A HISTORY OF POLICY ENDURANCE:
THE COMMON AGRICULTURAL POLICY 1957-2020

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TABLE OF CONTENTS

ABSTRACT

Since its beginnings in the 1950s the history of European integration has been tied to agriculture. The Common Agricultural Policy (CAP) became the first European Community (EC) common policy and has been its most expensive single budget item ever since. The CAP is both passionately defended and fiercely criticised, standing out as the single most controversial policy of the history of European integration. In more than five decades of existence it has been reformed numerous times, some reforms being mere attempts to reduce its costs, others somewhat more radical have transformed the way the European Union (EU) aids and protects its agricultural sector. The CAP has been analysed and discussed to various degrees on different spheres. In the scholarly sphere, economists, sociologists, political scientists and more recently historians have scrutinised the CAP from top to bottom to understand its main drivers and constraints. In the political sphere, politicians have always manoeuvred to secure a policy, which, although far too complex to understand, provides them local support. In the general public sphere, the CAP resides as an almost invisible policy, rarely mentioned, less discussed, except by the agricultural actors themselves. Despite the controversy, analyses and discussions, the truth is that the CAP, conceived to overcome very specific objectives in a post-war, food-scarce, food-unsafe EC, endures sixty-one years after its inception. In the present EU, where agriculture is still *the* sector in decline, where issues such as international terrorism, climate change, immigration and public health matters cover most of the public scope, how can the endurance of the CAP be explained? Why is there such a resistance to turn the page on a policy that could open the door to other, fairer, more effective, less controversial, policies? The purpose of this thesis is to analyse this endurance and to understand why despite the controversy, the discussions and the attempts to reform, the CAP remains unbeatable at the centre of European policies. It is not the purpose of this paper to advice European politicians on alternative policies for the EU, but rather to suggest that the CAP, as once conceived, has long overdue its life expectancy and is a dispensable policy in the EU.

1. INTRODUCTION

The Common Agricultural Policy (CAP) is the agricultural policy of the European Union (EU). It was proposed in 1957 in the Treaty establishing the European Economic Community, the first materialisation of which took place five years later in 1962. In it's almost sixty years of existence it has been revised and reformed a number of times. The first reforms aimed to reduce the overall cost of the policy, but over the years as the EC enlarged and saw itself transformed into the EU, CAP reforms slowly shifted to consider rising challenges such as rural development and environmental protection.

The CAP is both passionately defended and fiercely criticised. European lobbyists lead the group of CAP defenders and count with the support of most of Member States, and their respective agricultural authorities, and the majority of the agricultural community. Two points should be made in this respect. Firstly, that no matter the wing of the governing party, in most Member States never has there been a more agreed-on policy. Secondly, that even though the amount of aid granted to small farmers differs greatly from that of large-size land-owners, the vast majority of the agricultural community, more so small farmers, is the first one to jump to the street when talks of cuts in the CAP budget occur. The group of CAP detractors, on the other hand, is wider and more diversified. It includes scholars, analysts, policy makers, a minority of Member States and their agricultural authorities, and a minority of European politicians.

While CAP supporters argue that the policy costs less than 30 eurocents a day to each EU citizen, the Commission's lobbying of the CAP shelters on phrases such as "the CAP ensures healthy, safe and affordable food to the population of Europe", "our farmers are essential to our economy and our society…but their business is at the mercy of economic and weather conditions beyond their control which is why Europe supports it through the CAP" and "the CAP provides a safety net for many of Europe's different type of farmers and farming practices so they can produce enough food".[1]

On the opposite stand, CAP detractors base their criticisms mainly on the grounds of its cost to the EU and its inefficiency and inequality, and more recently criticisms have extended to the environmental and humanitarian impacts of the CAP. The cost of the CAP to the EU currently accounts for 38%, and even though this cost has gradually declined from an astounding 72% in 1984, many still consider this amount unjustifiable. The CAP has also been targeted to be an extremely unequal policy based on the current level and distribution of direct payments. Further, it has been argued that the CAP does not deliver protection to biodiversity, water, soil, climate and cultural landscape, proving that it is a fairly inefficient policy. A different claim is the one that maintains that the CAP does not help the agricultural sector to become more competitive and sustainable. Finally, the high complexity of the policy both for farmers, who wish to access CAP aid, and administrators, who must manage this aid, commonly surfaces as a concern and a further criticism of the policy.

It must not be contested that the context in which the CAP operates is far from simple. Firstly, European farmers face numerous challenges, namely: to become and remain competitive internationally, to achieve remunerative incomes, to manage a generational turnover introducing needed youth and energy, to master new technologies and to meet new societal demands beyond supplying their primary output, food (Buckwell et al, 2017). Secondly, the CAP operates in a very complex trade regime. As a member of the World Trade Organisation (WTO), and a signatory to the Agreement on Agriculture, the EU has distinct limits in the use of trade distorting policy. Nevertheless, and even though some of the most distorting domestic policies have been removed, agriculture in the EU remains a relatively high protected sector. Lastly, a series of global developments are putting pressure to the EU itself and augmenting the complexity of the context in which the CAP operates. For example, the Eurosceptic movements which have germinated from the general discontent

[1] EU2017EE, *Why do we need the Common Agricultural Policy in the EU?* Available at https://www.youtube.com/watch?v=hvIVJUrj8tQ, consulted 11 June 2018.

with migration levels and the unparalleled flow of refugees into the EU since 2015, or what could be contemplated as the culmination of this discontent: the Brexit of 2016. In this highly complex context, and all the while discussions for the Multiannual Financial Framework (MFF) 2021-2027 are taking place under the motto "*a budget focused on results*" (EC, 2015), the expenditure of EU policies, but even more so the most expensive policy, the CAP, is being intensely scrutinised.

Given the number of reforms that the CAP has undergone, it could be argued that the CAP has been *under fire* (Swinnen, 2008) since the very first day of implementation in 1962. Nevertheless, some consider that it is impossible to reform the policy substantially because of the strong positions of resistance to any true form of policy reform that come from strong stakeholders such as powerful farm and agribusiness lobbies and several powerful Member States, such as France and its allies. Is this consideration true? Is the CAP really a policy impossible to reform?

The CAP has been studied and analysed in the scholarly sphere from very early on after its implementation. Economists, political scientists and even sociologists have published their expertise regarding the policy in depth in the past five decades. Historians, on the other hand, have only recently started to become interested in the CAP, and they have approach historical accounts of the policy from the European integration stand point. These have so far focused on the 'Green Pool', a plan for a European-wide agricultural market that never materialised.[2] The foundations and the formative years of the CAP have also been the focus of historical accounts.[3]

[2] The most accurate existing account of the Green Pool episode is Alan S. Milward, *The European Rescue of the Nation State*, London, 1992, chapter 5. The first monographie is Gilbert Noël's *Du pool vert à la politique agricole commune. Les tentatives de communauté agricole euroéenne entre 1945 et 1955*, Paris, 1988, and the widest collection of national reactions to the Green Pool initiatives is contained in Richard T. Griffiths and Brian Girvin (ed.), *The Green Pool and the Origins of the Common Agricultural Policy*, Bloomsbury, 1995.
[3] See Ann-Cristina L. Knudsen, *Farmers on Welfare. The Making of Europe's Common Agricultural Policy*, Ithaca, 2009, and Kiran Klaus Patel, 'Interests and Ideas: Alan Milward, *The Europeanization of Agricultural Protection*, and the Cultural Dimensions of European Integration', in Guirao *et al*. (eds.), *Alan S. Milward and a Century of European Change*, London and New York, 2012, pp. 405-421).

The present thesis has as its main objective the understanding of the CAP's endurance at the centre of European policies. In order to reach this understanding, the analysis has been divided in three sections. Section 2 attempts to offer a clear picture of the CAP in 2018, firstly by identifying the relevant figures, secondly by listing the objectives of the policy, thirdly by dissecting the set of CAP instruments and lastly, by looking at the current regulations under which the CAP operates. Section 3 offers a brief account of past CAP reforms and devotes one last part to the evolution of rural development policy in the EU and the inclusion of rural development in the CAP. Section 4 commences by addressing the paradox of direct payments, the single most expensive instrument of all European policies, and later takes up the challenge of understanding the CAP's endurance by identifying the key drivers, actors and outcomes of past CAP reforms. This section concludes with a glance at the future and some post-2020 CAP perspectives.

2. THE CAP IN 2018

2.1. THE CAP IN NUMBERS

In 2017, the agricultural industry sector represented 1.20% of the combined gross added value of the 28 member States of the European Union (EU28) and 4.36% of total employment (see Table 1).[4] Both of these figures are smaller than those of 2012, which indicates that the agricultural sector is indeed in decline in the EU. Meanwhile, CAP expenditure for the MFF 2014-2020 amounts to over €408 billion, absorbing more than 37.6% of the total EU budget for this period. The EU allocates nearly €37 billion more of its budget to the CAP than to Economic, Social, and Territorial Cohesion programmes (see Table 2).

[4] Gross value added of the agricultural industry, at current basic prices and current exchange rates, as a percentage of all branches, and agricultural labour as a percentage of total employment in 2017, both values according to the European Commission's Eurostat National Accounts, data available at http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tag00056&language=en, and http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=aact_ali01&lang=en respectively, last consulted on 19 May 2018.

Table 1: Agricultural Industry and Labour in the EU

Agricultural Industry Gross value added	2012	2017
EU(28) GDP (current prices, million euro) (a)	13 577 230,0	15 326 468,0
EU(28) Gross value added of Agricultural Industry (b)	166 417,25	184 388,70[(e)]
Agricultural Industry as a % EU (28) GDP	1,22%	1,20%
Agricultural Labour	**2012**	**2017**
EU(28) Employment (1 000 persons) (a)	207 350	217 159
Agricultural Labour (1 000 annual work units) (b)	10 027,59	9 487,67(e)
% Agricultural Labour total Employment	4,83%	4,36%

Source: Eurostat, 2018 *(e) estimated*

Table 2: Expenditure of EU Policies in the MFF 2014-2020 (€ million)

MFF 2014-2020	1.087.197	100
Common Agricultural Policy	408.312,05	37.6
Pillar I-Direct payments and other market support measures	312.735	28.8
Pillar II - Rural development programmes	95.577	8.8
Economic, Social and Territorial Cohesion programmes	371.433	34.2
Competitiveness for growth and jobs	142.130	13.1

Source: EC, 2018

As will further be discussed, the CAP is divided into two pillars, Pillar I being direct payments to farmers and other market-support-related measures, and Pillar II comprising Rural Development programmes. Out of the €408 billion allocated to the CAP, €313 billion – over 75% – is committed to Pillar I. This signifies that less than 4.36% of the people employed in the EU – not all EU farmers are beneficiaries of CAP direct payments – receive nearly 30% of its total budget in the form of direct payments. Furthermore, the distribution of direct payments is highly skewed. Figures for 2016 show that 50% of CAP beneficiaries received 1.250 euros or less during that financial year, accounting to 4% of the total of the direct payments envelope, while 1.5% of CAP beneficiaries received more than 50.000 euros, mounting to 31% of the total of direct payments distributed in 2016.

When regarded co-jointly, the picture that these figures draw is not a pretty one. Firstly, there is no question that the CAP is expensive, for it absorbs nearly 40%

of the EU budget. Secondly, there is no question that the CAP is inequitable, for 1.5% of beneficiaries receive over 30% of the total expenditure of income support. Thirdly, the inefficiency of the policy, although not evidenced directly in the figures above, is widely renown, for the mechanisms set in place today fail to address the specific objectives for which the CAP was set in motion. Therefore, could it be assumed that a policy that is expensive, inequitable and ineffective is no longer a necessary policy?

2.2. CAP OBJECTIVES

Even though the picture that the CAP figures draw can be considered enough evidence of the folly of the policy for some, could it be argued that it is a legitimate policy by the set of objectives it manages to accomplish? The CAP has several types of objectives. The formal objectives are those that were outlined in the 1957 Treaty establishing the European Economic Community (EEC), commonly referred to as 'Treaty of Rome'. Six European countries signed the Treaty in the aftermaths of World War II in a moment where food shortage was a main issue, therefore the concern was to achieve food-security and stable food prices. The CAP was outlined in the Treaty as a policy that was to address these concerns with five specific objectives (see Box 1).

Box 1: Treaty establishing the EEC. 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;
(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.

Source: Treaty establishing the European Economic Community, Mar. 25, 1957, art. 39

Over time, as new challenges arose and as the European Communities transformed into the EU, a set of informal objectives came to be an integrated part of the CAP. Such is the case of the damaging environmental impacts derived from intensive agriculture, which started to be recognised during the 1980s, or the shift from agriculture to the broader concept of rural development which happened as the diversity of agriculture and rural areas increased in the Union by hand of enlargement. These stated yet informal objectives have not been incorporated to the formal objectives set out in the Treaty of Rome, however, the Commission proposed in 2013 three long-term objectives in an effort to address future challenges:

- viable food production,
- sustainable management of natural resources and climate action, and
- balanced territorial development.

These three objectives were defined based on economic, environmental and territorial challenges such as food security and globalisation, price volatility, the deteriorating position of farmers in the food supply chain, resource efficiency, water and soil quality and threats to habitats and biodiversity (EC, 2013).

2.3. CAP INSTRUMENTS

The way the CAP operates through a set of instruments and regulations has varied considerably in the past five decades. Since the end of the 1990s however, a clear two-pillar structure conforms the body of the CAP: Pillar I is directed to producer and market support and Pillar II addresses rural development measures. An important distinction between the two pillars is that while Pillar I schemes are mandatory Pillar II schemes are voluntary. This is significant because it highlights the un-acknowledged assertion that rural development measures in the EU still have a long way to go in order to be considered central to European policies.

2.3.1. Pillar I. Direct Payments and market-support-related measures

Pillar I currently accounts for 76.6% of the total of CAP budget absorbing 28.8% of EU expenditure. Pillar I comprises direct payments to farmers, granted in the form of a per-hectare income support and payments targeting specific objectives on the one hand, and a series of market-support-related measures on the other.

To be eligible for income support in the form of direct payments farmers must firstly hold a payment entitlement for each hectare of eligible land for which they claim the payment, and further they must fulfil the Basic Provisions of Regulation (EU) No 1307/2013.[5] These provisions have three elements: first, a set of 'minimum requirements' that a farmer must comply with; second, a farmer must be listed as 'active farmer'; and third, the farmer must have agricultural land that is used in agricultural activity at his/her disposal. A main implication of this last element is that abandoned land that cannot be used in production is not eligible for direct payments. On the other hand, the 'active farmer' provision excludes specific business and activities, such as airports or recreational areas, from accessing direct payments. Farmers who fulfil these requirements and own entitlements can access the direct payments by submitting a yearly application to the relevant national authority.

Direct payments are granted to farmers through different schemes, some of which are compulsory and others voluntary (see Box 2). The two most relevant schemes are the *Basic Payment Scheme* and the *Greening Payment*, both compulsory. The Basic Payment Scheme is a basic income support for farmers based on land size for arable crops and headage for livestock. The Greening Payment is a new set of conditions that applies to 30% of the direct payment envelope since 2015 (Regulation EU No. 1307/2013) (EU, 2013). The main

[5] Entitlements were introduced in 2003 and distributed to farmers based on their eligible area according to historical data. The total of direct payment budget was fixed per country, but Member States could choose the total number of entitlements available.

intention behind the establishment of these conditions has been to promote practices that are good for the environment and the global climate.[6]

Box 2: The structure of Direct Payments

Compulsory schemes

- Basic Payment Scheme
- Greening Payment – 30% of DP envelope
- Young Farmer Scheme – up to 2% of DP envelope

Voluntary schemes

- Voluntary Coupled Support – up to 13% of DP envelope
- Natural Constraints Support (ANC scheme) – up to 5% of DP envelope
- Simplified Small Farmer Scheme – up to 10% of DP envelope
- Redistributive Payment – up to 30% of national ceiling

Source: based on EC, 2016a

The third of mandatory schemes is the *Young Farmer Scheme*, which establishes that Member States must allocate up to 2% of their direct payments envelope to offer young farmers an extra support in the first five years in which they establish their farming activity.

Voluntary schemes are those that allow Member States to use part of the direct payments in sectors undergoing difficulties, areas with natural constraints and support to small farmers. The *Voluntary Coupled Support* is a new instrument introduced in 2013 which allows Member States to couple up to 13% of their direct payments to specific products. The purpose of this voluntary support is to ensure the production in sectors undergoing difficulties in specific moments and regions. The most supported sectors, according the European Commission (EC, 2016a), are beef, veal and dairy products.

[6] There are three conditions established in the Greening Payment: to maintain permanent grassland, crop diversification and to establish ecological focus areas of at least 5% of the arable land of a holding (EC, 2016a).

The *Natural Constraint Support*, also known as the *ANC Scheme* – ANC standing for Areas of Natural Constraints – provides support to farmers in areas with natural constraints such as mountain areas. Member States may allocate up to 5% of their direct payments envelope through this scheme.

The third of the voluntary schemes is the *Simplified Small Farmer Scheme*. Under this scheme, Member States may choose to allocate up to 10% of their direct payments to support smaller farmers. And finally, through the *Redistributive Payment*, Member States can choose to redistribute support to small farms by allocating up to 30% of their direct payments national ceiling to grant an extra payment for the first hectares farmed (EC, 2016b).

Farmers who are granted direct payments through any of the above mandatory or voluntary schemes are subject to compulsory cross-compliance, which means that if any of the conditions are not complied with farmers will be penalised proportionally to the extent, permanence, severity and repetition of the infringement. Cross-compliance covers two elements: firstly, farmers must comply with legislation within the areas of the environment, animal and plant health, food safety and animal welfare as stated in the *Statutory Management Requirements* (SMRs); and secondly, the farmland must be kept in *Good Agricultural and Environmental Condition* (GAEC). This second element refers to a set of standards related to water use, soil protection and landscape maintenance with the purpose of avoiding the deterioration of habitats.

A series of market-support-related measures complement the direct payments to form CAP Pillar I. The set of market-support-related CAP measures are established by the EU common rules for agricultural markets which include, amongst others: market intervention in order to ensure stability, specific intervention measures in order to support markets in crisis, marketing standards for certain agricultural products and import and export rules that apply in trade with third countries.

2.3.2. Pillar II. Rural Development Programmes

Pillar II Rural Development Programmes (RDPs) reward farmers for voluntary commitments to environmental measures and include measures intended to improve farmers' competitiveness, preserve the environment and enhance the quality of life in rural areas. Some examples of these measures are support to farm investments, support to farmers who convert to organic farming practices, and support to establish or restore wetlands.

It should be pointed out that while Pillar I instruments are rather homogenous across the EU, the way Member States implement their RDPs is widely diversified. Member States and regions design their RDPs based on territorial needs as long as they address at least four of the following six common EU priorities to ensure a minimum of policy coherence and unity (EC, 2018):

- *foster knowledge transfer and innovation in agriculture, forestry and rural areas*
- *enhance the viability and competitiveness of all types of agriculture, and promote innovative farm technologies and sustainable forest management*
- *promote food chain organisation, animal welfare and risk management in agriculture*
- *restore, preserve and enhance ecosystems related to agriculture and forestry*
- *promote resource efficiency and support the shift toward a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors*
- *promote social inclusion, poverty reduction and economic development in rural areas*

Pillar II currently accounts for 23.4% of the CAP budget absorbing 8.8% of total EU expenditure for the period 2014-2020. In 2016, the expenditure was distributed through 118 different RDPs in the 28 Member States, with 20 single national programmes and 8 Member States opting for two or more regional programmes (EC, 2018).

2.4. CAP REGULATIONS

The current regulations governing the CAP were introduced in the 2013 'Horizon 2014-2020' reform. There are four regulations that cover the scope of direct payments, rural development, the common market organisation and the financing, management and monitoring of the CAP (the so called horizontal regulation) (see Box 3).

Box 3: Regulations governing the CAP since 2013

- Regulation (EU) No 1307/2013 establishing rules for **direct payments** to farmers
- Regulation (EU) No 1308/2013 establishing a **common organisation of the markets** in agricultural products
- Regulation (EU) No 1305/2013 on support for **rural development**
- Regulation (EU) No 1306/2013 on the **financing, management and monitoring** of the CAP (horizontal regulation)

Just recently, a new regulation has been adopted introducing changes to the four basic CAP regulations. This is the agricultural part of the Omnibus regulation, which was adopted on 13 December 2017 and applied 1 January 2018.[7] The changes introduced by the regulation aim to simplify the policy to the benefit of both farmers and national authorities. The most relevant changes that have been introduced are:

- *Direct payments*
- Modification of the definition of permanent grassland
- Amendments to the 'active farmer' provision
- Changes in relation to the greening payment

[7] The Omnibus regulation is the regulation on the financial rules applicable to the general budget of the EU. The regulation was published in September 2016 as part of the review package of the MFF 2014-20120.

- Amendments to the Voluntary Coupled Support scheme
- Amendments to the Young Farmer scheme

– *Rural Development*

- Changes to the risk management tools
- Changes to facilitate the uptake of financial instruments
- Several other punctual changes reducing the administrative burden of implementation, including relating to selection and eligibility criteria

Since the changes introduced by the Omnibus regulation have only been recently enforced, it is far too soon to assess whether they will indeed manage to simplify the policy or if they will have any impact in policy management and performance. However, some analysts have already pointed out possible negative outcomes that could arise from these measures. Matthews (2018b) has analysed the changes to the *Voluntary Coupled Support* (VCS) scheme and maintains that the removal of the constraint that coupled support may only be granted to the extent necessary to create an incentive to maintain current levels of production, and the removal of the limitation that coupled payments should be granted within defined quantitative limits, has as a consequence that "coupled support can now legitimately be given even where it leads to an increase in production beyond historical levels" (Matthews, 2018a). He argues that the previous justification for coupled support, that is, to support sectors or regions in "difficulties", is now only retained in principle, for Member States will be at liberty to use coupled support to promote increased production, subject only to the financial ceiling for VCS measures as a whole. The effects of the modifications to the VCS scheme will start to be noticed in 2019 when it will be seen whether Member States take advantage of the new set a measures to institutionalize past overproduction episodes, or if by contrast they choose to remain rational and base production on consumptions needs.

3. PAST CAP REFORMS

The CAP has experienced several reforms since it came into force in 1962 (see Box 4). Analysing when these reforms happened and the context in which they happened is fundamental to understand the evolution of the CAP and it will also set the stage to analyse the CAP's endurance in the following section.

Box 4: Main Chronology of the evolution of the CAP

1957 – Treaty of Rome establishing the EEC: general objectives of the CAP
1962 – CAP regulations come into force on 30th of July
1969 – The Mansholt Plan failure
1984 – Introduction of milk quotas
1992 – The MacSharry Reform
1999 – Agenda 2000: The Fischler I Reform
2003 – The Fischler II Reform
2005 – The Sugar regime Reform
2008 – The CAP's Health Check
2013 – The Horizon 2014-2020 Reform
2018 – Omnibus regulation comes into force 1st January

3.1. 1969 – THE MANSHOLT PLAN FAILURE

Although thirty years would have go by until any substantial changes to the instruments and regulations of the CAP took place, one early attempt at reform was made. The 1969 Commissioner for Agriculture Sicco Mansholt elaborated a provocative memorandum proposing a set of policies to accelerate a structural change in the agricultural sector that included financial incentives to encourage five million farmers to abandon their farms (Stead, 2007). The reasoning behind Mansholt's plan was his prediction that there would be a substantial over-supply in certain agricultural products in the EC unless the amount of land under cultivation was significantly reduced. Mansholt had noted that farm incomes, on average, had not risen despite increase spending and production during the 1960s, and his proposal envisioned the consolidation of farms with a reduction of five million hectares of land under cultivation and the equivalent number of small farmers leaving the sector. These actions, he believed, would directly avoid production surpluses and would help raise the income of those farmers who remained active in the sector.

Mansholt's plan sought to find a cautious balance between opposing interests and it contemplated generous compensations for those farmers forced to leave the sector, such as vocational training programmes, retraining and early retirement schemes. Not surprisingly, the passionate protests carried out by small farmers together with the support to these protests from national politicians forced the plan to be heavily diluted into a much less radical set of measures. The three measures adopted in last stance were confined to an increasing offer in expenditure for modernisation. As a consequence of the plan's bruised experience, no further attempts to reform the CAP took place during the 1970s, which didn't help prevent the realisation of most of Mansholt's predictions regarding escalating production surpluses in the agricultural sector during the 1970s and beginning of the 1980s.

3.2. 1984 – INTRODUCTION OF MILK QUOTAS

The main feature of the CAP since its origins was the set of support measures to the farming community via market intervention, border protection, and especially, via guaranteed prices which were set well above world market levels. These measures encouraged overproduction, for, no matter the amount produced, farmers were guaranteed a fixed selling price. As Mansholt had predicted, the late 1970s and early 1980s saw an escalating overproduction in many agricultural products that gave way to several episodes of which the one characterised as 'milk lakes' and 'butter mountains' would be widely criticised and covered by global media.

Milk quotas were introduced in 1984 in order to curb overproduction in the dairy sector. The quotas put a limit to the amount of milk that a dairy farmer could sell every year exempt of a levy. Despite the introduction of quotas, the EU continued to produce more dairy products that needed for domestic consumption, which in turn traditionally resulted in the 'dumping' of dairy products in the global market, especially in developing countries. These dumping episodes, with the consequent market distortion they caused, were widely covered by the media especially due to the outstanding reporting conducted by two NGO's: OXFAM and CAFOD. Their investigations led them to maintain that any person in the poorest half of the global population earned less income per day than each of the 21.5 million EU dairy cows received in financial support under the CAP (CAFOD, 2002; OXFAM, 2002). Milk quotas were introduced as a temporary fix in a very specific moment with an expiry date of four years; however, they were not withdrawn definitely until 2015.

3.3. 1992 – THE MACSHARRY REFORM

In 1992, major changes to the CAP came by hand of the MacSharry reform. Named after the then Commissioner for Agriculture Ray MacSharry, the reform took place in a context of crisis both in domestic agricultural markets and in relation to EU budgetary discussion. But more than anything, the reform came as a response to the imminent Uruguay Round of international trade negotiation (Thiebaut, 2007). The Uruguay round, which took place between 1986 and 1994, was the 8th round of multilateral trade negotiations conducted within the framework of the General Agreement on Tariffs and Trade (GATT), and the first one that effectively integrated agriculture in multilateral trade negotiations by means of the Uruguay Round Agreement on Agriculture (URAoA). In order for the EU to comply with GATT regulations and to sign the URAoA, it had to drastically revise the solid protective measures in its agricultural sector that had come to characterise the EU as 'fortress Europe' (ECC, 2018b). MacSharry took about the challenge of introducing major changes to a policy which had basically remained untouchable for three decades.

The main feature of the MacSharry reform was a reduction of guaranteed prices for a number of commodities while compensating farmers for price cuts in order to avoid overproduction. This feature shifted the market-oriented character of the CAP to a support-related one. Price supports were replaced with direct payments linked to production in the form of area or headage payments for arable crops and livestock respectively. Direct payments were to be implemented in 1995 and since then onwards have become the cornerstone of the CAP and the most expensive single instrument of all European policies.

3.4. 1999 – AGENDA 2000: THE FISCHLER I REFORM

The year 1999 saw a new reform of the CAP in the broader setting of the EU Agenda 2000 action programme in preparation for Eastern enlargement. Furthermore, the current financial period was coming to an end and discussions around the next financial package would unavoidably include CAP expenditure since enlargement would necessarily require the prevision of funding for ten additional EU Member States.

The Agenda 2000 reform, also known as the Fischler I reform for the then commissioner for agriculture, Franz Fischler, introduced additional price cuts, including dairy products for the first time, and an increased expenditure in direct payments to compensate for these. The shift from a market-support character of the CAP to support-related one therefore continued its due course. Nevertheless, and despite the fact that the context was favourable to a multi-issue bargaining scenario, the complexity and quantity of issues at stake combined with the absence of any set of external pressures, brought about a rather mild reform that basically extended the agreed features of the previous reform.

It did, however, introduce one major feature: the division of the CAP into two pillars. Pillar I remained to address the classical objectives of farm policy such as market management and farm income support, and Pillar II was introduced to address, for the first time, rural development issues. The later gathered together measures to improve agricultural structures, regional assistance to farms in less-favoured areas, agri-environment measures and measures to improve the quality of life in rural areas (Matthews et al. 2017). Despite the introduction of a second pillar and the perspectives that this introduction promised, the partial failure of the reforms appealed for the decision to undertake a mid-term review of the CAP in 2003.

3.5. 2003 – THE FISCHLER II REFORM

Paradoxically, what was first envisioned as a mid-term review of the 2000-2006 period turned out to be what is considered to date the most radical reform of the CAP since its inception. Several factors came together to set, as Swinnen (Swinnen, 2008) has characterised it, the "perfect storm" to stage this. On the one hand, the intrinsic inconsistencies of the CAP had reached public awareness for the first time and in such a way that civil society had finally embarked in the debate over agriculture policy (Garzón, 2006:97). While food safety crisis were at the core of the debate domestically, a new sensitivity to the impact of the CAP on trading partners, in particular developing countries, was arising internationally. On the other hand, a new round of WTO negotiations had been launched in Doha in November 2001 and it had been made clear that the EU was not ready to take part in any agreement on basis of the Agenda 2000 package. [8]

The Fischler II reform finally approved in 2003, with progressive implementation as from 2005, consisted on four key elements (see Box 5): first and for the first time in the history of the CAP, farm support was decoupled from production through the introduction of the *Single Payment Scheme*; second, two new elements, *cross-compliance* and *modulation*, were introduced with the purpose of taking into consideration consumer and environmental concerns and reinforcing Pillar II; third, market policies were revised in sectors such as milk, rice, cereals and durum wheat; and finally, a mechanism for *financial discipline* was established to safeguard that the budget, which had been established up to 2013, was not exceeded.

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[8] The Doha Round of trade negotiations of WTO aimed to achieve a significant breakthrough on the three agricultural pillars that had been set during the Uruguay Round: reduction in tariffs, export subsidies and trade-distorting domestic support policies. After several years of discussion and considerable lack of agreement, negotiations finally broke down in July 2008 after failing to reach a compromise on agricultural import rules. As of today, the future of the Round remains uncertain.

Box 5: Main features of the Fischler II reform

- Single Payment scheme – direct payments decoupled from production
- Cross-compliance and Modulation – reinforcement of Pillar II
- Revision of market policies (milk, rice, cereals and durum wheat)
- Financial discipline mechanism

Farm support via the Single Payment scheme was based on entitlements attending to historical data, and the payments were to be applied at national level with some degree of flexibility. Even if the possibility existed to keep part of direct payments linked to production for specific products, these were overall decoupled from production in most sectors. Additionally, guaranteed support prices were reduced once more with yet again the need to increase expenditure for direct payments. Furthermore, since the scheme was to be applied also in the ten Member States that joined the EU in 2004, direct payment expenditure resulted exponentially increased.

The introduction of cross-compliance as a compulsory element in order to comply with the reception of direct payments was a big step in orienting the CAP towards greener practices. Cross-compliance meant that farmers had to respect animal and plant health, taking into account environmental, food safety and animal welfare standards, thus ensuring a “good agricultural and environmental condition” of their lands. By introducing modulation, on the other hand, the Commission acknowledged that Pillar II, established three years earlier, needed to be reinforced, and therefore it was decided that 5% of direct payment funds would be transferred to Pillar II after 2007.

By introducing all of the above measures, the Fischler II reform drastically changed the picture of European agricultural policy and it was a big step in opening agriculture to trading partners, to the present and future challenges faced by the agricultural sector and to greener practices.

3.6. 2005 – SUGAR REGIME REFORM

In 2004, a new Commissioner for agriculture and rural development took office: Mariann Fischer Boel. The EU had been regulating its sugar sector in more or less the same way for 40 years, that is, supporting a domestic sugar price far above world market prices. As was the case with dairy production two decades earlier, price support to sugar production was creating enormous sugar surpluses which in turn were exported, much to the discontent of trading partners, to world markets via export subsidies. The first task that Fischer Boel took upon herself was the revision of the sugar regime of the EU.

The reform was agreed in November 2005 and finally introduced in 2006 and throughout the following years. The main feature of the reform was a reduction of the guaranteed price of sugar by 36% over four years and the introduction of incentives aimed to encourage the least efficient sugar producers and sugar beet growers to abandon the sugar industry (Swinnen, 2008).

Although trading partners applauded the reform, and there was a considerable restructuring of the sugar sector in the EU, the introduction of sugar quotas, set in place at least until 2020, still encourages sugar production to the extent that the EU continues to be the largest sugar beet producer and the third largest sugar producer on average in the world. [9]

3.7. 2008 – THE CAP HEALTH CHECK

On her last year as Commissioner, Fischer Boel carried out a review of the CAP which would be dubbed the “CAP Health Check” (EC, 2007). The package of adjustments was agreed to in November 2008 with the aim of keeping the CAP to the spirit of the 2003 reforms.

The health check introduced a greater focus on new challenges such as water management, biodiversity and climate change, renewable energy, and innovation concerning these targets (Matthews et al. 2017). In order to finance

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[9] Figures for 2016 by the International Sugar Organisation, available at https://www.isosugar.org/sugarsector/sugar, consulted 24 May 2018.

new projects addressing these challenges, modulation was increased another 5% which meant that farmers were contributing a total of 10% of their income support to Pillar II RDPs.

The health check also reinforced the market-oriented character of the CAP. Sectors that still received coupled direct payments up to that moment were to be phased out by 2012. However, under the so-called “Article 68” measures, Member States were given the possibility to couple up to 3.5% of their direct payments to production in the dairy, beef and veal, sheep and goat meat, and rice sectors, in order to help farmers in disadvantaged regions and in environmentally sensitive areas.

One other measure introduced during the health check was that twenty-one individual commodity market regulations were collapsed into a single common market organisation regulation. Finally, in light of the price spike on world markets at the time, measures to limit supply were deemed obsolete, leading to the elimination of the arable set-aside measure and the decision to definitely abolish milk quotas in 2015.

Overall, the final agreements of the health check reached in November 2008 were considered to be a good step in reinforcing the spirit of the CAP from the 2003 reform, however it was also pointed out that the health check had been a missed opportunity to prepare the CAP for the considerable environmental challenges that lay ahead (IEEP, 2008).

3.8. 2013 – THE HORIZON 2014-2020 REFORM

The discussions for the financial period 2014-2020 brought about a new reform of the CAP under the name the “Horizon 2014-2020” reform. Under the successor to Fischer Boel, the Commissioner for agriculture and rural development Dacian Ciolos, the need to justify the continued allocation of CAP budget while MFF discussions for the next financial period were taking place influenced both the agenda and the outcome of the reform.

The reform had a long gestation period that began with an extensive public debate on the objectives and instruments of the agricultural policy of the EU. The debate was heavily influenced by the 2010 Commission communication "*Europe 2020. A strategy for smart, sustainable, and inclusive growth*" (EC, 2010). The communication was published three years after the beginning of the worst economic and financial crisis in post-WWII Europe, and the Commission was lobbying for 2010 to be contemplated as a turning point where "*Europe would emerge stronger*" (EC, 2010).

After extensive debate, the drafted reform proposals were centred around the following measures (see Box 6): i) a more balanced distribution of direct payments, ii) the provision of a share of direct payments to a greening component where farmers would be compensated for actions in favour of the environment and climate action, iii) an increase in the support for young and small farmers, iv) new tools for crisis management, v) measures to strengthen the position of producers in the food chain, vi) additional investment in research and innovation, and vii) a simpler and more efficient CAP (Swinnen, 2015).

Box 6: Horizon 2014-2020 reform. Drafted proposals versus policy changes

Drafted Proposals	Policy Changes
Direct payments more balanced	Adjustments to the Single Payment Scheme:
Direct payments 'greener'	• redistribution of payments among MS
Increase support for young & small farmers	• redistribution of payments among farmers
New tools for crisis management	• definition of 'active farmer'
Strengthen producers in food chain	Reinforced cross-compliance
Investment in research and innovation	
Simpler and more efficient CAP	

Even though the drafted reform proposals were promising in terms of transforming the CAP into a greener, more balanced and fairer policy, the approved provisions introduced very little changes in terms of policy mechanisms (see Box 6), to an extent that it has been largely commented that the CAP reform of 2013 could not be considered a reform *per se*, but rather that it had been a small effort to make the CAP appear new and shiny (Garcia-Duran et al. 2014, Swinnen, 2015). There is no doubt that some changes to the policy did occur, such as an explicit redistribution of budgets between Member States for the first time (Swinnen, 2015). However, and for the most part, export subsidies and quotas were maintained, direct aid remained linked to production for many agricultural goods and guaranteed prices suffered a very slight reduction. Lastly, the 2013 CAP reform established the current regulations governing the CAP and it also introduced a transitional regulation to gap between the existing legal framework and the new set of regulations during 2014.

3.9. EVOLUTION OF RURAL DEVELOPMENT POLICY IN THE EU

To conclude the section on past CAP reforms, a brief account of the evolution of rural development policy in the EU and the introduction of rural development into the CAP follows (see Box 7).

The first rural development-related policy in the EEC was introduced in 1975 by means of the Less Favoured Area (LFA) scheme. The main purpose of the scheme was to compensate farmers in mountainous and other less-favoured areas for the production difficulties they encountered in their farming practices. The scheme introduced 'compensatory allowances', the first instrument of selective direct income support to farmers. It is interesting to point out that even though the LFA scheme addressed in its objectives the link between agriculture and the environment, it would take more than two decades before agriculture's negative impact on the environment would be acknowledged in the policy arena. 1975 was also the year that saw the creation of the first European fund specifically addressing regional development: the European Regional Development Fund (ERDF).

Box 7: Evolution of Rural Development policy in the EU
1975 – Less-Favoured Area (LFA) scheme
1975 – European Regional Development Fund (ERDF)
1987 –European Structural Funds reform
1988 – *"The Future of rural society"* (ECCa, 1988)
1991 – LEADER
1992 – MacSharry Reform
1996 – European Conference on Rural Development: 'Cork Declaration 1.0'
1997 – *"Towards a Common Agricultural and Rural Policy"* - Buckwell Report
1999 – Agenda 2000: integration of rural development in the CAP – Pillar II
2003 – Fischler II reform: cross-compliance and modulation
2007 – European Agricultural Fund for Rural Development (EAFRD)
2008 – The CAP Health Check – increased modulation
2013 – The Horizon 2014-2020 reform – reinforcement of cross-compliance
Source: based on Dax *et al.* 2016

However, the real origin of rural development policies in the EU is considered to be the 1988 document *"The Future of rural society"* (ECCa, 1988). 1987 had seen the restructuring of the European Structural Funds and the integration of the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the European Agricultural Guidance and Guarantee Fund (EAGGF) into one single Cohesion Policy. The discussions centred on the preparation of the EEC document paved the way for an integrated approach by requiring the three funds to work together in development programmes (Dax et al. 2016).

1991 brought about the creation of LEADER, a European initiative to support rural development projects in order to revitalise rural areas, create jobs and strengthen innovation and local development within rural regions.[10] Almost thirty years after its creation, LEADER remains the foundation of European Rural Development Policy by being the instrument that better addresses territorial needs through an integrated approach (Dax et al. 2016).

[10] The French acronym LEADER stands for 'Liaison entre actions de développement de l'économie rurale', which means '*Links between actions for the development of the rural economy*'.

The 1992 MacSharry CAP reform introduced several measures that if not addressing rural development directly, laid the foundations for what would several years later become Pillar II of the CAP. These were the set of 'accompanying measures' conformed by: i) support for environmental conservation, ii) afforestation aid and iii) the early retirement scheme. Four years later, the European Conference on Rural Development brought as an end the (first) 'Cork Declaration' (EC, 1997). The declaration was pivotal for two reasons: first, it argued strongly for the establishment of a single programme devoted to rural development, the Rural Development Programme (RDP), and second, it claimed that the CAP should be the policy field responsible for addressing rural development issues. While the Cork conference was taking place, a group of experts led by Allan Buckwell came together to analyse the intrinsic inconsistencies of the CAP under petition of the Commissioner for agriculture Franz Fischler. The analysis they conducted culminated in the publication of a report entitled *"Towards a Common Agricultural and Rural Policy for Europe"* (Buckwell et. al, 1997), which stressed the need for an integrated policy that embraced both agriculture and rural development. Finally, in the Agenda 2000 reform package, the joint push of the Cork Declaration, the Buckwell report, and several other internal and external analyses and discussions, brought about the inclusion of rural development into the CAP by means of Pillar II.

While the creation of Pillar II had been thought of as a radical incentive towards an increased prioritisation for rural action, the actual implementation of Agenda 2000, as stated before, was shy of accomplishments. However, three years later Pillar II resulted reinforced in the Fischler II reform with the introduction of cross-compliance and modulation as measures that shifted focus towards rural development related actions. Although cross-compliance and modulation have been positive steps in granting rural development measures more weight in agricultural policy, and despite the increase in modulation in the CAP health check of 2008, and the alleged reinforcement of cross-compliance in the 2013 CAP reform, the overall impression is that rural development in the EU has still a long way to go before its relevance is acknowledged in policy development.

4. THE CAP'S ENDURANCE

While the European Commission works round the clock to deliver the MFF for the period 2021-2027, the future of the CAP after 2020 is being intensively debated. Analysts and scholars from different fields and areas of expertise continue their criticisms to the CAP and propose further reforms. The purpose of this thesis, however, is not to advise European politicians on alternative policies for the EU nor on future CAP reforms, but rather to suggest that the CAP, as once conceived, has long overdue its life expectancy and that as designed and implemented today is not serving the purposes which theoretically it aims to pursue.

The present section analyses the CAP's endurance by structuring the analysis in three parts. The first one takes a closer look at the most controversial of CAP's instruments: direct payments. Since direct payments account for over three quarters of total CAP expenditure, which equates to more than a quarter of total EU expenditure, their relevance is central to this analysis. The second part focuses on the drivers, actors and outcomes of past CAP reforms in order to better understand the policy's endurance. And lastly, the third part takes a look at the future and some post-2020 CAP perspectives.

4.1. The Paradox of Direct Payments

Over 6.7 million EU beneficiaries accessed CAP direct payments in 2016 (EC, 2017). However, figures for the financial year show that 51% of CAP beneficiaries received €1.250 or less, accounting to 4% of the total direct payment expenditure, while 1.5% of beneficiaries received €50.000 or more, mounting to 31% of the total direct payments distributed (see Table 3). In simpler words: a small proportion of individuals receive a big slice of the pie. Furthermore, many of these beneficiaries are not farmers who actually make a living of their agricultural activity but rather big landowners, enterprises and businesses whose main occupation is not related to the agricultural sector. Examples of these individuals are the Queen of England, a Saudi Prince, or some of the wealthiest aristocratic families in the UK (UNEARTHED, 2016).

Direct payments are intended to support farmers directly via income support, and paradoxically, they end up enriching the pockets of those who less need it.

Table 3: CAP Beneficiaries and direct payments 2013-2016 financial years

	2013	2014	2015	2016
Total number of beneficiaries (x 1000)	**7.405**	**7.521**	**7.247**	**6.716**
Beneficiaries receiving				
EUR 1.250 or less	55%	55%	54%	51%
EUR 1.250 to 5.000	24%	24%	25%	26%
EUR 5.000 to 10.000	8%	8%	8%	9%
EUR 10.000 to 50.000	11%	11%	11%	12%
EUR 50.000 to 100.000	1%	1%	1%	1%
EUR 100.000 or more	0.5%	0.5%	0.4%	0.5%
Direct payments distributed among beneficiaries receiving				
EUR 1.250 or less	5%	5%	5%	4%
EUR 1.250 to 5.000	11%	11%	11%	11%
EUR 5.000 to 10.000	10%	11%	10%	11%
EUR 10.000 to 50.000	42%	42%	42%	43%
EUR 50.000 to 100.000	15%	15%	15%	15%
EUR 100.000 or more	17%	17%	17%	16%

Source: EC, 2017

Even though the 2013 CAP reform sought to mitigate the disparities in the distribution of direct payments through the replacement of the Single Payment Scheme by the Basic Payment Scheme and changes to the ‘active farmer’ definition and other measures, the evidence shown by the last available figures (2016) is that the number of beneficiaries who receive almost a third of the total direct payment allocation remains the same since 2013. The CAP, as last reformed, continues to be extremely unbalanced, inequitable, and unfavourable to the smaller and medium-sized farmers.

Whether the introduction of direct payments in 1995 is justified or not is not at debate here. Direct payments were introduced in a moment where compensation for lower market support was deemed necessary. Over two decades later, however, it is hard to justify a measure intended for a particular moment where a change in the policy was a necessity. As Buckwell (Buckwell, 2017) has stated, it was a big mistake to offer farmers the impression that direct payments meant a permanent support entitlement.

CAP advocates continue to justify direct payments based on various argumentations, such as that they provide a safety net against unexpected market shocks, that they are a contribution to higher farm incomes or a necessary support for food security. These arguments, when regarding the evidence granted by the figures above, become futile.

On 2 May 2018, the Commissioner for Agriculture, Phil Hogan, declared in a press conference that the Commission proposed a ceiling of €60.000 as maximum amount of direct payments to any holding.[11] This statement followed the publication of the Commission's proposal for the MFF 2021-2027. Earlier that week, the Commission President, Jean-Claude Juncker, had already advanced this proposal by addressing the Parliament as follows: "the Commission will propose a €60.000 limit on individual direct payments to support small farm holdings instead of 'agricultural factories'".[12] As promising as this proposal seems, it is likely that in fact it will do little to mitigate the disparities in direct income support to farmers via direct payments, for as Matthews (Matthews, 2018c) has pointed out, the fine print of the Commission's proposal needs to be read carefully.

It remains to be seen whether the legislative proposals, soon to be published, cover an existing loophole by which the ceiling would indeed proof to be an ineffective tool. The loophole is evident in a leaked draft of the Commission's legislative proposals made public on 25 April 2018.[13] As stated in the draft, Member States are required to deduct the value of salaries paid from the direct payments received before the ceiling is applied. This loophole makes the ceiling proposal meaningless, and therefore the claim that direct payments in the future will be fairer with small and medium-sized farms is misleading.[14]

Finally, in line with Mathew's (Matthews, 2018c) line of thinking, it can be argued that the idea of balancing the direct payment distribution towards small

[11] The full press conference is available at http://ec.europa.eu/avservices/video/player.cfm?ref=I154938, consulted 4 June 2018

[12] Reported on the IEG website, available at https://iegpolicy.agribusinessintelligence.informa.com/PL216339/CAP-subsidies-will-be-capped-to-support-smallscale-farmers-says-Juncker, consulted 4 June 2018

[13] The leaked Commission proposal is available at http://www.arc2020.eu/wp-content/uploads/2018/04/leak-25-April-CAP-draft-legislative-proposals1.compressed1.pdf, consulted 4 June 2018

[14] For a detailed analysis see Matthews, 2018c.

farms would be as meritless as maintaining the actual unbalanced distribution. If direct payments are going to remain at the core of the CAP as a form of income support, they should be directed towards those farmers who transition to more sustainable forms of production and to the production of public goods.
Direct payments where introduced in 1995 in a moment where market support via guaranteed prices was forced out of the equation mostly because the international pressure to the EU was too big to ignore. Trading partners would not continue negotiations with the EU unless reduction of guaranteed prices took place and the EU opened up its agricultural market to the world. Since then, and with a continuation of the reduction of guaranteed prices the following years and the consequent increase in direct payment expenditure, Direct Payments have become the elephant in the room that no one acknowledges. The assertion that direct payments contribute to farmer income support is not a strong enough justification of a measure which proves to be, year after year, inequitable and inefficient. Direct payments should be if not eliminated, at least forwarded to those farmers which help contribute to the provision of public goods while proving a positive role in the protection and maintenance of the agricultural lands of the EU through green practices.

4.2. Drivers, actors and outcomes of CAP reforms

The brief account of past reforms in section 3 has set the stage for an analysis of the endurance of the CAP. This section identifies the main drivers, actors and outcomes of each reform to better understand this endurance. The drivers, actors and outcomes of past CAP reform processes have been summarized in Table 4 (at the end of this section).

Four key drivers of reform have appeared to a greater or lesser degree in the different past reform processes:

i) pressures arising from domestic actors of the reform process;
ii) pressures linked to expenditure and budget constraints;
iii) pressures originated from enlargement of the EU; and
iv) external pressures coming from the WTO and trading world partners.

Regarding the actors, five groups have been identified:

a) European Commission and Commissioners for agriculture (and rural development after 1999)
b) Member States
c) European Parliament (co-legislator with the Council after 2013)
d) GATT / WTO / other trading partners
e) Civil Society / Environmental & consumer groups

Although it cannot be considered a reform *per se*, the 'Mansholt Plan' of 1968, being the first attempt of CAP reform, must be the starting point of this analysis. The Mansholt's Plan had one main actor: Sicco Mansholt himself. Mansholt had predicted that the CAP, with the set of support measures conformed by guaranteed prices, border protection and market intervention in place since 1962, would generate enormous agricultural surpluses. Mansholt's drive to reform was no other than to try to prevent an escalating overproduction in the EC that would bring along greater problems further down the line. Were his attempt to radically reform the CAP to have succeeded, the picture of the agricultural sector in the EU would probably be quite different today. Nevertheless, no internal or external pressures advocated reform and the general responses to the plan were passionate protests. The only group which showed some approval of the plan was conformed by EC's young farmers who were being guaranteed not only a continuation of their farming activity but moreover a significant improvement of their working conditions and income. Due to the scarce support the plan received, it had to be mitigated to such a degree that the little outcomes were confined to the increase of expenditure intended for the modernisation of the agricultural sector. As Mansholt had predicted, the set of market support measures encouraged the agricultural production in the EC to thrive during the 1970s to the extent that 'milk lakes', 'butter mountains', and other agriculture surplus episodes, soon became a problem that had to be dealt with.

There was one sole driver behind the introduction of milk quotas in 1984: to curve the surplus of dairy production and to put an end to the 'milk lakes' and 'butter mountains' that were drowning the EC. As an outcome, dairy quotas were introduced, but regardless the Community continued to exceed its dairy production well above consumption needs. It could be argued that a different outcome was that the surplus of dairy production, and the consequent dumping of dairy products in developing countries, would fuel that public awareness, regarding the intrinsic inconsistencies of the CAP, would increase in the following years leading to more external as well as domestic pressures that would eventually set the stage for deeper and more radical reforms of the policy.

Indeed, international trading partners appear for the first time as main CAP reform actors in the 1992 MacSharry reform. Even though the context was one of crisis both in domestic agricultural markets and in relation to budgetary discussions, the reform came primarily as a response to the GATT Uruguay Round of international trade negotiations. 'Fortress Europe', as it had been characterised, would not be able to take part in the negotiations unless it fundamentally revised its agricultural market support measures. The Commission, therefore, was forced to drastically reduce previously guaranteed prices in order to control overproduction and the consequent subsidised exports to the world market. This brought about as main outcome of the reform the introduction of direct payments as compensation for price cuts and the shift from a market-oriented to a support-related character of the policy.

The Fischler I reform was carried out in the broader setting of the Agenda 2000 action programme. The programme was an action plan basically designed to prepare the EU for Eastern enlargement. It was presented by the Commission in 1997 under a document entitled "*Agenda 2000. For a stronger and wider Union*" (EC, 1997), and it had three main goals: to update the European Model of Agriculture, to narrow the gaps in wealth and economic prospects between regions, and to honour priorities while enjoying only very modest increases in budget income until 2006. Even though persistent overproduction threatened to exceed the amounts that had been authorised by the Uruguay Round Agreement on Agriculture, and that a budgetary crisis was still looming in the air, the reform was shy of accomplishments. Indeed, even though Eastern enlargement was the main driver of the reform, the lack of any set of external pressures arising from trading partners did not push forward fundamental changes in the CAP. The major outcome of the reform was the introduction of Pillar II specifically aiming to include rural development considerations into the CAP. However, as already stated, the initial years after the introduction of Pillar II saw little action in regards to the inclusion of effective environmental and rural development measures in the agricultural sector.

As we have seen in the previous section, what is considered to be the most radical reform of the history of the CAP took in place in 2003 during what was supposed to be a mid-term review of the financial period 2000-2007. Although several factors came together to set the perfect stage for a drastic reform, the new round of WTO negotiations launched in Doha in 2001 was unquestionably the main driver. The Fischler II reform came as a political response to international pressure once again. One other driver that heavily influenced the reform process was the debate that was taking place among civil society who for the first time had become explicitly aware of the intrinsic inconsistencies of the CAP. Consumers were facing overwhelming food crises such as the 'mad cow disease' or the 'dioxin affair', and where increasingly demanding for food safety measures and health standards.[15] Environmental groups, on the other hand, were pressing environmental concerns and crying out for further development sensibility. The Fischler II reform was radical because it had to be. For the first time in forty years, pressures to the CAP were being prompted from all possible drivers: pressures from domestic actors, pressures linked to expenditure and budget, pressures originated from enlargement and external pressures coming from WTO and trading partners. This set of pressures has not come together since.

[15] The 'mad cow disease' and the 'dioxin affair' were two food crises taking place in the EU at the end of the 1990s and beginning of the century. The 'mad cow disease' originated in the UK but soon spread to the rest of the Union and it also reached other countries such as Japan. The disease is a fatal neurodegenerative disease originated in cattle but that can pass to humans who eat infected meat, causing death in the last stance. The 'dioxin affair', on the other hand, was contained specifically in the Belgian egg and chicken production, that were identified as contaminated with a chlorine compound causing death of the poultry and health issues in humans that had ingested contaminated produce.

The main actor of the Sugar Regime reform of 2005 was the Commissioner for agriculture and rural development Mariann Fischer Boel. Fischer Boel had arrived to office the previous year to find that support to the sugar sector in the EU had basically remained intact over four decades with a guaranteed fixed price of sugar well above world market prices. Even though there was no explicit pressure linked to a deadline in negotiations with trading partners, it has been argued that Fischer Boel's drive to conduct the Sugar Regime reform was to press the sugar sector in the EU into a WTO-compatible CAP (Richardson, 2009). The reform had three basic outcomes: a reduction of the guaranteed price of sugar, the introduction of retirement incentives for the least efficient sugar beet producers, and the introduction of sugar quotas. Despite these three outcomes that gave way to a partial restructuring of the sugar sector in the EU, sugar quotas have continued to encourage sugar beat overproduction in the EU.

The CAP health check revision of 2008 had yet again Commissioner Fischer Boel as its main actor. The drive behind this revision was to maintain the spirit of the 2003 reform by focusing on new challenges such as water management, biodiversity and climate change, renewable energy, and innovation. A major outcome of the health check was that the transfer of funds from Pillar I to Pillar II was increased to reach 10%. Further, it was decided that the remaining coupled payments would be phased out by 2012 and milk quotas would be removed permanently in 2015. Although Fischer Boel proved her good intention by taking upon the revision before she stepped down from officer, the truth is that the health check was considered to be by many a missed opportunity in preparing the CAP for the future environmental challenges that lay ahead. The absence of any external or internal pressures in the revision process obviously gave way to the little modifications in the CAP that fuelled such claims.

As exposed in the previous section, some scholars have had trouble referring to the last CAP reform process as a reform at all. The Horizon 2014-2020 CAP reform, though not shy in the number of actors, was shy of drivers and of meaningful outcomes. The extensive public consultation process did paint a clear picture of the desirable CAP design for the period 2014-2020. However, and once again due to a lack of pressures arising from external actors to the process, no major policy changes were introduced with the reform supporting the claim by many that it had been a mere attempt to make the CAP look new and shiny. One might wonder what led the Commission to embark in such a complex and lengthy consultation process. The sole driver behind the attempted reform was the need to justify the continued allocation of CAP budget while the MFF discussions for the next financial period were taking place. The Commission was obviously looking to obtain substantial justification for the continued expenditure of the policy, and embarking and making the civil society participant in the consultation process was a way of safeguarding the approval of continued allocation of EU budget to the CAP.

To wrap up the present analysis of the endurance of the CAP, it is worth analysing the recently introduced regulation that introduces modifications to some of the CAP's features. Although not a reform *per se*, the agricultural part of the Omnibus regulation has introduced several changes to the implementation mechanisms of the CAP, aiming to simplify the policy to the benefit of both beneficiaries and national authorities. Whether these changes will have an effect in CAP performance and management remains yet to be seen; however, it is interesting to analyse the context in which discussions around the agricultural part of the Omnibus regulation have taken place. The Omnibus regulation was published as part of the review of the MFF 2014-2020, and even though the full proposed regulation remains yet to be approved, the agricultural part of the regulation was approved at the end of 2017 entering into force 1 January 2018. This has happened simultaneously to the MFF 2021-2027 discussions. Therefore, it could be argued that there has been an urge to introduce changes into some of the CAP's measures before the budget for the next financial period was approved. The next section builds upon the previous argument and considers some post-2020 CAP perspectives.

Table 4: Drivers, actors and outcomes of CAP reforms

	Drivers	Actors	Outcomes
Mansholt Plan 1969	i)	a)	↑ CAP expenditure for modernisation
Milk Quotas 1984	i)	a) b)	↓ Guaranteed milk price ↘ Milk Quotas
MacSharry reform 1992	i) ii) iv)	a) b) d)	↓ Guaranteed prices ↘ Direct payments
Fischler I reform 1999	i) ii) iii)	a) b)	↘ Pillar II - Rural Development
Fischler II reform 2003	i) ii) iii) iv)	a) b) d) e)	↘ Single Payment scheme ↘ Cross-compliance ↘ Pillar I → Pillar II (Modulation) ↘ Production decoupling
Sugar regime reform 2005	i) iv)	a) b)	↓ Guaranteed sugar price ↘ Retirement incentives ↘ Sugar quotas
Health Check 2008	i)	a) b)	↑ Production decoupling (2012) ↘ Removal milk quotas (2015) ↑ Pillar I → Pillar II (Modulation)
2014-2020 Horizon reform 2013	ii)	a) b) c) e)	↘ 'Active farmer' ↘ Redistribution of payments ↑ Cross-compliance
Omnibus regulation 2017	i)	a) b) c)	↘ Changes to the VCS scheme ↘ Changes to the 'active farmer' provision ↘ Changes to the greening payment ↘ Changes to the Young farmer scheme
Post-2020 CAP 2018	i) ii)	a) b) c) e)	Outcomes Pending

VCS: Voluntary Coupled Support ↑ increase ↓ decrease ↘ introduction → transfer

4.3. The Post-2020 CAP

The post-2020 CAP will be heavily influenced by any agreement reached in regards to the next MFF period. As mentioned at the end of the previous section, the agricultural part of the Omnibus Regulation has been pushed forward at the end of 2017 simultaneously with MFF discussions, arguably so that some changes to the CAP could be implemented before reaching final agreements for the next MFF. Unquestionably, the context in which MFF discussions are taking place is not a simple one. With Brexit knocking on the door, with the biggest migratory crises that the EU has had to face, and the consequent escalation of Eurosceptic movements, with many parts of the Eurozone still recovering from the financial crisis and still facing historical unemployment figures, with increasing demands by consumer groups to ensure not only a higher quality of food products but also more sustainable and greener forms of production, with environmental concerns looming in the air, with tense relationships with historical trading partners, the list of issues adding complexity to the current European context seems to never end.

In this highly complex context, the MFF proposal for 2021-2027 was published 2 May 2018 including ceilings for expenditure as well as ideas on how to finance the budget.[16] The Commission has claimed that the proposal includes reductions of roughly 5% in both the CAP and Cohesion Policy programmes, the two sets of policies with the largest financial envelopes. However, analyses of the Commission's proposal have already reached a different set of conclusions. Matthews has determined that by looking at the numbers in a way different to the one in the Commission's proposal, the cut in CAP budget is roughly about 15% compared to the current financial period (Matthews, 2018d). Further, his analysis of the figures determines that the budget for Pillar II will be cut around 26%, while budget for Pillar I direct payments will be maintained constant in nominal terms (*ibid*). Despite the cuts, however, the CAP will continue to be the most expensive policy item, still above Cohesion Policy

[16] The Commission's proposal for the MFF 2021-2027 is available at: https://ec.europa.eu/commission/publications/factsheets-long-term-budget-proposals_en. (last consulted 4 June 2018)

Programmes (EC, 2018). It is interesting to mention at this point that the MFF 2021-2027 proposal acknowledges that “the evaluation of the “greening” layer of direct payments introduced in 2013 found that the greening measures have not fully realised their intended potential to provide ambitious benefits for climate and environment” (EC, 2018). Despite this acknowledgement, the Commission seems to show little interest in revising the budget intended for Pillar I direct payments while drastically cutting Pillar II, specifically cutting on resources for rural development and environmental measures. In line with Matthews conclusions, the cut on Pillar II while Pillar I direct payments remain untouched is not aligned with the Commission’s rhetoric that the next CAP will require a higher level of environmental and climate ambition (Matthews, 2018d). In other words, once again, the traditional CAP shows its resistance to be reformed into a more efficient and environmental-friendly agrarian policy.

Following the same methodology as in the previous section, one last row has been added at the bottom of table 4 to comment on different perspectives for the post-2020 CAP. Firstly, it can be argued that there are no sufficient drivers to pursue substantial CAP reform. With the set of complex issues in face of the EU today, pressures towards the CAP reform arising from domestic actors are, apparently, practically inexistent. Pressures linked to expenditure and budget constraints indeed do exist, especially considering the forthcoming Brexit and the escalating Eurosceptic movements. These pressures, however, seem to have a limited weight in pushing forward proposals of effective reforms. Finally, with the WTO Doha round on ice since 2008, pressures arising from WTO and trading world partners are not visible to public opinion and thus of nil effect upon the political agenda.

In regards to the actors, the current Commissioner for agriculture and rural development, Phil Hogan, has so far shown a rather passive approach to any form of CAP revision. Prior to taking office, Hogan had advanced that “its not good for market, certainty not for farmers, to have too many changes in quick succession. We have been bedevilled a bit by that over the last 20 years. I think now is an opportunity for some stability” (cited in Matthews, 2014). There is a fine line between stability and stagnation. Indeed, the past four years attest that

Hogan has done little to pursue changes in the CAP's mechanisms and regulations. Now, with the implications of the Commission's proposal for the MFF 2021-2027, it seems rather obvious that there is no room in the near future for a substantial CAP reform. Moreover, it seems as though past steps in the orienting of the CAP towards more sustainable forms of agricultural practice will potentially be reversed.

5. CONCLUSIONS

The Common Agricultural Policy (CAP) of the EU was conceived in 1957 in a post-war, food-scarce, food-unsafe EC to overcome very specific objectives. In 2020, the CAP will turn 63 years old and according to the recently published MFF proposals for the next financial period, it will continue to be the most expensive single budget item of the EU for at least another 10 years. The Agricultural industry sector represents currently 1.20% of the combined GDP of the EU of 28 member States and employs 4.36% of its working population. These figures continue to decrease every year indicating that agriculture is still a sector in decline in the EU. More than three quarters of the CAP budget are devoted to support EU farmers' income via direct payments, an instrument that year after year proves to be unreasonably inequitable and unfair to those who most need it. To sum up these figures, the EU continues to devote an immense part of its annual budget to theoretically support a small proportion of its population that contributes minimally in GDP terms. Theoretically, this is, for this alleged support ends up enriching the pockets of those who are in less need of support.

The CAP has been reformed on average every four years in the past 25 years. Almost all of these reforms have taken place in a context where international pressure has forced the EU to revise the policy in order to meet trading partners' demands in the global market. Only when CAP inconsistencies have reached the public domain has domestic pressure contributed to reform discussions. The Commission's lobbying in favour of the CAP, together with a general unawareness of the true cost of the policy to the European pockets, contributes to fuel the perception that the CAP, as of today, is not only justifiable but a necessary policy in the EU.

Perspectives for post-2020 show that there is little intention of substantially embarking in further CAP reform. Moreover, there is potential room for a regression in the policy's implementation mechanisms. This leads to the conclusion that the CAP will continue to endure, and that despite inconsistencies, the ineffectiveness to comply with the objectives it aims to pursue, and the criticisms, the CAP will remain at the centre of European policies for at least another decade.

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