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DECISION-MAKING AFFINITIES:
STRUCTURAL CHANGES IN AGRICULTURE IN
CANADA AND THE EUROPEAN COMMUNITY

by

© Antonis Parras
B.A.(Hons.), Simon Fraser University

A thesis submitted to the Faculty of
Graduate Studies and Research in partial
fulfilment of the requirements for the degree of

Master of Arts
in Public Administration

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Graduate Studies acceptance of the thesis

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Changes in Agriculture in Canada and the
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III

ABSTRACT

The premise of the paper is based on the argument that the formulation of successful regional and more particularly agricultural policies could be a vital step towards integrating far-reaching parts of a Community. The Canadian Community has perceived the need for diminishing agricultural disparities as part of the effort to safeguard unity. Does the European Community follow the same path of integration ?

By comparing the bureaucracies of these two Communities and the environments in which they operate we shall demonstrate the following: When deciding upon policy alternatives for Community agricultural policies both Communities' bureaucrats act within similar environments, are influenced by similar constraints, and use the same decision-making framework to formulate such policy alternatives. Therefore, we could speculate that, as far as agriculture is concerned, European bureaucrats take a similar integrative approach as their Canadian counterparts. Consequently European integration is reinforced by the bureaucratic decision-making process of Brussels.

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Vancouver, March 1981

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CHAPTER I: THE ISSUES

"Nothing is more difficult for the average man to bear than the feeling of not being identified with a larger group."

This chapter introduces the concepts of the paper and their relationships. It opens with a brief background of the formation of the Canadian and European Communities and the importance of regionalism and agriculture for each Community's integration. It then states the problem to which this paper is addressed, the proposed solution, and the hypothesis to be tested in later chapters. It also indicates the methodology used and the structure of the paper, and concludes with an account of the sources utilized to collect the data.

1. The background of the two Communities

One of our social phenomena is the willingness of people to live freely in enlarged Communities while safeguarding their identity as a homogeneous group. Two such Communities, containing groups of people with identifiable characteristics and separate geographic parameters, are the Canadian and the European Communities.

The Canadian Community, a federal union of ten Provinces and two Territories, has its foundation in an act of the British Parliament which provided for the unification of three British north american colonies, Canada, Nova Scotia and New Brunswick. While the forces impelling these colonies toward union were economic and military, they

did not include any national sentiment for each other. Most explicitly they agreed to federate to avoid being absorbed into a foreign political system - that of the United States of America.²

If a unifying sentiment was missing, the blueprint for integration was already existing within an earlier Union formed in 1841 from the two Provinces of Upper and Lower Canada, subsequently known as Ontario and Quebec. This Union provided the basis for expansion across a transcontinental domain and formed the institutions that would serve the future Canadian Community.³ Constitutionally, it had achieved self-government and the cabinet system and had formed the national political parties of the future. Economically, it had provided a line of water communications, opened the railway age and constructed a flourishing trade. It had also bound the French and English-speaking peoples together, compelling them to work out new adjustments for their cultural duality.⁴

The prosperity of the Union of the two Canadas augmented the fear of invasion from the United States, especially after ill-advised British attempts to enlist recruits in the U.S. during the Crimean war in 1854, which had roused an angry uproar in Washington and serious talk of annexing the Province of Canada. Therefore, Canadian officials took the initiative of suggesting to Britain the union of the British north american colonies to strengthen their ability to look after themselves. For Britain, the transportation of British regiments out to defend the Province, the expense of building a railway for defensive purposes and the fear that the huge territories of the Hudson's Bay company would be lost, like Oregon, to the Americans, emphasized how vulnerable her American possessions were. Thus, the Canadian Community eventually was

brought into existence by proclamation of the BNA Act on July 1, 1867 and consisted of only four of its present Provinces. However, in 1870 the Hudson's Bay Company surrendered territories from which the Province of Manitoba was carved and later, in 1905, the Provinces of Saskatchewan and Alberta. British Columbia entered the Community in 1871,⁵ Prince Edward Island in 1873 and much later, in 1949, Newfoundland joined.

Federation offered the only hope of the Canadian Community's survival in the 1860s and so it has appeared for more than a century since. The ideal of survival as an entity has always been a self-sufficient economy, a form of "defensive nationalism",⁶ reflected in the forced development of the Canadian industrial potential and the too rapid expansion westward. The fact is that the maintenance of the Community's unity has overridden any other goals there might have been.⁷ Thus, if there is a major Community goal it can best be described as an integrative one.⁸ However, the degree of central control and Community identity that would be willingly surrendered to the centre has never been unchallenged. Chronic disparities among Canadian regions have led to inevitable friction and difficulties, especially when economic conditions have been depressed, when one region's gain was considered another's loss and the degree of discontent was thereby felt more strongly. During the 1930s, for instance, the Prairie Provinces threatened to secede, blaming Ottawa for appropriating undue amounts of the income generated in the West. More recently Quebec has questioned whether the Community has been a failure and speculated about the gains and losses of secession. Newfoundland has likewise expressed doubts about the wisdom of joining Canada. Thus, the last two decades of the Community's existence have been characterized by a series of Federal-Provincial constitutional conferences brought on mostly by pressure from the Provinces

to modify the relationship and by the central government seeking sufficient powers to " ... promote national economic, social and cultural development, and the general welfare and equality of opportunity for all Canadians ..."⁹

One has only to substitute USA for GB and USSR for USA and the aforementioned Canadian scenario could become the European one. The formation of the European Community not only lacked national sentiment, but there was little love lost between the member-States. Their reasons were alike the Canadian ones, i.e. economics and fear.

Although the question of European unity had been recurring since the Napoleonic wars, the continental European States persisted as sovereign communities demonstrating their capacity to survive and organize national life even after the catastrophies of the First World War.¹⁰ As a matter of fact, WWI gave birth to two new powerful ideologies which glorified the State, communism and fascism. But the experience of the Second World War, in which Europeans ignored national loyalties, often fighting against their own countrymen, has had the opposite effect upon continental Europe. After that war the States regained formal sovereignty at some point, but the national institutions were incapable of facing the problems of reconstruction without the "protection" of the United States.¹¹ Americans, accustomed to the idea of federal democracy demonstrated a positive attitude toward whatever initiatives were taken by European statesmen in the direction of a unified European Community. Moreover, USSR's policy of expansion in the post-war years has contributed effectively to the development of "unification" ideas. This fear factor, sometimes excessive after Stalin's death, made traditional rivalries among

European States seem anachronistic. Thus, the idea of a European Community was put forth as a solution to economic reconstruction since the easing up of trade barriers would promote economic dynamism and growth, as a defensive action against Soviet expansion and as a solution to the "German problem", that is recognising Germany's right to be free while still denying her full sovereignty.¹²

In contrast to the founders of the Canadian Community who had a blueprint for integration available to them, the founders of the European Community had only experienced the establishment of integrated authorities of a military and economic character during the two World Wars. It was a normal enough process to transfer this line of thought to the field of European reconstruction. Therefore, the first concrete suggestion made for a European Community was along functional lines. Functionalism,¹³ seemed to be a much more practical approach than federalism for two reasons. First, it did not attack directly the problem of the limitation of national sovereignty; second, it was based on experience known to the Europeans. It was hoped that by increasing the size of specialized institutions, the setting up of a European federation would unfold naturally.

From this functional approach emerged the European Coal and Steel Community (ECSC) created under the Paris Treaty of 1951 and joined together France, West Germany, Italy, the Netherlands, Belgium and Luxembourg. Britain was invited to join but refused; at that time she was less committed to Europe as the main area of policy than were the six continental States. She had been a major participant in some of the fateful geo-political meetings that had shaped Europe, and she still had the Empire to dispose of. The idea of a European Community was not a

concept which excited the British.¹⁴

The Korean war in 1950 highlighted in a dramatic fashion the defense problem of Western Europe and discussion began in 1951 among the six partner-States, with a view to creating a European Defense Community. This would have entailed a European political entity to which the six individual States would have relinquished their sovereignty in military matters so that a European army could be created.¹⁵

However, the train of events began to slow down with the death of Stalin and the relaxation of international tensions. In addition, the general economic situation was improving, contributing to a feeling favourable to the *status quo* in Europe.

In spite of all this, the governments of the six countries decided to set up a commission of experts to examine the question of European unity. By mid-1956, the commission proposed a merging of the national economies without, however, touching national sovereignty. If political unity was the ultimate objective, it could only be realized in the long run; the medium term objective should be overall economic integration. The governments agreed to the drafting of two Treaties, one to create a common market, the other an atomic energy community, and the two Treaties were subsequently signed in Rome on 25 March 1957. The EEC and EAEC came into being on 1 January 1958. It was only in 1969 that the six agreed to open negotiations for the admission of four new Members, i.e. the UK, which had reconsidered her position, Ireland, Norway and Denmark. Negotiations were concluded in 1972, but following a Norwegian referendum against membership, only Britain, Ireland and Denmark joined the six on 1 January 1973.

Greece applied for membership in the European Community not only out of her desire to benefit from the advantages of economic unification, but also to become part of " ... the broader political and economic alliance that the Community will eventually turn into" ¹⁶ European officials realized that negotiations with Greece would create a precedent for the upcoming discussions on Portugal and Spain joining the Community, therefore talks were tedious and ended in mid-1979 with a timetable that sees Greece as a full member on 1 January 1981.

Today the European Community is prosperous beyond her wildest post-war dreams, armed conflict between the ancient rivals is unthinkable and there is relatively little fear of military attack from the East. However, relationships among the Community Members are often strained as certain functions are now performed at the "European" level rather than at the national, since that is the level which corresponds to the dimension of the problem. The degree of central control willingly surrendered by the member-States to the European Community is an issue which has also troubled the Canadian Community.

Disparities among European regions played an important role in Member governments' discontent with Community policies, and member-States - especially Britain - have recently expressed doubts as to the wisdom of joining the European Community. Moreover, the Treaty of Rome has more confined legal power than the BNA Act ¹⁷ and the momentum the Treaty created during the early 1960s, when the Community had a transitional timetable laid down as a clear guide for action, has diminished. Thus, the last decade of the Community's existence has been characterized by meetings of the Heads of States, similar to the Canadian

TABLE 1

APPROXIMATE AREA, POPULATION, DENSITY PER SQ. KILOMETRE AND ESTIMATED POPULATION GROWTH OF THE CANADIAN AND EUROPEAN COMMUNITIES.

Country	Area '000 sq km	Popu- lation '000	Density per sq km	Projected Population '000	
				1980	1985
CANADA	9 976.1	23 143	2.3	24 606	26 541
Newfoundland	405.5	558	1.4	..	..
Prince Edward Island	5.6	118	19.7	..	..
Nova Scotia	55.5	829	14.9	..	..
New Brunswick	73.4	677	9.8	..	..
Quebec	1 540.7	6 230	4.5	..	..
Ontario	1 068.6	8 265	8.6	..	..
Manitoba	650.1	1 022	1.8	..	..
Saskatchewan	651.9	921	1.6	..	..
Alberta	661.2	1 838	2.5	..	..
British Columbia	948.6	2 467	2.3	..	..
Yukon Territory	536.3	22	0.03	..	..
Northwest Territories	3 379.6	43	0.01	..	..
EUROPE OF 9	1 525.6	258 777	170	260 360	262 696
FR Germany	248.6	61 531	248	61 041	60 272
France	544.0	52 893	97	54 273	55 868
Italy	301.3	56 169	186	56 812	57 849
Netherlands	41.2	13 774	334	13 844	14 016
Belgium	30.5	9 818	322	9 886	9 811
Luxembourg	2.6	356	137	356	354
United Kingdom	244.1	56 001	229	55 755	55 835
Ireland	70.3	3 162	45	3 316	3 496
Denmark	43.1	5 073	118	5 127	5 195
GREECE	132.0	9 167	69	9 197	9 340
WORLD	124 897.0	4 044 000	20	4 326 000	4 769 000

.. not available

Table constructed from EUROSTAT, OECD and Canada Year Book

Year of data: 1976

Federal-Provincial conferences, at which power relationships are bargained. It is noteworthy that in both the Canadian and European cases neither the BNA Act nor the Treaty of Rome had provisions for such meetings.

2. The concepts of the paper and their relationships

Were the Greek officials modern-day oracles when they forecasted that the European Community is becoming, by integration, an economic and political entity? This paper will attempt to give a circumscribed measure of such European "unification" by comparing the bureaucratic decision-making of the Canadian and European Communities.

The Canadian Community is taken as a unified society which has suffered numerous setbacks, but the need to survive and consolidate her economic and political power has enabled her to overcome the obstacles and to deal effectively with successive crises. It is assumed that if the Europeans follow the same decision patterns that helped the Canadian Community survive, it is probable that the European Community would also be able to weather crises and survive. However, the scope of this paper is limited to agricultural policy decisions taken by the two Communities, which affect regional disparities. It should be noted at this point that we define a policy as being a certain allocative alternative solution produced by the bureaucrats, and that decision-making in policy formulation involves deciding upon alternatives to be considered, from which one will be chosen.

There are two reasons for choosing decision-making on policies affecting regional disparities. First, as mentioned earlier, the survival

of an enlarged Community depends not only on her absolute wealth, but also on the distribution of such wealth among the Community's areas. The attachment of people physically and emotionally to specific areas sets limits on the extent to which regions can differ in economic opportunities and welfare, without endangering the Community's unity. Thus, *regionalism* expresses the desire of people to continue living in their region with an income comparable to the average income of the Community and creates policies that discourage the trespass of foreign cultural activities in a region. Regionalism also acquires the properties of a "public good", because the Community as a whole will bear its costs and because it is difficult to exclude regionalism from members of the Community who may not wish to absorb the costs it imposes.

Second, the choice to examine decisions based on *agriculture* was made because it was observed from the outset of this inquiry that agricultural areas are mostly the areas with wide economic disparities. And, although the policy-making competence bestowed by the BNA Act and the Treaty of Rome upon the two Communities embraced agriculture, there was a difference in the way agricultural policies were originally implemented. Canadian agriculture has served as an instrument of national policy and development of depressed regions; and agricultural policies always incorporated regional implications.¹⁸ In the European Community, however, agricultural policies were, until recently, utilized mainly because of a need for economic harmonization rather than their regional ramifications, since regionalism was not perceived as an issue by the Treaty of Rome.

For the purpose of this paper we accept that agricultural disparities could be diminished, if not eliminated, by specific Community

intervention and that the "agricultural problem" is part of the "regional problem". We also accept that the European Community, alike the Canadian Community, has a desire to achieve social and economic cohesion and further the political unity of her Members. Therefore, the problem to which this paper is addressed when it examines the decision-making process of the two Communities may be stated as follows:

Agricultural disparities constitute a large proportion of regional disparities in the European Community; and there is a need for diminishing them as part of the effort to safeguard the Community's unity.

One way to evaluate the European Community's efforts to increase integration by diminishing disparities in agricultural regions, would be to compare European decisions relevant to agricultural policies with similar Canadian ones. If there is a similar decision-making framework regarding these policy decisions which is followed by officials of both Communities, then agricultural decisions will be of the same nature and have the same impact in Europe as similar decisions have in Canada. That is, at least as far as agricultural decision-making is concerned, European agricultural policies are formulated to promote the Community's cause by consolidating economic, social and political power in Brussels.

The important element in our proposition is that the decision-makers of the two Communities use a similar decision-making framework.

From this observation we have shaped the hypothesis which we shall attempt to test in this paper:

The decision-makers of the Canadian and European bureaucracies consider certain constraints (political, social, economic, pressure groups' interests, departmental rivalries and personal interests) while choosing policy formulation alternatives; and such concern leads them to use a similar decision-making framework in agricultural decisions.

To test our hypothesis we formed three decision-making theoretical frameworks (examined in Chapter IV), inspected some agricultural policies which were similar in both Communities and examined the way in which officials had decided upon these policies. We used two complementary assumptions. We assumed that either the need to consider the different decision-making constraints forced the officials of the two Communities to use a different decision-making framework each time they arrived at the specific agricultural policy; or that they used the same decision-making framework. If the former were the case we could not maintain the possibility that European integration would follow the Canadian path towards a more unified society, as bureaucratic decisions were not made in a similar way. However, if the similarities of the two Communities extended not only to their institutions but also in the way their bureaucrats took decisions, then one could speculate that the EC could survive unity crises and weather obstacles the same way the Canadian Community has done. (Our hypothesis is tested in Chapter V.)

There were certain steps taken before we engaged in the investigation. First, we established the association between constraints and decision-makers in both Communities. In other words, decision-makers recognised a need to consider the political, social, economic, pressure group, departmental and personal influences when deciding upon a policy. Second, we ensured that constraints were occurring prior to the fact that decision-makers were using a decision-making framework to decide upon policies. This sequence was thought to be necessary because it was equally conceivable that the decision could cause the constraints. The third step was to decide at what level the decision-making process should be observed. We resolved to examine decisions at their bureaucratic formation stage¹⁹ - the top levels of the bureaucratic structures. Finally, the focus of our inquiry was narrowed to regional agricultural decisions leading to *structural* changes in agriculture.

3. Methodology and Structure

The method used to achieve this paper's objective can be described under the general term of *comparative analysis*.²⁰ The institutions and constraints imposed upon the decision-makers of the two Communities, while deciding on formulation of agricultural policy, were compared and their effects on decision-making were examined to confirm or discard our hypothesis. Every time a relationship among decision-makers in each Community was hypothesized, the assumption made was that our set of six constraints was the most important one affecting that relationship. This *ceteris paribus* clause is explicit in our analysis. In fact, we assumed that the constraints mentioned in the hypothesis were the *only* variables that have a consistent impact on decision-making and the role of any

other influences is negligible. This assumption, as shall be seen in Chapter V, was confirmed as fact by the bureaucrats we interviewed in both Communities.

It became obvious from the beginning that even if the constraints upon the actors were similar, if the environment within which the actors of the two Communities operated was not similar, then we could not substantiate our hypothesis. Therefore, the structure of the paper observes three broad guidelines: a) identification of similarities in the environment of both Communities; b) examination of the theoretical frameworks of decision-making; and c) testing of hypothesis and evaluation of findings. These guidelines are structured in the next five chapters, of which two deal with the similarities and differences of the institutional and agricultural environment of the two Communities, one with the theories of decision-making, another deals with the decision-makers, their constraints and the testing of our hypothesis. In the last chapter we forward some observations on our results.

The decision-making process flow is illustrated in the following Figure.²¹

4. Sources of Data and Level of Measurement

This paper describes and explains a continuing process. Accordingly, the search for data looked for long-term factors which underline and help to predict structural agricultural policies and more generally the decision-making process in policy formulation. Our sources of data combine: a) documentary analysis and examination of published evidence

FIGURE 1 : DECISION-MAKING PROCESS FLOW

on the subject; - b) examination of statistical records published by the two Communities and other institutions; and c) field interviews.

As had been feared at the beginning of our research, we were close to being overwhelmed by the extensive literature on the subject and by the considerable quantity of official documentary material produced by the two Communities. There is a multitude of policies, programmes and administrative arrangements which have been introduced by all concerned with the agricultural welfare of the Communities. Included here are primary sources, such as speeches, memos, directives, Parliament Acts, etc.

To identify sometimes, sometimes to support arguments, we consulted and combined statistical data produced in abundance in reports by both Communities and by other International Organizations.

It became apparent, however, that written and statistical records were unlikely to provide data about the bureaucrats' decision-making attitudes. Therefore our analysis was complemented with the *per se*

primary sources of updated information, that of field interviews. These interviews were conducted personally during a field trip to Brussels, Athens, Reggio Calabria, Ottawa and Toronto in the summer of 1979. Officials in Nova Scotia were contacted by telephone. The interviewers' universe is limited and uneven among the two Communities, being dependent on the availability and willingness of the officials to be interviewed. (See Chapter V for details of the sample.) We feel, however, that it is representative of the two Communities and fulfils the purpose of the research. No set questionnaire was used since our intention was to find out the motives and emotions involved in the various stages of each official's decision-making process. This interview technique appeared to surprise the bureaucrats who were accustomed to answering detailed questionnaires and it encouraged them to speak more freely about their own, and their colleagues' constraints in deciding on agricultural policies. Every official interviewed directed the discussion where he felt there was something to be said, but we attempted to emphasise the following aspects and obtain responses.

- a) What is the importance of agricultural disparities on the Community's regional problem as a whole ?
- b) Do you think that the diminishing of agricultural, and therefore regional, disparities helps to maintain the Community's unity ?
- c) What mechanisms were used to deal with such agricultural disparities ?
- d) How important are the Institutions in the decision-making process ?

e) What is the official's role in deciding on alternatives for policy formulation ?

f) Are there any constraints in the official's decision-making ability while formulating policy alternatives which are generated by his social, political or economic background ?

g) Are there any constraints in the official's decision-making ability generated by the social, political or economic environment in which he now finds himself ?

h) What is the influence of pressure groups on agricultural policy formulation ?

i) What is the influence of departmental and/or personal interests upon the decision-making process ?

TABLE 2 : UNIVERSE OF OFFICIALS INTERVIEWED

N = 26			
Canadian Community	Number of Officials Interviewed	European Community	Number of Officials Interviewed
Federal Gov't	5	Eur. Commission	8
Ontario	3	Italy	3
Nova Scotia	2	Greece	5

We thought it was important to interview officials from Member governments, because the Provinces' and member-States' perception of "their" agricultural problem does not necessarily coincide with its cognition by the two Communities' institutions. It appears that

priorities between Members and Community almost constantly differ and decisions, especially large scale agricultural decisions, are made in a pluralistic manner, with widespread effects and rely on political judgement.

There were two issues that at various times were thought, by officials of both Communities, to be good alternatives to their existing agricultural problems. These issues which reflect structural changes in agriculture were *subsidies* and *land reform*; and our paper uses them as the cases in point, when testing the hypothesis.

The interviews confirmed what had been realised while consulting available literature on decision-making: although social, political, economic pressures and interest groups were extremely important variables in the decision-making process, the personal connections of the decision-maker could turn a decision into a successful one. It was the network that could achieve compromise and advance an alternative. As an interviewed official put it: "There is a point in the (decision-making) process, when one has to lift the phone, call a colleague and discuss the feasibility of what one has in mind."²²

5. Summary

In this chapter we have examined the reasons behind the formation of the Canadian and European Communities and the importance of regionalism and agriculture as tools for Community unity. Then, assuming that the Canadian society is an integrated Community, we have forwarded a measurement (problem) and an hypothesis by which we could compare if

bureaucratic decision-making in the European Community follows the same pattern as the Canadian decisions which have an integrative effect on Canada. The scope of the paper is limited to agricultural, structural policy decisions. We then commented on the methodology and structure used and concluded with an account of the sources utilised to collect the necessary data.

NOTES - CHAPTER I

¹ E. Fromm, Escape from Freedom (1941; rpt, N.Y.: Avon, 1965), p. 234.

² For details on the Canadian politics of "survival" see E.R. Black, Divided Loyalties (Montreal: McGill-Queen's Univ. Press, 1975).

³ J.M.S. Careless, The Union of the Canadas (Toronto: McClelland & Stewart Ltd, 1967).

⁴ Ibid., pp. 150-184.

⁵ B.C. joined on the condition that a railway linking her with eastern Canada would be constructed.

⁶ Term used by H.G.J. Aitken, "Government and Business in Canada: An Interpretation," Business History Review, 34 (1964), pp. 4-21.

⁷ See J. Porter, "National Unity: Canada's Political Obsession," in The Vertical Mosaic (Toronto: Univ. of Toronto Press, 1965), pp. 368-69.

⁸ Ibid.

⁹ P.E. Trudeau, "The Constitution and the people of Canada," Second Federal-Provincial Constitutional Conference (Ottawa: Queen's Printer, Feb 1969).

¹⁰ For an account of the forerunners of European unity see A. Spinelli, "The Growth of the European Movement since the Second World War," in European Integration, ed. M. Hodges (Harmondsworth: Penguin Books Ltd, 1972), pp. 43-68.

¹¹ The countries of Western Europe found themselves, as a consequence of decisions reached at Yalta, in the American sphere of influence.

- 12 Spinelli, p. 54
- 13 The concept of Functionalism is examined in Chapter IV.
- 14 D. Swann, The Economics of the Common Market, 3rd ed. (Harmondsworth: Penguin Books Ltd, 1975), Chap. I, pp 13-32.
- 15 All national Parliaments approved the EDC Treaty except the French Assembly. Failure to ratify the Treaty eventually led to agreement for a modified NATO, including West Germany, thus solving all aspects of the "German problem".
- 16 Interviews, Athens, June 1979.
- 17 The BNA Act and the Treaty of Rome are taken in their broadest sense, thus include subsequent statutes, treaties, etc.
- 18 V.C. Fowke, Canadian Agricultural Policy (Toronto: Univ. of Toronto Press, 1947).
- 19 The system of authority, men, offices and methods that the two Communities are using to carry out their agricultural programmes constitutes in this paper the "bureaucracy". This notion is adapted from J.W. Pfiffner and R.V. Presthus, "The Public Bureaucracy," in Public Administration in Canada, eds. W.D.K. Kernaghan and A.M. Wilms (Toronto: Methuen, 1971), pp. 322-331.
- 20 Two studies, among the many consulted, were used as guidelines: K.R. Hoover, The Elements of Social Scientific Thinking (N.Y.: St. Martin, 1976); and J. Jenson and B.W. Tomlin, Canadian Politics, (Toronto: McGraw-Hill Ryerson, 1977).
- 21 Adapted from D. Easton, A Framework for Political Analysis, (Englewood Cliffs, N.J.: Prentice-Hall Inc., 1965), Chap. I.
- 22 Interviews, Brussels, June 1979.

CHAPTER II: INSTITUTIONAL STRUCTURES AND THE ROLE OF THE MEMBER-STATES UPON BUREAUCRATIC DECISION-MAKING IN THE TWO COMMUNITIES - AN OVERVIEW OF SIMILARITIES AND DIFFERENCES

We have seen that the conceptualisation of our inquiry was based on the similarities of the two Communities, such as peoples' origins, cultural values, aspirations, and economies increasingly based on advanced technology and dependence on external trade.

There are, of course, differences in size, population and particularly in the powers vested upon the central institutions of the two Communities by the B.N.A. Act and the Treaty of Rome. In addition, the Provinces of Canada, alike the member-States of the European Community, are distinctive in their diversity, their balance in size and influence, and their contribution to each Community's social, economic and political affairs. In this chapter we shall demonstrate that there are enough similarities in the circumstances created by the institutions and in the influence of the Members upon their Communities, so that central bureaucrats perform under the same environmental conditions when they decide on alternatives for agricultural policies. The chapter is divided in two parts. The first compares the main institutions of Ottawa and Brussels while the second part compares the influence of the Member governments upon their respective Communities.

A. THE INFLUENCE OF THE INSTITUTIONAL ENVIRONMENT ON THE TWO COMMUNITIES' BUREAUCRATIC DECISION-MAKING PROCESS

The organizational weakness of the decision-making process which is characteristic of international bureaucracies¹ is not present in the Canadian and European Communities, as they have both produced transnational

decision-making centres in Ottawa and Brussels with powers of their own. Such decisions taken at the Community level have to be co-ordinated with Provincial or National decisions in such a way as to fulfill the expectations of the Community's public without, at the same time, hindering Member-Community relations. Therefore, when we speak of aggregation of interests in the two Communities, we must speak of their bureaucratic institutions that perform this co-ordination function.

The powers and responsibilities formerly vested upon the institutions of both Communities stem from the BNA Act and the Treaty of Rome. The BNA Act is a body of fundamental principles according to which the Canadian Community is to be governed, while the Treaty of Rome is a formally concluded and ratified agreement between the European Community and its member-States.

There is a difference between the two: BNA Act articles are implicit while the Treaty of Rome articles are explicit on many issues. Let us take as an example Agriculture. In the Canadian situation the constitutional division of agricultural jurisdiction sets up a joint assignment of authority with a vague priority to federal legislation: " ... the Parliament of Canada may ... make laws in relation to agriculture ... and any law of the Legislature of a Province relative to Agriculture ... shall have effect in and for the Province as long and as far only as it is not repugnant to any Act of the Parliament of Canada."² The T. of R., however, lays down five specific objectives for a Community-only guided common agricultural policy, with measures taken for increased productivity, a fair standard of living for the farm population, steady markets, guaranteed security of supplies, and an assurance of

reasonable prices to consumers.³

This difference in accuracy in our case is insignificant. Decision-makers in both Communities have pursued an almost entirely pragmatic course in agriculture, leading neither to a rigid interventionism nor to an all-out "laissez-faire" approach, adapting their agricultural policies to the dominant needs of their Members. The fact is that the Provinces, alike the member-States, were more than willing to pass agricultural responsibilities to their respective Communities. Agriculture occupied an important role in their economies and political institutions, with many regions heavily dependent for employment either directly on agriculture, or on industries linked to it. But there was a silent consensus after WW II in both Communities that provincial or national agricultural policies had failed to provide a solution to problems common to most Members of each Community. It was thus considered that agricultural problems could be solved more readily within the compass of the Community herself, and governments were suitably disposed to surrender a problem sector of the economy to Ottawa and Brussels.⁴ One could not be surprised, therefore, by the willingness of the mainly industrial Members of the EC to agree upon a common agricultural policy (CAP) managed by European bureaucrats.

Having established that the legal environment created by the BNA Act and the Treaty of Rome is similar as far as agricultural decision-making is concerned, we now turn our attention to the environment created by the four principal institutions of the two Communities, namely the Canadian and European Parliaments; the Federal Cabinet and the

Council of Ministers; the Supreme Court and the Court of Justice; and finally the very heart of the bureaucratic decision-making, the Federal Departments and the European Commission.

1. The Canadian and the European Parliamentary Assemblies

The BNA Act provided for a Community Parliament consisting of the Crown, the Senate and the House of Commons. In practice, the Crown's representative acts on the advice of elected Ministers who, in turn, are responsible to the elected House of Commons. The passage of legislation necessitates consent of all three bodies, but most of the legislative activity takes place in the Commons which is the only elected chamber, with the Senate⁵ and the Crown merely approving it, to become law.⁶ Therefore, the Prime Minister, leader of the political party with the majority of members elected in the Commons, and the Cabinet Ministers he has chosen, are in effect the real executive power of the Canadian Community. The Cabinet will be compared with the European Council in the next section of this chapter. What we shall compare here is the ability of the Canadian Parliament (House of Commons) and that of its European counterpart, to influence or alter bureaucratic decisions.

Bureaucratic decisions have direct impact upon Canadian government bills⁷ introduced in the House, as such legislative programmes are part of the alternatives prepared by the bureaucrats in one or more of the various Federal Departments. Such bills are not often defeated in the Commons because they have the support of Cabinet Ministers, and both the Cabinet and the majority in the House belong to the same political party - minority governments are short-lived in Canada - with members

adhering to party discipline. In private meetings of party members, known as the caucus, members may complain about bureaucratic policies which the party adopts, but, like the Cabinet, once a majority decision on a policy alternative has been taken, members usually present a unified front to the opposition parties.

The implications are obvious. The Canadian Parliament's role in new policy ideas is limited and confined to a bureaucratic choice, with the bureaucrats providing the policy alternatives to the Minister from which he chooses one to legislate. As a matter of fact, the MPs' decision-making initiative has been curtailed to such an extent that in 1973 the Cabinet passed a decision to have all private MPs' bills examined by the bureaucrats, with a view to allowing some which are in line with government and bureaucratic priorities to pass.⁸ Even the creation of Parliamentary Standing Committees⁹ which, with regard to bureaucratic decisions, scrutinise and polish government bills, does not alter the situation. As the Committees' tasks are performed after the principle of the bills has already been accepted by the House, they can only improve the rough product of the bureaucrats.

Perhaps, because of the above limitations, the most important function of the Canadian Parliament today is what some observers have called its "general audit function".¹⁰ That is a broadly based public criticism of the government record and hence of bureaucratic decisions, which brings the short-comings of both to the attention of the Community public. The Parliamentary Question Period provides an interesting and sometimes lively interchange between opposition MPs and Ministers to

this effect, and bureaucratic decisions and actions are often criticized during this time.

Until mid-1979, members of the European Parliament were designated by the nine national Parliaments from among their own members, so many Parliamentarians were holding dual duties and had to commute between their national and European Assemblies. In spite of this, the Commission bureaucrats were advocating that Parliament was fully integrated,¹¹ keeping " ... constant watch on the Commission's doings, ... ready at any time to call it to order if it gives the impression of yielding to blandishments from the governments".¹² Meantime, the shadows of the national governments were ever-present, revoking members who did not follow their national party's policies.¹³ The Parliament was giving this "truly Community in Character"¹⁴ impression, mostly because members were not grouped according to national sections but rather according to their political beliefs, in quasi European-level political groups.

It was thought, however, by concerned advocates of European federalism that direct elections would give the Assembly much needed political authority while also reinforcing the democratic legitimacy of the whole European institutional apparatus. To this end, some MPs kept submitting draft proposals to the Council of Ministers from 1960 on without much success until the end of 1976, when the Council approved the election of Euro-MPs by direct Community suffrage. The election which took place in June 1979 was seen by the Eurocrats of Brussels - like other events connected with the EC - mostly as an exercise in administration.¹⁵ Nevertheless, it did make the idea of the European Community

less remote to the Community public. In fact, it provided for the first time a permanent link between one of the Community's institutions and individual Europeans.

What, however, is the impact of the European Parliament on the Community's bureaucratic decision-making process? In the case of either a selected or elected Assembly, the Parliament's function is consultative rather than legislative. The Council of Ministers which holds decisional power is not part of the Assembly, and it only has to consult Parliament prior to adopting a bureaucratic proposal. Viewed from afar, the impact of bureaucratic decision-making is clearer in Europe than it is in Canada, since the European bureaucracy (i.e. the Commission) - as structured by the Treaty of Rome - is the sole organ which proposes policies to the Council which accepts or rejects them, but explicitly cannot generate them.

In order to discharge its role, the Parliament - like its Canadian counterpart - has a number of Specialist Committees which follow the development of proposals between the Commission and Council and prepare reports for House debate and acceptance, by vote, in the Parliament's plenary sessions. Euro-MPs can put written questions to the Commission and the Council and, in early 1975, a Question Period was established, which sometimes gives rise to a rapid and lively dialogue among members and representatives of the Commission or Council.¹⁶ This does not, however, change the fact that the European Parliament has functioned mainly as a forum for discussion. The Assembly has - but has not yet exercised - the power to dismiss the Commission with a motion of

censure; but it has no control over the election of the new Commissioners to replace the dismissed ones.

The elected European Parliament might eventually acquire a "general audit function" similar to that of the Canadian Assembly, although for the moment it seems that Euro-MPs have even less control over bureaucratic decisions than the Canadian MPs. We should, however, note one difference between the two Parliaments which gives Euro-MPs the power to temporarily frustrate some Community decisions: The Canadian Parliament's "Budget Debate" forces the government to publicly defend its spending policy, but Parliament has no power to block the budget in a majority government situation. The European Parliament has some modest power in the final approval of some budgetary matters, including the Commission's administrative expenses. Thus, the Parliament could block expenditures for some time, as in the recent case of the 1980 Common Market estimates, which the Euro-MPs voted against, forcing the bureaucrats in Brussels to draw up a new set of estimates.¹⁷ Such power might have changed the environmental similarities of the two Communities' bureaucratic decision-making process, if it were not for the fact that it does not apply to obligatory expenses, such as those of agriculture.

It has been suggested by some observers that the Parliamentary Assemblies of the two Communities do not identify their bureaucracies as the villains on the scene, but rather the Cabinet or the Council of Ministers. And that bureaucracy, especially the European one, has traditionally looked for support from the Parliament as a logical ally because of its desire to increase the powers of the institutions that are

Community-minded.¹⁸ This suggestion, however, is only superficial and Commission reports advocating the watchfulness of Parliament over European officials¹⁹ only conceal what other studies have shown, namely that bureaucrats are generally hostile to influences which threaten their administrative functions, power and independence.²⁰ They do not like outside interference and seek to accommodate Ministerial needs rather than seek specific Parliamentary support.

Our discussion has demonstrated that the environment created by the Canadian and European Assemblies similarly influences the bureaucratic decision-making process of both Communities. Let us add one more striking piece of evidence. As a consequence of working in a Parliamentary system it is inevitable that organizations in Canada or Europe find it essential to influence policy before the parliamentary stage is reached.²¹ In both Communities, organizations and pressure groups realize that the most effective means of influencing policy is through constant contact and friendly relations with Community bureaucrats. Such a policy of informal consultation and cooperation is usually carried out quietly, in a two-way flow of information which gives the bureaucrats a feeling of the prevailing moods and needs before they formulate their policy alternatives.²² It is true that occasionally the need to influence policy at its formation stage takes more the form of political pressure, and in the case of agriculture there have been periodical "marches on Ottawa" sponsored by the Canadian Farmers' Union and "marches on Brussels" patronized by the Committee of Professional Agricultural Organizations (COPA), as a protest against frozen farm prices. However, the rule generally is that all concerned with policies have worked closely with

bureaucrats rather than parliamentarians.²³

2. The Federal Cabinet and the Council of Ministers

We have seen that the Canadian Cabinet and the European Council are the "core" institutions of the two Communities which hold decisional power. Also that bureaucrats of both Communities - policy initiators themselves - seek to accommodate Ministerial priorities when they define policy alternatives from which decisions ultimately occur. However, is the environment created by these institutions similar for the bureaucrats of both Communities? Let us begin by examining the Canadian Cabinet.

The functional subordination of the Canadian Parliament to the Cabinet of Ministers has already been mentioned, but the major problem for these Ministers establishing policy and policy priorities is the so-called "information overload". It is humanly impossible for Cabinet Ministers to deal intelligently with all of the policy ideas and supporting information generated by Provincial governments, interest groups, or individuals. Consequently, the bureaucracy acts as information "gatekeepers" who can filter, rationalize and organize policy priorities of the Community. Therefore, Ministers have the support and guidance of their own bureaucratic apparatus, along with the assistance of some government support agencies.²⁴ Cabinet Ministers have formed a number of Committees, the so-called Standing Committees,²⁵ to co-ordinate the order of the government's priorities. These Committees are not all of equal importance; and the Cabinet Committee on Planning & Priorities, with the Prime Minister as chairman and the most powerful Ministers as its members, is

viewed as a sort of "inner cabinet",²⁶ determining rather than co-ordinating governmental policy.

While the Ministers of the Canadian Cabinet belong to the same federal government and reflect little of the Community's diversity within the Cabinet,²⁷ the Ministers of the European Council belong to the member-States governments whose interests they represent. Moreover, there is no PM "first among equals" who nonetheless influences the Cabinet with his personality, but a chairmanship of the Council which rotates every six months among the member-States. These differences in structure, however, do not alter the problem of Ministerial "information overload", from which the same environment is created in the two institutions as far as bureaucratic decision-making is concerned. The Brussels bureaucracy also acts as information "gatekeepers" and transmits alternatives in the form of draft regulations and draft directives to the Council for its approval, so that they can become Community law.

Similarities between the two institutional environments extend beyond the aforementioned legislative power of the Cabinet and the Council or the "gatekeepers" role of the two Communities' bureaucracies. The Council is not a fixed body of individuals but operates similar to the Canadian Cabinet Standing Committees. For instance, where matters of agriculture are under discussion, it will be the Ministers of agriculture of the nine members who will meet as the Council, and when labour is under discussion, it will be the Minister of labour and so on. The Ministers of foreign affairs and the Ministers of agriculture are in effect the senior bodies and the former tends to play the role of the

Canadian "inner cabinet", since it is called in when Ministers of other fields are locked in disagreement. The Council is assisted by the Committee of Permanent Representatives (COREPER)²⁸ which has advisory functions similar to those of a Canadian specialized agency, and like the Canadian PMO, is in close touch with the Community's bureaucrats. Occasionally, when a policy has been agreed upon among COREPER and bureaucrats, it might be adopted without debate by the Ministers.

Although *de jure* decisions by the Council require in principle only a majority vote, unanimity is in fact the rule, because the Treaty of Rome stipulates unanimous decisions when an individual member-State declares the possible outcome of the vote to be crucial to her national interests. The consequence has been expansion of the infrastructure of the Council to provide for more regular liaison among both the member-States bureaucrats and bureaucrats of the Community. This might be a difference of some significance between our two environments, but to some extent it mirrors what happens in Ottawa, where a variety of forums exist to combine the interests of different Ministries.

A purely consultative body was created - the Economic and Social Committee - to give the European decision-making apparatus a more democratic flair. Membership is "representative" of the various categories of economic and social life of the Community. However, as lists of names are submitted from people chosen by the member-States and the selection of members is carried out by the Council, commentators do not assign much weight to this Committee's advisory role,²⁹ and we feel it

does not alter the similar environments.

3. The Supreme Court and the Court of Justice

Of the four main institutions of the two Communities, the Supreme Court and the Court Justice, both final Courts of Appeal in all Community matters, have the least impact upon bureaucratic decision-making in its formulation stage.

Both are Courts of arbitration in matters arising under the BNA Act and the Treaty of Rome, or under the two Communities' laws.³⁰ Judicial control over the Canadian or European bureaucracy is exercised not with respect to bureaucratic policy decisions, but rather with respect to administrative decisions. Both Courts will ultimately review the administrative decisions by bureaucrats to determine whether or not these decisions were within the jurisdiction granted to the bureaucrat and in accordance with the rule of law. However, no Court in either Community could step in to quash a policy decision, since both Courts view such a decision as a recommendation without necessary, or immediate impact, on citizens of their Community. Provincial and member-States governments can only appeal against implemented decisions by the Canadian federal bureaucracy or the European Commission.

On the other hand, the bureaucracy of both Communities could bring action against governments, organizations or individuals for infringements of the Treaties or the Community law. Such judgments not only settle the particular matter at issue, but also lay down the precise interpretation of disputed passages in the Treaties or laws.

Both Communities claim that their higher Courts have been instrumental in the buildup of a consistent body of Community law, and have enabled this law to be uniformly enforced upon all the Members of the Community.³¹

4. The Federal Departments and the European Commission

In examining the environment created by the institutions of the two Communities we have also testified to the significant and positive role played by the Community bureaucracies in policy decision-making. We have seen that the European Council is unable to take any kind of decision without the Commission bureaucrats first proposing a policy; it can only invite proposals from the Commission.³² We have also observed that the Canadian Cabinet cannot process policy without the input of policy alternatives decided upon by the Canadian bureaucracy.³³ Often, through the medium of policy papers, the various departments of the Federal bureaucracy or the Commission set out the policy alternatives they think most feasible in technical, administrative, financial and political terms, thus influencing most effectively Community policy by limiting the alternatives.

We should, however, compare the environment created by the two bureaucracies themselves, in order to identify their impact on bureaucratic decision-making. The structures of both bureaucracies feature a well-developed division of labour whereby the officials occupying roles within the bureaucracy perform clearly defined functions. Also Max Weber's³⁴ fundamental statements regarding bureaucracy, that the control is hierarchical, the role is defined by the office itself not the incumbent

and that continuity over time is facilitated by detailed records of all actions taken, apply to both bureaucracies. In addition, the fact that decision-makers at the policy formulation level have, more or less, been tenured in both Communities, also contributes to the continuity of bureaucratic decision-making. Every decision made can be backed up by similar precedents and in turn, itself becomes part of the precedents.

A Canadian federal department is answerable directly to a Cabinet Minister while a Commission department is answerable directly to a Commissioner and this could create the feeling of a different level of pressure upon bureaucratic decision-making in the two Communities. However, this is not the case if one considers that a Commissioner is answerable to various member-States' Ministers for his department, and that Canadian Ministers leave administrative decisions and policy formulation alternatives to their Deputy Ministers who are permanent bureaucrats. Also considering that a Deputy Minister's or a Commissioner's power of policy initiative is meaningful only if proposals are technically and politically appropriate solutions to the problems at hand, one realizes that the environment created by the structure of both bureaucracies is quite similar. Bureaucrats in Ottawa and Brussels depend upon their political and technical skills; and they exercise influence through mediation and through a variety of contacts in formal meetings and informally on a more direct personal basis.³⁵ Community policy depends ultimately on the political support of the Minister or Ministers and, recognizing this, bureaucrats in both Communities are careful to frame and time their policy alternatives so as to enhance their prospects of acceptance.³⁶ It is conceivable,

therefore for a team of bureaucrats, in either Community, to invent and include a few controversial but unimportant items in their proposals, then graciously accede to the wishes of their political "masters" and delete the disputable items, thus retaining their policy options intact.

Although the European bureaucracy is a direct initiator of Community policy while the Canadian bureaucracy must, in theory, respond to the Ministers' needs, Canadian bureaucrats are ever alert to indications of future needs of the Community. The officials within the various federal departments attempt to anticipate the Canadian Community's demands to politicians and begin working on policy areas which are likely to become an issue or which they feel should be pushed forward to Cabinet. Thus, a department which has already prepared such proposals is more likely to be given the responsibility for policy formulation.³⁷

The above comparison indicates that the environment created by the two bureaucracies is similar regarding policy formulation.

B. THE INFLUENCE OF THE MEMBER GOVERNMENTS UPON THE TWO COMMUNITIES' BUREAUCRACIES

We have established that the institutional environment of the two Communities is similar enough to create the same conditions for bureaucratic decision-making. We shall now turn our attention, in the second part of this chapter, to the influence that the Member governments have upon the Communities' bureaucratic decision-making and examine if there are enough similarities to create the same environment in both Communities.

The writer of a brief study comparing regional situations of the Canadian and European Communities questions the reality of such comparison, even the reliability of the available data.⁴¹ Although his points are valid, we found numerous analogies among the two Communities' Members. Sizes and population aside, it is easily recognisable, for instance, that both Communities' poorer regions happen not only to be in areas with unfavourable geography but also with the weakest governments in political terms. Thus Newfoundland, relative to the rest of Canada, could be compared with Italy and more particularly with Mezzogiorno relative to the rest of the European Community, as both countries experience the same persistent unemployment and antiquated agricultural processes. Ontario could be compared with Germany, where some areas are facing economic difficulties, but within a context of predominantly strong growth and influential governments. Quebec could be easily compared with France, as both countries reproduce the Canadian and European agricultural problems respectively within themselves. Both Quebec and France have large regions with slow economic development and

an area of rapid metropolitan growth dominating the political, social and economic life of the country. Nova Scotia could be compared with Greece as both are low-income countries for two main reasons: they are both less well-endowed with resources and the resources they do have, have not been put to their most effective use.

However, we did not rely solely upon the above broad resemblances, but examined both Communities closely to determine if their Members' influence upon them is similar.

What makes the Canadian Community resemble the European one is the relative strength and independence of the Provincial governments vis-a-vis the Federal structure. While, in practice, in both Communities the strength of the Member governments is conditioned by the relative wealth and fiscal capacities of the individual Members, Community policies in almost every field must take Member governments' views explicitly into account. These views, given the vast differences in social and economic structures of various Members, do differ. However, it will be seen that in their totality, the views of Member governments similarly influence both Communities' bureaucratic decision-making, since Member governments, not too surprisingly, are not in favour of policies that might reduce their own importance and influence.

Let us take as an example the field of our inquiry, that is Community decisions on regional and more precisely agricultural policies. In the view of Member governments of both Communities, regional adjustment means growth and development within their own jurisdiction, and Community sponsored out-migration of farmers to other areas of the Community is not

an acceptable policy alternative to them.⁴² Consequently, any Community attempt to use agricultural policies for regional development should be modified according to Members' aspirations as a battle against "area poverty" rather than against "people poverty".⁴³ Moreover, Member governments take the view that the central Community institutional apparatus is not as close to the people as they themselves are, and that priorities established regionally reflect more accurately the peoples' needs than what are perceived as needs in Ottawa or Brussels.⁴⁴

In a practical sense, the governments of wealthier Members can afford, if they so wish, to attempt to thwart Community development efforts if they perceive such action to be in their own best interests. For instance, Ontario and Britain, through a system of loans, seek to encourage location of industries within their boundaries and find it relatively easy to increase aid and overcome the attraction other regions might offer.⁴⁵ It is worth mentioning here, that the EC attempted to operate a scheme for co-ordinating national regional aid in order to avoid the "abuse" of Member governments' financial incentives.⁴⁶ However, upon pressure by Member governments, a ceiling to aid levels was first fixed on a sliding scale. This scale was to correspond with the relative gravity of economic conditions in the different regions as perceived by the Member governments.⁴⁷ Later, the Commission had to officially reiterate that clearly the principal responsibility for "helping the regions will and must remain with the regions themselves and the national authorities."⁴⁸

The political consequences of Community decisions have great

impact upon Member governments, as many of them remain in power with relatively small majorities and cannot afford too much agricultural discontent. Moreover, what is appropriate for one partner of the Community is not necessarily that sought by another; and both political consequences and "spill-over" effects make it extremely difficult at times to know what Community action to encourage. The following example will demonstrate the dilemma. Massive Community intervention to improve Italian agriculture, no matter how desirable it may seem in principle, might not appeal to the French, to the extent that French farmers consider their own interests to be threatened as a result. If the French government now believes, as it did in 1976, that it can preserve the existing political system by securing higher incomes for the farmers, who are known to vote "en bloc" as their own interests suggest, it will have to press for higher prices and less intervention in the EC negotiations. It has been proven,⁴⁹ however, that such price increases in agriculture are conducive to net transfer payments among the EC Members, and the achievement of French political aims may lead to other Members being charged with the cost. Such a situation might put inflationary pressure upon the German government, for whom the word inflation has not only a particularly emotive meaning, but the constitution explicitly requires that the budget should balance and not accumulate a deficit.⁵⁰ Therefore, the German government might press for no change in prices and more agricultural intervention, allying itself in this instance with the Italian government. One could imagine a similar situation in the Canadian Community wherein any effort to strengthen Ontario's industry relative to that of other Provinces would receive little support.

From the above we see that Member governments are drawn into Community affairs through their direct participation in the Community arena, their individual deliberations in provincial or national capitals and their extensive contacts with each other bilaterally and multilaterally. Community policies emerge when Member governments are collectively persuaded by the decision-makers in Ottawa or Brussels that the alternatives offered will mitigate problems that otherwise they themselves would be left to deal with alone. Also, if a Community proposal fails to gain acceptance, governments may continue with their existing national policies or find some other means of achieving their objectives which might be counter-productive to Community unity. Therefore the onus rests with the bureaucrats of the two Communities to diplomatically allow unfavourable national political conditions to dissipate, and achieve Community consensus-building. Such an approach frequently prolongs the discussion of issues over months and even years, basically to allow consensus to solidify.

Examples of such a consensus-building approach are numerous in both Communities. One Canadian example would be the efforts, in the late 60s, of top bureaucrats in the Agriculture and Rural Development Act (ARDA) not only to persuade the federal Minister that certain programmes must be undertaken, but also to persuade the provincial governments. Part of the decision-making techniques used was to send top bureaucrats "into the field" to sound out several alternatives with their provincial colleagues on suggested programmes.⁵¹ Also in the 1960s, in the European Community, the need for a co-ordinated regional policy was becoming apparent and Commissioner Thomson was assigned the task of preparing a report on the issue. Thomson's first move was to make a

series of visits to national capitals in order to gather opinions and test the ground. His lengthy report indicated not only a pattern for regional development but also the aims of the member-States.⁵² Consensus-building efforts however, are more common in the European Community.

The harmony, and therefore the efficiency and unity of the Canadian or the European Community depends ultimately upon a balance of power between the Members and the central institutions. This equilibrating role is reflected in the ability of the Community or her Members to finance the monetary burdens imposed by the Community, and the budget has become a serious weapon in the struggle for influence. It is to this weapon that we now turn our attention.

The BNA Act assigned to the Federal government the important tasks of defense and of generating economic development; it seemed appropriate, therefore, to give it almost unlimited powers of taxation, while the Provinces were confined to the unpopular direct taxation. Almost from the start the Provinces began demanding additional sources of revenue. After WW II the Canadian public looked upon the authorities to take the lead in providing post-war employment and social security; but it was not clear from which level of government action was being demanded. Therefore the Federal government followed the path of persuasion. In the 1950s it persuaded all the Provinces except Quebec to give up their tax rights in return for an annual per capita subsidy from Ottawa, as a means of ensuring fair distribution of the Community's wealth among all the Provinces. Accordingly, budgetary control over the Community's bureaucrats is done through Parliamentary appropriations and the bureaucracy can only spend funds for purposes specified by the Federal Parliament.⁵³ However, the House of Commons and its instruments of budgetary

control - such as the Auditor General - do have as a common goal the promotion of Canadian unity, and funds are easily allocated for schemes which strengthen central authority.

The situation is somewhat different in the European Community. The budgetary process does not reflect the Community's annual expenditure priorities and policy targets. The budget has remained divided under separate spending programmes and special funds, which allow little room for changing emphasis on Community policies.⁵⁴ Moreover, the Community purse strings are controlled by national governments, as it is their Parliaments who vote the annual contributions from the States to the Community. Thus, the Community's power over the purse is limited and depends on the goodwill of the rich Members who do not necessarily advocate Community unity at all times. The Community now receives revenues from tariffs, levies, and the Common Market's one percent of national value-added tax (VAT), but it has been estimated⁵⁵ that by the end of 1981 this total sum of the EC's revenue will no longer be enough to meet even the cost of CAP. With an established cost of farm subsidies which increases at a rate of twenty percent per annum,^{55a} the EC is faced with a severe financial burden on the eve of Greece's accession which will entail fresh financial claims to be met by CAP. Member-States will therefore have to remit more than one percent of their VAT revenue to Brussels and so national budgets would be the sole losers. For example, while in Canada it is the Federal government who increases the prices of spirits, tobacco, or motor fuel to cover Community costs, in Europe it would be Germany (paying the lion's share of the increased farm policies) who would have to increase the prices of those items. As a matter of fact, Bonn's Chancellor has recently warned the Community

that the limits of Germany to finance European unity had been reached, quoting the example of the cow that should not be slaughtered, if it is to be milked in the future.⁵⁶

The question of the role of the Community budget and the co-ordination of financial instruments which in Canada are carried out by the Federal government and in Europe by the governments of the member-States is a difference which will eventually disappear, as the obvious extension to the power of the European Parliament would be that of the budget. This difference is already diminishing because the European Parliament now has the power to veto the whole budget, which gives it some of the power the Canadian Parliament enjoys.

In spite of the above mentioned budget difference, the influence of the Member governments upon the bureaucratic decision-makers of the two Communities is similar. Inevitably, the pull of the domestic political systems continues to counter the drift towards Community unity. Member governments will try to ensure that their interests are defended, sometimes stubbornly, in intergovernmental meetings, and Community decision-makers will try the consensus-building approach. The ultimate result of such manoeuvring is consensus-building via Summitry. In fact, the institutional structures set up by the BNA Act and the Treaty of Rome have shown themselves in practice to be too weak to give the continuing political momentum required by the two Communities' bureaucracies to preserve and extend Community unity. This is what led the Heads of Member governments to meet, at the beginning occasionally, and then regularly in Canada under the name of "Federal-Provincial Conferences" and

in Europe under the name of "European Council". What distinguishes Summitry from the other bureaucratic decisional systems is mainly the status of the actors involved. There is a structural difference between the two Communities in their relationship with their Members. The Provinces do not have direct representation in the Federal Cabinet, while Member-States are directly represented in the Council of Ministers. This difference, however, does not alter the necessity of Summitry meetings. That is, the need of a higher authority to contemplate solutions to the increasing number of political stalemates between the Communities and their Members. We can suppose that political arithmetic is as prominent here as at the other institutional structures we examined. Summitry, however, opens the way to top level communication and mutual understanding, although not always to agreement.

C. Summary

In this chapter we have shown that the environment created by the institutions of the two Communities and the influence of member-States upon them are similar with regard to the decision-making process which bureaucrats in both Communities follow.

We also noted that the decision-making power in the two Communities has shifted from those who occupy political authority roles to those who possess technical knowledge and information. This is what some observers have named a "grey" government by bureaucrats.⁵⁷ We identified two reasons for this shift in decision-making power. Bureaucrats can now influence governmental decisions more directly through management of information and through the great deal of discretion they have in choosing alternatives. Also, bureaucrats involved in Community decision-making are members of "elite" networks that work through Community institutions⁵⁸ and function in the interest of a cause. The cause can range, we saw, from high ideological aspirations such as greater Community unity, to the pursuit -

as shall be seen in Chapter V - of personal ambitions by the decision-makers. Community integration consequently is seen as being built into the bureaucratic decision-making process and it cannot advance except through the co-operation and interaction of all concerned with the Community's survival.

NOTES - CHAPTER 11

1 G. Schwarzenberger, Power Politics, 3rd ed. (London: Stevens & Sons, 1964), pp 227 ff.

2 Section 95 of the B.N.A. Act.

3 Articles 38-47 and Article 110 of the Treaty of Rome; see appendix.

4 For Europe see R. Lee and P.E. Ogden, eds., Economy and Society in the EEC (Westmead: Saxon House, 1976); for Canada see T.N. Brewis, et. al., Canadian Economic Policy (Toronto: Macmillan Co. of Canada Ltd, 1965).

5 In theory, Senators may reject, amend or initiate legislation except for "money bills", but this rarely happens.

6 R.J. Van Loon & M.S. Whittington, The Canadian Political System, 2nd ed. (Toronto: McGraw-Hill Ryerson Ltd, 1976) pp 416-455.

7 Bills are of three types: government ones introduced by a Minister, public ones initiated by any MP, and private bills introduced upon petition. Bureaucratic decision-making has impact mostly on the first type.

8 Van Loon & Whittington, p. 417.

9 Ibid., pp 439-449

10 Ibid., pp 436-431.

11 European Commission, Working Together (Brussels: EEC, June 1977), pp 21-25.

12 Ibid., p. 21.

13 It is true, however, that if the national government forced the MP's resignation, the objectionable vote itself was not changed and the policy became Community law; see W. Pickles, "Political Power in the EEC", Journal of Common Market Studies, 1 (1963), p. 84 note 8.

14 Working Together, p. 22.

15 See for example N. Moss, "A small cheer for Europe", Illustrated London News, April 1979, p. 33.

16 European bureaucracy, as an official initiator of policy, is represented directly in the European Parliament, while in Canada the bureaucracy is represented through the Cabinet Ministers.

17 E. Hauser, "Parliament throws out the Brussels budget", Lübecker Nachrichten, 14 Dec 1979.

18 E. Poullet & G. Deprez, "The Place of the Commission within the Institutional System", in Decision Making in the European Community, ed. Ch. Sasse et al. (N.Y.: Praeger Publ., 1977) pp 128-241.

19 Working Together, loc. cit.

20 W. Averyt, "Eurogroups, Clientela, and the European Community", International Organization, 29/4 (Aug. 1975), pp 949-972.

21 Interviews, Brussels and Ottawa, June and August 1979.

22 Ibid.

23 See, for example, H.J. Dawson, "Pressure Groups and the Canadian Bureaucracy: Farm Organizations in Canada", in Bureaucracy in Canadian Government, ed. W.D.K. Kernaghan (Toronto: Methuen Publ., 1969) pp 105-111.

24 Most notably the Prime Minister's Office (PMO) and the Privy Council Office (PCO); see C. Campbell and G.J. Szablowski, The Super-bureaucrats (Toronto: Macmillan Co. of Canada, 1979).

25 Van Loon & Whittington, pp. 338-341.

26 Ibid.; for our purposes we shall examine the impact of Cabinet or Council upon Community bureaucrats when acting as a collectivity, without elaborating on the distribution of power within the Cabinet or Council.

27 R. Simeon, "Regionalism and Canadian Political Institutions", Queen's Quarterly, 82 (Winter 1975), pp 499-511.

28 Abbreviation of its French title.

29 Interviews, Brussels, June 1979.

30 There is a distinction between the Canadian legislation which produces "laws" and the European legislation - that is Council and Commission - which produces "directives", "regulations" and "decisions". Directives are binding, though their implementation is left to member-States and it can be slow. A regulation is applicable in all member-States and has the force of law. A decision is binding in every respect only upon those named, be it a government, organization, or an individual. All these acts are regarded as Community law, along with the Community Treaties, and enforcement may be sought in the European Court of Justice.

31 See, for instance, Van Loon & Whittington, p. 411; Working Together, p. 27

32 Treaty of Rome, Article 152.

33 See K. Kernaghan, "Changing Concepts of Power and Responsibility in the Canadian Public Service," Canadian Public Administration, 21 (Fall 1978) pp 389-406; also see speech by F. MacDonald, "New Cabinet Ministers need Wisdom of Solomon" Annual meeting of Can. Pol. Sci. Association, reported in The Ottawa Citizen, June 9, 1980, p. 7.

34 H.H. Gerth & C.W. Mills, eds., From Max Weber: Essays in Sociology (N.Y.: Oxford Univer. Press, 1946) pp 196-244.

35 See, for instance, an analysis done by C.A. Spirelli, The Eurocrats (Baltimore: John Hopkins Press, 1966), pp 94-99. For an assessment of the initiative, mediative and administrative functions of bureaucracy see D. Coombes, Politics and Bureaucracy in the European Community (London: Allen & Unwin, 1970).

36 In the last two decades the concept of a "proposing Commission" and a "disposing Council" has changed; see W.H. Clark, The Politics of the Common Market (Englewood Cliffs, N.J.: Prentice-Hall, 1967), pp 15-54.

37 Van Loon & Whittington, p.383.

38 A.W. Johnson, "The Role of the Deputy Minister", Canadian Public Administration, 4/4 (Dec. 1961).

39 Treaty of Rome, Article 157. 39a * (See end of footnotes)

40 The figure is based on an adaptation from Van Loon & Whittington, figure 16-1, p. 392.

41 T.N. Brewis, The Regional Economic Policy of the European Community (Ottawa: Carleton Univ., 1977), passim.

42 See T.N. Brewis, "Regional Economic Policy - The Federal Role"; also, C.J. Wenaas, "Provincial Roles in Regional Development", in Regional Poverty and Change, ed. G. Schramm (Ottawa: Canadian Council on Rural Development, Queen's Press, 1978), pp 161-177 and pp 207-224.

43 T.N. Brewis, in Regional Poverty & Change, op. cit.

44 For Canadian arguments as to "who knows best?" see O.J. Firestone, "The Economic Case for Regional Decision-Making," The Canadian Banker and ICB Review, 84/3 (May-June 1977) pp 12-16.

45 For Canada see D. Usher, "Some questions about the Regional Development Incentives Act," in Regional Economic Policy: The Canadian Experience, ed. N.H. Lithwick (Toronto: McGraw-Hill Ryerson Ltd, 1978) pp 283-302; for Britain see I.R. Bowler, "Regional Agricultural Policies: Experience in the U.K.," Economic Geography, Vol. 52 (July 1976) pp 267-80; for general see J.V. Krutilla, "Criteria for Evaluating Regional Development Programs", American Economic Review (May 1955), pp 120-132.

46 European Commission, A New Regional Policy for Europe (Brussels: EEC, No. 4, 1975)

47 Ibid.

48 European Commission, The Community and its Regions (Brussels: EEC, No. 4, 1977)

49 U. Koester, "Decision-Making Problems of the Council of Agriculture Ministers," Intereconomics, 9/10 (Sept-Oct 1978), pp 211-215.

50 Grundgesetz, Article 110

51 J.N. McCrorie, ARDA: An Experiment in Development Planning (Ottawa: Can. Council on Rural Develop., Queen's Printer, 1969)

52 H. Wallace, "The Establishment of the Regional Development Fund: Common Policy or Pork Barrel?", in Policy-Making in the European Communities, eds. H. Wallace et al. (London: John Wiley and Sons, 1978), Chap. 6, pp 137-163.

53 N. Ward, The Public Purse (Toronto: Univ. of Toronto Press, 1962), passim.

54 S. Hoit, The Common Market (London: H. Hamilton Publ., 1967) p. 86.

55 H.H. Bremer, "High price to end cash deadlock," Die Zeit, 6 June 1980.

55a Ibid.

56 "EEC financing must be altered - Schmidt," Frankfurter Rundschau, 14 June 1980.

57 For example D. Waldo, The Administrative State (N.Y.: W.W. Norton, 1948); M. Dogan, ed., The Mandarins of Western Europe (N.Y.: 1975). Some observers speak of a split between the "deciders" and the "doers" in the political system as a solution to the dominance of bureaucrats; see P. Drunker, The Age of Discontinuity (N.Y.: Harper & Row, 1969), p. 233.

58 H. Wallace, National Governments and the European Communities (London: Chatham House/PEP, 1973), pp 37-38.

* 39a For more arguments see Ch.Sasse, op.cit, Ch.4&5, pp 180-240.

CHAPTER III: AGRICULTURAL DISPARITIES AND STRUCTURAL SIMILARITIES OF
THE TWO COMMUNITIES' AGRICULTURAL POLICIES

In this chapter we shall attempt to demonstrate that the agricultural environment in which Community bureaucrats decide upon alternatives for agricultural policies is, to a high degree, similar in both Communities. Further, that such similarities extend to the policy instruments used by the two Communities to rectify such agricultural disparities. We shall then introduce and elaborate upon the two similar agricultural case-studies which we used to measure the bureaucratic constraints of our hypothesis.

The chapter is divided into three parts: a) causes and dimensions of agricultural disparities and a comparison of the agricultural environment of both Communities; b) a comparison of the instruments for correcting agricultural disparities in Canada and the EC; and c) an examination of two similar Canadian and European agricultural policies in the fields of *subsidies* to farmers and *land reform*.

1. Causes and Dimensions of Agricultural Disparities.

The first observation made while examining the agricultural environment was the fact that the creation of a single trading Community accentuates rather than diminishes regional differences by allowing even easier concentration of industry and population away from agricultural deprived areas and into the industrial heartland. To examine such an environment, however, we must first define an agricultural region.

The use of the term "region" is not clear in the existing literature and it is used here on the basis of certain criteria.¹ The geography of the two Communities, for instance, unavoidably means that they contain distinct "natural" regions because of the concentration of diverse natural elements in certain localities. Economic criteria yield "functional" agricultural regions with varying degrees of interdependence. And, as integration proceeds within the two Communities, the distinction between "internal" and "border" agricultural regions is added, along with the need to link these outlying border regions to the Community.²

The consciousness of belonging to a distinctive group, such as farmers, is often perpetuated by economic circumstances, but it may also spring from social and political factors. Attributes such as language, religion, traditional memory of shared experiences and so forth, create "homogeneous" agricultural regions, while political considerations such as policy outputs yield "administrative" regions. As administrative convenience has often been the criterion for delimiting regions, for the sake of simplicity we have followed the political boundaries describing an agricultural region.³

Let us now focus on the environment created by agricultural disparities. Although the relative degree of seriousness varies it was observed that the manifestations of agricultural disparities are strikingly similar in the two Communities. The most common ways in which agricultural disparities can be perceived relate to farmers' chronic unemployment, absence of a diversified economic base, decline of traditional farming methods and the low education, productivity and income of those employed in agriculture. These disparities are often accompanied by

serious migration of the younger and better educated, by decaying social facilities, and by deficiencies in regional infrastructure. It has been demonstrated that these factors tend to reinforce each other, thereby keeping certain communities permanently locked in a state of socio-economic depression, generating cumulative forces leading to the agricultural region's further decline.⁴

One question presents itself at this point: Is it necessary for any Community to intervene to diminish agricultural disparities? Let us examine, as an example, a poverty-stricken farmers' group, living in an underdeveloped rural area, where employment and prosperity are still largely dependent on farming. Much of the farming in such an area is based on tiny holdings, far too small and undercapitalized to be economically viable. Because of its poverty, this underdeveloped agricultural region also suffers from very inadequate public infrastructure and is distant from the main economic centres of the Community. One has only to add the disadvantages of geography and climate to realize why private firms do not find it profitable to set up plants, even for the processing of agricultural produce, in such a weak agricultural region without any Community assistance.

Economists have argued on behalf of industry that costs are higher in such an area, let alone the fact that the displacement of higher-paid workers, through a negative multiplier effect, ultimately may reduce the Community's GNP⁵ and comprise a greater drain on the public services budget.⁶ Sociologists have also argued that skilled staff of Companies that have moved to depressed areas may not wish to

uproot themselves from relatives, friends, schools, etc., and that the welfare of the people of a Community would be greater if the same total income was more evenly distributed.⁷ In addition, shifts of population or industry might not always be necessary since the low income of farmers may be due to inferior levels of skill, or education, or to general attitudes towards work outside the farm. On the other hand, politicians would like to safeguard the rural population of such an area because its constituents represent an important electoral opportunity in spite of the relative scarce population. (See Table below)

TABLE 3: CIVILIAN EMPLOYMENT BY MAIN SECTORS OF ECONOMIC ACTIVITY -
SELECTED YEAR 1978

ECONOMIC ACTIVITY	CANADIAN COMMUNITY		EUROPEAN COMMUNITY	
	'000	%	'000	%
Agriculture	566	5.9	8 495	8.4
Industry	2 846	29.7	41 109	40.9
Services	6 160	64.4	50 964	50.7
TOTAL	9 572	100	100 568	100

Sources: EUROSTAT and OECD estimates

In short, the poor agricultural regions of both Communities are characterized by overdependence on farming and Community agricultural policies are necessary in order to diminish disparities. However, the similarities in the agricultural environment extend beyond the necessity of Community interference, to the actual structure of the deprived agricultural areas. These structural similarities in the two Communities

shall now be examined.

For most of the low income agricultural regions in both Communities the typical family unit is a family farm. Many agricultural policies, however, have been of much greater value to farmers with big lots of land because of the emphasis of such policies on improving resources. Changes in the structure of agriculture had led to highly mechanized and capital-intensive farming and decision-makers were questioning what action to take to redress or ameliorate the situation of the farmer with a small family unit. There has been considerable controversy with regard to the directions of agricultural policy, but eventually, first in the Canadian and then in the European Community, agricultural policy tended to encourage maintenance of the family farm unit with expansion of agricultural output and preservation of the social values and lifestyle of the poorer farmers.

TABLE 4: PRINCIPAL CATEGORIES OF LAND USE - 1975

CATEGORY	CANADIAN COMMUNITY		EUROPEAN COMMUNITY		WORLD	
	'000 ha*	% of total area	'000 ha	% of total area	'000 ha	% of total area
Agricultural used area	68 867	69.0	94 142	61.7	4 533 000	34.0
Arable land (% of agri- cul. area)	N/A	63.5	N/A	54.8	N/A	33.0
Grassland (% of agri- cul. area)	N/A	36.5	N/A	45.2	N/A	67.0

* 1 hectare (ha) = 2.47 acres
Source: EUROSTAT (1978)

Two agricultural policies have been widely accepted by all concerned as being instrumental in helping the poorer farmers, namely *subsidies* and *land reform*. Bureaucrats in both Communities arrived at the same conclusions regarding these two policies: the purchase of marginal land for parks, recreation, or forestry has been reduced as a poor alternative source of a farmer's livelihood, and help is now offered to farmers on their land, by land consolidation schemes, or subsidies involving price controls; also by heavy expenditures on drainage and purchase of machinery.

Another structural agricultural similarity between the two Communities is the relative power of the farmers to persuade the Community of the importance of their needs. The farming population of both Communities has been divided by observers into three, roughly similar, economic groups: in Canada into viable, neither well-off nor poverty-stricken, and below the poverty level farmers;⁸ in Europe, into main producing groups; urban perimeter groups with an acceptable income, and the mountaineer and remote area groups with output below poverty level.⁹

The poverty-stricken farmers of both Communities share certain similar disadvantages. Farming cannot exist in isolation but is an integral sub-unit of the total agricultural and industrial systems of each Community. Production costs are continually increasing, but agricultural produce accounts for a smaller and smaller part of the price consumers pay for food products. Consumption habits have put a premium on quality of food products rather than quantity. In other words, the

terms of trade are moving against the poorer farmers. And though agricultural production is increasing in absolute terms, in both Communities it accounts for a declining proportion of the GNP. Moreover, the political power of the farmers is in decline because of the massive exit of poorer farmers from agriculture.

TABLE 5: EMPLOYMENT IN AGRICULTURE AS % OF THE CIVILIAN
WORKING POPULATION: SELECTED YEARS

YEAR	CANADIAN COMMUNITY %	EUROPEAN COMMUNITY %
1939	31.7	..
1941	27.4	..
1951	20.8	..
1961	11.7	18.5
1968	9.8	13.9
1972	6.4	11.9
1978	5.9	8.4

.. not available

Sources: Combined information from Agriculture Canada (1976),
DUROSTAT (1978) and CAP (1972).

Urban concentrations lead to one set of social problems in the two Communities. Depopulation of countrysides and the decline of agricultural economies create others, and policies to diminish one set or another can be contradictory.¹⁰ An illustration of such pressures is the cost of food price support programmes that have divided officials within the two Communities, with agricultural decision-makers wanting them higher to meet the farm income problem, and with consumer affairs

decision-makers wanting them lower to meet the inflationary cost-of-living problem. The fact remains, however, that the number of people involved in farming is sufficient to ensure that agriculture still remains one of the most important considerations of the Communities' decision-makers. Not only is such a small proportion of the Community population able to provide food - and an exportable surplus - for the rest, but indirectly the agricultural sector generates substantial economic activity and employment in the food marketing, as well as in the farm input and servicing sectors.¹¹

The above discussion is indicative of the similar environment created by the agricultural disparities of the two Communities and that there are political, social, economic and pressure group constraints that limit the alternatives envisaged by the Communities' bureaucrats when deciding on agricultural policies. It should be added that agricultural growth policies have not been adopted with the same enthusiasm by all concerned in the two Communities. Britain and Ontario, for instance, have shown less enthusiasm than the French, Italians, Nova Scotians, or Newfoundlanders have traditionally shown. Also the justification for pursuing a certain agricultural policy has not been discussed at the same length by all involved. Sometimes, an agricultural policy was merely defined, not explained to the Members of the Community.¹² However, the restoration of a better regional balance within each Community has been accepted as necessary to help not only the underdeveloped agricultural regions, but also those regions in the process of expansion and the ever-growing metropolitan conglomerations.¹³

2. Instruments for Correcting Agricultural Disparities: An overview of the Canadian and European Approaches

We have seen that agricultural policies often seek to accomplish several goals at the same time. This is, of course, not always possible, since a course of action which best fulfils one purpose may not be best with respect to other objectives. As a result, bureaucrats formulating policy alternatives in the two Communities must weigh the "trade offs" and proposals must be modified to be compatible with several needs.

In the last two decades - the time-span in which our data has been compared - both Communities came to accept certain similar needs as far as agricultural policies were concerned.¹⁴ First, as previously mentioned, the agricultural problem is as much a political and social one as it is economic, therefore the market place alone was not the best alternative as it was unable to guarantee the most efficient and desirable solution to agricultural disparities. Second, the repercussions of agricultural policies had spilled over the political boundaries of Province or State and as the agricultural problem grew in size and expanded in scope, the financial, technical and manpower resources required for viable solutions needed to be pooled and co-ordinated at the Community level. Third, the intervention of the officials of both Communities in agricultural matters was at the beginning selective rather than broad, and its impact tended to be specific rather than general. During that period, distinction between political and bureaucratic responsibilities appeared to be clearer with the responsible politicians in each Community accepting or rejecting agricultural recommendations brought forward by the bureaucracy. However, first in Canada and then in the EC, as cultural issues became more intricate, complex and multi-

governmental, the lack of an adequate Community structure and process defeated even the most energetic decision-maker. Even efforts to become more systematic about decisions with devices such as PPBS were of limited help and have now been shorn of much of their mystique.¹⁵

A new approach was clearly required because in the absence of remedial Community policies, the net effects of the isolated agricultural policies exacerbated the existing agricultural problem. Moreover, as integration increased, these detrimental effects were likely to intensify and the need for Community unity provided another reason for creating co-ordinated decisions in agriculture.¹⁶ Therefore, the solution to the two Communities' agricultural problems seemed to lie in a Community integrated and co-ordinated decision-making process.

We have already mentioned the farmers' chronic unemployment as a similar, and important, manifestation of agricultural disparities in both Communities. We should note at this point that there are also two similar approaches to combating such agricultural unemployment: to assist development projects with the intention of raising output locally; and to promote labour force adjustment which encourages movement out of the area. It is suggested that the potential gain from the second approach is the greatest,¹⁷ but the principle of bringing "farmers to the work" has been replaced in both Communities by the more socially accepted principle of "work to the farmers". Such agricultural development policies have taken the form of "carrots",¹⁸ a panoply of incentives such as relocation grants, investment incentives, low interest

loans, favourable tax allowances, training grants for the farmers, policies guaranteeing farmers' incomes, etc. They have also taken the form of "sticks" such as restrictions on development in already well-developed areas.¹⁹ The Canadian Community is more inclined than the European one to use the incentives approach.²⁰

Although the mechanisms used by the two Communities to correct their agricultural disparities may vary, the philosophy behind these policies is similar. In order to compare them we shall first examine the instruments used by Canada and then those used by the EC.

Until the 1930s, direct Canadian Community involvement was mainly concerned with the expansion of agricultural production, the opening of new land and support of the private family farm concept. Since that time, government-sanctioned marketing boards, crop insurance, transportation and fertilizer subsidies, programmes for land utilization, and development of social and industrial infrastructure have been among the policies used to help farmers.

An attempt by the Canadian Community to deal with specific agricultural problems²¹ resulted in the creation of agencies such as the Fund for Rural Economic Development (FRED),²² Agricultural and Rural Development Act (ARDA)²³, Atlantic Development Board (ADB) and the Area Development Agency (ADA), all in the early 1960s. These agencies fully recognized the fact that price and marketing problems were not the only ones confronting the farmer, but that technological change and scale economics had made survival of the small farm problematic.²⁴

These agencies' programmes emphasized assistance in land management and soil and water use conversion schemes as the most appropriate measures for raising farmers' incomes, with financing of such programmes being shared equally by the Province involved and the Community.²⁵ Some argued that it was a major weakness to single out one factor, land, and make it the decision-making basis for all actions; that this focusing on land led to the neglect of labour and capital inputs into the farming industry. Consequently there had been no significant narrowing of the gap between the agricultural and non-agricultural regions of Canada.

To counterbalance such criticism and in an effort to create the framework for a comprehensive regional development programme, the Canadian Community created the Department of Regional Economic Expansion (DREE) in 1969.²⁶ DREE incorporated four philosophical stands: a) the point of view held by many economists that more land should be taken out of agricultural production, including taking farmers away from farming, b) the desire of influential politicians to "keep people on the land", c) the "rationalization" view held by many ARDA officials, i.e. to consolidate marginal farms and produce viable units, d) the "enlargement of the options of the individual" point of view, held by the same ARDA bureaucrats - that is access to training and the means to move out of farming for the poorer farmers.²⁷ The Department continued the previously mentioned agencies' "land" programmes, but emphasis was put upon increased job opportunities in the manufacturing and agricultural processing sectors by stimulating private investment in designated regions. Such programmes included provincial farmer-controlled marketing boards,²⁸ transportation, storage and export subsidies partly to remove embarrassing surpluses,

tariff and import restrictions²⁹ and programmes to lower the costs of production.³⁰ However, the initial land reform policies such as consolidation of farms, creation of community pastures but also promotion of local tourist attractions and handicrafts remained the most popular with farmers. Land reform politically meant the reinforcement of the Community's unity; socially, the re-creation of a viable agricultural bourgeoisie and a sense of worth into the agricultural population; and economically, the development of a more balanced economy in which secondary industry was strengthened.

The activities of DREE are far from being the only Canadian approach towards alleviating agricultural disparities. The fiscal equalisation payments which prevent further inter-regional disparities in levels of public service, the determination of transportation rates, or training and relocation policies administered by Manpower, while not designed to promote agricultural development *per se*, all have strong impact in agricultural areas. In addition, the Community's bureaucratic decentralization policies hope to restore some economic balance to agricultural regions.

The pricing policy on agricultural products was given a central role in reaching the European Community's objective of balancing agricultural disparities. CAP has never abandoned its implicit premise of economic unification,³¹ retaining the principle of a truly common policy dictated by bureaucratic decision-makers in Brussels. As in Canada, however, there exists a series of closely interlocked national agricultural markets.³² The over-decentralisation and lack of a tax basis

for revenues of the European Community create some additional problems for officials in Brussels. For example, the problem of monitoring a system to finance the costs incurred by joint responsibility of all Members and divide such costs among them on some fair basis. Also, the Commission's bureaucrats have been attempting to determine what is acceptable in the complex field of numerous national agricultural subsidies and other types of agricultural aid, which might be more favourable to some Members than to others. Even a railroad fare structure may be biased in favour of one member-State's domestic producers.³³

As was the case in Canada, the rapid fall in the number of farmers left elderly persons with small farms and out-of-date methods, and the Commission's bureaucrats with the belief that such agricultural problems required solutions through structural land reform so that there would be fewer but larger units using more modern methods and machinery. By mid-1972, direct incentives for those leaving the land and more efficient husbandry were introduced, in the hope of supplementing measures already being followed by most Members. To achieve such objectives, the Community used two types of intervention, direct guidance and indirect guarantee, with an agricultural fund called the European Agricultural Guidance and Guarantee Fund (known by its French abbreviated title as FEOGA) as its main instrument. The Guidance Section of FEOGA contains the scope for financial assistance to backward agricultural regions through projects for "the harmonious development of the general economy of the region".³⁴ This includes structural agricultural improvements and direct intervention in the form of capital grants for modernisation, subsidies for co-operatives and certain types of irrigation and land

consolidation schemes. It became obvious, as in the Canadian case, that such agricultural structural changes, if they were to be effective, had to be co-ordinated with the Community's Social Fund³⁵ to aid resettlement and retraining while the Fund created alternative employment in the area.³⁶ Structural changes also required co-ordination with the European Investment Bank which, by providing low-interest loans, could finance projects in the depressed agricultural areas.³⁷ By the late 1970s Europeans had realized - as had the Canadians - that *ad hoc* agricultural policies were not enough by themselves and that co-ordination with other policies such as welfare and labour was necessary. After two years of negotiations a rather symbolic European Regional Development Fund (ERDF)³⁸ was established with a token budget through which poor agricultural areas were also eligible for assistance. However, until mid-1977 the Europeans had not created a comprehensive framework of decision-making such as DREE had, in which all regional policies were harmonised and co-ordinated. In 1977 there was an important modification to the Fund with the introduction of a "non-quota" system - to be used strictly by the Community's bureaucrats outside nationally-aided areas - for agricultural problems created by the Community's environment.³⁹ This modification made FEOGA a little more like DREE.

The Guarantee Section of FEOGA is a system of price controls, fixed every year, to regulate the flow of imports from non-Community States, to subsidize exports and to provide support-buying when the market itself does not provide a fair return to producers. The results are sometimes stock surpluses of "butter mountains", "milk rivers", or "olive oil ponds,"⁴⁰ Ideally, common agricultural prices should be

fixed to a common low level, where supply could balance demand and Europe could then produce its food where its farmers are most efficient. But the effects of such adjustment would be most unevenly felt, and the interests of member-States thrown abruptly into turmoil. In effect, all member-States have established their own instruments and incentives to aid deprived agricultural regions within their boundaries with payments, for instance in 1975, equivalent to twice the amount financed through the Community.⁴¹

The instruments used by the two Communities to diminish agricultural disparities, while not entirely innocent in prolonging some protectionist policies, contributed to the belief that the efficiency of agriculture left much to be desired and demanded a smaller agricultural population and a more rational use of land. They helped to soften public attitudes towards genuine structural adjustments and even transfer of labour from agriculture to other occupations.⁴² Such adjustments are today more widely accepted as solutions worthy of the Community's support. It also became understood that the scale of the problems involved in changing the structure of the agricultural population meant that agricultural policies would only occur gradually, requiring the almost eternal continuation of grant aid. One advantage that Community bureaucrats have in formulating agricultural policies is that the multiplicity of agricultural products provides plenty of opportunity for bargaining among interested parties; an opportunity that policy makers might not find in other areas of decision-making.⁴³

We have studied the instruments used by the two Communities to decrease their agricultural disparities. By comparing them, we have seen that they are similar enough for us to accept - for the purpose of our inquiry - that not only is the agricultural environment similar but also that the bureaucrats of both Communities are using similar tools to rectify agricultural disparities. We should add that the instruments we examined have become more significant in both Communities since 1974, where progress towards better regional balance within each Community has been affected by a recession during which many jobs in the agricultural regions, being marginal, were by definition the first to be cut.

One remark, made by a European bureaucrat⁴⁴ regarding the advantage of having a Community co-ordinated agricultural policy, we think is appropriate at this point: The more revenue a Province or a member-State has to raise herself, the more she can be accused that she uses her strong areas to subsidize the existence of her weak agricultural ones. However, if the necessary agricultural policy demanding revenue comes from the Community, a shift of "responsibility" can by itself be an unstated political reason for the partners to continue their Community association.

3. Two Examples of Similar Agricultural Policies in Canada and Europe

We have seen that protectionism in agriculture is to be the ultimate cost for the consumers of both Communities and reflects the limits of the bureaucrats in challenging the political influence of the still-powerful agricultural groups. Such circumstances, therefore, created

the combined agricultural solution of subsidies and structural changes. The logical solution was not to use such policies independently, but to select the most promising parts of the agricultural regions and, with structural changes and industrial incentives build them up as centres of potential growth; and in the meantime subsidize areas less attractive to capital and with minor structural changes prevent their population from migrating.

To test the constraints of our hypothesis on the bureaucrats interviewed, we examined two agricultural policies from the fields of subsidies and land reform which we found were alike in both Communities. Thus by interviewing on specific policies of closely related agricultural activities in both Communities, we were able to analyse the effects of our constraints upon the Community bureaucrats and evaluate more precisely our hypothesis. The first policy is the price stabilization subsidy; the second is the case of land consolidation, and the remainder of this chapter will be an examination of these two policies.

3a. Subsidies to farmers: The case of Price Stabilization

One of the aspects of Canadian agricultural policies is the principle of Canadian product preference, the same principle that became a controversial aspect of the European Community's CAP policies. This "Community preference" has led, in both Communities - but mostly in Europe - to the erroneous pursuit of self-sufficiency in almost all of the major food commodities.⁴⁵ This kind of "obligation" along with the more serious attempt to keep farmers in their areas, created

guaranteed farm prices with the side effect of preventing free movement of agricultural products within the whole Community which, at least in the case of the EC, is the first basic principle of CAP.

In Canada, one such price support programme is administered by an Agricultural Stabilization Board,⁴⁶ created in 1958 and amended in 1975. The so-called ASA-75 will keep farmers in business when farm receipts for a particular commodity are low or when input costs have risen at a faster rate than market prices. The formula used to set support levels is directly related to average market prices and is based entirely on two major economic factors: what the farmer received for his commodity in the market place and what it cost him to produce it.⁴⁷

In Europe, from the creation of the Community, farmers in France and Germany, with their considerable political influence, pressed their governments for price support guarantees rather than seek methods of reducing costs. At the agricultural price fixing meeting, held each spring, there is one formula used constantly which works as follows: the farm lobbies meet to co-ordinate their tactics for pushing up prices then by putting pressure on each minister into pushing up one price, they "sit back and watch them all go up".⁴⁸ The high prices needed in one member-State are foisted on all the others. Such policies gave impetus to a Commission Directive⁴⁹ which regulates the price subsidy necessary to help poorer farmers in "mountain and hill" farming regions. This policy, very similar to the Canadian ASA-75, allows for payments of an annual "compensatory allowance", to cover increased production costs of agricultural products if fixed market prices do not allow a reasonable return.

But even more importantly - and at this point the policy exceeds the Canadian one in aid - the Directive also allows for a grant per head of meat livestock kept on each farm. It has been calculated that by the end of 1979, every cow in the European Community was subsidized to the tune of Can. \$250 a year.⁵⁰

It became apparent that such policies did not conform sufficiently to the two Communities' agricultural realities, especially in periods of recession. Prices that were set so as to give a reasonable return to producers of small farms were so favourable that they encouraged production surpluses. It was found that price controls could not meet farm income and, at the same time, production objectives.⁵¹ A plan to accelerate the demise of the family farm which was implicit in a number of recommendations⁵² considered by the two Communities, led to strong opposition and family farm units remained. Thus, decisions on agriculture had to revolve around that unit. The price policies therefore were to orientate the agricultural production sector, while a new set of measures of a "structural" nature was to deal with the problems posed by the small-farm sector. This approach by both Communities gave due recognition to the fact that a successful agricultural policy, reflecting regional concerns, could not treat all farmers equally. Thus, the Commission bureaucrats, by selectively using subsidies and structural changes in agriculture, have explicitly recognised the fact that agriculture is part of their Community's regional "problem", a recognition ever present in the minds of the Canadian bureaucrats.

3b. Land Reform: The case of Land Consolidation

In the Canadian Community, Federal-Provincial cost sharing agreements⁵³ have provided the basis for a wide range of programmes involving alternative uses of land, soil and water conservation and the development of income and employment opportunities in agricultural areas. The Prairie Farm Rehabilitation Administration (PFRA)⁵⁴, for instance, has assisted farmers in Manitoba, Saskatchewan and Alberta with the construction of many large irrigation and water storage projects for on-farm water supplies. It also operates a tree nursery which distributes several million trees free to farmers each year for the development of farm and field shelter-belts.

From the point of view of farm adjustment, however, one of the most significant of these programmes was the one conducted under the name of "Farm Enlargement and Consolidation Program",⁵⁵ with agreements implemented in most Provinces. The programme's basic purpose and rationale were those of increasing farm income and viability through farm enlargement. Since the land most readily available for enlargement was usually that owned by farmers on small or uneconomical farms, a further effect of the programme was that of reducing the number of such farms.

We examined one agreement under this programme, between Nova-Scotia and the Canadian Community, which lasted from August 1965 to March 1971.⁵⁶ A total of 784 properties were acquired by 537 farmers and the project has been considered a success by the N.S. Department of

of Agriculture and Marketing. The objectives were to acquire farm land as it became available; to place such land at the disposal of competent farmers; to consolidate land into units of economic size, and to hold land for other uses or as conservation reserve.

In the European Community, as in many parts of Canada, small farm units exist because of two reasons, the "code Napoléon" and the Catholic faith. That is, farms have been sub-divided and distributed equally among all heirs on the death of the owner; or have been split into parcels as part of the dowry settlement on the marriage of daughters. Consequently, many farms in Europe are often too minute even to provide an adequate income for one full-time farmer; therefore programmes of structural farm reform were initiated by the Community. Two disastrous wars within living memory, however, have embedded in the European mentality the fact that only those with land have both enough to eat and an indestructible asset. Thus, consolidation has not led to economically viable farms. The programme⁵⁷ has the same characteristics as the Canadian one but its success, in practice, had wide variations among the various areas of the European Community. For instance, the most the programme achieved in Germany was to persuade small owner-occupiers to lease their farms for periods between twelve and eighteen years.⁵⁸

In Britain, with her high land values, increasing institutionalization of landlords and high interest rates, the government has not financed any schemes to promote farm amalgamation since there were sufficient incentives to consolidate holdings without government help.⁵⁹ In Italy's south, the surplus population has the tendency to emigrate from the countryside but as soon as there is an industrial recession either in Italy

or elsewhere in Europe, migrant farmers flow back to their farms.

This event, along with poor irrigation and drainage systems, means that consolidation of holdings merely leads to larger arid plots. For this reason, in Italy there has not been much effort devoted to consolidation, nor to trying to rationalise the network of complex land tenure systems.⁶⁰

Greece is also experiencing agricultural problems similar to those of Italy with heavy migration from the poorer regions to Germany or to the Athens-Piraeus area. Lack of irrigation and labour-intensive cultivation methods are additional major problems in many areas and land consolidation programmes were never considered. It is feared by officials in Athens that membership in the EC would combine factors to raise production costs, bringing them closer to the level of the present European members. Thus, land reform and land consolidation programmes, with financial assistance from the European Community, are now being considered as an alternative to keep agricultural costs as low as possible.⁶¹ Decision-makers in Brussels were quick to subscribe to this Greek view, emphasising however that land consolidation, together with the guarantee mechanisms of prices and other structural aid offered by the Community must be worked out to the mutual satisfaction of all concerned.⁶² They politely conceal the fact that the potential increase of agricultural production in Greece will be in the output of Mediterranean products which are often surplus within the Community. Thus, some of the Community's agricultural problems will become even more acute.

Land consolidation programmes in Europe, although not as successful as those of Canada, were far from being a failure. It was rather the period of adjustment for such programmes that varied, in response to the political and socio-economic impact they generated in the member-States. They were helped in many instances by the growth in industrial production which drew millions of people from the land. Also, consolidation of land coupled with industrial incentives encouraged many factories - mainly in Germany, but also in France and Britain - to be constructed in the middle of agricultural land. It was quite possible therefore for many farmers remaining on their land to combine factory work with part-time agriculture.⁶³

Both policies of subsidies and land reform should be used in combination to avoid the decline or disappearance of many rural communities as an undesirable effect of economics of size.⁶⁴ Abuses of such policies happen and, although we are not concerned directly with them, it might be appropriate to narrate one which was related to us while interviewing officials in the Casa per il Mezzogiorno.⁶⁵ A few months prior to the interviews it was the orange-picking season in Southern Italy. In an effort to raise prices, thousands of tonnes of oranges were buried or thrown into the rivers and the producers were compensated from Community funds. It was found by officials administering the compensation that the method of throwing the oranges into the rivers was preferred by some local farmers and middle-men alike, since they had engineered ways of recycling the same consignment and collecting the money several times over.⁶⁶

Both policies of subsidies and land reform have been criticised as geared towards blanket coverage and too little towards helping areas most in

need. It is said that because of the blanket coverage, too many areas of both Communities are enjoying assistance long after the need for it has disappeared.⁶⁷ The difficulty is, of course, that it is much easier to give an area assistance than to withdraw it. This is why the Canadian approach to assistance, including time limits and specific goals,⁶⁸ is more successful in curtailing the general unpleasantness descending upon the heads of the bureaucrats when the programme is terminated.

4. Summary

In this Chapter we examined the agricultural environment, the causes and dimensions of agricultural disparities and the instruments used by the two Communities to rectify such disparities. We have found all the above similar enough not to create different influences on the bureaucratic decision-makers of the two Communities. In addition, we examined two examples of similar policies regarding structural changes in agriculture which we have used as case studies to test the constraints influencing Community bureaucrats in their decision-making process (Chapter V). Both policies - price support subsidies and aid for land consolidation - have been a major feature of the overall structural changes attempted by the Canadian and European Communities.

By comparing the Canadian and European Community institutions and the two Communities' agricultural policies which affect regional disparities, we have demonstrated the existence of environmental similarities in both Communities. Thus, we conclude the first part of our inquiry into substantiating the fact that the European Community's bureaucrats follow

the same "unification" path as their counterparts in the Canadian Community.

If it could now be established that the bureaucratic decision-making process in agricultural policy formulation is similar, then one could speculate that the effects of such policies would be similar in both Communities. In other words, bureaucratic agricultural policy formulation fosters the European Community's integration. The important element sustaining such a position is that bureaucrats in Ottawa and Brussels use a *similar decision-making framework* (see our hypothesis, page 12). However, before we proceed to describe the testing of our hypothesis and the results of our findings, we shall, in the following chapter, elaborate on what we mean by a 'decision-making framework'.

NOTES - CHAPTER III

¹ For a discussion of such criteria see O.J. Firestone, "Regional Economic and Social Disparity," in Regional Economic Development, ed. O.J. Firestone (Ottawa: Univ. of Ottawa, 1974). His definitions of "natural", "function", "homogeneous" and "administrative" areas are used in this paper.

² See H. Armstrong and J. Taylor, Regional Economic Policy and its Analysis (Oxford: Allan Publ., 1978)

³ If only because the statistical evidence and discretionary power of authorities are normally limited to such units.

⁴ See G. Myrdal, Economic Theory and Underdeveloped Regions (London: Duckworth, 1957).

⁵ GNP, the most widely used measure of national output and growth, has become a target of attack for having misled society and "social indicators" have been spreading rapidly, stimulated by the need for measurements of human welfare; see J. Delors et al., Les Indicateurs Sociaux (Paris: Futuribles, 1971).

⁶ A. Bendavid, Regional Economic Analysis for Practitioners (N.Y.: Praeger, 1974).

⁷ The argument goes that a given loss by the better-off would hurt them less than an equal gain would benefit the poorer. (* See 7a, end of notes)

⁸ Federal Task Force on Agriculture, Canadian Agriculture in the Seventies (Ottawa: Queen's Printer, 1970).

⁹ "Europe's Agriculture," The Economist (267, March 18, 1978), pp. 82-83.

¹⁰ O.E.C.D., "Regional Rural Development Programmes with Special Emphasis on Depressed Agricultural Areas including Mountain Regions," Documentation in Agriculture and Food No. 66 (Paris: OECD Publ., 1964).

¹¹ T.S. Veeman & M.M. Veeman, "Canadian Agriculture Today", Current History, 72 (April 1977), pp. 162-165.

¹² See the arguments elaborated in K. Allen & M.C. MacLennan, Regional Problems and Policies in Italy and France (London: Allen & Unwin, 1970), Chap. 13.

¹³ For a discussion of urban-hinterland relationships see G. Schramm, Regional Poverty and Change (Ottawa: CCRD, 1978).

¹⁴ For Canadian and European examples see J.N. McCrorie, ARDA (Ottawa: CCRD, 1969); EEC, Report on the Regional Problems (The Thomson Report) (Brussels: Commission/550, 1973).

¹⁵ For information on the evolution of systematic analysis and a critique of same see Economic Council of Canada, Eighth Annual Report (Ottawa: Queen's Printer, 1971), Chap. 4, pp 35-61.

¹⁶ Interviews, Brussels and Ottawa: June & August 1979; also speculations of this nature are forwarded by Armstrong & Taylor.

¹⁷ H. Buckley and E. Tihanyi, Canadian Policies for Rural Adjustment (Ottawa: ECC, Queen's Printer, 1967).

¹⁸ The Thomson Report, para. 16

¹⁹ See, for instance, R.J. Järrett, "Disincentives: The Other Side of Regional Development Policy," Journal of Common Market Studies, 13 (June 1975), especially pp 381-82; the "stick" policies, however, have sometimes back-fired as is explained in "Europe's Regional Policies", The Economist, 267 (April 1, 1978), pp 92-93.

20 A summary of the provisions of these programmes can be found in: Department of Regional Economic Expansion, Salient Features of Federal Regional Development Policy in Canada (Ottawa: Queen's Printer, 1969), Appendix.

21 Mostly it was the Diefenbaker government which, for political reasons, directed federal intervention into the Maritime Provinces' economy.

22 Government of Canada, F.R.E.D. (Ottawa: 1960, 14-15 Elizabeth II, Chapter 41; amended 1967, 14-15-16 Elizabeth II, Chapter 80).

23 Government of Canada, A.R.D.A. (Ottawa: 1961, 9-10 Elizabeth II, Chapter 3; amended 1966, 14-15 Elizabeth II, Chapter 11).

24 Schramm, pp 230-235.

25 Living Together, pp 145-147

26 Ibid., p. 148. DREE was established Apr. 1, 1969 with the enactment of Bill C-173.

27 H. Buckley & E. Tihanyi, p. 106.

28 Such marketing boards are limited to specified products; see D.R. Campbell, "The Economics of Production Control - the case of Tobacco," Canadian Journal of Economics, II (No. 1, Feb. 1969).

29 It is noteworthy that Canadian tariffs are generally much lower than those of the EEC.

30 For an analysis of such programmes see L.H. Officer and L.B. Smith, Canadian Economic Problems and Policies (Toronto: McGraw-Hill, 1970), pp 335-51.

31 R. Lee and P.E. Ogden, eds, Economy and Society in the EEC: Spatial Perspectives (Westmead, Eng.: Saxon, 1976) Part V.

32 Such assumptions of homogeneity gave rise to the Monetary Compensatory Amounts (MCA) system, as a means of compensating for the impact of the ever-diverging exchange rates; in early 1979, under French pressure, agreement was made to progressively eliminate the existing form of MCAs.

33 The first major memorandum on agriculture by the EEC Commission was issued in 1960 and it is called, since then, the "Green Bible".

34 European Commission, EEC Regulation (Brussels: EEC No. 17, 1964), articles 14 and 15.

35 One of the main objectives of the fund was to encourage occupational and geographical mobility with grants designated for training and retraining farmers; see Treaty of Rome, Articles 123 to 128.

36 European Commission, The European Community's Social Policy (Brussels: EEC, Jan 1978), p. 42.

37 Ibid., pp 42-43 The EIB, unlike the other EC institutions, has not been assigned a policy-making role; it is essentially an operational body.

38 ERDF was created under EC Commission Regulation (Brussels: EEC No. 724, 1975); for details see D.W. Parsons, "Notes on the Regional Development Fund," Political Quarterly, Vol. 48 (April 1977) pp 175-185.

39 European Commission, Community Regional Policy-A New Phase (London: ISEC/B60, Sep. 29, 1978).

40 The European Community's sugar supply position during the 1970s provides a good illustration: sugar stocks in July 1972 represented some 3.7 million tonnes, by late 1974 the Community was facing a sugar shortage and by mid 1978 Community stocks were back at the 3 million tonnes level.

41 See, for example, N. Hansen, ed., Public Policy and Regional Development (Cambridge, Mass.: Ballinger, 1974). The Provinces pay equal or less amounts than the amounts advanced by the Canadian Community.

42 For a discussion of public opinion and agricultural policies in the EEC see, N. Heathcote, Agricultural Politics in the European Community (Canberra: Australian National Univ., 1971) and A. Zeller and J-L. Girandy, L'imbraglio agricole du Marché Commun (Paris: Calmann-Levy, 1970); for Canada's ARDA policies see Buckley and Tihanyi.

43 Some EEC officials claim that there is insufficient evidence of the European Community's ability to develop common policies outside the agriculture sector; interviews, Brussels: June 1979.

44 Interviews, Brussels, June 1979.

45 Contrary to popular belief, self-sufficiency in food has never been the declared aim of the EEC policy; see A. Winegarten and J. Malcolm, "British Foreign Policy to 1985, Part V: Food and Agricultural Policy: The International Context," International Affairs, 54 (July 1978) pp 393-404; especially p. 397.

46 The Board was established in 1958 as a Crown Corporation and it is regulated by the Government of Canada, Agricultural Stabilization Act (Ottawa: 1958; amended RSC 1970, C.A-9).

47 Interviews, Ottawa and Toronto: June 1979.

48 Interviews, Brussels: June 1979.

49 European Commission, Directive (Brussels: EEC, 1971).

50 H. Winsor, "A piece of the EEC Action for Canada," The Globe and Mail, 3 Oct 1979, p. 7.

51 See, for instance, European Commission, Memorandum Agriculture 1973-78 (Brussels: Newsletter of CAP, Special Issue, 1973).

52 This sentiment against small farm units was strongly present, for instance, in an EEC memorandum initiated in Dec 1968 and advocating structural changes in agriculture, the so-called Mansholt Plan; see European Commission, The decision-making process for agriculture in the European Community (Brussels: Newsletter on CAP No. 5, 1973).

53 Most of them were administered under ARDA and continued with DREE.

54 PFRA was originally established in 1935 to assist in the rehabilitation of agricultural Prairie lands seriously affected by drought and soil drifting; Government of Canada, Prairie Farm Rehabilitation Administration (Ottawa: 1935; amended RSC 1952, c. 214), and was incorporated into DREE. There are numerous other Special Areas Agreements (SAA) designed to help slow-growth agricultural areas.

55 The "Farm Enlargement and Consolidation Program" was conducted under the auspices of ARDA and the various agreements were concluded by DREE; the programme had approximate total expenditures amounting to \$35 million during the 1965-71 period.

56 This ARDA farm enlargement project proposal was submitted by Nova Scotia and approved by the Federal Government in early 1965; it is officially referred to as "Project 2201 - Farm Consolidation and Land Use".

57 Various Commission Directives.

58 OECD Statistics (Paris: 1975).

59 Interviews; Brussels: June 1979.

- 60 Interviews; Reggio di Calabria: June 1979
- 61 Interviews; Athens: June 1979.
- 62 Officials in Brussels feel that regarding solutions to Greek problems the principle of "acquis communautaire" must be respected; that is, they must first of all be concerned with maintaining what the Community has already achieved; interviews, Brussels: June 1979.
- 63 In Germany, for instance, only about 37% of all classified as farmers are full-time agriculturalists; OECD Statistics (Paris: 1975).
- 64 See, for instance, the arguments forwarded by B.G. Davey, "Horizontal Integration in Agricultural Production," Canadian Farm Economics, 12/2 (April 1977) pp 1-6.
- 65 Interviews; Reggio di Calabria: June 1979.
- 66 The incident was also reported at the time in the Italian press; see "Anguish in Southern Italy," Corriere de la Serra, March 24, 1979.
- 67 Aberdeen is given as an example of an area designated for assistance even though it must now be one of the most prosperous area in Britain; see Open University, ed., The European Economic Community (M. Keynes: Univ. Press, 1974).
- 68 Such limits are called in North America "sunset clauses".
- * 7a To support this argument see B.A. McFarlane, "Manpower Problems in the Canadian Mining Industry: One Possible Solution", Canadian Institute of Mining and Metallurgy Bulletin, 65/752 (1972).

CHAPTER IV: THEORETICAL FRAMEWORKS OF DECISION-MAKING

"It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self interest."

Adam Smith¹

For the purpose of our paper we have adopted three theoretical decision-making frameworks which encompass the existing theories of decision-making. In this chapter we examine all three frameworks along with the various theories they incorporate and elaborate on the frameworks' usefulness to the bureaucrats of both Communities. We then indicate which framework, we believe, is being used by the bureaucrats in Ottawa and Brussels, and our reasons for this belief. The Chapter is composed of five parts; a general part on decision-making; three parts, each of which describes one theoretical framework; and the last part which explains the framework bureaucrats use when deciding upon Community policy formulation.

1. General Considerations in Decision-Making

The necessity of policy formulation requires a discretionary body of bureaucrats to continuously choose among alternatives. In our two Communities, the decision-making power of such a body derives from the personalities, the knowledge and the position of its members.² Bureaucratic decision-makers operate on two levels of policy determination. The first level is the one on which policy ideas are brought forth and prepared for consideration within a single institution of the Community. The second level is a step further, on which the numerous

proposals coming from various institutions or bureaux are brought into direct confrontation and where decisions must then be made on the priorities of the Community in pursuing one proposal as opposed to the other.³ At both levels, decisions have a genetic nature, that is, the early ones create the conditions for later ones; therefore bureaucrats must be gifted with anticipatory capacities when making decisions.

A decision consists of three elements: the goals the bureaucrat desires to attain, the actual situation, and the set of instruments used to transform the actual situation into the desired one.⁴ The bureaucrat must first know why a specific situation has developed before he starts influencing it. But the development of a specific agricultural situation is the concern not only of the Community officials but also the officials of the Member governments. The dilemma for the Community decision-maker is that it may be difficult to explain to the others concerned what may appear in some respects to be a contradictory decision; and this dilemma necessitates interaction between Community and Member government bureaucrats.⁵ Such need for interaction coined the vague Canadian expression of the mid-1960s - "co-operative federalism"⁶ - but although such terminology is now considered outdated, the frame of mind of bureaucrats in both Communities remains that of conciliation and co-operation. The reason for this, we saw, is that the preservation of each Community depends on the same two contradictory premises. One is the notion of self-determination and self-contained political jurisdiction, important for the expression of freedom of the member to participate in the Community, and the second is the conditions of political, social, economic interdependence and complementarity that the very existence of

the Community has created. It should not be surprising, therefore, that policy efforts might occasionally end up on collision courses, or that duplication of policies might appear.

2. Rationality and Function: The Decision-Making Framework of the Most Effective Solution

Since the first quarter of this century a group of writers belonging to the "scientific administration school", have tried to come to terms with the challenge of the decision-maker: a formula for making the right choice when deciding on a solution to a problem.⁷ From their writings have stemmed decision techniques that focus on routine tasks, but influential as their discoveries may have been, they have not much relevance to policy-formulation decisions.⁸

It was Herbert Simon who, after effectively exposing the contradictions of the "scientific" school, sought an alternative approach through the design of a rational model of decision-making.⁹ Thus, *Rationalism* became a concept of decision-making, in which a decision-maker ideally ought to examine all possible courses of action open to him. Then, with the use of applied behaviour research and quantitative measurement, trace through the consequences of each alternate course, evaluate separately the benefits and losses of each alternative and then choose that course of action which provides the greatest "net satisfaction" or "net value achievement."¹⁰ All relevant values of a society are known, and any sacrifice necessary in one or more values is recompensed by the attainment of the final goal. Thus, rationality is inter-changeable with the concept of efficiency and postulates open-

mindfulness and a readiness to explore the costs and consequences of alternatives.

In our two Communities, however, bureaucrats act within what Simon has called "bounded rationality". That is, they make the most logical decisions they can while limited by inadequate information and their ability to utilise it. In Simon's terms, they reach a satisfactory decision rather than reach the optimal one.¹¹ In addition to inadequate information other factors also have been given as limiting a decision-maker, such as authority, human, physical, technological and economic,¹² as well as political and legal restrictions; also moral and ethical norms.¹³

Rationalism, being subject to some uncertain events, found further implementation in various techniques for achieving an efficient solution, such as PPBS, the cost-benefit and cost-effectiveness techniques, risk analysis, decision trees, PERT, etc.¹⁴ More recently, rationalism is found in the works of some economists who explain even collective decisions in terms of the self-seeking behaviour of rational individuals.¹⁵ They therefore expanded on the two propositions voiced long ago by Adam Smith, namely that individual behaviour can be predicted if we assume that most people seek to maximise their own welfare, and that given the "appropriate institutions," such individual behaviour can be harnessed to achieve socially desirable ends.¹⁶

There are certain steps based on assumptions that the decision-maker should take to actually choose an alternative. The assumptions accept that the decision-maker tries to maximise return, that he has a

purpose in mind, that all alternatives are known and available; and that the decision-maker has some priority system or some deliberate judgement which allows him to rank the desirability of each alternative.¹⁷

A condensed and somewhat selective view of such a decision-making process is illustrated in the Figure below.¹⁸ We should mention that this Figure makes no attempt to incorporate all elements or the complexity of the flows, that in practice even rational decisions are rarely made in a sequential fashion, and that the various steps are not really discreet, rather they shade into each other. In spite of all these reservations, we feel that this Figure combines a model of the decision-making process accepted by all theories grouped in our three frameworks. The frameworks only vary in the emphasis they put on the Figure's different steps.

The prevailing image of a rational decision-maker still seems to be that of a subjective person, even willing to consider alternatives other than the one he had first chosen, if these alternatives are shown to be superior. However, variations and refinements have been added to Rationalism since its original verities. Accordingly, bureaucrats involved with the Communities' institutions could impose sanctions on violators of their decisions (see Chapter II, the role of Courts in the Communities), thus giving their decisions the distinctive characteristics of legitimacy, universality and coercion. This refinement of Rationalism brings forward the concept of decision-making as an institutional activity, which is known as *Institutionalism*.¹⁹ In such situations decisions are

FIGURE 3: MODEL OF THE DECISION-MAKING PROCESS

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often made by two or more participants where the "best" solution depends upon the behaviour of other participants. Thus, a rational choice is made in a competitive situation in which the decision-maker must adjust his conduct to reflect his goals along with his expectations of what others will do. This concept is somewhat deceptively named *Game Theory*.²⁰

In their search for the essential ingredients for good rational decisions, writers following the *human relations* school studied individual and group behaviour and concluded that social satisfaction was a vital element of rationality, while *Systems Analysis* theorists have switched attention from principles to methods of rational decision-making.²¹

The essence of Systems Analysis is the rational examination of forces brought to bear upon the decision-maker by his environment.²² Thus,

a bureaucrat would apply cost/effectiveness measures to efficiently use inputs in relation to outputs towards achieving his assumed objectives.

The circle is closed through feedback mechanisms that review actual performance in the light of objectives.²³ More recent thinkers have stressed

the importance of reducing decision-making uncertainty by determining environmental influence upon the decision-maker.²⁴ Some theorists have

applied the concepts of cybernetics and systems analysis to study decision-making in the European Community and have come up with *Transactionalism*,

where decision-makers are concerned with the promotion and maintenance of a sense of "Community feeling" among the population of member-States.²⁵

Transactionalism directs attention away from the consciously integrative or non-integrative behaviour of participants in policy-making and instead highlights less controlled responses to the changing Community environment,²⁶ in which autonomous decision-making Members relinquish the "internationalization" of their domestic policies to the Community bureaucrats.

A side product of Institutionalism is the method attributed to the Canadian Community, known as *Federalism*, where the political power of the decision-maker is divided between central and local institutions, creating the political will for centralized decisions and also satisfying local autonomy.²⁷ In Europe, proponents of Federalism have espoused Spinelli's "Community Method"²⁸ and proclaimed the direct election of the European Parliament as a victory for the federalist forces and the beginning of the end of the "Europe of Offices".

When the European Community was first formed, some thinkers examined its decision-making process under the assumption of a new-born and continuous process of integration. They advocated the functional approach to decision-making as a variation of rationality.²⁹ *Functionalism* promotes the non-political, technical experts of an international institution, whose advice and specialised knowledge are seen as the key to finding successful solutions. Therefore, the governments concerned might be encouraged to permit the Community's "expert" bureaucrats to decide more and more in other fields of mutual interest. Community decision-makers could also rally the general public's support if they satisfied common human interests by increasing welfare.³⁰ The pioneer spirit, prevalent in the early years of the European Community influenced Functionalism which based its assumption on one single Community activity, that of agriculture.³¹ A decade later, with other areas of Community activity being examined, the early functionalist findings were no longer applicable.³²

Neofunctionalism has sought to explain how welfare-related and functional tasks can provide a basis for decisions in a Community where decision-makers think of the advancement of Community integration above all else.³³ While the Transactionalists are concerned with the development of a sense of Community, the Neofunctionalists emphasize the pluralistic nature of such a Community. This approach rejects the Functionalists' antipathy to governmental involvement of member-States in Community affairs; and recognises the fact that Community bureaucrats do not escape the pluralistic syndrome in their decision-making. However, divergent interests create coalitions whose interdepartmental battles overflow into international forums, and allow Member governments to step in as allies of one departmental interest against another.

Relevant to our discussion is a point made by all the above theories: that decision-making does not reflect the demands of an ill-informed public, but rather the preferences and values of a governing *Elite* who actually shape mass opinion on policy matters.³⁴ Rational decisions are made reflecting *Elite* preferences and policies flow downward from the *Elite* to the public; they do not arise from mass demands. However, the *Elite* do not operate in a vacuum, but form groups. Interaction among such groups is, according to *Group* theorists, the central facet of decision-making.³⁵ Group theory establishes the necessary "rules" of the group struggle, the compromises, and the balancing of interests in each decision.

All the above mentioned theories of decision-making, grouped under the general label of Rationalism have common rational characteristics, but there is not a clear cut demarcation line that separates Rationalism from the next framework, Incrementalism. It is precisely

the Neofunctionalists who cloud the frontiers of Rationalism and Incrementalism with their "spill-over" approach, whereby bureaucrats learn from the success or failure of decisions in one field whether or not to apply the same technique in another field.

3. The Decision-Making Framework as an Increment on the Past

One of the arguments developed against Rationalism is that rationality exists in the eye of the beholder - what to one decision-maker may appear rational, to another might appear irrational. There is a tendency, therefore, for a bureaucrat to prefer maximizing security to rational and comprehensive innovation; that is, for the decision-making process as a whole to be characterised by a high degree of continuity. Thus, *Incrementalism* views decision-making as a continuation of past activities with only incremental modifications,³⁶ and believes that it is both inevitable and desirable that policies should be made within a very narrow spectrum of possible alternatives.³⁷

Constraints of time, intelligence, information, unconscious biases, or self-serving interests among others, prevent decision-makers from identifying the full range of policy alternatives and their consequences. In addition, an elaborate division of rights and responsibilities prevents the establishment of clear-cut goals of society, the accurate calculation of cost-benefit ratios, and renders Community bargaining fragile. An incrementalist bureaucrat, therefore, does not attempt a comprehensive survey and evaluation. He investigates only those policies which differ to a limited degree (i.e. incrementally)

from the existing ones. Also, only a relatively small number of methods are considered. The measure of a good decision is not that the decision is the perfect one, rather it is that the decision-makers have reached agreement on it. For example, the adaptation of a policy that will subsidize farming incomes without raising consumer prices without diverting resources, without politically offending overseas suppliers or without inducing surpluses, has consistently been proven impossible in our two Communities. A direct and rational confrontation of the above contradictory goals would lead to an impasse.

The aforementioned division of decision-makers' responsibilities serves two positive purposes: it limits the power and influence of any one bureaucrat and also raises his level of competence.³⁸ Thus, an inner circle of decision-makers is making joint decisions practising "a variety of informal techniques for their mutual adjustment",³⁹ as well as using formal institutions and procedures. Incrementalism therefore resembles a kind of pyramid, with the inner group of bureaucrats and Ministers at the top, interest groups and political parties in the middle, and the citizens of the Community at the bottom. Between each level, a two-way flow of information is designed to persuade those above to alter their positions on issues, and those below to change their demands. The varying centres of power within and between levels have varying interests and values, and one centre can rarely impose its interests and values on the others. Policies are the outcome of "give-and-take", therefore Incrementalism is a matter of making small changes which have slight impact on other variables in the system, and basing subsequent action upon an evaluation of the observed results.⁴⁰

There are two interpretations of incremental decision-making which we shall touch upon only lightly, since they do not have a direct impact on the decision-making process of either Community; namely marxism and futurism. *Marxism* stands in sharp contrast to the Western liberal plurism of democratic government and views the Western State not as a neutral referee between competing interests, but rather as an instrument in the service of the capitalist class.⁴¹ *Futurism*, by contrasting future probable developments and mapping possible alternative futures, also puts new refinements on Incrementalism.⁴² However, both theories put emphasis on certain interests rather than others, but while these considerations greatly refine the incrementalist position, they do not essentially change it.

Some writers have argued that incrementalists, by thinking small and constantly reacting to feedback, can "muddle through" problems and decisions without any theoretical understanding of the system, an argument that has many polemics.⁴³ They indicate that Incrementalism prefers the sin of omission to the sin of confusion - which is the outcome of attempts to be rationalistic - as long as decisions occur through partisan accommodation. Other criticisms indicate that Incrementalism, by continuing in the same secure direction based on past experience, ignores innovations. Also, in the pyramid of incremental decision-making, the values and interests of the poor, ethnic minorities, and so forth, might not be included since it is not the amount of protest but the relative power of the actors which determines the adjustments. The incrementalists do not deny this implication, they argue that a good decision represents the existing differences in power.

Many observers thought Incrementalism to be the only alternative to rationalistic decision-making, as it provides a characterisation of the ways in which modern pluralistic societies make decisions. It is a fact that by the mid-1970s the bureaucrats of the two Communities used Incrementalism in their operating practices. In both Communities collective responsibility was a loosely applied principle, and bureaucrats gave their attention first to the concerns of their Bureau or Department and then to the geographical region to which they were politically attached.⁴⁴

What was needed was a decision-making framework that would bridge the opposing views of Rationalism and Incrementalism, a framework that would take into account the apparent conflict between the rational and intuitive, the planned and the myopic, the systematic and the consensus approaches.

4. Mixed-Scanning: A Balanced Framework of Decision-Making

A framework of decision-making which combines elements of both frameworks described was outlined by Etzioni⁴⁵, which he named *Mixed-Scanning*, although others have called the same framework *Policy-Science*, or *Fragmented Issue Linkage*.

In a Mixed-Scanning framework rational decisions are selected through exploration of the main alternatives in an overview manner, without examining details and specifications. Within the context set by such rational alternatives, a decision is made in an incremental way. This

decision is constantly reviewed by a feedback mechanism.⁴⁶ Thus,

"each of the two elements in the mixed-scanning strategy helps to neutralize the peculiar short-coming of the other: Bit-incrementalism overcomes the unrealistic aspects of comprehensive rationalism (by limiting it to contextualizing decisions), and contextualizing rationalism helps to right the conservative bias of incrementalism."⁴⁷

Mixed-scanning plays a useful role in widening the range of alternatives to be considered, by focusing attention on the trade-off between political salability and programme effectiveness. The framework considers the negotiating rules of political and social (incremental) feasibility and economic (rational) feasibility of decisions as the limits placed upon the decision-maker by the political, social, cultural and economic realities and values of our society. The reality of selecting a less efficient but politically effective policy is part of the system in which a decision-maker has to operate.

5. Which Decision-Making Framework is the Most Appropriate?

We have seen throughout our discussion that there is a special system of bargaining, negotiating, forming coalitions and resolving conflict which is similar in the bureaucratic decision-making processes of both Communities. The so-called "package deal" principle explains most aspects of the work of those bureaucrats. The "creators" of Community policy alternatives are not only individual bureaucrats, but also a conglomerate of large groupings structured, as we saw, in a hierarchical pyramid. At the higher levels of the pyramid the groupings have fewer members, but even at these levels policy formulation represents a collective effort most of the time. Such groupings of bureaucrats

sometimes use the tactic of settling disputes by agreeing to postpone decisions in the hope that a more favourable time or additional bargaining elements will be found in the future.⁴⁸ Having committed ourselves to the belief that European integration is following that of Canada since both Communities' bureaucrats follow a *similar decision-making framework* while formulating policies, we should at this point indicate which framework we think bureaucrats who belong to policy formulation groupings deem the most appropriate.

The search for a single theoretical framework might, of course, be futile. It is possible to envisage a blend of all three frameworks, not only for several decisions in various policy areas but also in a single policy area such as agriculture, over a period of time. For any reader of the daily press, popular images of "battles" and endless "confrontations" among the bureaucrats of the two Communities' central agencies and those of Member governments, create a feeling of insecurity, a feeling that there is no effective framework in decision-making. Some observers suggest that each decision-making theory should be examined through the societal context in which it is introduced and through the abilities of the actors introducing it. With this reasoning, the most effective framework is the one which is most suited to the specific situation and to the bureaucrats' capacities.

This being said, from our point of view Mixed-Scanning is - for the bureaucrats of both Communities - a more effective framework in most circumstances, since frequently a Rationalistic decision-maker is highly rigid and an Incrementalist only recognizes minor changes in situations.

There are additional reasons for choosing Mixed-Scanning as the appropriate decision-making framework. While a decision theoretically can be made without devoting any attention as to whether the decision-maker can marshal the power needed to implement it, the effectiveness of decisions taken by the bureaucrats of both Communities will depend as much on exploring alternatives and negotiating for one of them, as on the validity of his knowledge and the step-by-step improvement of a given situation. *Ad hoc* responses to crises will always be a fact of a bureaucrat's life. It is not possible or even entirely desirable, in the interest of the Community's political consensus, to plan ahead for every contingency. Yet in an increasingly complex, interdependent Community, responses to problems such as agricultural growth and change should be chosen from a set of rational alternatives taking into account four basic dimensions. These dimensions are:

- 1) for whose benefit a change is being undertaken;
- 2) the overall amount of change to be achieved;
- 3) the distribution of change among various individuals or places; and
- 4) the time limit within which the change should take place.

Our suggested Mixed-Scanning framework places considerable emphasis on two basic elements: that decision-making is essentially a process of choosing among alternatives; and in order to make appropriate choices, it is essential to use the widest possible basis of relevant information and to apply the best possible analytical techniques. Our framework involves a dynamic equilibrium, with the critical factor being the ratio between Rationalism and Incrementalism which indicates the range of alternatives and in which imbalance is the motivating force of change. As pressure increases on the bureaucrat who has to formulate

alternatives in an incremental but also rational way, the range of these alternatives should also increase. Beyond a critical point, however, a decision may be increasingly difficult to reach and this point might indicate the maximum ability of the bureaucrat to decide. The Figure below is an illustration of our chosen Mixed-Scanning framework.

FIGURE 4: THE MIXED-SCANNING FRAMEWORK OF DECISION-MAKING

The Figure also indicates over-incrementalism is conducive to the formulation of irresponsible decisions, while over-rationalism is conducive to the formulation of unrealistic decisions. The axis OM does not necessarily indicate the optimum decision to be made in each situation; rather it indicates one possible way to decide, the shadowed

area being the limits within which a decision can be made in accordance with the bargaining outcome and the incremental or rational temperament of the bureaucrat formulating policy alternatives.

6. Summary

This chapter examined three theoretical decision-making frameworks which incorporated the existing theories of decision-making. Although there is disagreement among observers on the study of decision-making over frameworks and theories - even over research methodology and concepts - we have presented the Mixed-Scanning framework as the one we believe bureaucrats of both Communities are using to arrive at similar decisions on agricultural policies.

We have examined the environment of the two Communities and the Theories of decision-making. We shall now turn our attention to the decision-making actors of both Communities, the bureaucrats themselves and test our paper's hypothesis.

NOTES - CHAPTER IV

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CHAPTER V: BUREAUCRATS AS DECISION-MAKERS: THE CONSTRAINTS INFLUENCING
THE CANADIAN AND EUROPEAN BUREAUCRATS WHILE FORMULATING
AGRICULTURAL POLICY ALTERNATIVES - THE TESTING OF OUR
HYPOTHESIS

This chapter outlines the empirical findings of our research. The constraints influencing the Communities' bureaucrats are examined and our hypothesis is tested to ascertain if the bureaucrats of both Communities use a similar decision-making framework in agricultural decisions. The chapter is divided into three sections. The first section introduces a general overview of the constraints; in the second section each of the constraints is examined separately and its important aspects outlined; and in the third section our hypothesis is tested.

A. A GENERAL OVERVIEW OF BUREAUCRATIC CONSTRAINTS

Since we have now established that Canadian and European bureaucrats operate within similar environments, it should have been possible to make a fairly-accurate assessment as to the likelihood of bureaucratic decision-making being alike in both Communities. For example, this assessment could have been done by determining how similar the agricultural policies are. Unfortunately both Communities' bureaucrats do not operate in a vacuum of constraints. Their policy formulation decisions are influenced by certain constraints stemming from a competitive struggle to survive and expand, and shape the bureaucrats' decisions according to certain internal and external pressures. Therefore, it is only by demonstrating that the two Communities' bureaucrats - acting within similar environments and influenced by similar constraints - use the same decision-making framework, that we

can speculate on the likelihood of European decision-makers following the same path of integration as their Canadian counterparts when they formulate policies.

We have seen the ability of a set of bureaucrats to make decisions which are eventually implemented in the Community's society and economy, and to do so with minimum opposition. This ability has a number of points of possible contention, such as legitimacy, authority or even the content of these policies. However, for the purpose of our paper we should note here that our emphasis is only on the ability of the bureaucrats to act, and to act effectively, in directing the actions of the Community's society in ways that the Community deems best. We have also seen that enforcing accountability for the exercise of such bureaucratic power is becoming increasingly difficult. This is because both Communities' bureaucratic services continue to grow in size and their responsibilities grow in complexity.² The bureaucratic decision-making process in each Community is often so lengthy and complicated that it is difficult to single out those individuals who should be held accountable for specific recommendations on policy decisions.

Because of such power in deciding policy alternatives, understanding the policy-making role of the bureaucracy has become crucial, and many writers have focused on it. Some have seen goals in the international context as the moving force for these bureaucrats³, others have shown that it is rather personal and career goals that inspire them to do one way or another.⁴ Some have focused on the bureaucrats' personalities, others have emphasized the departmental relationships, and still others have expanded upon the political, social or economic

importance of the problem itself⁵. The fact remains, however, that Community bureaucrats exist within a network of relationships which create certain constraints upon their power of policy formulation; and to capture the essence of their world, the constraints over policy formulation must be identified and explained. These constraints occur as a result of the bureaucrats' interactions with their Ministers, with other Community or member-States' politicians, with bureaucrats from their own department and other agencies, and even with representatives of the public, namely pressure groups. We have chosen a set of six constraints which we accepted as the more important ones and which were verified as such by the bureaucrats interviewed (see section C of this Chapter). The set of constraints is:

political constraints; social constraints; economic constraints; constraints created by pressure groups' interests; constraints created by departmental rivalries and constraints from personal interests.

In section B. of this chapter we shall briefly discuss these constraints before elaborating on the testing of our hypothesis.

B. SOME ASPECTS OF BUREAUCRATIC CONSTRAINTS

1) Political Influences

It is now recognized by many students of bureaucracy that the attitudes and behaviour of bureaucrats frequently tend to run counter to the objectives which governmental and other political leaders have in mind. This occurrence was first stressed by Max Weber when he pointed out that large long-established state bureaucracies are capable of

considerable independence and insulation from the political leadership and are far from being the passive tools of those who wield political power in a State.⁶ The fact remains, however, that within both Communities the final decision on policy is primarily in the hands of the Cabinet in Canada, and the Council in the EC. It is noteworthy that in the European case a systematic attempt was made initially to create a Community body of bureaucrats with political weight and 'European commitment', to facilitate the emergence of a dynamic and constructive approach to formulating policy proposals.⁷ But this attempt did not manage to counterbalance the political power of the Council, which has a tendency, alike that of the Canadian Cabinet, to restrict the role of the Community bureaucrats at every opportunity.

Bureaucrats, therefore, must accept the reality of the political implications their proposed policy alternatives might have for the persons who would eventually decide upon a certain policy course. We call this reality external political constraints and its nature is quite delicate, since, as we have seen, politicians are often/^{placed} in dilemmas. For example, they might have to oppose high and rising food prices to combat inflation, and at the same time support the principle of, and programmes for, higher farm incomes. It should not be surprising in this instance if farmers were the beneficiaries since they are a relatively cohesive group of voters and much better informed about agricultural needs and policies than the consumers. Thus, politicians are normally inclined to favour them, - sometimes at the expense of the rest of the Community population - in the hope that they can thereby win their votes.

Political considerations could also lead the politicians to pursue regionalized strategies, so that we might find the same persons arguing strenuously for Community unity and, at the same time, stressing regional differences.⁸ Such dilemmas and standpoints influence the way Community bureaucrats choose their policy alternatives. Moreover, they are faced with the task of making the different political - Provincial or National - standpoints compatible if a compromise and a Community consensus are to be reached. Often, Member governments have clearly defined their policies, and these policies are their bases in Community negotiations. If they have to compromise in the Community forum, such bargaining might provoke conflict at the national level. Therefore the political needs of the Members must not be overlooked by the Community bureaucrats if their policy options are to be meaningful. External political constraints, if not considered by the bureaucrats, might develop into a type of 'zero sum' game, with politicians defending their positions in rigid terms and thereby threatening Community unity.

There is, however, another aspect which we call internal political constraints that emerges from within a Community's bureaucracy. Internal political constraints develop as a result of two conditions related to the attitudes of the bureaucrats.⁹ First, the Community becomes "infused with value"¹⁰ so that bureaucrats develop a commitment to the Community herself. Second, if the Community is to influence her Members, bureaucrats must develop a Community ideology which "binds and fires the organization's staff in support of its objectives".¹¹ These two conditions create the need for internal political compromise and together provide the mechanisms for resolving conflicts by agreement among

bureaucrats on the 'rules of the game'. Most bureaucratic attempts to formulate policy alternatives adopt, quite rightly, a concept of coalition-building as bureaucrats have to provide their colleagues with some sort of incentives if the policy alternatives are to be successful.

2) Social Influences

Social constraints imposed upon Community bureaucrats while deciding on policy alternatives are also of an external and internal nature. An external one could, for example, be the realization that migrant farmers have tended to concentrate, along with other workers, in "ghetto" areas of the large Community cities, and their presence has put heavy strains on the social infrastructure of certain areas.¹² In the case of agriculture another external social constraint might well be the movement of farmers from agricultural to non-agricultural employment which, in general, is resisted since the majority of farmers cling to the means of earning a living in which they have been brought up; or the fact that cultural survival is more important although more difficult to achieve for those who remain.

Internal social constraints are generated by the question as to where the bureaucrats belong. In serving the Community, do their attitudes as Frenchmen, Italians, Quebecois or Albertans change more to that of Europeans and Canadians? When policies involve their places of origin, how do they choose policy alternatives? The answers are complex and not in the scope of this paper, but the questions demonstrate the social constraints that a bureaucrat's social background imposes upon him.

During our interviews, bureaucrats of both Communities indicated their 'special' regard for their country of origin; one European official openly declared that his "heart belongs" to his native town, where his friends still live and which he visits at every opportunity.¹³ In the Canadian Community, gallop polls have also suggested that on some issues, the Province of residence seems to be more important in shaping bureaucratic opinion than other considerations.¹⁴ Many Community bureaucrats eventually return to Provincial or National administrations, perhaps because of the lack of promotion in the Community, but most certainly with a feeling of 'coming home'.

3) Economic Influences

External economic constraints imposed upon Community bureaucrats could be in the nature of considerable economic costs which can result from persistently high unemployment in certain agricultural regions. Other examples could be that the existence of regional economic imbalance may have adverse consequences on the stability of Community prices; or that agricultural policies may be required in order to counteract the economic effects of the excessive concentration of population in the Community's major conurbations. Even the still-controversial effects of integration upon the previously independent Members into a larger economic unit may exacerbate the problems of agricultural imbalances, and impose new kinds of economic constraints on Community bureaucrats as a result of the removal of trade barriers and barriers to labour and capital mobility.

A new kind of economic constraint created by economic integration at the Community level is the reinforcement of the geographical polarization of economic development. This polarization results in adverse consequences for the new peripheral areas created by the Community, unless specific new policy measures are taken to prevent this from happening.¹⁵ The consequence of economic integration may therefore be to impose additional unemployment, inflation and urbanization costs on certain Members of the Community, such as may be the case for Britain in the EC,¹⁶ and other 'peripheral' economies within the two Communities.

The cost of accumulating and classifying information, consulting specialists, utilizing departmental manhours, or implementing expensive decision-making techniques, represents some of the economic constraints of an internal nature which Community bureaucrats also have to consider while formulating policy alternatives.

4) The Influences from Pressure Groups' Interests

A Canadian Commission investigating the impact of the Canadian Community's bureaucracy upon the Community concluded that "the importance to the public of efficiency and integrity in the machinery of government ... is unquestionably great ... but even greater is the importance of a

✓ [bureaucratic] service responsive to public wants and expectations."¹⁷

This statement gives a small measure of the importance of non-governmental interests in the formulation of policy proposals. Pressure groups (also called interest groups) play a significant role in deliberations with Community bureaucrats, in the provision of information and expertise, and

in generating support for, or opposition to, policy changes.¹⁸

Pressure group constraints are imposed upon the bureaucrats of both Communities, but can be observed more readily in the European Community which, in her short lifespan, has adjusted to the emergence of European pressure groups and national interest groups who have now focused their attention on Brussels. Recognition and access have been accorded to these pressure groups by the European Community and their lobbying has been accepted and integrated into the Community's bureaucratic workings.¹⁹

In order for the pressure group's constraint to be effective, certain conditions must exist. First, from the point of view of a Community's bureaucracy, the bureaucratic department which is concerned with any one Community sector (i.e. labour, agriculture, etc.) has to depend upon the group it is supposed to regulate, for co-operation and information. This condition is often divided further into sub-conditions such as: that the bureaucratic department is perceived by the group as serving its interests; that the bureaucrats need the co-operation of those who are to be regulated by their policies, and that the bureaucrats lack full control over information. Second, from the point of view of the pressure group, the group must be perceived by the bureaucracy as 'respectable', it must not embarrass the bureaucrats; it must be an effective instrument of contact between the bureaucrats and the group's membership; it must be able to make binding decisions on behalf of its own constituent sub-groups; and the pressure group must be physically close to the bureaucrats, i.e., it must maintain offices in Ottawa or Brussels.²⁰

We have already mentioned that Canadian and European federations of agricultural organizations which stage 'marches' in the two Community capitals are probably the most vocal of all the many pressure groups active in both Communities. In fact, in the European Community, agricultural structural and pricing decisions provided the only case in the Community's history to date, of massive popular demonstrations taking place in Brussels rather than in the national capitals. In other words, it provided the first concrete indication of public awareness that the centre of decision-making - on at least some agricultural matters - was now located in Brussels. This is hardly surprising, since we have seen that agricultural policy decisions have a far stronger impact on the welfare of the farmers than on the consumers, and this means that farmers will keep themselves better informed about the shifts of decision-making power regarding agricultural policies. Moreover, as farmers are organized in representative pressure groups and as they are kept informed by their federations, they are in a better position than the consumers for bringing their policy preferences to the attention of the Community bureaucrats.

In both Communities, agricultural pressure groups do not seem to oppose Community regulation in principle, at least not publicly. Instead, they try to influence policy at its formulation stage and if necessary, concentrate their attacks on a particular Community policy. In the case of the European Community, we might add that with regard to national interest groups, initial suspicion of the EC in some countries such as France, has given way to acceptance of and co-operation with European bureaucrats.²¹ On the other hand, provincial or national pressure

groups still continue to put pressure on their provincial or national Ministries which in turn put pressure on the Community bureaucrats. Thus, pressure group constraints can be exercised in a direct or indirect manner.

Not all Community bureaucrats in all Community Departments or Directorates-General have been able to establish a satisfactory relationship with the pressure groups.²² But in the case of agriculture, pressure from agricultural federations has been beneficial in expanding perspectives on both sides and the pressure group constraints are an important element of bureaucratic policy formulation.

Summing up our observations on pressure group constraints, we may note that the general bias of a democratic government in favour of interest groups rather than the individual's interests is strengthened by our Communities' order system. This phenomenon has not been generated only because of the development of pressure group relations with the bureaucrats, but also as a result of pressure group relations with the political system. Governments have found it more convenient to respond to organized pressure rather than attempt to negotiate with individuals or isolated sub-groups. Parenthetically, it is worth noting that the Canadian federal government sometimes helped create such groups which inflicted pressure upon itself, as in 1906 in the case of the Department of Agriculture sponsoring the foundation of the Canadian National Live Stock Association, or when in 1914 it helped finance the Sheep Breeders Association.

Finally, by so participating in the Community's policy-making process, pressure groups are expected to develop a stake in promoting further integration in order to acquire economic payoffs and additional benefits from maintaining and stimulating the Community bureaucracy through which certain demands can be articulated and goals attained.²³ This implies that in the integration process, interest groups have an instrumental role to play in the maintenance of the Community system. And that by virtue of their participation in the Community policy-making process they will 'learn' about the rewards of such involvement at a Community level, and undergo changes in attitude, inclining favourably towards the Community system.²⁴ Thus, they acquire an interest in seeing the system's perpetuation and the Community bureaucrats acquire an interest in being responsive to interest groups' demands.

5) Influences from Departmental Rivalries and Personal Bureaucratic Interests

K.C. Wheare, giving a definition of Canadian federalism, said that: " ... By the federal principle I mean the method of dividing powers so that the general and regional governments are each, within a sphere, coordinate and independent."²⁵ However, observing the two Communities we seem to have strayed a long way from this definition as the bureaucratic structures within each Community have grown in size, increased in complexity and the over-lapping between the various levels of bureaucracies has become substantially greater. Increased over-lapping of functions has created friction among Departments at Community level but also between Community bureaucrats and their counterparts in Members' bureaucracies.

Community bureaucrats have discovered therefore - sometimes at high cost - that not only member-States' bureaucrats but also bureaucrats from other Community Departments who might be expected to collaborate, are instinctively protective of and conservative in their procedures and autonomy and *vice versa*. This tendency has nothing to do with the prevailing political leadership attitude towards the Community, but persists independent of it whenever bureaucrats see their departments or positions threatened by someone else's desire to enlarge his competence and authority.²⁶

Bureaucratic proposals of policy formulation are frequently made on the basis of their department's interests but also in their own personal interests - including the expansion of their position of power and prestige - and on their personal views and images of their own institutions. These factors are important guidelines for their proposed alternatives to policies and in turn colour the bureaucrats' perceptions of the Community's interest.²⁷ An additional dimension to the above discussion of departmental and personal constraints is the way in which bureaucrats are viewed by their colleagues with respect to prestige, knowledge, effectiveness and bargaining skills. Personality is important in the bureaucracy.²⁸ In many cases bureaucratic coalitions are formed around the personality of a skilful bureaucrat in order to ensure that the final outcome is that which they view as significant, not only for Community policy but for their personal concerns as well.²⁹

A factor promoting bureaucratic friction is the so-called *corps* structure.³⁰ These *corps* constitute bureaucracies within a bureaucracy

and are frequently specialized in activities such as financial management or economic affairs. Their technical abilities - for example in auditing - combined with their high status and frequent dispersal throughout the bureaucratic structures of the Community make them a prime source of policy advocacy, and at the same time of infrequent but potential friction.

Bureaucrats, therefore, are subject to various pressures to choose certain alternatives in policy formulating not only because they best suit their goal but also because they are emotionally affected, e.g. fear of losing their position. Without doubt, bureaucrats generally share common basic values and want to enhance Community interests. But the specific outcome of particular policy alternatives may well flow from a variety of bureaucratic interactions in which departmental and personal interests play a major role in constructing these alternatives.³¹

Very frequently, however, the Community bureaucrats would agree on what should, or should not, be done and we have seen that their influence may be conclusive. The Ministers of the two Communities are, of course, not obliged to accept the bureaucrats position, but even experienced Ministers will think twice before they reject a strong and generally-held bureaucratic view. We suggest this might not be too serious a problem since the bureaucracy itself is subject to many of the same constraints as the Ministers and is not likely to propose unrealistic policies in a political, economic or social sense. The fact remains, however, that despite the many pressures that play upon them, Community bureaucrats can remain remarkably remote and self-centred in their own interests.³²

The above mentioned set of six constraints could make decisions on policy alternatives quite complex and the nights of bureaucrats sleepless. Thus, bureaucratic decision-making in policy formulation involves a series of various-level meetings, often numerous and prolonged, with weeks of careful consideration between one set of proposals and the next. When such complexity of constraints pressuring a bureaucrat reaches high levels, the bureaucrat's behaviour and decision-making ability becomes increasingly simple - simple in the sense of less efficient - because the bureaucrat is overloaded and unable to decide effectively. The Figure below illustrates this phenomenon.³³

FIGURE 5: INFLUENCE OF CONSTRAINTS UPON BUREAUCRATIC DECISION-MAKING BEHAVIOUR

C. TESTING THE HYPOTHESIS

1) General Remarks

The discussion until now has established from interviews and other sources the similarities in the two Communities' environments, the theoretical frameworks used by the bureaucrats when deciding on policy

formulation, and the similarities of bureaucratic constraints upon those Community bureaucrats. We have seen that agricultural disparities constitute a large proportion of regional disparities in the Canadian and European Communities. However, the Canadian Community has perceived the need for diminishing these disparities as part of the effort to safeguard her unity. Does the European Community follow the same path of integration? To answer such a question, albeit in a limited way, we decided to examine the bureaucratic decision-making process in both Communities for decisions taken on agriculture. We have observed that the similarities between the two processes extend as far as the bureaucrats of both Communities proposing and adopting similar policy alternatives; those of Land Reform and Price Subsidies. We have also seen that these two alternatives were formulated with both Communities' bureaucrats keeping in mind the political implications, also social and economic considerations in a spirit of general agreement and co-operation. We thought, however, that in spite of all the similarities the choice of identical policy alternatives by both Communities might still be symptomatic, unless the decision-makers of both Communities, finding themselves in comparable environments, determine alternatives by using a similar decision-making framework. Only then could we speculate that if the decisions taken by both Communities are similar, then their effects would also be the same, i.e., promotion of the European Community's unification in a manner similar to the Canadian Community.

To this effect we formulated our hypothesis (Chapter I) which we repeat at this point for the sake of convenience:

The decision-makers of the Canadian and European bureaucracies consider certain constraints (political, social, economic, pressure groups' interests, departmental rivalries and personal interests) while choosing policy formulation alternatives; and such concern leads them to use a similar decision-making framework in agricultural decisions.

The testing of our hypothesis was divided in two parts. First we tested if all the bureaucrats interviewed considered the above given set of constraints as the most important ones and if so, in which sequence. Second, we tested whether or not bureaucrats use a similar decision-making framework. Before proceeding to the testing, some remarks regarding the selection of our sample bureaucrats are in order.

2) Selection of the Bureaucratic Sample

Our data were gathered by interviewing a total of twenty six bureaucrats from both Communities (See Table 2, p. 17). We began by identifying the 'population' who could achieve our paper's goal, that is, Community bureaucrats involved in regional planning and agricultural policies at the stage of policy formulation. All bureaucrats interviewed were among those identified as having participated one way or another in policy formulation affecting agricultural and regional disparities.

We tried to avoid sampling bias by attempting to obtain a simple random sample. Therefore, the sample was drawn from Departments' and Directorates'-General official lists, by soliciting the names of bureaucrats who had been involved in policy formulation. All such names were assigned a two digit number. Fifteen Canadian and twenty European bureaucrats were selected - each group representing approximately 1/5 of

each Community's 'population' - using random numbers from the Rand Corporation's random digits.³⁴ From the Canadian group, only ten agreed to be interviewed while in the European case eventually sixteen were interviewed. However, we did not go back to our lists for additional names as the percentage of respondents was almost similar in both groups and there was no basis to believe that non-respondents would have provided answers which would, on the whole, have been significantly different from those of the bureaucrats available. We should also note that twice in the Canadian and three times in the European case we spoke to substitute bureaucrats as the officials scheduled to be interviewed had last moment commitments.

3) Evaluation of Bureaucratic Constraints in Decision-Making

Our first concern in testing the hypothesis was that bureaucrats of both Communities were equally influenced by our set of decision-making constraints and that they thought these constraints important. Therefore, during our interviews, while discussing the bureaucrat's feelings regarding various influences we asked him to give a percentage evaluation on a list of constraints which included the option 'other' (time, etc.) so that he would not feel confined to a set of six. It was explained that the higher percentage should go to the one he thought of as most important - see Table below.

TABLE 6 - LIST OF BUREAUCRATIC CONSTRAINTS

CONSTRAINTS: % of Importance							
Political	Social	Economic	Pressure Gr.	Departmental	Personal	Other (time etc.)	TOTAL
							100%

The results of the evaluation are tabulated in Tables 7a and 7b. We felt that the mean ($\bar{X}$) would give a good representation of the typical bureaucratic evaluation of our constraints, if the percentage values were evenly dispersed around it; in other words if the percentage values were reasonably closely clustered with no extreme values very much greater or very much smaller than the rest. For this purpose we observed the deviations of each bureaucrat's opinion from the mean evaluation of each constraint by calculating the sample standard deviation.

The following expressions were used to calculate our sample mean and standard deviation:³⁵

$$\bar{X} = \frac{\sum X}{N} \quad S = \sqrt{\frac{\sum (X - \bar{X})^2}{N - 1}}$$

where: $\bar{X}$ = mean, S = sample standard deviation, X = a single percentage, N = the number of bureaucrats interviewed.

It can be observed from Tables 7a and 7b, columns 'S', that the percentage values are more widely dispersed in the case of the Canadian evaluation of constraints than the European one, but in both cases it was felt that the values are quite closely grouped around the mean ($\bar{X}$). Therefore, we can use the mean for our observations.

By looking at the mean of the bureaucrats' evaluations for each constraint, the following can be observed:

1. That bureaucrats in both Communities have the tendency to consider Political, Economic and Social constraints as more important, in that order.

TABLE 7a: CALCULATION OF THE MEAN, $(\bar{X})$ OF BUREAUCRATIC CONSTRAINTS AFFECTING DECISION-MAKING IN POLICY FORMULATION

[illegible]

However, in the European Community the importance of Political and Economic constraints is almost the same; in the Canadian Community the range is wider. In fact the range among the three most important constraints is almost double in Canada than it is in Europe: $CND \approx 9$, $E \approx 4.7$.

2. That the importance of the pressure group constraint follows the three constraints mentioned above. But European bureaucrats consider the influence of pressure groups ^{a little} more important than do the Canadians, perhaps because Canadians have had a longer relationship with such groups; or perhaps because in the EC there are formal ways of recognizing interest groups pressure whereas in Canada this type of pressure is generally deemed to be illegitimate, hence, it should not be 'officially' considered in the decision-making process.³⁶ This remark highlights one of the existing differences between the two Communities. It can also be observed that Europeans associate pressure group and social constraints more closely than Canadian bureaucrats.

3. It is felt that personal constraints were somewhat intentionally downplayed by the bureaucrats of both Communities.

4. In the section marked 'Other' constraints, we had added 'time' as one of these constraints. Many Canadians marked this section highly because they felt that time was another important constraint which should have been considered in our set. In spite of that however, and the importance to which literature concerning decision-making gives to the element of time, we feel that the opposite is the truth. In the weeks and months of agricultural policy formulation there is plenty of time to choose alternatives and one obvious characteristic of both Communities has been the unhurried pace of the bureaucrats' decision-making process. It is our feeling that none of our three decision-making frameworks would operate well under strong

pressure of immediate action, and none would function very effectively in the context of a crisis.

5. We have mentioned that the sample standard deviation indicates that the percentages of importance for each constraint are more closely clustered around the mean in the European case than they are in the Canadian. This could be interpreted as meaning that the European bureaucrats are of a more homogeneous opinion than their Canadian counterparts.

6. It should be noted that the literature on decision-making led us to believe that departmental rivalries and personal interests play a more important role in the bureaucrat's decision-making process than that which our sample indicated.

The validity of the above observations, however, is conditional on the two Communities having similar tendencies, which we shall now test. To establish that the two Communities do have similar tendencies, the results of Tables 7a and 7b would be examined with a difference of means test. For this purpose we calculate the *t* statistic for independent samples and because our independent samples are small we use the ArcSin Transformation to render the sample mean and sample standard deviation independent. There are two expressions used to obtain the value for the test statistic:³⁷

$$t = \frac{\text{ArcSin}\sqrt{\bar{x}_c} - \text{ArcSin}\sqrt{\bar{x}_e}}{S_{c+e}\sqrt{1/N_c + 1/N_e}}, \text{ where } S_{c+e} \text{ is given by:}$$

$$S_{c+e} = \sqrt{\frac{(N_c-1)\text{ArcSin}\sqrt{S_c^2} + (N_e-1)\text{ArcSin}\sqrt{S_e^2}}{N_c + N_e - 2}} \text{ and where } c = \text{Canada} \\ \text{and } e = \text{European Community}$$

We desire a confidence interval for our test of 95%. The critical value corresponding to this significance level, and for $N_c + N_e - 2$ degrees of freedom, is ± 2.064 ,³⁸ since we have a two-tailed test. Our null hypothesis (H_0) is that the constraints are of equal importance to the

bureaucrats of both Communities; and our alternative hypothesis (H_1) is that the set of constraints is not of equal importance to them. The appropriate decision rule would then be to:

Accept H_0 if $-2.067 \leq t_{24} \leq 2.067$, and
 Reject H_0 if $t_{24} < -2.067$, or $t_{24} > 2.067$

This relationship can be presented graphically as follows:

FIGURE 6: PERCENTAGE POINTS OF THE t DISTRIBUTION AND AREA OF ACCEPTANCE OF OUR H_0 HYPOTHESIS

Testing each constraint separately in both Communities we find that:

For Political constraints our null and alternative hypotheses are:

H_0 : political constraints are of equal importance to the bureaucrats of both Communities; and
 H_1 : political constraints are not of equal importance to them.

We have, $N_c = 10$, $\bar{X}_c = 26$, $\text{ArcSin}\sqrt{\bar{X}_c} = 30.66$, $5c = 6.99$, $\text{ArcSin}\sqrt{5c} = 15.31$

$M_e = 16$, $\bar{X}_e = 22.8$, $\text{ArcSin}\sqrt{\bar{X}_e} = 28.52$, $5e = 4.65$, $\text{ArcSin}\sqrt{5e} = 12.46$

and $Sc + e = 13.598926$ and $t_{24} = \frac{30.66 - 28.52}{13.598926 \sqrt{1/10 + 1/16}}$ and

$$t_{24} = .39$$

Thus, according to our decision rule, our H_0 is accepted at the 95% confidence interval and we conclude that the political constraints are of equal importance to the bureaucrats of both Communities,

2) For Social constraints our null and alternative hypothesis are:

H_0 : social constraints are of equal importance to the bureaucrats of both Communities, and
 H_1 : social constraints are not of equal importance to them.

We have, $N_c = 10$, $\bar{X}_c = 17$, $\text{ArcSin}\sqrt{\bar{X}_c} = 24.35$, $S_c = 5.37$, $\text{ArcSin}\sqrt{S_c} = 13.39$

$N_e = 16$, $\bar{X}_e = 18.1$, $\text{ArcSin}\sqrt{\bar{X}_e} = 25.18$, $S_e = 3.09$, $\text{ArcSin}\sqrt{S_e} = 10.13$

and $S_{c+e} = 11.46168$ and $t_{24} = \frac{24.35 - 25.18}{11.46168 \sqrt{1/10 + 1/16}}$ and

$$t_{24} = -.18$$

Thus, according to our decision rule, our H_0 is accepted at the 95% confidence interval and we conclude that the social constraints are of equal importance to the bureaucrats of both Communities.

3) For Economic constraints our null and alternative hypotheses are:

H_0 : economic constraints are of equal importance to the bureaucrats of both Communities, and

H_1 : economic constraints are not of equal importance to them.

We have $N_c = 10$, $\bar{X}_c = 23$, $\text{ArcSin}\sqrt{\bar{X}_c} = 28.66$, $S_c = 5.86$, $\text{ArcSin}\sqrt{S_c} = 14.01$

$N_e = 16$, $\bar{X}_e = 22.5$, $\text{ArcSin}\sqrt{\bar{X}_e} = 28.32$, $S_e = 4.08$, $\text{ArcSin}\sqrt{S_e} = 11.65$

and $S_{c+e} = 12.586962$ and $t_{24} = \frac{28.66 - 28.32}{12.586962 \sqrt{1/10 + 1/16}}$ and

$$t_{24} = .16$$

Thus, according to our decision rule, our H_0 is accepted at the 95% confidence interval and we conclude that the economic constraints are of equal importance to the bureaucrats of both Communities.

4) For Pressure Groups constraints our null and alternative hypotheses are:

H_0 : pressure groups constraints are of equal importance to the bureaucrats of both Communities, and

H_1 : pressure groups constraints are not of equal importance to them.

We have $N_c = 10$, $\bar{X}_c = 13$, $\text{ArcSin}\sqrt{\bar{X}_c} = 21.13$, $S_c = 5.86$, $\text{ArcSin}\sqrt{S_c} = 14.01$

$N_e = 16$, $\bar{X}_e = 15.3$, $\text{ArcSin}\sqrt{\bar{X}_e} = 23.01$, $S_e = 3.85$, $\text{ArcSin}\sqrt{S_e} = 11.32$

and $S_{c+e} = 12.39734$ and $t_{24} = \frac{21.13 - 23.01}{12.39734 \sqrt{1/10 + 1/16}}$ and

$$t_{24} = -.93$$

Thus, according to our decision rule, our H_0 is accepted at the 95% confidence interval and we conclude that the pressure groups constraints are of equal importance to the bureaucrats of both Communities.

5) For Departmental constraints our null and alternative hypotheses are:

H_0 : departmental constraints are of equal importance to the bureaucrats of both Communities, and

H_1 : departmental constraints are not of equal importance to them.

We have $N_c = 10$, $\bar{X}_c = 8$, $\text{ArcSin}\sqrt{\bar{X}_c} = 16.43$, $S_c = 4.21$, $\text{ArcSin}\sqrt{S_c} = 11.84$

$N_e = 16$, $\bar{X}_e = 10.9$, $\text{ArcSin}\sqrt{\bar{X}_e} = 19.28$, $S_e = 4.55$, $\text{ArcSin}\sqrt{S_e} = 12.32$.

and $S_{c+e} = 12.142224$ and $t_{24} = \frac{16.43 - 19.28}{12.142224 \sqrt{1/10 + 1/16}}$ and

$$t_{24} = -1.44$$

Thus, according to our decision rule, our H_0 is accepted at the 95% confidence interval and we conclude that the departmental constraints are of equal importance to the bureaucrats of both Communities.

6) For Personal constraints our null and alternative hypotheses are:

H_0 : personal constraints are of equal importance to the bureaucrats of both Communities, and

H_1 : personal constraints are not of equal importance to them.

We have $N_c = 10$, $\bar{X}_c = 6$, $\text{ArcSin}\sqrt{\bar{X}_c} = 14.18$, $S_c = 3.94$, $\text{ArcSin}\sqrt{S_c} = 11.46$

$N_e = 16$, $\bar{X}_e = 6.3$, $\text{ArcSin}\sqrt{\bar{X}_e} = 14.54$, $S_e = 3.87$, $\text{ArcSin}\sqrt{S_e} = 11.35$

and $S_{c+e} = 11.391374$ and $t_{24} = \frac{14.18 - 14.54}{11.391374 \sqrt{1/10 + 1/16}}$ and

$$t_{24} = -.19$$

Thus, according to our decision rule, our H_0 is accepted at the 95% confidence interval and we conclude that the personal constraints are of equal importance to the bureaucrats of both Communities.

The above indicate that by examining our set of six constraints, with a difference of mean test, we can conclude that our two Communities do have similar tendencies. We should note that the option 'other' on our list of constraints is of equal importance ($t_{24} = 1.73$) to the bureaucrats of both Communities, thus indicating how little influence constraints not included in our set of six have on the decision-making process of the interviewed bureaucrats.

4) Testing of our Paper's Hypothesis.

Since we have established that our set of constraints is of equal importance to the bureaucrats of both Communities, we now proceed to the testing of our hypothesis.³⁹ We have formulated two possible alternatives and our sample evidence must be expressed in a manner which will meaningfully support one of them:

- Ho : The decision-makers of both Communities' bureaucracies use a similar decision-making framework each time they formulate agricultural policy alternatives; and
- H₁ : These bureaucrats use a different decision-making framework.

During our interviews, the bureaucrats of both Communities were given a copy of Table 8 below and asked: "If you had to make a policy decision by considering only one constraint at a time (e.g. only political, or social and so forth) which one of the three decision-making frameworks we discussed would you be inclined to use?" The bureaucrats were asked to choose one framework only for each of the six constraints. We had to rely on the subject's ability to understand and then use these frameworks to classify his/her own decisions, but for the purpose of our inquiry we found this approach adequate, mainly for the following two reasons: First, the definitions of the rational, incremental and Mixed-Scanning decision-making were given to the bureaucrats before our interviews

TABLE 8: CHOICE OF A DECISION-MAKING FRAMEWORK

CONSTRAINTS	DECISION-MAKING FRAMEWORKS		
	Rational	Incremental	Mixed-Scanning
Political Social Economic Pressure Group Departmental Personal			

(see Appendix V) and during our discussion we ensured that these definitions were understood. Second, all bureaucrats interviewed were familiar enough with the decision-making literature to be aware of the rational and incremental frameworks and many of them knew Etzioni's mixed-scanning. The few who were unfamiliar with it were quick to distinguish between mixed-scanning and the two other frameworks.

We should mention at this point that we tried not to bias the interviewees either with regard to our particular preference of decision-making framework, or with regard to the constraints. The constraints were not revealed until they came up with them. We posed particular types of questions to our respondents (see examples in pp. 16-17) but did not indicate to them the analytical tools we planned to use on their data. Generally, we first tried to obtain their responses as to how they think choices are made, or even better, how they choose policy alternatives, before we presented them with Table 8. Our interview notes and their reaction to Table 8 were compared at a later date and found to be similar. The data accumulated from the bureaucrats, responses is illustrated in the following histogram (Figure 7) and shown in detail on Table 9.

FIGURE 7: HISTOGRAM OF DECISION-MAKING FRAMEWORKS
ACCORDING TO INDIVIDUAL BUREAUCRATIC CONSTRAINTS.

TABLE 9: DECISION-MAKING FRAMEWORKS ACCORDING TO INDIVIDUAL BUREAUCRATIC CONSTRAINTS

BUREAUCRATS' CONSTRAINTS	CANADA								EC								TOTAL							
	Rational				Incremental				Mixed Scanning				Rational				Incremental				Mixed Scanning			
	No.		%		No.		%		No.		%		No.		%		No.		%		No.		%	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Political	1	10	1	10	8	80			2	12.5	3	18.75	11	68.75			3	11.5	4	15.4	19	73.1		
Social	1	10	2	20	7	70			2	12.5	2	12.5	12	75			3	11.5	4	15.4	19	73.1		
Economic	4	40	1	10	5	50			5	31.25	3	18.75	8	50			9	34.6	4	15.4	13	50		
Pressure Groups	1	10	2	20	7	70			4	25	3	18.75	9	56.25			5	19.25	5	19.25	16	61.5		
Departmental	2	20	2	20	6	60			3	18.75	3	18.75	10	62.5			5	19.25	5	19.25	16	61.5		
Personal	3	30	2	20	5	50			7	43.75	2	12.5	7	43.75			10	38.5	4	15.4	12	46.1		

Table 9 indicates that both Communities' bureaucrats follow a *similar decision-making framework* while formulating policies and considering bureaucratic constraints individually. This decision-making framework is that of the *mixed-scanning*, in which rational decisions are selected in an overview manner and from them a decision is made in an incremental way. Certain observations could be made from Table 9. For example, a greater percentage of Canadian bureaucrats use mixed-scanning, facing each constraint separately, than do those of the European Community. In both Communities rationalism is used frequently when considering economic constraints and constraints from personal interests. In fact, less than 50% (our critical value) of European bureaucrats use mixed-scanning when making decisions under the influence of personal interest constraints. Finally, mixed-scanning is used by more bureaucrats, when they consider political and social constraints, than any other from our set of six.

One could assume that if bureaucrats of both Communities use mixed-scanning when making decisions under the influence of each constraint, then to balance the whole set of constraints they would use the mixed-scanning framework also. This assumption, however, could only be confirmed by the same sample of bureaucrats. All the bureaucrats sampled had participated at one stage or another in formulating agricultural policies for Price subsidies or Land Reform subsidies. They were asked, therefore, to indicate which decision-making framework they used in these two specific cases when they had to balance the whole set of constraints and formulate policy alternatives. The following Table 10 and Figure 8 show their responses.

(* See page 135)

TABLE 10: THE CHOSEN DECISION-MAKING FRAMEWORK
REGARDING PRICE AND LAND REFORM SUBSIDIES
IN AGRICULTURE

DECISION- MAKING FRAMEWORK	CND N=10		EC N=16		TOTAL N=26	
	No. of cases	%	No. of cases	%	No. of cases	%
Rational	2	20%	4	25%	6	23.1%
Incremental	2	20%	3	18.75%	5	19.2%
Mixed- Scanning	6	60%	9	56.25%	15	57.7%

FIGURE 8: HISTOGRAM OF THE DECISION-MAKING FRAMEWORKS
REGARDING PRICE AND LAND REFORM SUBSIDIES IN AGRICULTURE

From Table 10 it can be observed that 60% of Canadian bureaucrats and 56.25% of the European ones used the mixed-scanning approach. Taking the bureaucrats of both Communities together, 57.7% used a mixed-scanning framework. Such observations, however, do not directly test the relationship between our independent and dependent variables. We shall attempt therefore to test our null hypothesis: that decision-makers of both Communities use a similar decision-making framework each time they formulate agricultural policy alternatives. By examining Tables 9 and 10 we observed from the outset that, on the average, both Tables gave us similar results. In other words, the bureaucrats of both Communities followed the same pattern whether choosing a decision-making framework according to individual bureaucratic constraints, or choosing a framework while deciding price and land reform subsidies in agriculture. Therefore we used the data obtained in Table 10 for testing our H_0 .

The first step in accepting or rejecting our H_0 is to determine the kind of results that might be expected if the variables were truly independent, that is if both Communities' bureaucrats use a similar decision-making framework. For this purpose we construct the Contingency Table (Table 11) for our observed sample examples and from it the Contingency Table (Table 12) for our expected sample results under our H_0 . The expected sample results are found by multiplying the row and column totals of each value of Table 11 and dividing by the sample size. The number of degrees of freedom for our contingency table is determined by:

$$(\text{Number of rows} - 1) \times (\text{Number of columns} - 1) = 2$$

TABLE 11: CONTINGENCY TABLE FOR ACTUAL SAMPLE RESULTS

DECISION-MAKING FRAMEWORKS	COMMUNITIES		TOTAL
	CND	EC	
RATIONAL	2	4	6
INCREMENTAL	2	3	5
MIXED-SCANNING	6	9	15
TOTAL	10	16	26

TABLE 12: CONTINGENCY TABLE FOR EXPECTED SAMPLE RESULTS

DECISION-MAKING FRAMEWORKS	COMMUNITIES		TOTAL
	CND	EC	
RATIONAL	2.308	3.692	6
INCREMENTAL	1.923	3.077	5
MIXED-SCANNING	5.769	9.231	15
TOTAL	10	16	26

After constructing our two Contingency tables the *chi-square statistic test* is performed to compare the observed (actual) and the expected sample results. For this we use the following expression:⁴⁰

$$\chi^2 = \sum \frac{(\text{observed sample} - \text{expected sample})^2}{\text{expected sample}}$$

From the above expression we obtain $\chi^2 = .0868$. From the Chi-square distribution Tables and for a 95% confidence interval we determine the area of accepting our H_0 as per our graphic presentation below:

FIGURE 9: CHI-SQUARE CURVE FOR 2 DEGREES OF FREEDOM

Therefore, our appropriate decision rule would be to:

Accept H_0 (both Communities bureaucrats use a similar decision-making framework) if : $\chi^2 \leq 5.991$, and

Reject H_0 if $\chi^2 > 5.991$.

According to our decision rule, our H_0 is accepted at the 95% confidence interval and we conclude that the bureaucrats of both Communities use a similar decision-making framework each time they formulate agricultural policy alternatives.

We shall now attempt to go one step further and concede that the Mixed-Scanning Framework is the common framework used by the bureaucrats of both Communities. Therefore, we perform a difference of proportions test to determine the following hypothesis:

The decision-makers of both Communities use mixed-scanning as a common decision-making framework each time they formulate agricultural policy alternatives.

From the hypothesis we have these alternatives:

H_0 : Mixed-scanning is the common decision-making framework; and
 H_1 : Mixed-scanning is not the common decision-making framework.

In our situation we decided that our critical value should be established at fifty percent. In other words, that at least 50% of sampled bureaucrats in both Communities must use mixed-scanning as the decision-making framework. We tested our critical value for Type I error (to reject our H_0 when it is true) and Type II error (to accept our H_0 when it is false) and we found in both cases only a .14% chance of such an error.

We can therefore express our hypothesis as:

$$\begin{array}{l} H_0 : P_{ms} \geq 0.5 \\ H_1 : P_{ms} < 0.5 \end{array}$$

where P_{ms} represents the proportion of our sample observations of bureaucrats in both Communities who use mixed-scanning as their decision-making framework. From Table 10 we pool the combined sample proportion $P_c = .577$. The standard deviation for the difference in sample proportions may be estimated by:⁴²

$$S_{ms} = \sqrt{P_c (1-P_c) (1/N_c + 1/N_E)}$$

We can now compute the normal deviate value for the sample results (Z) using the following expression:

$$Z = \frac{P_c - P_{ms}}{S_{ms}}$$

$$\text{From the above we have } S_{ms} = \sqrt{\frac{0.577 (1-0.577)}{26}} = 0.0968883$$

$$\text{and } Z = \frac{0.577-0.5}{0.0968882} \quad \text{and} \quad \boxed{Z = .794}$$

which we may compare to $Z_{.025}$ for a 95% confidence interval to determine whether our H_0 can be accepted or rejected.

For an area $\alpha = .025$ the critical normal deviate value of $Z_{.025} = 1.96^{43}$ and for our two-sided test we can formulate the following decision rule:

Accept H_0 if $-1.96 \leq Z \leq 1.96$ and
Reject H_0 if $Z < -1.96$ or $Z > 1.96$

According to our decision rule our null hypothesis is accepted at the 0.5 level of significance and we conclude that the bureaucrats of both Communities use mixed-scanning as the common framework in formulating agricultural policy alternatives.

D. SUMMARY

In this chapter we examined the set of six most important constraints that influence the bureaucrats of both Communities while they formulate agricultural policy alternatives. We then tested our paper's hypothesis to identify if these bureaucrats use a similar decision-making framework as a result of this set of constraints. By acknowledging our hypothesis as true we tested if the similar framework was that of mixed-scanning and found that in fact bureaucrats in both Communities do use the mixed-scanning framework of decision-making while formulating agricultural policies.

NOTES - CHAPTER V

¹ For a discussion on organizational struggle and survival see H.A. Simon, D.W. Smithburg & V.A. Thompson, Public Administration (N.Y.: John Wiley & Sons, 1950), chap. 5.

- ² J.E. Hodgetts, The Canadian Public Service (Toronto: University of Toronto Press, 1973), Chap. II, pp 17-39.
- ³ M.A. Kaplan, System and Process in International Politics (N.Y.: John Wiley & Sons, Inc. 1957).
- ⁴ Essence of Decision, pp 166-168.
- ⁵ See, for instance, T.J. Price, "Behavior Modes: Toward a Theory of Decision-Making," The Journal of Politics, Vol. 37 (1975), pp 417-435.
- ⁶ From Max Weber: Essays in Sociology, pp 228-235.
- ⁷ G. Goldstone Rosenthal, The Men Behind the Decisions (Farnborough: Lexington Books, 1975), pp 93-100.
- ⁸ This attitude was well illustrated by the Canadian Liberal Party's strategy in 1972, see "Regionalism and Canadian Political Institutions," loc. cit.
- ⁹ E. Haas, Beyond the Nation State (Stanford: Stanford University Press, 1964), ch. 4.
- ¹⁰ Ibid., p 95.
- ¹¹ Ibid., p 127.
- ¹² M. Shanks, European Social Policy, Today and Tomorrow (Oxford: Pergamon Press Ltd., 1977), Chap. 4, pp 30-42.
- ¹³ Interviews, Brussels, June 1979.
- ¹⁴ Public Administration, op. cit., p. 502.
- ¹⁵ See H. Armstrong & J. Taylor, pp 118-148.
- ¹⁶ Ibid.
- ¹⁷ The Glassco Commission, Report of the Royal Commission on Government Organization (Ottawa: Queen's Printer, 1962) I, p. 63.
- ¹⁸ J.A. Bill & R.L. Hardgrave Jr., Comparative Politics: The Quest for Theory (Columbus, Ohio: C.E. Merrill Publ., 1973), Ch. IV, pp 117-141.

19 J.A. Caporaso, The Structure and Function of European Integration (Pacific Palisades: Goodyear, 1974) pp 23-86; C.J. Meynaud & D. Sidjanski, Les Groupes de Pression dans La Communauté Européenne, 1958-1968 (Brussels: L'Université Libre de Bruxelles, 1971).

20 See N. Averyt, p. 969.

21 Perhaps the only major exception to this is the German farm organization, the Deutscher Bauernverband, which opposed the Community's common agricultural policy from the beginning and continually sought to revise Community policies and institutions.

22 See, for instance, the case of EC transportation in Europe's Would-Be Polity, Chap. 5

23 C. Pentland, op. cit.

24 J. Lodge, "Towards a Human Union: EEC Social Policy and European Integration," British Journal of International Studies, Vol 4 (1978), pp 107-134.

25 K.C. Wheare, Federal Government, 4th ed. (London: Oxford Univ. Press, 1963), p. 10.

26 See a relevant discussion by P.M. Pitfield, "The Shape of Government in the 1980's: Techniques and Instruments for Policy Formulation at the Federal Level," remarks to the annual meeting of the Institute of Public Administration (Ottawa: Institute's transcripts, Sept 1975).

27 W.J. Feld & J.K. Wildgen, "National Administrative Elites and European Integration - Saboteurs at Work?", Journal of Common Market Studies, 13/3 (March 1975), pp 244-265.

28 We have spoken about the EC Commission's vice-president Sicco Mansholt (the Mansholt Plan) and his skilful manoeuvring of his plan to eliminate discrepancies between rural and urban standards of Community living. A Canadian example of similar outstanding personality was C.D. Howe, see R. Bothwell, "Minister of Everything," International Journal, winter 1976/77, pp 692-702.

29 B. Doern has observed that this personalized approach to policy-making reached its peak in Canada when Mr. Diefenbaker was PM; see G.B. Doern, "The Development of Policy Organizations in the Executive Area," in G.B. Doern & P. Aucoin, eds., Structures of Policy Making in Canada (Toronto: Macmillan of Canada, 1971), pp 44-47.

30 M. Dogan, ed. The Mandarins of Western Europe (N.Y.: Holsted Press, 1975).

- 31 The Essence of Decision, p. 71
- 32 Indeed, in Canada it has been argued that the Liberal 'régime' has 'lost touch' with Canadian reality because the Liberals became 'bureaucratized'; see T. Brewis, Canadian Economic Policy, op. cit.
- 33 Figure is an adaptation from T.J. Atchison & W.W. Hill, Management Today (N.Y.: Harcourt, Brace, Jovanovich, Inc. 1978) p. 375.
- 34 From appendix - table B, "Random Numbers", in Statistics: Meaning and Method, L.L. Lapin (N.Y.: Harcourt, Brace, Jovanovich Inc., 1975), p. 552.
- 35 L.L. Lapin, pp 39-58.
- 36 Suggestion forwarded by B.A. McFarlane, 'Thesis Comments', March 1981.
- 37 L.L. Lapin, p. 427.
- 38 Ibid., Appendix Table E: Student t Distribution, p. 565.
- 39 Ibid., Chap. 12: Chi-Square Applications, pp. 435-457.
- 40 Ibid., adapted from expression 12-2, p. 441.
- 41 Ibid., Appendix Table F: Chi-Square Distribution, pp. 566-567.
- 42 Ibid., p. 421.
- 43 Ibid., Table of Critical Normal Deviate Values for Common Significance Levels, p. 304.

CHAPTER VI: CONCLUSIONS - A EUROPEAN SCENARIO OF INTEGRATION

"Where power rests, there
influence is brought to bear."

In this paper we saw the ability of the Canadian and European bureaucrats to move through the institutions of the two Communities and, acting within similar environments and influenced by similar constraints, use the same decision-making framework of mixed-scanning to formulate agricultural policy alternatives which are eventually implemented into both Communities' societies and economies. Moreover, these bureaucrats formulate such policy alternatives with the minimum of opposition from politicians or the public.

This image, however, oversimplifies the delicate balance that Community bureaucrats have to strike so that their alternatives may be accepted by all concerned. For instance, agricultural policies - especially the structural changes in agriculture which we examined - can easily arouse political and ethnic sensitivities. Consequently Community bureaucrats need the active support not only of the politicians they report directly to, but also that of the Members' governments and their bureaucracies; also the active involvement of the Community public. Results of Community policies are frequently difficult to predict and may have indirect effects quite remote from the actual policies. Therefore, Community bureaucrats must have an understanding of the overall needs of their Community. And they must maintain a perspective regarding the social, economic and political changes that are constantly taking place in their environment.

Part of the problem is the bureaucrats' difficulty in defining just what the "Community interest" is when they formulate alternatives for a policy. The "Community interest" might be identified as the interests of the Member-governments, or that of the Community's most influential pressure groups; yet at other times, it could be the desires of the Community's population. Thus, "Community interest" will suggest various meanings to different bureaucrats at different times, but to all bureaucrats it is likely to suggest the continuation of the Community's unity. Community unity has an important bearing upon the Canadian bureaucrats' choice of alternatives and we have demonstrated that there is a likelihood that European decision-making follows the same integrative path as the Canadian Community. It is thought by bureaucrats of both Communities that their agricultural policy alternatives are formulated with respect to their Community's human values and social needs, therefore such policies give substance to Community solidarity by reducing the inequalities which separate the Community's areas.

It is appropriate at this point to make some final remarks regarding the Canadian Community's integration process. Canada has successfully sheltered two contradictory concepts. One is the democratic ideal of government by the people, the other is the concept of Community-building. These concepts are contradictory because Community-building² was not always necessarily what the people required. Nevertheless, the two concepts led to Community institutions with well-defined responsibilities and a federal bureaucracy with the ability to offer alternative policies promoting Community unity. It is interesting to note that Community-building is largely accepted in the urban-centered areas of the

Community.³ Canadians, by large, favoured a Community system because of the regional diversity of the country. But once established, the Canadian Community operated so as to diminish these differences and at the same time, by highlighting them, to perpetuate herself.⁴ The Canadian experience indicates that as Community Members acquired more and more of each others goods, intra-Canadian trade allowed the progressive specialization of production within a wider market. Such specialization enabled the Canadian Community to create wealth together faster than each Province could do separately. Becoming wealthier in a Community entailed growing interdependence. Interdependence ultimately withered away economic frontiers, brought about the necessity of a Community bureaucratic apparatus and made the political frontiers inconsequential.

Throughout this paper implicitly at issue was the question of the role to be played by the European Community for her Members. Should this role amount to little more than a reconciliation of national interests resolved as the need arises? Or should the European Community's institutions and bureaucracy be accorded a substantial degree of autonomous power in the light of changing circumstances? We have argued that because of the similar nature of the Canadian and European Communities' institutions and bureaucratic decision-making, Europe follows the Canadian example in which an intensive network of interests creates an environment in which States remain important but have to share the arena with the central Community agencies. Notable in the Canadian Community is a relative loss of Members' initiative which saw some Provinces, e.g., the Maritimes, drawn into an ever-enlarging web of dependence, as they have

been transformed into "client-Provinces" of the Community. The European Community is following the same pattern. For instance, during the interview period in Athens in mid-1979, the Greek Parliament was lively debating the fact that Greece was entering the European Community with relatively little economic power. The fear was that the Greek economy would witness growth in the "service" and "parts-manufacturing" sectors, but such an economy would become ever-dependent on its western industrial partners. However, whereas some Greek parliamentarians concluded that such a situation was intolerable, those in favour of membership saw this economic transformation as an acceptable and necessary part of entry. A visiting Canadian could distinctly hear the echoes of Canadian unity arguments rebounding off the walls of the Greek Parliament!

A case could be made that new Members of the European Community will enforce the need for the Community's bureaucracy to adopt to even a greater extent the Canadian Community's workings, since agricultural and regional disparities will be aggravated by the Community's enlargement. Enlargement is bound to intensify trade flows within the European Community and give a fresh boost to economic growth. This might be of greater benefit to the Community's developed areas, whose economic fabric is sufficiently flexible to take advantage of the opportunities offered by a larger market. However, in the absence of Community-scale corrective policies, enlargement might increase regional imbalances, jeopardize living standards and give rise to considerable migratory flows. All of these could accentuate economic pressures on the Community's wealthy areas and social injustice on the poor ones.

* The above discussion should not be taken to imply that the European nation-State is condemned to fade away. But its dynamism is changing. Future European integrative progress will depend on deliberate decisions to perpetuate existing and create more Community mechanisms whose rationale will also be - alike the Canadian Community's rationale - social and political rather than only economic.

In comparing the two Communities' bureaucracies, we spoke at length on bureaucrats' efforts to build Members' consensus during decision-making. There is one dominant reason which makes these bureaucrats exercise such great care to obtain the Members' agreement as each step towards further Community unity is taken. There is no power within either Community that can force her Members to continue along the Community's path. Nothing can coerce a reluctant partner except, perhaps the practical disadvantages of withdrawal from the Community. There is, therefore, in both Communities a clear distinction between 'surrender' of sovereignty and voluntary acceptance by Members of self-imposed rules of conduct governing the exercise of Community administration. Thus, it would be erroneous to conclude that decisions in both Communities are of the zero-sum form. It is more appropriate to consider that Community bureaucrats identify problems, assess the Members' stand, gather information and formulate Community policy proposals in close consultation with Member governments, their bureaucracies and the pressure groups. Therefore, while conventional wisdom contends that Community decision-making is 'slow, the fact is that a cautious pace is necessary to make Community consensus-building possible.⁵

Such a Community administration implies that Community bureaucrats
they are
are as involved in policy formulation as/ in policy execution. Moreover,

bureaucratic power in the Community's political process is likely to continue to grow in pace with the scale and complexity of Community operations. We have seen that policy formulation is increasingly shifting from the politicians of both Communities to their bureaucracies. Delegated legislation has increased. When such delegation of policy formulation to bureaucrats is enacted in legislation or in treaties, it appears to legitimize the bureaucrats' policies in certain areas. This reality suggests that the future of both Communities rests primarily in the hands of Community bureaucrats.⁶ And that those bureaucrats' interests lie in the preservation and further unification of the Community.

The reason that Community bureaucrats promote Community unity is mainly because the Community concept is no longer strongly promoted and supported by social forces within either Community, as was the case at inception. This task has now become part of the bureaucrat's role and the idea of a Community bureaucracy exercising such functions is no longer considered unreasonable.

Community bureaucrats may have the power to formulate policy alternatives but they still do not have the full confidence of the Community's citizens. This could diminish the Community's effectiveness, because in the Canadian and European Communities mass participation and representation in Community affairs are widely accepted. Therefore, bureaucrats are increasingly involved in situations where they express their views on Community matters, explaining Community policies not only in discussions with pressure groups, but also while representing the Community in public forums. In this way, citizens become increasingly aware of the necessity of a Community bureaucratic apparatus.

We have advanced a European scenario of integration similar to the Canadian one and forwarded some remarks on the reasons why Canadian and European bureaucracies favour more Community integration. The Canadian example would indicate that in spite of the almost daily effort required to make even modest progress in European integration, more integration is eminent. Such an opinion has also been expressed by the European Member governments since 1974⁷ and the Community's public has come to expect future European unification without surprise. Moreover, the elected European Parliament, with its MPs subject to re-election by Community constituencies, creates a direct interplay between European and sectional interests and gives the Community a tangible reality in the minds of all her peoples. Soon the members of the European Parliament will begin demanding the kind of power which the Canadian Community's Parliament enjoys - the power to pass legislation, to call the executive to account and to have more control over expenditures.

An argument could be made that the scope of agricultural policies in both Communities is not big enough to justify our speculation that because the European Community follows the same path as the Canadian Community in agricultural matters, that she is also following the same integrative path in other areas. However, our investigation into agricultural policy formulation has indicated that Community bureaucrats create, through their policies, progressive integration which requires more common policies for the Community to tackle additional problems caused by this progressive integration. Therefore, our speculation does not seem unrealistic.

European integration, alike Canadian integration, is not the

answer to all society's problems. However, in an era of interdependence, the problems to be tackled are now beyond the capacity of any Community Member acting alone. Moreover, we have argued that Canadian and European bureaucratic decision-making, whatever its changing nature, has been highly adaptive over time. And it has yielded the necessary Community commitment to create a consensus-building mechanism for all the Community's Members.

For a Community to be successful, those responsible should be responsive to opportunity and change, and as pace-setting as the citizens of the Community require them to be. The bureaucrats of the Canadian and European Communities, with their present decision-making patterns, have given the two Communities' public a Community option. Europeans, like Canadians, increasingly bring their preferences to the notice of their relatively new Community. This paper, being a diagnosis and a prognosis of such a phenomenon, may help in the understanding of the direction that the European Community is taking.

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NOTES - CHAPTER VI

¹ V.O. Key, Politics, Parties and Pressure Groups (N.Y.: Crowell, 1956), p. 168.

² In Canada it is often called 'nation-building'.

³ See some remarks made by W. Clement, The Canadian Corporate Elite (Toronto: McClelland & Stewart Ltd, 1975), pp 144-147.

⁴ See the arguments by R. Simeon, p. 504.

⁵ See relevant arguments in G. Goldstone Rosenthal & D.J. Puchala, "Decisional Systems, Adaptiveness, and European Decisionmaking", American Acad. Political & Social Science Annals, 440 (Nov 1978), pp 54-65.

⁶ See M.J.K. Kirby et al. "The Impact of Public Policy-Making Structures and Processes in Canada," Canadian Public Administration, 21 (Fall 1978), pp 407-417.

⁷ The Heads of Member-governments meeting in Paris in Dec 1974 confirmed their desire "to agree as soon as possible on an overall concept of European Union"; Letter by F.X. Ortoli, President of the Commission to L. Cosgrave PM of Ireland, President of the Council, June 26, 1975, Commission (Brussels: suppl. 5/1975). The Union has not yet materialized, but the European Community is unmistakably following this direction.

APPENDIX I: GLOSSARY OF ACRONYMS USED IN THE PAPER

ADA:	Area Development Agency (CND).
ADB:	Atlantic Development Board (CND).
ARDA:	Agricultural and Rural Development Act (CND).
ASA:	Agricultural Stabilization Act (CND).
BNA Act:	British North American Act (CND).
CAP:	Common Agricultural Policy (EC).
COPA:	Committee of Professional Agricultural Organizations (EC).
COREPER:	French Abbreviation of the Committee of Permanent Representatives (EC).
DREE:	Department of Regional Economic Expansion (CND).
EAEC:	European Atlantic Energy Community.
EAGGF:	European Agricultural Guidance and Guarantee Fund (EC).
ECSC:	European Coal and Steel Community.
EDC:	European Defence Community.
EEC:	European Economic Community.
ERDF:	European Regional Development Fund (EC).
EUROSTAT:	Basic Yearly Statistics (EC).
FAO:	Food and Agricultural Organization (UN).
FEOGA:	French Abbreviation of EAGGF.
FRED:	Fund for Rural Economic Development (CND).
GNP:	Gross National Product.
MCA(s):	Monetary Compensatory Amount(s) (EC).
OECD:	Organization of Economic Co-operation & Development.
PCO:	Privy Council Office (CND).
PFRA:	Prairie Farm Rehabilitation Administration (CND).
PMO:	Prime Minister's Office (CND).
PPBS:	Planning, Programming, Budgeting System.
RDIA:	Regional Development Incentives Act (CND).
VAT:	National Value-added Tax (EC).

APPENDIX II: REGIONAL POLICY OPTIONS

(reproduced from Armstrong, H. and Taylor, J. *Regional Economic Policy and its Analysis*. Oxford: Philip Allan, 1978, p. 163.)

Regional policy options: a simple typology with examples

APPENDIX III A CONSOLIDATION OF THE BRITISH NORTH AMERICA ACTS,
1867 - 1964 - SELECTED SECTIONS

(reproduced from *The Amendment of the Constitution of Canada*. Ottawa: Queen's Printer, 1965, pp 54-97.)

SECTION 91. LEGISLATIVE AUTHORITY OF PARLIAMENT OF CANADA

It shall be lawful for the Queen, by and with the Advice and Consent of the Senate and House of Commons, to make Laws for the Peace, Order, and good Government of Canada, in relation to all Matters not coming within the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces; and for greater Certainty, but not so as to restrict the Generality of the foregoing Terms of this Section, it is hereby declared that (notwithstanding anything in this Act) the exclusive Legislative Authority of the Parliament of Canada extends to all Matters coming within the Classes of Subjects next herein-after enumerated; that is to say, -

1. The amendment from time to time of the Constitution of Canada, except as regards matters coming within the classes of subjects by this Act assigned exclusively to the Legislatures of the provinces, or as regards rights or privileges by this or any other Constitutional Act granted or secured to the Legislature or the Government of a province, or to any class of persons with respect to schools or as regards the use of the English or the French language or as regards the requirements that there shall be a session of the Parliament of Canada at least once each year, and that no House of Commons shall continue for more than five years from the day of the return of the Writs for choosing the House; provided, however, that a House of Commons may in time of real or apprehended war, invasion or insurrection be continued by the Parliament of Canada if such continuation is not opposed by the votes of more than one-third of the members of such House.⁽¹⁾

- 1A The Public Debt and Property. ⁽²⁾
2. The Regulation of Trade and Commerce.

- 2A Unemployment insurance. (3)
3. The raising of Money by any Mode or System of Taxation.
4. The borrowing of Money on the Public Credit.
5. Postal Service.
6. The Census and Statistics.
7. Militia, Military and Naval Service, and Defence.
8. The fixing of and providing for the Salaries and Allowances of Civil and other Officers of the Government of Canada.
9. Beacons, Buoys, Lighthouses, and Sable Island.
10. Navigation and Shipping.
11. Quarantine and the Establishment and Maintenance of Marine Hospitals.
12. Sea Coast and Inland Fisheries.
13. Ferries between a Province and any British or Foreign Country or between Two Provinces.
14. Currency and Coinage.
15. Banking, Incorporation of Banks, and the Issue of Paper Money.
16. Savings Banks.
17. Weights and Measures.
18. Bills of Exchange and Promissory Notes.
19. Interest.
20. Legal Tender.
21. Bankruptcy and Insolvency.
22. Patents of Invention and Discovery.
23. Copyrights.
24. Indians, and Lands reserved for the Indians.
25. Naturalization and Aliens.
26. Marriage and Divorce.
27. The Criminal Law, except the Constitution of Courts of Criminal Jurisdiction, but including the Procedure in Criminal matters.
28. The Establishment, Maintenance, and Management of Penitentiaries.
29. Such Classes of Subjects as are expressly excepted in the Enumeration of the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces.

And any Matter coming within any of the Classes of Subjects enumerated in this Section shall not be deemed to come within the Class of Matters of a local or private Nature comprised in the Enumeration of the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces. (4)

SECTION 92.. SUBJECTS OF EXCLUSIVE PROVINCIAL LEGISLATION

In each Province the Legislature may exclusively make Laws in relation to Matters coming within the Classes of Subject next herein-after enumerated; that is to say, -

1. The Amendment from Time to Time, notwithstanding anything in this Act, of the Constitution of the Province, except as regards the Office of Lieutenant Governor.
2. Direct Taxation within the Province in order to the raising of a Revenue for Provincial Purposes.
3. The borrowing of Money on the sole Credit of the Province.
4. The Establishment and Tenure of Provincial Offices and the Appointment and Payment of Provincial Officers.
5. The Management and Sale of the Public Lands belonging to the Province and of the Timber and Wood thereon.
6. The Establishment, Maintenance, and Management of Public and Reformatory Prisons in and for the Province.
7. The Establishment, Maintenance, and Management of Hospitals, Asylums, Charities, and Eleemosynary Institutions in and for the Province, other than Marine Hospitals.
8. Municipal Institutions in the Province.
9. Shop, Saloon, Tavern, Auctioneer, and other Licences in order to the raising of a Revenue for Provincial, Local, or Municipal Purposes.
10. Local Works and Undertakings other than such as are of the following Classes:-
 - (a) Lines of Steam or other Ships, Railways, Canals, Telegraphs, and other Works and Undertakings connecting the Province with any other or others of the Provinces, or extending beyond the Limits of the Province;
 - (b) Lines of Steam Ships between the Province and any British or Foreign Country;
 - (c) Such Works as, although wholly situate within the Province, are before or after their Execution declared by the Parliament of Canada to be for the general Advantage of Canada or for the Advantage of Two or more of the Provinces.

11. The Incorporation of Companies with Provincial Objects.
12. The Solemnization of Marriage in the Province.
13. Property and Civil Rights in the Province.
14. The Administration of Justice in the Province, including the Constitution, Maintenance, and Organization of Provincial Courts, both of Civil and of Criminal Jurisdiction, and including Procedure in Civil Matters in those Courts.
15. The Imposition of Punishment by Fine, Penalty, or Imprisonment for enforcing any Law of the Province made in relation to any Matter coming within any of the Classes of Subjects enumerated in this Section.
16. Generally all Matters of a merely local or private Nature in the Province.

SECTION 95. CONCURRENT POWERS OF LEGISLATION RESPECTING AGRICULTURE
AND IMMIGRATION

In each Province the Legislature may make Laws in relation to Agriculture in the Province, and to Immigration into the Province; and it is hereby declared that the Parliament of Canada may from Time to Time make Laws in relation to Agriculture in all or any of the Provinces, and to Immigration into all or any of the Provinces; and any Law of the Legislature of a Province relative to Agriculture or to Immigration shall have effect in and for the Province as long and as far only as it is not repugnant to any Act of the Parliament of Canada.

FOOTNOTES:

(1) Added by the British North America (No. 2) Act, 1949, 13 Geo. VI, c. 81 (U.K.).

(2) Re-numbered by the British North America (No. 2) Act, 1949.

(3) Added by the British North America Act, 1940. 3-4 Geo. VI, c. 36 (U.K.).

(4) Legislative authority has been conferred on Parliament by other Acts as follows:

A. The British North America Act, 1871, 34-35 Vict., c. 28 (U.K.).

B. The British North America Act, 1886, 49-50 Vict., c. 35 (U.K.).

C. The Statute of Westminster, 1931, 22 Geo. V, c. 4, (U.K.).

APPENDIX IV SELECTED SECTIONS OF THE ROME TREATY

(reproduced from *United Nations Treaty Series: Treaties and International Agreements*. N.Y.: U.N. Secretariat, Vol 298/nos 4300-4302, 1958)

Article 4

1. The achievement of the tasks entrusted to the Community shall be ensured by:

- an ASSEMBLY,
- a COUNCIL,
- a COMMISSION, and
- a COURT OF JUSTICE.

Each of these institutions shall act within the limits of the powers conferred upon it by this Treaty.

2. The Council and the Commission shall be assisted by an Economic and Social Committee acting in a consultative capacity.

Article 5

Member States shall take all general or particular measures which are appropriate for ensuring the carrying out of the obligations arising out of this Treaty or resulting from the acts of the institutions of the Community. They shall facilitate the achievement of the Community's aims.

They shall abstain from any measures likely to jeopardise the attainment of the objectives of this Treaty.

AGRICULTURE

Article 38

1. The Common Market shall extend to agriculture and trade in agricultural products. Agricultural products shall mean the products of the soil, of stock breeding and of fisheries as well as products after the first processing stage which are directly connected with such products.

2. Save where there are provisions to the contrary in Articles 39 to 46 inclusive, the rules laid down for the establishment of the Common Market shall apply to agricultural products.

3. Products subject to the provisions of Articles 39 to 46 inclusive are listed in Annex II to this Treaty. Within a period of two years after the date of the entry into force of this Treaty the Council, acting by means of a qualified majority vote on a proposal of the Commission, shall decide as to the products to be added to that list.

4. The functioning and development of the Common Market in respect of agricultural products shall be accompanied by the establishment of a common agricultural policy among the Member States.

Article 39

1. The common agricultural policy shall have as its objectives:

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

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(b) to ensure thereby a fair standard of living for the agricultural population, particularly by the increasing of the individual earnings of persons engaged in agriculture ;

(c) to stabilise markets ;

(d) to guarantee regular supplies ; and

(e) to ensure reasonable prices in supplies to consumers.

2. In working out the common agricultural policy and the special methods which it may involve, due account shall be taken of :

(a) the particular character of agricultural activities, arising from the social structure of agriculture and from structural and natural disparities between the various agricultural regions ;

(b) the need to make the appropriate adjustments gradually ; and

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

Article 40

1. Member States shall gradually develop the common agricultural policy during the transitional period and shall establish it not later than at the end of that period.

2. With a view to achieving the objectives set out in Article 39, a common organisation of agricultural markets shall be effected.

This organisation shall take one of the following forms according to the products concerned :

(a) common rules concerning competition ;

(b) compulsory co-ordination of the various national market organisations ; or

(c) a European market organisation.

3. The common organisation in one of the forms mentioned in paragraph 2 may comprise all measures necessary to achieve the objectives set out in Article 39, in particular, price controls, subsidies as to the production and marketing of various products, arrangements for stock-piling and carry-forward, and common machinery for stabilising importation or exportation.

The organisation shall confine itself to pursuing the objectives set out in Article 39 and shall exclude any discrimination between producers or consumers within the Community.

A common price policy, if any, shall be based on common criteria and on uniform methods of calculation.

4. In order to enable the common organisation referred to in paragraph 2 to achieve its objectives, one or more agricultural orientation and guarantee funds may be established.

Article 41

In order to permit the achievement of the objectives set out in Article 39, provision may be made within the framework of the common agricultural policy for, *inter alia* :

- a) an effective co-ordination of efforts undertaken in the spheres of occupational training, research and the popularisation of rural economy, which may involve projects or institutions financed jointly ; and
- b) common action for the development of the consumption of certain products.

Article 42

The provisions of the Chapter relating to the rules of competition shall apply to the production of and trade in agricultural products only to the extent determined by the Council within the framework of the provisions and in accordance with the procedure laid down in Article 43, paragraphs 2 and 3, due account being taken of the objectives mentioned in Article 39.

The Council may, in particular, authorise the granting of aids :

- a) for the protection of enterprises handicapped by structural or natural conditions ; and
- b) within the framework of economic development programmes.

Article 43

1. In order to formulate the guiding lines of a common agricultural policy, the Commission shall, upon the date of the entry into force of this Treaty, convene a conference of Member States, with a view to comparing their agricultural policies by drawing up, in particular, a statement of their resources and needs.

2. The Commission, taking due account of the work of the conference provided for in paragraph 1, shall, after consulting the Economic and Social Committee and within a period of two years after the date of the entry into force of this Treaty, submit proposals concerning the working out and putting into effect of the common agricultural policy, including the substitution of national organisations by one of the forms of common organisation provided for in Article 40, paragraph 2, as well as concerning the putting into effect of the measures specially mentioned under this Title.

These proposals shall take due account of the interdependence of the agricultural questions raised under this Title.

The Council, acting during the first two stages by means of a unanimous vote and subsequently by means of a qualified majority vote on a proposal of the Commission and after the Assembly has been consulted, shall issue regulations or directives or take decisions, without prejudice to any recommendations which it may make.

3. The common organisation provided for in Article 40, paragraph 2, may, under the conditions provided for in the preceding paragraph, be substituted for national market organisations by the Council acting by means of a qualified majority vote :

a) if the common organisation offers to Member States which are opposed to this measure and which possess a national organisation of their own for the production concerned, equivalent guarantees regarding the employment and standard of living of the producers concerned, due account being taken of the time-factor in respect of possible adjustments and of necessary specialisations ; and

b) if such organisation ensures for exchanges within the Community conditions similar to those existing in a domestic market.

4. If a common organisation is created for certain raw materials at a time when no common organisation yet exists for the corresponding processed products, the raw materials concerned which are used for processed products destined for export to third countries may be imported from outside the Community.

Article 44

1. In the course of the transitional period and to the extent that the progressive abolition of customs duties and quantitative restrictions between Member States may result in prices likely to jeopardise the achievement of the objectives set out in Article 39, each Member State shall be permitted to apply to certain products, in a non-discriminatory manner and in substitution for quotas, to such an extent as shall not impede the expansion of the volume of trade provided for in Article 45, paragraph 2, a system of minimum prices below which imports may be :

—temporarily suspended or reduced ; or

—made conditional on their price being above the minimum price fixed for the product concerned.

In the second case, the minimum prices shall not include customs duties.

2. The minimum prices shall not be such as to lead to a reduction of exchanges existing between Member States at the date of the entry into force of this Treaty and shall not be an obstacle to a progressive expansion of such exchanges. The minimum prices shall not be applied in such a manner as to be an obstacle to the development of a natural preference between the Member States.

3. Upon the entry into force of this Treaty, the Council, acting on a proposal of the Commission, shall determine objective criteria for the establishment of minimum price systems and for the fixing of such prices.

The criteria shall, in particular, take account of average national costs of production in the Member State applying the minimum price, of the situation of the various enterprises in relation to such costs and of the need for promoting both the progressive improvement of agricultural operations and the adjustments and specialisations necessary within the Common Market.

The Commission shall also propose a procedure for revision of these criteria in order to take into account and accelerate technical progress and in order progressively to approximate prices within the Common Market.

These criteria and the procedure for revision shall be determined by means of a unanimous vote of the Council in the course of the first three years after the date of the entry into force of this Treaty.

4. Until the Council's decision takes effect, Member States may fix minimum prices on condition that they previously communicate them to the Commission and to the other Member States in order to enable them to submit their comments.

As soon as the Council has taken its decision, Member States shall fix minimum prices on the basis of the criteria established under the conditions mentioned above.

The Council, acting by means of a qualified majority vote on a proposal of the Commission, may correct the decisions taken if they do not conform to the criteria so determined.

5. From the beginning of the third stage and in cases where it has not yet been possible in respect of certain products to establish the above objective criteria, the Council, acting by means of a qualified majority vote on a proposal of the Commission, may modify the minimum prices applied to these products.

6. At the expiry of the transitional period, a table of minimum prices still in force shall be drawn up. The Council, acting on a proposal of the Commission by means of a majority of nine votes in accordance with the weighting provided for in Article 148, paragraph 2, first subparagraph, shall determine the system to be applied within the frame-work of the common agricultural policy.

Article 45

1. Until the substitution of the national organisation by one of the forms of common organisation provided for in Article 40, paragraph 2, the development of exchanges in respect of products for which there exist in certain Member States:

—provisions designed to guarantee to national producers a sale of their production, and

—a need of imports,

shall be pursued by the conclusion of long-term agreements or contracts between exporting and importing Member States.

Such agreements or contracts shall be directed towards the progressive abolition of any discrimination in the application of these provisions to the various producers within the Community.

The conclusion of such agreements or contracts shall take place in the course of the first stage; due account shall be taken of the principle of reciprocity.

2. With regard to quantities, such agreements or contracts shall take as their basis the average volume of exchanges between Member States in the products

concerned during the three years preceding the date of the entry into force of this Treaty and shall provide for an increase in that volume within the limit of existing requirements, due account being taken of traditional trade currents.

With regard to prices, such agreements or contracts shall enable producers to dispose of the agreed quantities at prices progressively approximating to those paid to national producers in the home market of the purchasing country.

This approximating of prices shall proceed as steadily as possible and shall be completed not later than at the end of the transitional period.

Prices shall be negotiated between the parties concerned within the framework of directives drawn up by the Commission for the implementation of the preceding two sub-paragraphs.

In the event of the first stage being extended, such agreements or contracts shall continue to be carried out under the conditions applicable at the end of the fourth year after the date of the entry into force of this Treaty, while the obligations to increase quantities and to approximate prices shall be suspended until entry on the second stage.

Member States shall avail themselves of any possibilities offered to them as a result of their legislative provisions, particularly as regards import policy, with a view to ensuring the conclusion and carrying out of these agreements or contracts.

3. To the extent that Member States require raw materials for the production of goods destined for export outside the Community in competition with producers in third countries, such agreements or contracts shall not be an obstacle to imports, for this purpose, of raw materials coming from third countries. This provision shall not apply if the Council decides by means of a unanimous vote to grant the payments necessary to compensate, in respect of imports effected for this purpose on the basis of such agreements or contracts, for the excess price paid in comparison with the delivery prices of the same supplies obtained on the world market.

Article 46

Where in a Member State a product is the object of a national market organisation or of any internal regulation with equivalent effect, either of which affects the competitive position of a similar production in another Member State, a countervailing charge on entry shall be applied by Member States on this product when it comes from the Member State where such organisation or regulation exists, unless that State levies a countervailing charge on exit.

The Commission shall fix the amount of these charges, to the extent necessary to re-establish the balance; it may also authorise recourse to other measures of which it shall determine the conditions and particulars.

Article 47

With regard to the functions of the Economic and Social Committee in the application of this Title, its agriculture section shall be at the disposal of the Commission with a view to preparing the conclusions of the Committee in accordance with the provisions of Articles 197 and 198.

Article 110

By establishing a customs union between themselves the Member States intend to contribute, in conformity with the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international exchanges and the lowering of customs barriers.

The common commercial policy shall take into account the favourable incidence which the abolition of customs duties as between Member States may have on the increase of the competitive strength of the enterprises in those States.

THE EUROPEAN SOCIAL FUND

Article 123

In order to improve opportunities of employment of workers in the Common Market and thus contribute to raising the standard of living, a European Social Fund shall hereby be established in accordance with the provisions set out below; it shall have the task of promoting within the Community employment facilities and the geographical and occupational mobility of workers.

Article 124

The administration of the Fund shall be incumbent on the Commission.

The Commission shall be assisted in this task by a Committee presided over by a member of the Commission and composed of representatives of Governments, trade unions and employers' associations.

Article 125

1. At the request of a Member State, the Fund shall, within the framework of the rules provided for in Article 127, cover 50 per cent of expenses incurred after the entry into force of this Treaty by that State or by a body under public law for the purpose of:

- (a) ensuring productive re-employment of workers by means of:
 - occupational re-training,
 - resettlement allowances; and

(b) granting aids for the benefit of workers whose employment is temporarily reduced or wholly or partly suspended as a result of the conversion of their enterprise to other productions, in order that they may maintain the same wage-level pending their full re-employment.

2. The assistance granted by the Fund towards the cost of occupational re-training shall be conditional upon the impossibility of employing the unemployed workers otherwise than in a new occupation and upon their having been, in productive employment, for a period of at least six months in the occupation for which they have been re-trained.

The assistance granted in respect of resettlement allowances shall be conditional upon the unemployed workers having been obliged to change their residence within the Community and upon their having been in productive employment for a period of at least six months in their new place of residence.

The assistance given for the benefit of workers in cases where an enterprise is converted shall be subject to the following conditions:

- (a) that the workers concerned have again been fully employed in that enterprise for a period of at least six months ;
- (b) that the Government concerned has previously submitted a plan, drawn up by such enterprise, for its conversion and for the financing thereof ; and
- (c) that the Commission has given its prior approval to such conversion plan

Article 126

At the expiry of the transitional period, the Council, on the basis of an opinion of the Commission and after the Economic and Social Committee and the Assembly have been consulted, may :

- (a) acting by means of a qualified majority vote, rule that all or part of the assistance referred to in Article 125 shall no longer be granted ; or
- (b) acting by means of a unanimous vote, determine the new tasks which may be entrusted to the Fund within the framework of its mandate as defined in Article 123.

Article 127

On a proposal of the Commission and after the Economic and Social Committee and the Assembly have been consulted, the Council, acting by means of a qualified majority vote, shall lay down the provisions necessary for the implementation of Articles 124 to 126 inclusive ; in particular, it shall fix details concerning the conditions under which the assistance of the Fund shall be granted in accordance with the terms of Articles 125 and also concerning the categories of enterprises whose workers shall benefit from the aids provided for in Article 125, paragraph 1 (b).

Article 128

The Council shall, on a proposal of the Commission and after the Economic and Social Committee has been consulted, establish general principles for the implementation of a common policy of occupational training capable of contributing to the harmonious development both of national economies and of the Common Market.

Article 152

The Council may request the Commission to undertake any studies which the Council considers desirable for the achievement of the common objectives, and to submit to it any appropriate proposals.

Article 157

1. The Commission shall be composed of nine members chosen for their general competence and of indisputable independence.

The number of members of the Commission may be amended by a unanimous vote of the Council.

Only nationals of Member States may be members of the Commission.

The Commission may not include more than two members having the nationality of the same State.

2. The members of the Commission shall perform their duties in the general interest of the Community with complete independence.

In the performance of their duties, they shall not seek or accept instructions from any Government or other body.^o They shall refrain from any action incompatible with the character of their duties. Each Member State undertakes to respect this character and not to seek to influence the members of the Commission in the performance of their duties.

The members of the Commission may not, during their term of office, engage in any other paid or unpaid professional activity. When entering upon their duties, they shall give a solemn undertaking that, both during and after their term of office, they will respect the obligations resulting therefrom and in particular the duty of exercising honesty and discretion as regards the acceptance, after their term of office, of certain functions or advantages. Should these obligations not be respected, the Court of Justice, on the application of the Council or of the Commission, may according to circumstances rule that the member concerned either be removed from office in accordance with the provisions of Article 160 or forfeit his right to a pension or other advantages in lieu thereof.

Article 197

The Committee shall include specialised sections for the main fields covered by this Treaty.

It shall contain, in particular, an agricultural section and a transport section, which are the subject of special provisions included in the Titles relating to agriculture and transport.

These specialised sections shall operate within the framework of the general competence of the Committee. They may not be consulted independently of the Committee.

Sub-committees may also be established within the Committee in order to prepare, in specific matters or fields, draft opinions to be submitted to the Committee for consideration.

The rules of procedure shall determine the particulars of the composition of, and the rules of competence concerning, the specialised sections and sub-committees.

Article 198

The Committee shall be consulted by the Council or by the Commission in the cases provided for in this Treaty. The Committee may be consulted by these institutions in all cases in which they deem it appropriate.

The Council or the Commission shall, if it considers it necessary, lay down for the submission by the Committee of its opinion a time-limit which may not be less than ten days after the communication has been addressed to the chairman for this purpose. If, on the expiry of such time-limit, an opinion has not been submitted, the Council or the Commission may proceed without it.

The opinion of the Committee and that of the specialised section, together with a record of the deliberations, shall be transmitted to the Council and to the Commission.

APPENDIX V: DESCRIPTION OF THE THREE DECISION-MAKING FRAMEWORKS

(extract from information given to the interviewed bureaucrats prior to their interviews)

Our interview discussion will focus on the constraints you face while you formulate agricultural policy alternatives. Our discussion will be based on the existing theories of decision-making which can be grouped into three theoretical decision-making frameworks. It is possible that a decision-maker might use a blend of all three frameworks when making decisions in a single policy area such as agriculture. However, in most circumstances, over a period of time, the majority of decision-makers use one of the three frameworks. For the sake of clarity we shall identify decision-makers who use one approach as Rational, Incremental, or Mixed-Scanning ones; and they can be described as follows:

A Rational decision-maker will examine all possible courses of action open to him by using quantitative measurements such as cost/effectiveness analysis. He will trace through the consequences of each alternate course, evaluate separately the benefits and losses of each alternative and then choose the one which, in his opinion, provides the greatest 'net value achievement'. All relevant values are known and any sacrifice necessary in one or more values is recompensed by the attainment of the final goal. Sometimes, however, the Rational decision-maker may opt for a satisfactory decision rather than the optimal one because he is limited by inadequate information.

An Incremental decision-maker views decision-making as a continuation of past activities with only incremental modifications, and believes that it is both inevitable and desirable that policies should be made within a very narrow spectrum of possible alternatives. Lack of time, information, or unconscious biases among others, prevent him from identifying the full range of policy alternatives and their consequences. The measure of a good decision is not that the decision is the perfect one, rather it is that the decision-maker has reached agreement on it.

A decision-maker using the mixed-scanning approach of decision-making will select rational alternative solutions to his problem, through exploration of the main alternatives in an overview manner, without examining details. Then, within the context set by such rational alternatives, a decision is made in an incremental way. This decision is constantly reviewed by a feedback mechanism. The decision-maker focuses his attention on the trade-off between political salability and programme effectiveness by negotiating the political and social (incremental) and economic (rational) feasibility of his decision.

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