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Abstract

Through the examination of the interplay between the deepening process of European integration and the domestic politics of EU member states, this article seeks to show how the former affects the latter and ultimately leads to the reshaping of EU members' preferences over time. The two cases examined here (agricultural policy preference shifts in France and Germany during the MacSharry reform negotiations) illustrate that European integration over time generates institutional feedback in which European policies become not just outputs but also major inputs of the political process of EU member states. The critical factor in this preference change is the domestic policy coalition shift, which is provoked by positive expectations regarding the national benefits to be gained from deeper integration.

Keywords

CAP, domestic policy coalitions, institutional feedback, positive expectations, state preferences

Does the process of regional integration affect the preferences of member states? If so, under what conditions? Given the paucity of research on this issue, the goal of this article is to introduce a theoretical model of *institutional feedback* and to test it empirically. The main thesis is that the process of regional integration over time generates institutional feedback that provokes a shift of state preference in a specific policy area via a change in domestic policy coalitions. The critical factor in this preference change is positive expectations regarding the national benefits to be gained from deeper integration. Those positive expectations enable the government to reconsider traditional policy coalitions and initiate a new policy even in the face of strong opposition from powerful interest groups in the old coalition. By examining the interplay between the progress of the European Community (EC) and the domestic political processes of its members, I aim to show how the regional integration process mediates and reshapes the preferences of member states over time.

The article is organized as follows. The first section addresses the extant theories' accounts for institutional feedback in regional integration. Given the shortcomings of these theories, the second section introduces an alternative model of the state preference change in the process of regional integration. The third section provides the research design for the application of the preference

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change model to empirical cases. The subsequent sections adduce the evidence of institutional feedback taking place in European integration. They examine state preference shifts in the French and German agricultural sector, particularly surrounding the 1992 MacSharry reform of the CAP (Common Agricultural Policy). The concluding section discusses the incomplete nature of alternative explanations and addresses the theoretical implications of this research for the study of European integration.

Extant Theories' Accounts for Institutional Feedback in Regional Integration

When it comes to the process of regional integration, realists argue that the direction as well as the pace of regional integration are determined by the interaction of sovereign states, which not only control the initiation of the integration process but also all of its subsequent stages (Grieco, 1996). Since integration outcomes always reflect state power, leading member states are rarely constrained by the integration process. Thus, realism pays little attention to the possibility that states change their preferences due to the constraints and opportunities imposed by regional integration. Put simply, since agents rarely constrain or change the preferences of principals in a realist paradigm, there is little room for institutional feedback to take place.

Unlike realism, liberal intergovernmentalism (Moravcsik, 1998) emphasizes the importance of domestic politics for international agreements. However, like realism, it argues that regional integration schemes are devised mainly to monitor and enforce agreements between states. Here, states delegate some authority and control to international institutions with tight oversight, and the delegation is acceptable only insofar as it strengthens their control over domestic affairs. Despite its theoretical refinement, the biggest pitfall of liberal intergovernmentalism is that it does not take into account the possibility that agents (e.g. the European Commission) may go against principals (i.e. the member states) and thus tends to ignore the fact that the former set their independent agendas/goals, sometimes against the wishes of the latter (Pierson, 1996). For example, as Hug (2003: 66) pointed out, European "commissioners, once in place, aim at extending their powers and thus almost by definition enter into conflict with their principals." By putting too much emphasis on the power of leading states and underestimating feedback effects of the regional integration process, liberal intergovernmentalism neglects the potential *endogeneity* of state preferences – i.e. the ways in which national preferences count on the very process of regional integration (Cowles et al., 2001: 14).

Social constructivists have recently sought to examine the conditions under which the process of regional integration (e.g. European policies) *socializes* states (or states' agents) and leads them to internalize new roles, norms, and identities (Checkel, 2005). Powerful as it is in addressing the interaction between principals and agents, social constructivism also has limitations in accounting for institutional feedback in regional integration. Above all, due to the numerous feedback effects and complex interactions that the social constructivist approach emphasizes, it has failed to generate positive research designs. Thus, instead of providing a solid theoretical framework, social constructivists have relied heavily on individual case studies and counterfactual analyses (Simmons and Martin, 2002: 198). In order to offer distinctive predictions about the conditions under which institutional feedback takes place, further theoretical elaboration of the precise socialization processes is necessary (Checkel and Moravcsik, 2001: 227–8).

Finally, as a pioneering theory of regional integration, neofunctionalism emphasizes the role of international institutions in changing their members' preferences via institutional feedback. Supranational institutions here are political mechanisms to provide leadership, aggregate interests, and convert them into policy (Caporaso and Stone Sweet, 1998: 334–5). In particular, the concept of *spill-over* that neofunctionalism emphasizes hints that there is "progressive penetration from supranational institutions into the lower reaches of decision-making at the national level" (Haas, 1971: 13). However, the essential shortcoming of neofunctionalism lies in "its aspiration to trace dynamic endogenous effects (incremental feedback, unintended consequences, and the resulting change over time) without a baseline theory of exogenous constraints (state economic interests, political constraints, and delegation) through which dynamic change must take place" (Moravcsik, 1998: 15). In Mattli's words, neofunctionalist theory "never fully specifies the conditions under which social demands for integration become accepted at the national level" (Mattli, 1999: 28). Thus, while the neofunctionalist logic of spill-over, linkage of tasks, elite socialization, and loyalty transfer is, indeed, the backbone of the concept of institutional feedback, the theory does not provide the specific mechanism under which it takes place.[1] Fritz Scharpf's discussion of the "joint-decision trap" (or what he later called a "compulsory negotiation system") also illustrates that, contrary to the neofunctionalist optimism of effective joint solutions to common problems for institutional feedback, self-interested bargaining among European Union (EU) member states usually generates *sub-optimal* policy outcomes, which result in "inefficient lowest-denominator compromises" that prevent policy innovation at both supranational and national level (Scharpf, 1988; 2006).

Theorizing Institutional Feedback: The Coalition-Based Preference Change Model

Keeping in mind the shortcomings of extant theories in accounting for institutional feedback, I propose an alternative *Coalition-Based Preference Change Model* (CBPCM) and argue that the new positive expectations regarding some overarching national benefits to be gained from the deepening process of regional integration produce a shift in domestic policy coalitions and ultimately lead to the preference shifts of member states. Figure 1 illustrates institutional feedback taking place in the process of European integration through process tracing.

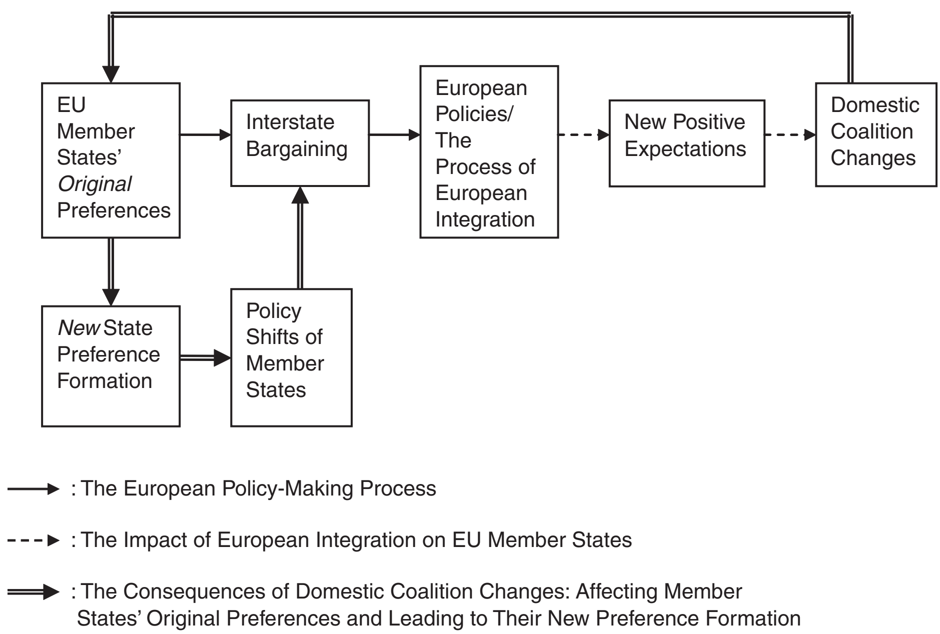

Figure 1. The Institutional Feedback Mechanism

Given the various meanings of preference within the international relations field, state preferences here are defined as governments' ranking orders over alternative outcomes in a specific policy area (e.g. agricultural policy, industrial policy, environmental policy, etc.). Reflecting the strategic calculations of governments (see, for instance, Lake and Powell, 1999; Moravcsik, 1997) that are national interest maximizers, state preferences in international negotiations lead a state to pursue the optimal adjustment strategy.[2] Contrary to the common proposition in the literature, state preferences here are not taken as given (exogenous) but as a dependent variable which requires explanation (endogenous). In other words, I assume that while states possess their own distinctive preferences regarding a regional integration issue, the perceptions of these preferences are not externally given (exogenous) but profoundly constrained and reshaped by the processes of regional integration as well as their domestic politics (endogenous) (Hix and Goetz, 2000: 20).

As in the case of preference, there is no universally accepted definition of coalition; it "can mean different things in different contexts" – for example, a legislative coalition, an electoral coalition, a governing coalition, etc. (Kingstone, 1999: xxi). Domestic coalitions here refer to strategic alliances between executives and some influential policy-supporting groups for a sectoral policy that benefits both of them. These coalitions shift based on the executives' expectations about the national benefits to be gained from the outcomes of international bargaining and lead to a policy preference change of EU member states. For executives, these coalitions constitute important bases of social support for the maintenance and change of a specific sectoral policy.

The CBPCM of institutional feedback builds on the growing literature on Europeanization[3] (Anderson, 2002; Börzel and Risse, 2000; Checkel, 2005; Cowles et al., 2001; Featherstone and Radaelli, 2003; Ladrech, 1994). Like most approaches in the Europeanization literature, it takes European policies as independent variables and examines how the ongoing process of European integration has changed national policy preferences.[4] Nevertheless, the CBPCM departs significantly from this literature. First, instead of highlighting the *fit* or *misfit* between European-level and domestic processes, policies, and institutions (e.g. between European institutions and the domestic structures) for *adaptational pressure* (which is alone insufficient to explain policy preference changes of the member states), the CBPCM pays close attention to the important role that agents (i.e. executives) play in decision-making processes. Second, rather than the number of veto points/supporting domestic institutions (rationalist institutionalism) or socialization/cooperative political culture (sociological institutionalism), the CBPCM emphasizes *executives' perceptions of national benefits* and the following *domestic coalition change*[5] as the main factors generating the policy preference change.

The CBPCM accepts key claims of realism and liberal intergovernmentalism that states are main actors in forming and maintaining regional institutions, and they do so to further their national interests (Grieco, 1996; Moravcsik, 1998). Unlike realism and liberal intergovernmentalism, however, it assumes that institutions are not just passive devices for reducing transaction costs or signaling lock-in commitments but also "vehicles for implementing policies and spreading norms and expectations" (Cowles et al., 2001: 14), bringing about changes in the preferences of member states through feedback.

Also, the CBPCM incorporates neofunctionalists' insights on the "instrumental motives of actors" (Haas, 1971: 23) and "cultivated spill-over"[6] (Nye, 1971: 202). Thus, it emphasizes executives' policy preference changes based on new expectations of national benefits to be gained from domestic policy coalition shifts. Here, different policy issues are deliberately linked together by executives not for technical necessity but for political opportunities. In particular, a political linking of agendas and interests often takes place in interstate negotiations "by way of package deals, where coalitions of actors accept increased integration in many different areas of policy-making in order to safeguard their specific interests" (Jensen, 2000: 74–5). As a matter of fact, since the

CBPCM keeps a keen eye on decision-makers' motivations and constraints without overstressing the roles of transnational actors,[7] it may serve as a way to overcome the shortcomings of neofunctionalism as a theory of regional integration.[8] Moreover, by specifying the conditions under which state preferences change through its emphasis on domestic policy coalition shifts, the CBPCM may provide valuable insights that correct incomplete neofunctionalist accounts of institutional feedback.

Research Design

In order to test the CBPCM in European integration, I adopt a case-study approach, which allows the in-depth analysis of causal linkages between state preferences and policy outcomes. Specifically, I select the agricultural sector and analyze whether the agricultural policy preferences of major member states (i.e. France and Germany) shift in the deepening process of European integration. The reasons for this case selection are as follows. First, agriculture is one of the most highly integrated sectors in Europe via the CAP, which is, as part of the "marriage contract" of the European Community, a cornerstone of European integration (see European Communities, 1985). Second, the design of the CAP and its general principles have largely been the product of a *Franco-German trade-off* – i.e. the creation of an internal market for German manufacturing goods in exchange for French access to an agricultural common market (Anderson, 1999: 172; Hendriks, 1994: 59; Hennis, 2005: 7). Given the crucial role of France and Germany in the development of the CAP regime, I choose to focus on shifts in these two member states' agricultural policy preferences in examining institutional feedback. As major net recipients of CAP payments, these two countries have strongly opposed the bigger CAP reforms.

Examining policy shifts over time in the agricultural sector through state preference change seems to serve well as a hard (if not a least likely) case for institutional feedback in European integration. First of all, it is important to note that agricultural interest groups in many member states of the European Community (EC) are highly organized and thus politically very strong. Indeed, the political over-representation of the agricultural sector and the sensitivity of the political elites of most EC members to agricultural interests (Culpepper, 1993: 297) made Haas view agriculture as the most difficult, if not impossible, sector in terms of reconciling its aims with the supranational economic and political organization of regional integration (Haas, 1958: 296).

Second, it needs to be stressed that, despite several attempts to reform the CAP, changes were moderate and the basic policy goals and principles of Article 39 of the Treaty of Rome were remarkably stable for more than three decades following its initiation (Kay, 2003: 408–11).[9] That is, a high price policy that supported farm incomes through a mechanism of *guaranteed minimum prices* was maintained until the MacSharry reform of 1992, in which the guaranteed prices were reduced and a substantial share of agricultural support was paid directly to farmers. In many respects, this stability of the CAP could be ascribed to the existence of cohesive agricultural policy (preserving) networks embedded in a broader institutional context (i.e. the structure of the state at the national level and the political structure of the Union at the European level) and their consensus on basic policy principles (Daugbjerg, 1999: 413–14). Therefore, Rieger (1996: 119) contends that, "contrary to the expectations of the early integration theories, the CAP is not about a transnational integration of farmers or about a basic shift in the loyalties of farmers from the national to the supranational level. The CAP is much more about the internal problems of the member countries and about the political control of agrarian interest groups." In other words, the CAP in the European Community has been an important means for member states to defend national agricultural policies with their highly protectionist, welfare-oriented institutional structure.

Third, but not least, it is worth emphasizing that agriculture represents redistributive politics, which "involves taking wealth from some and transferring it to others" and thus is inherently conflictual with "efficiency politics, which involves government programs to better the lot of society as a whole" (Caporaso, 2000: 12). If the issue area is redistributive, then policy feedback is less likely since the agents would have to learn something that would make them collectively better off for it. Put simply, the more redistributive the area, the less likely it is that there will be policy feedback.

The CAP and French Agricultural Policy Preference Shifts in the 1990s

For more than the first three decades of European integration, the CAP had provided substantial benefits to French farmers through various means. In particular, the CAP export subsidies had yielded substantial productivity gains and helped to transform France within a few decades from a net importer to the world's second or third leading exporter of agricultural products (Keeler, 1996: 131). Table 1 presents France's total exports of agricultural products between 1961 and 2000 in comparison with those of other leading countries in the world. Indeed, by 1980 France had become the second biggest exporter (after the United States) of agricultural products.

Figure 2 shows EC member states' share in final agricultural production in 1991. The share of France was 22.7 percent, which was the biggest among 12 member states. Thus, as a leading agricultural producer in the EC as well as a major net beneficiary of the CAP, France had been a "staunch defender of the CAP" and had resisted any attempt at its reform (Lueschen, 1995: 447).

Table 1. Main Exporters of Total Agricultural Products, 1961–2000

Countries	1961	1970	1980	1990	2000	Decadal average
USA	5,187,350	7,507,566	42,921,186	45,210,987	56,479,900	31,461,398
France	**1,246,491**	**2,962,836**	**18,519,111**	**33,432,321**	**33,390,182**	**17,910,188**
Netherlands	1,267,473	3,149,676	16,091,315	30,927,503	27,884,332	15,864,060
Germany	388,354	1,362,708	11,021,979	20,374,986	24,147,297	11,459,065
UK	983,067	1,420,838	8,242,790	12,766,968	16,684,026	8,019,538
Australia	1,558,811	2,333,963	9,216,112	11,749,559	14,698,447	7,911,378
Canada	1,260,268	1,815,641	7,071,758	9,181,264	15,684,949	7,002,776
Italy	701,212	1,219,583	5,677,448	11,134,930	15,603,562	6,867,347
Brazil	1,169,525	1,946,375	9,320,492	8,763,781	12,761,338	6,792,302
China	380,869	1,147,785	4,554,142	10,207,810	13,076,473	5,873,416
Spain	375,823	767,164	3,566,320	7,825,934	13,999,088	5,306,866
Argentina	906,064	1,498,609	5,518,628	6,976,824	10,776,094	5,135,244
Denmark	826,872	1,191,745	5,222,539	8,290,189	8,788,582	4,863,985
Belgium-Luxembourg	341,240	1,095,694	6,369,385	11,787,599	17,619,979	3,918,784
Thailand	392,234	493,986	3,344,140	5,387,818	7,273,564	3,378,348
Total	16,985,653	29,914,169	156,657,345	234,018,473	288,867,813	145,288,691
World total	32,217,186	52,075,640	234,255,267	326,243,879	410,548,587	211,068,112
% of world total	53	57	67	72	70	69

Note: Values are in thousands of US dollars.
Source: Adapted from Serra (2003).

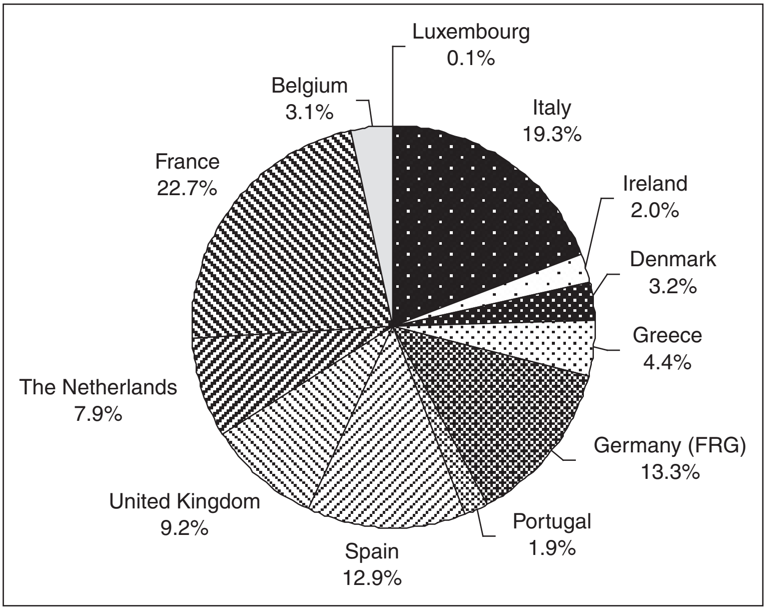

Figure 2. EC Members' Share in Final Agricultural Production, 1991
Source: Commission of the European Communities (1993).

To examine the impact of the European integration process on France's agricultural policy preference, it is critical to understand how France's agricultural policies had been made for the first three decades of European integration. Despite divergent views on the nature of French interest group politics (Harrison, 1980; Lehmbruch and Schmitter, 1982; Wilson, 1983), it is widely acknowledged that French agricultural policies were decided in a corporatist way until the early 1990s (Greer, 2005; Keeler, 1987). Under the corporatist system, the collaboration between government and leading interest groups is so intimate that interest representatives and government officials regularly meet and decide policies in consensus. Because of major interest groups' institutional access to the policy-making process, "corporatism involves the intimate mutual penetration of state bureaucracies and large interest organizations" (Wilson, 1983: 896) which are responsible for implementing the policies.

Before the Socialists came to power in the early 1980s, French governments had maintained a close bipartite corporatist partnership with selected representatives of agricultural interest groups – i.e. the FNSEA (Fédération nationale des syndicats d'exploitants agricoles) and the CNJA (Centre national des jeunes agriculteurs). Hence, agricultural policies were consulted on and jointly developed with the leaders of these groups, who restrained their articulation of demands and assured the cooperation of their members in return for participation in policy formation (Hennis, 2005: 7; Keeler, 1987: 4). Due to this corporatist partnership between the state and farmers' organizations and the dominant position of the FNSEA as the representative organization of farmers' interests, French governments heavily relied on the FNSEA in developing and implementing agricultural policies. In the early 1980s the Socialists (the Mitterrand government) tried to sever the traditional corporatist ties between the state and the FNSEA by imposing a new pluralist order through granting official recognition to other unions (Keeler, 1987: 5). However, on the contrary, policy consultations between the national Ministry of Agriculture and the FNSEA were strengthened throughout the 1980s because of the complex and technical nature of CAP package deals.

It is widely acknowledged that, in international bargaining, national governments try to act in agreement with organized interest groups, since this lowers the costs associated with policy implementation and the political "selling" of a new policy direction (Kay, 2003: 410). Due to the powerful farm lobby, which was a function of the electoral system and special connections with major political parties, French governments had been generally sensitive to the concerns of the agricultural sector (e.g. the preferences of the FNSEA) and in many cases disproportionately supported agricultural interests. The French farm lobby was particularly strong within the moderate right-wing parties and such ties proved formidable in the case of RPR (Rassemblement du peuple pour la République) and its leader Jacques Chirac, a former minister of agriculture. In fact, "it is estimated that 20–25 percent of Chirac's first ballot votes in the 1988 presidential election was provided by farmers" (Keeler, 1996: 137–41).

Thus, until the early 1990s France had strongly opposed radical change to the CAP. Even when policy-makers saw the huge economic gains that could be generated by radical reform of the CAP, the French government obstructed its transformation (Daugbjerg, 1999: 410). Moyer and Josling (1990: 92) note that even a conservative government could not overcome a strong French tradition that agricultural policy should serve social purposes. After all, this kind of stable policy preference in the French agricultural sector resulted from the (neo)corporatist policy-making system, which secured a firm domestic coalition between the French government and the FNSEA.

However, the deepening process of European integration gradually posed serious challenges to this closed bipartite corporatist policy coalition and ultimately led to a reconstitution of the domestic coalition, which was now organized through more open multipartite corporatism. In other words, French agricultural policy coalitions shifted from "bipartite corporatism" between the Ministry of Agriculture and the FNSEA to "one of sector-specific multipartite corporatism" involving more groups in policy discussions, for example the Ministry of Agriculture, the Ministry of Finance, farmers' commodity associations, consumer groups, environmental groups, and other representatives of the agri-food economy, etc. (Coleman and Chiasson, 2002: 169–77). Given the unchallenged status of the policy coalition between the FNSEA and the French government for the previous three decades of European integration, this was a significant development that demonstrated a dramatic shift in the domestic coalition between agricultural interest groups and the French state.[10] The increase in the number of participants in policy-making brought about the shift in the French government's agricultural policy preferences. Indeed, the French government's decision to agree to the MacSharry reforms in May 1992 (despite strong opposition from French farmers and farm unions) represented a first sign of this preference shift in French agricultural policy.

It is worth stressing that, unlike the previous CAP reforms, the MacSharry reforms were a decisive "regime shift" (Nedergaard, 1994) or "critical juncture" (Kay, 2003: 414) in the sense that they "initiated a shift from nontransparent consumer subsidies to more transparent taxpayer subsidies by introducing a direct compensation program" (Patterson, 1997: 137). Since the reforms changed the framework for the operation as well as the conditions of the CAP (Hendriks, 1997: 11), the European Commission described them as "the most fundamental reshaping of the CAP since its inception 30 years ago" (European Commission, 1991). Put simply, tackling the concept of "decoupling" payments to separate market policies from income policies for farmers (Hendriks, 1997: 10), the MacSharry reforms were designed to protect EC farm income through a complex system of decoupled payments and environmental support mechanisms (Ames, 1992: 167). Owing to their goal of reducing farmers' incentives to produce without regard to market demands, the MacSharry reforms were generally believed to constitute a major departure from the status quo of the CAP (Lynggaard, 2005: 12–14)

The distinctive features of the MacSharry reforms were as follows: 1) cuts of a third in the support prices of key arable crops; 2) a system of direct income payments to farmers as compensation for these cuts; and 3) a set-aside scheme by which farmers were compensated for taking 15 percent of their land out of production. These were certainly the first substantial cuts in support prices in the history of the CAP (Kay, 2003: 414). Given the strong political power of French farmers, the policy decision to shift from a freeze on guaranteed high prices to a gradual return to common European prices (Delorme, 1994: 45–6) was very surprising. First, it is important to point out that both the FNSEA and the COPA (Comité des organisations professionelles agricoles)[11] "strongly opposed any attempt to transform the support system from price support to direct payments" and repeated their preference for the former over the latter, despite the fact that the Commission had made it clear that "farmers would be fully compensated for price cuts" (Daugbjerg, 2003: 428; see also *Agra Europe*, January 17 1992, and *Agra Europe*, May 29 1992). Second, given the importance of rural votes in France, losing the support of farmers was unacceptable – especially for ministers of agriculture – since support for farmers' interests was critical for attracting nonagricultural votes from rural areas (Daugbjerg, 2003: 430). Third, Mitterrand believed that the agricultural vote would play a crucial role in the outcome of the upcoming 1993 parliamentary election (Lueschen, 1995: 459).

What, then, was responsible for this dramatic shift in French agricultural policy preference (which led to the French agricultural policy change under the CAP)? As illustrated in the CBPCM, the crucial factor that caused this shift was the domestic policy coalition change, which was brought about by French political elites' positive expectations about future gains to be had from the deepening process of European integration.

By the early 1990s French political elites felt a desperate need to push integration forward since they expected huge national gains (for both economic welfare and political strength) from a more united Europe. In particular, Mitterrand believed that under the Economic and Monetary Union (EMU) his country would be better off by limiting Bundesbank power in the European Monetary System (EMS), where France was forced to follow German interest rates (Garrett, 2001: 119). Hence, he strongly supported EMU at Maastricht,[12] even though it was believed that EMU would dilute France's sovereignty over monetary policy by eliminating national governments' ability to revalue national currencies, manipulate interest rates, and use deficit finance to stimulate growth (Ross, 2000: 93). Mitterrand even supported the German demand for closer European political union in exchange for German support for EMU (Cole, 1998: 244). Given the traditional French beliefs about the proper role of the state and the appropriate allocation of power between member states and the European institutions, Mitterrand's commitment to a single market and EMU was remarkable, since it represented a significant departure from France's traditional notion of "national interests" (Cameron, 1996: 338–9).

Mitterrand's position on EMU was supported by a majority of French citizens, who believed that EMU would have positive effects on economic growth.[13] For instance, in November 1988 (six months after Mitterrand's re-election) 78 percent of French citizens declared themselves favorable to Mitterrand's policy of *construction européenne*, in which EMU was a key component (Dyson and Featherstone, 1999: 171–2). In the fall of 1991, 64 percent of the French supported the replacement of the franc by the single currency, the second highest figure among twelve EC members; Italy had the highest proportion in favor of the single currency at 69 percent (*Eurobarometer* 36). French business groups also strongly supported EMU. About 80–90 percent of French businessmen were in favor of EMU, among the highest levels in the EC (Moravcsik, 1998: 408–9). In fact, a January 1989 poll revealed that 97 percent of French employers supported EMU (Dyson and Featherstone, 1999: 173).[14] Moreover, while the center-right opposition (RPR) was deeply divided over EMU, the governing Socialist Party (PS) was, by and large, supportive of a move toward monetary union. A majority of party leaders believed that EMU would give France more influence vis-à-vis the Bundesbank over European monetary policy.

In the early 1990s the Mitterrand government's strong preference for EMU influenced its decision to reform the CAP at the expense of French farmers' interests. During the negotiations of the MacSharry reforms, the Mitterrand government feared that "no agreement would result in either the eventual breakdown of the CAP or another budget crisis" (Patterson, 1997: 160), something the EC was trying hard to prevent. Since the enormous costs of rapidly rising farm subsidies in the mid-1980s threatened to exceed the EC budget, the CAP needed to be reformed before it did serious damage to the other European integration projects (Josling, 1998: 61; Patterson, 1997: 145–6), especially EMU and the single market. The French government's position in favor of CAP reform was backed by independent farm groups such as APCA (Assemblée permanente des chambres d'agriculture) and by French citizens. As a semipublic organization composed of the chambers of agriculture in each department, APCA criticized the strident opposition to CAP reform of its frequent ally (the FNSEA) and argued that the farm organizations should be flexible enough to accept it (Culpepper, 1993: 296; Lueschen, 1995: 454–5). In October 1991, 52 percent of French citizens supported (and 16 percent opposed) the CAP reform, even if it would not reduce the budget for the CAP in the short term (*Eurobarometer* 36).

It is important to emphasize another benefit that the deepening process of European integration provided to the French political elites at that time. They believed that the integrationist agenda of the 1980s and early 1990s would facilitate France's institutional and economic development. As European integration deepened, the French state, like the other member states, had increasingly become involved in the integration projects and in the process lost some of its traditional powers and independent policy-making authorities. European "constraints" associated with the integration process were perceived by the French political elites (e.g. economic and administrative modernizers) as an opportunity to modernize an ossified French administration and an overprotected economy. A good example was the tough competition regulations of the Single European Act (SEA), which included "privatization, the strict regulation of state subsidies, the opening up of specific industrial sectors to competition, and the creation of independent competition agencies" (Cole, 2001: 24).

Hence, French political elites used Europe as a powerful political resource[15] for driving policy shifts (Cole and Drake, 2000: 27–9) and implementing difficult domestic reforms such as the transformation of traditional relationships with the agricultural sector. In particular, for Mitterrand, who had a vision of an industrial Europe capable of competing on an equal basis with the United States and Japan, deeper European integration became a primary policy objective. To achieve the goal of a more unified Europe, the Mitterrand government needed to reshape the economy and promote growth by focusing on more important sectors than the traditionally overprotected agricultural sector. In the late 1980s and early 1990s the pressure was even greater, since France was often criticized for the ever increasing budgetary costs of the CAP export subsidies and was quite often isolated in the agricultural trade war with the United States (Lueschen, 1995: 456).

All in all, the prospect of national benefits to be gained from deeper European integration and a desperate need to reform the CAP to move integration forward encouraged the French executives to reconsider their firm ties with farmers and the FNSEA in the early 1990s. Since imminent integration projects such as the SEA and EMU (where France was a key player in accelerating them) legitimized the major concerns of anti-farm interests, new actors (e.g. the Ministry of Finance, farmers' commodity associations, consumer groups, environmental groups, etc.) as well as new issues came to influence the agricultural policy decisions. This rendered agricultural policy networks more pluralist and competitive (Greer, 2005: 63). Indeed, Roederer-Rynning's (2002: 117–18) research shows that anti-corporatist mobilization became much stronger between 1989 and 1992. As the French agricultural policy process became increasingly intertwined with the much broader European integration process, the French government started to consult more widely with various interest groups on agricultural policy-making (Roederer-Rynning, 2002: 120; Greer, 2005: 56–7). This shift in the French agricultural policy coalition weakened the influence of the farm lobby substantially (Moyer and Josling, 1990: 46) and ultimately led to the Mitterrand government's decision to agree to the MacSharry reforms, even though about 76 percent of French farmers voted against the Maastricht Treaty because of the MacSharry reform package (Sheingate, 2001: 219). Given that the MacSharry plan implied reduced farm exports and France was heavily dependent on farm export earnings for its balance of payments (Moyer, 1993: 15), this was a significant policy preference change.

With the single market largely in place, in 1996 the French government officially ended its exclusive ties with the traditionally powerful agricultural interest groups, notably the FNSEA (Coleman and Chiasson, 2002: 179). Although corporatist agricultural unions still command the support of the most significant share of the farm population, their authority is substantially weakened because they no longer enjoy a representational monopoly in French agricultural policy-making (Roederer-Rynning, 2002: 120). Hence, Hennis (2005: 174) contends that a more differentiated model of interest intermediation has replaced the traditional corporatist model of French agricultural policy-making. Put simply, the positive expectations about national benefits from deeper European integration played a key role in driving the shift in the balance of power in the domestic policy coalition of the French agricultural sector, leading to a gradual change in its policy preference.

While the positive expectations about the future benefits from a more united Europe were the primary reason behind the domestic coalition change in French agricultural policy-making, there were several other factors that were influential (though these were also arguably byproducts of European integration). First, it is worth pointing out that, along with the progress of European integration, the number of French farmers substantially declined. For instance, the number of farmers as a proportion of the working population in France decreased from about 24 percent around the time of the initiation of European integration to only 5–6 percent by the time of the negotiations on the MacSharry reforms. Table 2 presents the change in the number of French farmers between 1958 and 1992 in detail. Given the role of agriculture as an important source of employment, this significantly weakened farmers' power as a voting bloc (Hennis, 2005: 7).

Second, the negative public opinion that surrounded the CAP by the early 1990s also contributed to the domestic coalition shift in French agricultural policy. Indeed, by the late 1980s the CAP had been increasingly criticized because of its huge costs: in 1970 agricultural expenditure accounted for more than 90 percent of the total EC budget; in 1985 it still took up more than 70 percent of the

Table 2. The Change in the Number of French Farmers, 1950–2000 (% of farmers in [employed] working population)

Year	1950	1958	1970	1980	1990	1991	1992	2000
France	30.9	**23.7**	12.8	8.2	5.6	**5.4**	**5.2**	3.4

Source: Commission of the European Communities (1994); Statistical Office of the European Communities (1974); http://faostat.fao.org/faostat/default.jsp.

EC budget (Roederer-Rynning, 2002: 110). As a strong defender of the CAP, France was often a major target of criticism. In fact, the French government was blamed for the collapse of the Uruguay Round of trade negotiations in December 1990 because of its unwillingness to compromise on its stance toward protecting farm subsidies and keeping agricultural trade barriers.

Third, the French experience of the 1974–84 steel crisis is worth emphasizing. Steel was the only other sector besides agriculture where the Community had developed an active policy that went well beyond negative integration. However, the collective management of steel faced significant challenges as a result of the international recession in the mid-1970s. This forced the Commission to devise ways to promote the process of rationalization and restructuring in the European steel industry, including the decision to eliminate all national aid and subsidies by 1985 (Tsoukalis and Strauss, 1986: 187). As a result of the crisis in the French steel industry generated by structural problems (such as overproduction because of state aid, the rapidly rising debts of steel firms, which the French government had to bear for some of the newly nationalized firms, a big decline in domestic and export demand, a large fall in prices, and overemployment), President Mitterrand announced a restructuring program that required industrial redeployment and the reduction of the labor force in the steel industry. Given the symbolic implications of the French steel industry as a *categorical imperative* (Hayward, 1986), this decision was quite surprising. In brief, the French experience of the steel crisis taught Mitterrand important lessons and encouraged him to avoid the same impasse in agriculture by accepting the MacSharry reforms.

Fourth, the Maastricht Treaty of December 11, 1991 also exerted substantial pressure for the shift in France's agricultural policy coalitions and led the French government to agree to the MacSharry reforms. Above all, the outline of an EU expansion program in the Maastricht Treaty increased the French government's fears about the future direction of CAP expenditure. These fears were substantial owing to the entry of Spain and Portugal to the EC in 1986. They joined Ireland and Greece in pushing for a shift in EU budget spending in the direction of redistributive "structural funds" at the expense of an expanded CAP (Austin, 2005: 5).

In sum, the shift in French agricultural policy since the early 1990s illustrates the institutional feedback that the deepening process of European integration generates over time. This was possible due to the French policy preference change in the agricultural sector, which was provoked by the domestic policy coalition shift. What this effect of institutional feedback shows is that, contrary to the intergovernmentalist claim (Hoffmann, 1966; Moravscik, 1998) that European integration has little impact on the policy decisions and preferences of member states, the deepening integration process often weakens their ability to formulate policies independently and ultimately leads to the reshaping of their policy preferences. In the case of France, it led to a significant weakening of one of the most distinctive features of the French statist pattern of policy-making. This line of argument goes hand in hand with the policy feedback process that historical institutionalism has emphasized. That is to say, the deepening process of European integration facilitates the emergence of new actors and goals in existing institutions. Although member states remain extremely strong, their power becomes increasingly circumscribed by the integration process, which often generates *unintended* consequences (Pierson, 1996: 158) that sometimes go against the preferences of key domestic interest groups (Cowles et al., 2001: 14).

The CAP and German Agricultural Policy Preference Shifts in the 1990s

Germany is a highly industrialized country. Its economic growth depends on the export of manufacturing goods to an open international market. Thus, in contrast with France, agriculture is not an important economic sector in Germany. Nevertheless, until the early 1990s the government of the Federal Republic of Germany (FRG) strongly defended the Community price system to secure financial benefits for German farmers, even when the EC as a whole was facing problems of “escalating food prices, overproduction, budgetary crises, and international trade disputes” (Hendriks, 1994: 59).

Why? Answering this question requires an understanding of the strong political power of the German agricultural sector. First of all, it is worth stressing that by the early 1990s farmers (as one of the country’s best organized lobbyist groups) were generally believed to deliver about 80 percent of their vote to the CDU (Christian Democratic Union) or CSU (Christian Social Union). For example, in 1987 about 87 percent of farmers in West Germany voted for the CDU/CSU. Thus, they were “a substantial force within the parliamentary delegation of the Christian Democrats,” who had been in the majority for the first 35 years of European integration (Keeler, 1996: 141).

Second, as Hendriks (1994: 61) notes: “Farm votes have largely held the delicate balance of Germany’s postwar coalition governments. Consequently, the parties’ approach to the rural sector is almost exclusively determined by the need to secure the marginal farm vote.” Indeed, due to its electoral significance, the lobby of the German Farmers’ Union (the Deutscher Bauernverband or DBV) had decisively influenced Germany’s approach to the CAP. As a result, the view that agriculture and farmers deserved special treatment through the protection of farm incomes by a “high price policy”[16] had largely been unchallenged for the first three decades of European integration.

Third, it is important to note that the major German parties shared a general consensus in favor of a protectionist agricultural policy. For instance, coalition governments led by the CDU and the CSU, who were the principal patrons of agriculture in 27 of the 40 years of West Germany’s existence, pursued a consistent CAP policy that centered around the maintenance of high prices for its farmers. During the 13 years of a social democratic/liberal coalition government, the Ministry of Food, Agriculture, and Forestry was led by a member of the FDP (Free Democratic Party), which had firm ties with the larger farms in northern Germany (Anderson, 1999: 173). In addition, in the late 1980s “CDU/CSU *Bundestag* members included the president, the two vice-presidents, and three of the state presidents of the major German farmers’ union” (Keeler, 1996: 141–2). Since the alliance between the major parties and the DBV was so firm, Hendriks (1989: 87) asserted that it would not be eroded or supplanted by the development of supranational institutions.

In sum, a purely economic explanation does not seem to provide a compelling answer to Germany’s protectionist agricultural policy. In order to understand German agricultural policy and the stance on the reform of the CAP (and especially on a high price system and subsidies), the role of farmers’ political power, particularly the existence of an influential agricultural lobby, should also be taken into account (Nedergaard, 1994: 98).

As in the case of the French agricultural policy preference shift, however, the deepening process of European integration (especially from the mid-1980s) gradually posed significant challenges to Germany’s traditional agricultural policy coalitions and ultimately led to its policy preference shift. The German government’s agreement to the MacSharry reforms of the CAP was the manifestation of this shift. As Patterson (1997: 145) argues, the MacSharry reforms were possible “because Germany was more internally divided between competing interests.” This division enabled Chancellor Kohl to act with a greater degree of autonomy vis-à-vis German agricultural lobbies in 1992.

To be more specific, the traditional alliance between industry and agriculture, which was very stable until the end of the 1980s in the FRG, was broken during the MacSharry reform negotiations. For the first time in German history, the industrial sector (which accounted for over 90 percent of German exports) resisted the traditionally protectionist agricultural policies. For instance, the Federation of German Industry (BDI), which favored a liberal trade policy and thus agricultural reform in the late 1980s, pressured the federal government during the GATT (General Agreement on Tariffs and Trade) negotiations and urged Chancellor Kohl to push his EC partners to accept US demands for a substantial reduction in agricultural support. The FDP-controlled Ministry of Economics, which traditionally favored a market-oriented reform course, supported the BDI's position (Hendriks, 1994: 68–9). Consequently, German policy-makers – who used to enjoy the support of both industry and labor for their policy of maintaining farm incomes through underwriting the CAP (Patterson, 1997: 156) – were compelled to reckon with the opposition of powerful industrial lobbies when formulating agricultural policies.

What is important to note here is that, confronted with both the farm lobby and the heavy pressure from Germany's industrial interests (BDI) in the middle of growing budget deficits, Kohl (and his CDU/CSU) chose to side with the latter. Thus, Mollemann, the minister of economics (who split with Kiechle, the minister of agriculture, in the debate on the MacSharry reforms) made clear on October 9, 1991 that the overall German position was that there must be a change in the EC's position on agriculture (Hendriks, 1994: 66). Both Kohl and Mollemann backed the strongest economic interests and pushed for greater concessions with respect to agriculture (Hennis, 2005: 161).

Given the strong ties between Kohl's party (the CDU)[17] and the DBV, the priority that Kohl gave to the interests of the industrial sector over those of the agricultural sector was surprising. In addition, the possibility that Kohl's acceptance of the CAP reform package (in which prices were cut but farmers' income losses were compensated through direct aid) would damage relations with the French government posed a difficult political choice for the Kohl government. Hence, to many observers, it was clearly a sign that Germany had stepped away from its traditional protectionist agricultural policy (Hendricks, 1994: 67). It also signaled that the German government's stance on agricultural policy was starting to become more socially oriented, weakening the consensus-based German corporatist model (Hennis, 2005: 161–72).

What was responsible for this shift in German agricultural policy-making coalitions? Why did the German government approve the MacSharry reform proposals in spite of the fact that they were strongly opposed by the DBV? As the CBPCM describes, the primary factor that caused the domestic coalition shift in the early 1990s was German political elites' positive expectations about the future gains to be had from a more united Europe.

The German government in the early 1990s had a significant stake in deepening the process of European integration, due to the huge challenges associated with the reunification of Germany as well as the increasing pressures from industry (i.e. the BDI), which preferred trade liberalization and a single market. Indeed, because of a strong preference for maintaining the momentum of ever greater European integration, the German government even accepted an economically suboptimal EMU. For Kohl, the failure of the Maastricht summit was the last thing he wanted to see (Garrett, 2001: 113). Thus, "he signaled to German farmers and other EC member states that Germany could no longer afford to underwrite the cost of the CAP," as it had done in the past (Patterson, 1997: 157). So, blocking strong opposition from the German farm minister, Kohl commanded his cabinet to support the MacSharry reform proposals (Sheingate, 2001: 355).

It is important to appreciate the fact that a major obstacle to realizing Germany's goal of deepening European integration at the time was the EC's budgetary crisis. The impasse over the CAP had not only placed serious doubts over Bonn's commitment to integration projects (Hendriks, 1989: 75), but also prevented other European projects from proceeding by absorbing all available revenues (Moyer and Josling, 1990: 79). As Keeler (1996: 143) notes, during the 1980s agricultural surpluses increased so dramatically that they "began to appear as a *time bomb* that badly strained relations among member states and threatened to bankrupt the CAP." The 1988 stabilizers program did not reduce the guaranteed high prices of agricultural products and unlimited farm subsidies

Table 3. Budgetary Expenditure on the CAP, 1989–92 (million ECU)

Year	1989	1990	1991	1992
EC budget	40,917.8	44,378.9	53,823.1	61,096.8
Total agricultural expenditure	27,296.6	28,402.1	34,640.5	36,128.4

Source: Commission of the European Communities (1993).

and, as a result, the problem of overproduction was continuing and the high costs of agricultural support were escalating in the early 1990s.[18] For example, agricultural price and income supports in 1992 were 13 percent higher than those in 1991 and 33 percent higher than those of 1989 and 1990 (*Agra Europe*, May 1992, P/1). Despite the increase in agricultural expenditure of about 32 percent between 1989 and 1992 (see Table 3), average farm incomes continued to decline (Ackrill, 2000: 93; Patterson, 1997: 146–52). In many ways, this forced the EC to come up with a mechanism "to move away from open-ended guarantees offered by the common market organizations towards market oriented solutions" (Hendriks, 1994: 64).

This idea was backed by the majority of European citizens. In October 1991, 55 percent of EC citizens supported the CAP reform that sought to provide for a more balanced distribution of funds by progressively replacing guaranteed high prices to all farmers with direct income assistance to small and medium-size farms (13 percent were neutral and 13 percent against). Meanwhile, 49 percent of German citizens supported the CAP reform (despite their government's concern about it), whereas only 16 percent were against. Even in France, the percentage *in favor* (52) was much higher than that *not in favor* (16) (*Eurobarometer* 36).

The budgetary crisis of the CAP in the 1980s posed a significant challenge for German elites. In particular, the German goal of restricting expenditures in the agricultural sector became more important by the early 1990s, since Germany was under great budgetary pressure at home due not only to the deepening process of European integration but also to the reunification project (*Agra Europe*, May 1992, P/1–P/15). In the face of financial strains and the structural change of German agriculture which resulted from reunification, Kohl instructed his agriculture minister, Ignaz Kiechle (who had vetoed a liberal reform proposal in 1985), to examine the MacSharry reform proposals and come up with a formula acceptable to Germany (Hendriks, 1997: 10). Furthermore, even some agriculture directorate-general (DG-VI) bureaucrats (who had long resisted challenges to the CAP) declared that, "with its skyrocketing costs, the CAP had to be reformed if it were to be defended effectively in the long run" (Keeler, 1996: 144). Given that the CAP was regarded as an indispensable symbol of European unity (especially for the bilateral Franco-German alliance) and that Germany deemed financial concessions in the agricultural sector necessary for the progress of European integration, this was a significant change in the perceptions of German policy-makers (Hendriks, 1994). In order for the Kohl government to get the ambitious Maastricht agreement ratified at home, it was necessary to avoid the eventual breakdown of the CAP or another budgetary crisis (Patterson, 1997: 160).

It is also important to stress that German political elites regarded the deepening of European integration as providing another national benefit – a firm commitment to deeper European integration was considered by German policy-makers as the best means to overcome Germany's own nationalist and militarist past (Engelmann-Martin, 2002) and alleviate neighboring countries' fears about the increased power of a unified Germany. Indeed, during the Maastricht negotiations it was believed that EMU (which would be composed of the European Central Bank and a European single currency) would be the final and irrevocable confirmation of a unified European economy.

Table 4. The Change in the Number of German Farmers, 1950–2000 (% of farmers in [employed] working population)

Year	1950	**1958**	1970	1980	1990	1991	**1992**	2000
Germany (FRG)	23.0	**15.7**	8.6	5.3	3.5	3.4	**3.2**	2.5

Source: Commission of the European Communities (1994); Statistical Office of the European Communities (1974); http://faostat.fao.org/faostat/default.jsp.

Moreover, a common currency was regarded not just as a symbol of supranationalism (through shifting decisions on monetary and economic affairs away from national capitals, governments, and central banks) but as a means to accelerate the movement toward political union (Tsoukalis, 2003: 333). Hence, despite the absence of strong domestic support, Kohl decided to push for EMU and in so doing reassure fellow EC members (particularly France) of Germany's firm commitment to further European integration. In this context, the German government chose to sacrifice agricultural interests in favor of the much broader interests of European integration.

While these positive expectations about the national benefits to be gained from deeper European integration were the primary reason behind the domestic coalition change in German agricultural policy-making, some other factors also deserve mention. Above all, German unification encouraged German elites to reconsider their traditional stance on the CAP reform. Indeed, the FRG's need to deliver huge annual transfer payments to the states of the East as part of the process of reunification forced it to abandon the costly agricultural policy that existed prior to 1989.

In addition, as in the French case, a decrease in the number of farmers during the process of European integration helps explain the domestic coalition change in German agricultural policy-making. Between 1960 and 1992, 3.2 million German farmers (about 52 percent) left the agricultural sector in Germany. Table 4 presents the change in the number of German farmers between 1958 and 1992 in more detail. The substantial decrease in the number of farmers ultimately weakened their political power (i.e. electoral significance) over time. This became salient in the early 1990s, when German reunification increased the number of interest groups making demands on the German government (Patterson, 1997: 160).

In sum, German elites' positive expectations about the future benefits to be gained from the deepening process of European integration in the early 1990s constituted a critical factor in forcing German leaders to reconsider their traditional agricultural policy as well as their previously strong ties with agricultural interest groups. Despite the durability of the German corporatist model, this policy coalition shift resulted in a weakening of the political power of the German agricultural interest groups and led to the mobilization of more heterogeneous interest groups in deciding German agricultural policy, as illustrated by the case of the MacSharry reform negotiations.

Conclusion and Discussion

The two cases examined here illustrate that European integration over time generates institutional feedback in which EU policies become not just outputs but also major inputs of the political process, often substantially reshaping the socioeconomic and political conditions of member states (Pierson, 1993: 595).

An alternative explanation which emphasizes the domestic leadership change in bringing about the shift in policy preferences lacks strong empirical evidence. For instance, in the case of France, Edith Cresson, the new minister of agriculture in the French Socialist government that came to power in 1981, heavily criticized the FNSEA as an organization of wealthy farmers and tried to broaden agricultural representation by incorporating leftist farm unions into ministerial consultations through the policy of "decorporatization." However, it is worth noting that by late 1983 Michel Rocard, who replaced Cresson, had "reinstated the representational privileges his predecessor had tried to dismantle, and the minority unions again found themselves with little or no representation on official policy bodies" (Sheingate, 2001: 212). As a matter of fact, despite the Socialist government's efforts to sever the corporatist ties between the state and the FNSEA, their policy consultations remained until the early 1990s.

The argument that takes the Uruguay Round of GATT as a causal factor behind the 1991–2 MacSharry reforms (see, for instance, Coleman and Tangermann, 1998; Fouilleux, 2004; Sheingate, 2001) deserves much credit,[19] but is nonetheless limited,[20] as an explanation of why the Mitterrand government ultimately agreed to them. Certainly, the new Uruguay Round of GATT put added pressure on the CAP reform because it included for the first time in 1986 the liberalization of agricultural policies as the key aim of its negotiations. Moreover, a large reduction in the trade-distorting price support system for European agriculture through reform of the CAP was a precondition for a GATT agreement (Ackrill, 2000: 175; Hendriks, 1994: 66; Lynggaard, 2005: 20). And yet, it is worth pointing out that a decision on budget-driven farm subsidy cuts had already been taken unilaterally in the US and the EU, regardless of the agricultural negotiations in the Uruguay Round. Hence, Ray MacSharry, Agricultural Commissioner, declared in July 1990 that: "We are fully engaged in the Uruguay Round process. But let me make it clear, we are doing so on the basis of our commitment to the CAP and to its basic principles and mechanisms of market unity, Community preference and financial solidarity" (*Agra Europe*, 1990, no. 1398, P/2; quoted in Daugbjerg and Swinbank, 2007: 2). *Agra Europe* also stated authoritatively on January 11, 1991 that: "What is certain is that the Commission's budget-driven internal reforms have very little to do with the current GATT negotiations."[21] Therefore, it is reasonable to think that while the CAP reforms were initially pursued to deal with the budgetary crisis of the Community, they were intertwined with the GATT negotiations in the process and the latter influenced the degree as well as the timing of the MacSharry reforms.

Through the examination of the interplay between the deepening process of European integration and the domestic politics of EU member states, this article has sought to show how the former affects the latter and ultimately leads to the reshaping of EU members' policy preferences over time. The most important policy implication of this research is that, as long as positive expectations are generated by European integration, the cases for institutional feedback will increase through the shift in the domestic policy coalitions of member states. International relations studies in general, and European integration theories in particular, should address this feedback effect in a more explicit fashion; the model developed here is an attempt to do this by theorizing institutional feedback and testing it against empirical cases.

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Notes

1. Recognizing the limitations of the concept of spill-over, some neofunctionalists introduced new concepts such as *spill-back*, *spill-around*, *buildup*, *retrench*, *muddle-about*, *encapsulate*, etc. and tried to provide more accurate descriptions of actor strategies in the up-and-down process of European integration. See, for example, Lindberg and Scheingold (1970: 199) and Schmitter (1971: 242).
2. For the distinction between preference and strategy, see Frieden (1999: 41–7).
3. For diverse definitions of Europeanization, see Lenschow (2006: 57–9).
4. While the causality between Europeanization and state preference change runs in both directions in the CBPCM, the main goal in this article is to examine the impact of European integration on member state policy-making. Hence, I focus on the backward causation from Europeanization to member state preference. See, for a similar approach, Cowles et al. (2001), Héritier et al. (2001), Börzel (2002), and Anderson (2002). This approach is different from the one that analyzes the interrelationship between European and national *governance*, in which decision-making powers exerted at one level change not just the constraints of actors but also the conditions of governing, with repercussions at other levels. For this approach, see Kohler-Koch (2003) and Rhodes (1997). It is worth stressing that, since Europeanization's structural effects are not necessarily permanent or irreversible but incremental and uneven over time and across space, "'Europeanization' is not a new label for 'neofunctionalism'" (Featherstone, 2003: 4).
5. For the impact of coalition changes on important policy reforms, see Haggard and Kaufman (1995), Kingstone (1999), and Thacker (2000).
6. Nye (1971: 202) explains the difference between a *pure spill-over* and a *cultivated spill-over* as follows: while the main force of a pure spill-over comes from a "common perception of the degree to which problems are inextricably intertwined in a modern economy," the initiatives for a cultivated spill-over come from either interest groups hoping to benefit from new opportunities or politicians seeking to maintain a balance of benefits from integration.
7. For the variety of interests of these transnational actors at the European level, see Greenwood (2003).
8. For a critique of neofunctionalism as a theory that does not adequately account for the range of decision-makers' motives, constraints, and opportunities, see Huelshoff (1994: 257–60).
9. Hence, Woolcock (2005: 396) points out that a "common criticism of EU trade policy is that the EU has not shown enough leadership in liberalizing its agricultural markets."
10. Similarly, at the EU policy-making level, Richardson (2006: 25) emphasizes that an increase in the number of stakeholders (public and private) demanding and getting participation in EU policy-making and a proliferation of various types of policy network (i.e. the loose issue-networks) made the traditional clients of national governments transnationally promiscuous in their relationships.
11. Through the maintenance of a close relationship in particular with the agricultural directorate of the Commission, the COPA has tried to represent the interests of the agricultural sector as a whole in all member states (Greer, 2005: 61).
12. Despite some hostility to full EMU from both the right and the left, Socialist President Mitterrand pushed hard for EMU (Parsons, 2000: 59–61). Like Jacques Delors, the president of the European Commission, Mitterrand wanted not only to prevent potential German economic domination but also to bind a united Germany more firmly into European integration through EMU (Baun, 1996: 60).
13. However, it is worth pointing out that it is unclear how important EMU was in French voters' concerns in the referendum on the Maastricht Treaty of September 1992, which produced a "Yes" result by a very narrow margin – 50.8 to 49.2 percent. Exit polls revealed that the factors that motivated "Yes" voters were peace, the building of Europe, and the need to be able to compete with Japan and the United States, whereas "No" voters spoke mainly of sovereignty, Brussels technocrats, and German dominance. Based on the observation that "the fear of austerity policies ranked only fifth in the voters' explicit concerns," De Boissieu and Pisani-Ferry (1998: 73) argue that the main determinants of voters' choices were sociological and, therefore, the referendum was a case of "a divide between the rich and the poor, the educated and the non-educated, the winners and the losers" (see also Criddle, 1993: 238).
14. For the disagreements over the French business support for EMU, see Parsons (2000: 59).

15. According to Lenschow (2006: 63), this is a "usage" dimension of Europeanization since Europe here is used by domestic actors seeking to strengthen their position at home by exploiting new opportunity structures. It highlights the fact that the EU is not just a hierarchical rule-producing machinery, but a more dynamic interwoven system of governance.
16. Since price support put a premium on the selling price of output, the degree of support that farmers received was directly tied to their level of output, i.e. the more farmers produced, the more support they received (Ackrill, 2000: 81).
17. Kohl's party was "heavily dependent on farm votes" and farmers were "a crucial and traditionally loyal section of the electorate" (Hendriks, 1989: 86). As Patterson (1997: 147) notes, "the dependency of the CDU/CSU on the farm vote placed Kohl in a precarious position with respect to agricultural reform" in the early 1990s.
18. Indeed, the Commission's reflections paper (see European Communities, 1991) points out that since the stabilizers program (along with the 1985 reforms of the "Green Paper" whereby European farmers were no longer encouraged to produce for public intervention, i.e. for markets that do not exist) did not attack the underlying problems of the CAP, it was not surprising that the CAP soon faced another serious crisis.
19. In particular, the external pressure exerted by the GATT negotiations, where the US and Cairns group of 14 agricultural exporting countries called for a radical reduction in agricultural support (e.g. a 75–90 percent cut in EC farm subsidies), had more influence on producing the shift in the German position (or Kohl's policy preference change) toward accepting the MacSharry reforms. As the second largest export country in the world, "Germany had a vital interest in the liberalization of world trade and, by implication, in the success of a GATT package" (Hendriks, 1997: 9). Successful agreement on the CAP reform was believed to provide the necessary catalyst for a political agreement in the Uruguay Round (Ames, 1992: 169).
20. Stressing the EU institutional setting in which reform is negotiated, Daugbjerg and Swinbank (2007) argue that the international variable alone cannot explain the nature of the CAP reform. Similarly, Landau (1998: 467) contends that the CAP reform was not solely forced by external pressure but was the result of an internal imperative.
21. Similarly, Paarlberg (1997: 416) argues that "the final Uruguay Round agreement did little more than give formal recognition to reforms already undertaken country-by-country." Patterson (1997: 152) and Kay (1998: 165) also regard the long-standing problems of increasing agricultural expenditure as a primary factor behind the CAP reform of the early 1990s.

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