Will reform bring a bumper harvest?


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The European Commission kicks off 12 months that will determine the reform agenda for the Common Agricultural Policy (CAP), with its 'CAP post-2013' conference on 19-20 July. Valentin Zahrnt argues that the final agreement may prove more ambitious than the current debate suggests

The chances of serious reform of the Common Agricultural Policy (CAP) look slim at first sight. An overwhelming majority of EU member states have signalled their backing for a strong, old-style CAP – most notably in the 'Paris Declaration' of December 2009 agreed by 22 countries. The recent own-initiative report from the European Parliament's agriculture committee sticks equally adamantly to the status quo. The European Commission's agriculture department seems glad to heed these signals in the way it frames issues and sets the agenda.

In the past, the Commission has been an agent of changes to the CAP. Franz Fischler and Mariann Fischer Boel, former commissioners for agriculture, had reform ambitions and insisted that these were in farmers' long-term interests. They were right, though farmers protested: their reforms shifted support from production to farm income, thus offering farmers the same money but greater flexibility in running their businesses.

The thrust of reformist ideas has now changed: it is to cut spending levels and to oblige farmers to provide as many public goods as possible in return. To support such changes would require an outstandingly liberal or environmentalist commissioner willing and able to break with the agriculture department's tradition of delivering for the agricultural and rural community. But Dacian Cioloş, the European commissioner for agriculture, is, if anything, more conservative than his predecessors.

Still, for four reasons, positions are likely to be very different by the time the budget and the new CAP are agreed, in 2012 at the earliest.

First, the burden of public debt, magnified by the financial and economic crisis, is only just beginning to ripple through government spending and to the public. After one or two years of fiscal austerity, free handouts to farmers and landowners will be much harder to defend.

Second, the stakeholders who want to channel CAP funding into public goods – such as research, infrastructure and environmental protection – are only slowly entering the debate.

Related to these two factors is a third: so far, agriculture ministries have had a free hand in defining their country's position. The closer negotiations come to the finish line, the more the dossier will be integrated into – and subordinated to – each country's grand national strategy for the post-2013 EU budget.

At least as important is a fourth driver of change. The CAP is an income redistribution policy: as the eurozone crisis is already straining financial solidarity, the transfer of billions of euros from one country's taxpayers to another country's farmers will prove politically controversial.

Consider, in particular, member states' entitlements to direct income support for their farmers, which amounts to €42 billion in 2010. The imbalances between contributions and receipts are striking. The most important net contributors are Germany (€2.4bn) and Italy (€1.6bn). The biggest beneficiaries, each gaining more than €1bn, are Greece, Poland and Spain, followed by France, Ireland and Hungary. Whatever they say in public, the money their farmers receive from other member states' taxpayers certainly plays a role in these countries' defence of the old-style CAP.

In the coming years, the big net contributors will contribute more: in 2013, Germany will make a net contribution of roughly €3bn, followed by Italy (€1.9bn), the Netherlands (€900 million) and Belgium (€800m). Some of the traditional beneficiaries will do less well: France, for instance, will see its net gains halved by 2013 (from €868m in 2010). The 12 newest members of the EU will increasingly benefit from direct income support, but they would be much better off with a shift in money from the CAP to the EU's cohesion funds. The EU-12's share of every euro spent is three times higher in the case of cohesion funds than for direct income support under the CAP.

How can the old-style CAP continue if it requires Germany to give away some €3bn a year, if France's net receipts shrink drastically and if the EU-12 has better options to attract EU funding?

When pondering the reform options, the Commission should be aware of the changing tide in favor of CAP reform – and be bold.

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More doubtful about the gains, but still committed to the EU

European publics are still Europhiles in theory, but there is growing Euroscepticism in practice, writes Bruce Stokes

Conventional wisdom is often a useful way for busy people to make sense of a complex set of issues in a constantly changing world. But it is frequently the product of an echo chamber. Elites talk to pundits who feed back to the elites their own perceptions, which then have the aura of authenticity. Occasionally it is useful to test widely shared assumptions against data from the real world, if only to entertain the possibility that conventional wisdom may be wrong. The oft-heard speculation that the future of a united Europe is in question is a case in point.

In the wake of the 'Great Recession' and the European sovereign-debt crisis, pundits have had a field day speculating about the demise of the euro and even the fate of the European Union itself.

But European publics retain their faith in both the institutions and the symbols of European integration, according to a recent Pew Global Attitudes survey. Large majorities in Poland (81%), Spain (77%), France (64%) and Germany (62%) and nearly half of those surveyed in the UK (49%) are supportive of the EU. Even the relatively low British support is in line with historic levels of support in that country.

And there is no discernable backlash against the EU due to the crisis. Support for the EU is actually up in France by three percentage points, and down by only three points in Spain and two points in Poland and the UK, all within the margin of error. Only in Germany has there been any significant erosion in positive sentiment towards the EU. Nevertheless, three in five Germans still back the EU.

Similarly, contrary to Eurosceptic commentary, two out of three people in France, Germany and Spain say they want to keep the euro as their national currency and they do not want a return to the franc, mark and peseta.

Moreover, Europeans do not fault Brussels for failing to protect them from their current economic problems. When asked to name who may be to blame for the recession, only 10% of the British named the EU as the first or second culprit and only 11% of the Spanish and 17% of the Germans agreed. In the UK, Germany, France and Spain, people blame the banks and other financial institutions. The Poles blame their own government.

But the Pew poll does provide evidence of a far more serious challenge to the future of a united Europe.

Nearly two-thirds of the French (63%) and more than half of the British (57%) think their economy has been weakened by European integration. Germans are evenly divided on the issue. A bare majority of Spanish say their economy has been strengthened. And only the Poles (68%) credit a united Europe with strengthening their economy.

Moreover, negative views about economic integration have grown over the years in western Europe, by 23 percentage points in Spain, 19 points in France and 19 points in the UK since 1991. And, especially in the UK, sentiment on this issue divides along ideological lines. A slim majority (52%) of people on the left of the British political spectrum think European economic integration has strengthened their country, while only 28% of centrists and 33% of those on the right agree.

So, it is not that conventional wisdom is not right, it is that it is often simply shorthand for a far more complex storyline. European publics are still Europhiles in theory, when it comes to institutions and symbols, but there is growing Euroscepticism in practice, when it comes to the impact of European economic integration on peoples' daily lives.

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