilateral.
9. Both trading blocs see the other as a key agricultural rival at the time regionalization was initiated.
10. In both, agriculture is seen as an economic and political pursuit.

Farm trade interdependence existed even before regional integration got underway. Although this was minimal in West Europe, France served as its bread basket at a time when the Federal Republic was its largest importer—a network that proved crucial to not just catalyzing regional integration, but also making agriculture
the driving force. In North America, bilateral farm trade with the United States provided one strand of the interdependent fulcrum upon which regional integration was to rest subsequently—but one which was not critical to any regional integrative framework.

Although multilateralism provided the framework of both regional trading blocs, West Europeans and North Americans appear to be more at ease dealing with their problems at the regional rather than the multilateral level. West Europeans have invested too much time and attention on regional institutions—which are unlikely to just pass away some day. North Americans also seek to resolve their differences using regional rather than multilateral arrangements primarily. Actions such as these may cumulate into making regional efforts more independent of Article XXIV of GATT, under which both regional entities were initiated—ostensibly as ad hoc steps towards ultimately converging with multilateral rules. One reason why may be, as the ninth similarity listed conveys, both regions see the other as a rival and the multilateral body, given the deadlock during the Uruguay Round, as incapable of resolving differences between them. This, in turn, suggests the tenth similarity, Agriculture in both represents as much a political as an economic pursuit, reflecting both the drive towards market efficiency necessitated by the successive farm revolutions, and expediency.

**Inter-Regional Differences**

Table 4 presents a long list of differences in the way agriculture and regional integration are related in the two geographical areas. As before, this is not an exhaustive list, but one seeking to highlight disparities not attributable to the time discrepancy. Three clusters of differences may be deduced on the basis of whether the priority is placed at the domestic, regional, or multilateral level.

**Domestic Level**

Domestic-level differences dictate regional level outcomes. The first four differences listed belong in this cluster. Whereas the first of them identifies France as the dominant exporter in West Europe and Canada, Mexico, and the United States in North America, the second indicates how domestic farm groups exert a veto power over regionalism in West Europe but not in North America. These differences are of structural importance, France alone dictated the initiation of CAP and French farm groups, by extension, exerted veto power over the European Community, while in North America a cluster of policy-issues and a check and balance configuration

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48 On this point, see Andreas F. Lowenfeld, “What the GATT says, or does not say,” in *Bilateralism, Multilateralism and Canada in U.S. Trade Policy*, pp. 55-68.
prevent overall hegemony among members, while farm groups are reduced to insignificance from the very outset. In addition to these, the place of agriculture and the nature of interest intermediation pattern in the dominant countries of both regions are very dissimilar. When integration was initiated, agricultural employment and contribution to the gross national product were relatively higher in France than in Canada and the United States. Both were also high in Mexico, suggesting an interesting similarity with France. In both countries, corporatism is the dominant pattern of interest intermediation. However, the difference between France and Mexico are much more conspicuous. Mexico underwent a green revolution before entering NAFTA, France did not before the Agriculture Code of 1962. Mexico is the least important member of NAFTA in terms of agricultural production, trade, and influence, while France is the most important member of the European Community in terms of all three criteria. France, on the one hand, and Canada and the United States, on the other, are also different over the form of interest intermediation prevalent in each country. Instead of corporatism, the Canadian pattern is a variation of consociationalism and the U.S. pattern is largely pluralism.

Regional Level

Regional-level differences may explain why West Europe is more independent of multilateral arrangements and North America is less. Fourteen of the differences, from #5 to #18, inclusively, depict this. Domestic interests made the treatment of agriculture in the Treaty of Rome more urgent and detailed than they did in the NAFTA document. In the same way, the original geographical scope of CAP was exclusively regional, whereas the North American counterpart is more open-ended, facilitating both regional-level trade and global. To some extent, the time factor may partly account for this discrepancy, farm trade was more global in the 1990s than in the 1960s. However, Canada and the United States engaged in global-level trading even in the 1960s because of their geographical peculiarities.


Table 4.
Agriculture and Regional Integration in West Europe and North America, Differences

<table>
<thead>
<tr>
<th>Question</th>
<th>West Europe,</th>
<th>North America,</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. How many dominant exporters initially?</td>
<td>1 (France)</td>
<td>Canada, Mexico, United States</td>
</tr>
<tr>
<td>2. Domestic farm groups exert veto power over regional integration?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>3. Place of agriculture within dominant country, in terms of,</td>
<td>a. high</td>
<td>a. low for both Canada and USA, high for Mexico</td>
</tr>
<tr>
<td>a. employment</td>
<td>b. high</td>
<td>b. low for both Canada and USA, high for Canada</td>
</tr>
<tr>
<td>b. GDP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Nature of farm group interest intermediation pattern in dominant country?</td>
<td>Corporatism</td>
<td>Consociationalism (Canada) Corporatism (Mexico) Pluralism (United States)</td>
</tr>
<tr>
<td>5. Nature of attention paid to agriculture by members?</td>
<td>Asymmetrical</td>
<td>Symmetrical</td>
</tr>
<tr>
<td>6. Treatment of agriculture in regional-level document?</td>
<td>Detailed, specific</td>
<td>Sparse, broad</td>
</tr>
<tr>
<td>7. Geographical scope of farm trade initially?</td>
<td>Regional</td>
<td>Global</td>
</tr>
<tr>
<td>8. Intra-bloc farm trade competition initially?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>9. Intra-bloc farm disputes?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>10. Agriculture related to intra-bloc migration?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>11. Nature of farm asymmetry initially between members?</td>
<td>Exporter-importer</td>
<td>High wage-low wage</td>
</tr>
<tr>
<td>12. Regional integration initiated before or after farm modernization in dominant country?</td>
<td>Before</td>
<td>After</td>
</tr>
<tr>
<td>Question</td>
<td>Transitions after integration</td>
<td>Transitions before integration</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>-------------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>13. Relationship between regional integration and farm transitions?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Institutional form of regional farm policy as yet?</td>
<td>Yes, CAP, EAGGF</td>
<td>No</td>
</tr>
<tr>
<td>15. Share of agriculture in regional-level a. resources spent</td>
<td>a. high</td>
<td>a. low</td>
</tr>
<tr>
<td>b. agenda attention?</td>
<td>b. high</td>
<td>b. low</td>
</tr>
<tr>
<td>16. Agriculture as engine or spillover of regional integration?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>17. Regional-level common external tariff?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>18. Regional farm policy overrides national farm policy priorities, in terms of a. modernization</td>
<td>a. Yes</td>
<td>a. No, not yet</td>
</tr>
<tr>
<td>b. price and income supports</td>
<td>b. Yes</td>
<td>b. No, not yet</td>
</tr>
<tr>
<td>19. Subject to multilateral rules initially?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>20. Nature of representation in multilateral organizations?</td>
<td>Through regional level</td>
<td>On the basis of state membership</td>
</tr>
<tr>
<td>Intra-bloc dynamics, as differences #8, #9, #10, and #11 indicate, show how far apart these two regional arrangements are. Competition between members, and thereby the dispute potential between them, did not exist in the European Community originally or even today; but they always have in North America. In addition, agriculture in North America involves transnational migration, sometimes only on a seasonal basis —pointing to a significant wage differential between member countries. (^{51}) Mexican labor has historically been recruited as farm-hands in the United States, (^{52}) and more recently in Canada as well. With a higher overall level</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


\(^{52}\) Ibid., ch. 3.
of development and lower wage differentials, West Europe did not initially experience any such migration, although with the recent inclusion of Mediterranean members, wage differentials are beginning to characterize West European agriculture too. In any case, the original and dominant asymmetry in West Europe was not over wages but defined in terms of exporter-importer statuses.

Regional-level activities are quite different in the two geographical areas, resulting in varying levels of influence upon and autonomy from domestic activities. These are listed as #12 through #18 on Table 4. On the one hand, regional integration was initiated prior to farm modernization in West Europe but after in North America, with the consequence that agricultural transitions succeeded the initiation of regional integration in the former but preceded it in the latter. Whether there is a causal relationship between this sequence and the strength of regional institutions is debatable, but European farm rules take priority over their national counterparts with regards farm modernization and supports. North American farm rules, still very sparse and broad, do not exert any such influence over their national counterparts. This, in turn, indicates the growth of specific European level institutions, such as CAP and the EAGGF, to which there are no counterparts in North America as yet. West Europe and North America are still poles part in the share of resources spent and agenda attention given to agriculture. Agriculture receives a very high share of both in West Europe, but considerably less in North America. To offset these expenses, in part, West Europe has installed a common external tariff, which NAFTA has not yet considered.

**Multilateral Level**

Regional-level differences extend to relations with multilateral arrangements. Although both regional trade blocs utilized Article XXIV of GATT to legitimize their birth, the European Community did not have any multilateral farm rules to follow when it was created, whereas CUSFTA/NAFTA did—if not formally, at least in the preferences Canada and the United States were championing at the Uruguay Round. Even more dramatic a divergence, whereas the European Community has its own representative in the multilateral body, NAFTA members do not and rely instead on their own national-level representatives.

**Sources of Policy-making**

Agriculture has been transformed, incorporated in regionalized efforts, and multilateralized in both West Europe and North America. Yet, the timing and sequence has differed. How do we account for these differences?
One approach, the one adopted here, is to trace some of the key developments influencing transformation, regionalization, and multilateralization to the various levels of policy-making. Three of them are identified, national, regional, and global. Based upon previous discussions, Table 5 presents sources of policy-making in terms of issues for both regions, and Table 6 does likewise in terms of levels.

It is clear from Table 5 that West European countries have developed an outlook and set of institutions which are irreversibly regional, in spite of occasional domestic protests led by affected interest groups, whereas the North American countries continue to rely on a nationalistic outlook and set of institutions. Further cementing this nationalistic orientation in North America is that competition may be found even within the region—Canada versus the United States, Mexico versus the United States, and vice versa. This has not been a problem in West Europe. As can be deduced, none of the differences—#1 through #6—can be attributed to the time discrepancy. They emerged from the interplay between domestic and regional interests in which the region gained greater salience for West Europe but remained subordinate to the national in North America. Table 5 also presents two areas of policy-making similarity—competition being global and national interests still being dominant.

**Table 5.**

**Sources of Policy-Making in Terms of Issues, West Europe and North American Comparisons**

<table>
<thead>
<tr>
<th>Issues</th>
<th>West Europe,</th>
<th>North America,</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Farm modernization</td>
<td>Regional</td>
<td>National</td>
</tr>
<tr>
<td>2. Subsidization</td>
<td>Regional</td>
<td>National</td>
</tr>
<tr>
<td>3. Decision to multilateralize</td>
<td>Regional</td>
<td>National</td>
</tr>
<tr>
<td>4. Costs of farm support</td>
<td>Regional</td>
<td>National</td>
</tr>
<tr>
<td>5. Decision to impose sanctions</td>
<td>Regional</td>
<td>National</td>
</tr>
<tr>
<td>6. Redressing foreign competition</td>
<td>Regional</td>
<td>National</td>
</tr>
<tr>
<td>7. Sources of foreign competition</td>
<td>Global</td>
<td>Global, regional</td>
</tr>
<tr>
<td>8. Dominant interest group preferences</td>
<td>National</td>
<td>National</td>
</tr>
</tbody>
</table>
Table 6 emphasizes the difference in the sequence of supranationalization. Policy-making was delegated to the regional level at the very beginning, even though it originally reflected so obvious French interests, and only after a long period of consolidation at this level were multilateral rules embraced. In North America, all three countries jumped first to the multilateral level before deciding upon a regional alternative—indicating more flux and less discipline than in the case of West Europe.

Farm policy-making has been institutionalized at the regional level in West Europe, whereas in North America, on the one hand, institutions remain under national control, but on the other, rules are multilateral. This, in turn, reduces the sovereignty and importance of the member country over agricultural policy-making in West Europe, while the three countries in North America are caught in a bind between defending national priorities over agriculture and adjusting to multilateral rules. By virtue of the number of members, defection from multilateral rules is more probable than from regional arrangements—which strengthens the common farm policy in West Europe more than the national farm policies in North America. On the one hand, member countries in West Europe are represented in GATT/WTO by the European Union, whereas in North America each country represents itself. On the other, having opted for multilateralizing agriculture before regionalizing it, North American countries now face the difficult prospects of (a) retreating to the regional level to create and consolidate a common policy and set of institutions, (b) retreat fully to the national level, which may prove more costly since the biotechnological revolution necessitates outward-looking policies, or (c) use sanctions vigorously, especially against the European Union, to uphold multilateral rules for all countries and blocs.

Although NAFTA members have thus far emphasized the first and third options, success with both require two qualities in short supply in the competitive world today—time and patience. If a common farm policy is to emerge in North America, it is not expected before 2008; if sanctions are to be utilized too frequently through the multilateral body, not only will the fragile institutions of WTO face premature stress, but also if rules on safeguard measures against unilateral action may not withstand the likely recourse to retaliation. Whichever way one views the predicament, long-term prospects of a common farm policy in North America are less promising under multilateralism than it was in West Europe under nationalism.
Table 6.
Sources of Policy-Making in Terms of Levels, West European and North American Comparisons

<table>
<thead>
<tr>
<th>Levels</th>
<th>West Europe</th>
<th>North America</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>*Delegated to regional level institutions</td>
<td>*Virtually every issue, but theoretically based upon multilateral rules from 1986</td>
</tr>
<tr>
<td></td>
<td>*Shift in locus from Council of Minister to the European Commission</td>
<td>*Common farm policy projected by year 2008</td>
</tr>
<tr>
<td>Regional</td>
<td>*Virtually every issue, but theoretically based upon multilateral rules from 1993</td>
<td></td>
</tr>
<tr>
<td>Multilateral</td>
<td>*Effective only with Uruguay Round agreements, tariffication; reduce subsidies by 21%, tariffs by 36% within 6 years for developed countries and 10 for LDCs</td>
<td>*Receptive from 1986, but effective only from 1993 Uruguay Round agreements, tariffication; reduce subsidies by 21% and tariffs by 36% within 6 years in developed countries, 10 in LDCs</td>
</tr>
</tbody>
</table>

Conclusion, More Hypotheses

Forging a common farm policy may take quite different routes, encounter discrete peculiarities, and produce entirely dissimilar outcomes. Key observations from the foregoing comparative study offer themselves as testable hypotheses in other case studies.

First, the timing of agricultural transformation influences whether regionalism is favored over multilateralism or vice versa. Not every country can have a transformation simultaneously since the infrastructure for technological development and capital accumulation is not equally distributed. Those in the first wave get more open-ended access to world markets, which is more likely to create a global orientation than a regional. Subsequent waves get proportionately limited access to world markets, creating in turn a proclivity towards regional-mindedness.

55Theme discussed by James Kurth about selected industries. See "The political consequences of the product cycle, industrial history and political outcomes." International Organization 33, no. 1, Winter 1979, pp. 1-34.
than global. It may be argued Canada and the United States are more multilateral than regional today because they belong to the first wave, while West European countries, especially France, are more regional than multilateral because their transformation belonged to subsequent waves—which breeds another hypotheses.

Second, a shift from a national farm policy to a multilateralized policy involves a larger leap than to a regional policy, greater suddenness in the decision to shift, and far more adjustment problems, in turn making multilateral attachments more vulnerable than regional attachments. North America clearly reflects these. Converting national farm policies into regional policies also involved considerable costs and adjustments in West Europe, but they were more gradual, and thereby were able to establish and consolidate relevant regional institutions before turning to multilateralism. It might be argued North America would have fewer maladjustments if it had as much time to develop regional institutions too. However, what weakens this argument is that multilateralism entails competitiveness, under which the time factor becomes a less significant issue. West Europe could develop regional institutions because it was more insulated from competition during its formative years than North America has been; and furthermore, the intensity of competitiveness today is far superior to that thirty years ago—contributing to a more favorable atmosphere then than now.

Third, whether agricultural transformation is entrusted to national or regional institutions offers a yardstick as to how multilateral the country is likely to become. If the state is the agent of transformation, multilateralism may be preferable to regionalism, even though national policies may be hard to dislodge. If regional institutions are the agent of transformation, national policies may indeed be subordinated, but multilateralism may be accepted only with qualifications or delays. In the former, two levels of policy-making may compete for priority, in the latter only one.

Implications

What do these concluding observations imply?

First, although multilateral farm rules provide more long-term stability amidst the open-ended revolutions in agriculture, they may continue to remain the second-best option for states. Since agriculture is such a sensitive sector, the larger the supranational entity a country aligns to, the greater the chances of defection from the rules. States may play it safe and choose rules of a smaller supranational entity over those of a larger body in the short-run. Canada and the United States may be exceptions to this hypothesis, since both belonged to the first wave of agricultural transformation. Few other countries fall in this category.
Second, the nature of the biotechnological revolution is such that farming may not prove a viable industry even in traditionally agricultural countries. Countries which experienced a transformation late, or have yet to experience one, may find themselves forced to disinvest in farming even though a majority of the population may still live in rural areas—introducing unpredictabilities of sort. This, in turn, implies that no single level of farm policy-making may be suitable for other countries seeking to create regional trading arrangements. A mixture of national, regional, and multilateral rules is likely to prevent any one level becoming dominant, and sanctions or retaliation may prevent even the national level from becoming so.

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