

**SIXTH FRAMEWORK PROGRAMME
PRIORITY 8.1.
SPECIFIC SUPPORT TO POLICIES**



SPECIFIC SUPPORT ACTION

**Agriculture for sustainable development: A dialogue on
societal demand, pressures and options for policy**

SASSPO-SSP4-022698

Background Note 4

**Contribution of the CAP to
the general objectives of the EU**

Kuokkanen, Kanerva & Vihinen, Hilikka

MTT Economic Research

August 2006

Abstract

The background material for the policy dialogue in this report concerns the contribution of the CAP to the general objectives of the EU. It aims at giving an overview of the available research and of its main findings. The background note presents the higher level EU objectives laid down in successive Treaties and the specific objectives of the Common Agricultural Policy, the historical discussion around the CAP, the Common Agricultural Policy in connection to the EU objectives of cohesion, competitiveness, employment and sustainable development, as well as the enlargement of the EU and its links to the CAP. The concluding chapter assesses the contribution of research for understanding the relationship of the CAP and the general objectives of the EU and opens the floor for the policy dialogue.

There are several studies dealing with the relation between the CAP and the objective of cohesion, often linked to the preparatory work of the EU Reports on Economic and Social Cohesion. The studies criticise the CAP, as the policy has a negative impact on interpersonal income redistribution (despite some positive effects at the interregional level). From the point of view of competitiveness, the most important issues are the links between the CAP and the Lisbon strategy, the relation between competitiveness and cohesion, and the impact of the CAP reforms on competitiveness. There are some studies addressing to the CAP and employment, dealing for instance with the decline of the agricultural workforce. From the objectives of the European Union, the objective of sustainable development – at least narrowly understood in an ecological context – is the most covered, although the research dealing with it also suffers from certain gaps and biases. The enlargement of the EU and its relation to the CAP is important from the perspectives of budgetary pressures, institutions, competitiveness and sustainable development, among others. Finally, the reforms of the CAP can be seen as a way of the policy to adjust to changes in the objectives of the EU.

Research on the CAP, which as such is large and impressive, has mainly been “nearsighted”, ignoring the relationship and contribution of the agricultural policy to the larger EU policy or EU integration. Competitiveness and employment are the key elements of the relaunched Lisbon strategy. The importance of territorial, social and economic cohesion is highlighted by the recent and coming enlargements. Based on this Background Note, we propose that the policy dialogue will try to formulate the urgent research needs that policy making has in respect to these topics.

CONTRIBUTION OF THE CAP TO THE GENERAL OBJECTIVES OF THE EU

1 Introduction.....	3
2 The objectives of the EU.....	3
3 CAP evolution.....	5
4 CAP and cohesion.....	6
5 CAP and competitiveness.....	10
6 CAP and employment.....	12
7 CAP and sustainable development.....	12
8 CAP and subsidiarity.....	14
9 CAP and enlargement.....	15
10 CAP reforms.....	16
11 Conclusions for the policy dialogue.....	18
References.....	19

1 Introduction

The purpose of this background note is to stimulate discussion on CAP in the wider context of EU. In the policy dialogue we shall discuss Research–policy-interactions from the viewpoint of policy implications on sustainable development. In the final policy briefs, a synthesis of existing information and relevant research results at the European level will be outlined and relevance of the research topics and accessibility of the information assessed.

The background material for the policy dialogue in this report concerns the contribution of the CAP to the general objectives of the EU. It aims at giving an overview of the available research and of its main findings. It is by no means an exhaustive list, it rather tries to provide the reader with sufficient basic information to stimulate and structure the joint debate. The text is based on existing research literature and is divided into nine chapters. Chapter 2 presents the higher level EU objectives laid down in successive Treaties, and the specific objectives of the Common Agricultural Policy. Chapter 3 illuminates briefly the scientific discussion on the CAP in the wider context of EU, especially from the historical point of view. Chapters 4 to 9 discuss the CAP in connection to the EU objectives of cohesion, competitiveness, employment and sustainable development, the subsidiarity principle and the enlargement, respectively. Chapter 10 reviews literature regarding the way in which the policy adjusts itself (reform) in conformity with new objectives at the EU level. The concluding Chapter 11 assesses the contribution of research for understanding the relationship of the CAP and the general objectives of the EU and opens the floor for the policy dialogue.

2 The objectives of the EU

The higher level EU objectives have been laid down in successive Treaties as follows.

The Treaty establishing the European Community (consolidated text):

“The Community shall have as its task, by establishing a common market and an economic and monetary union and by implementing common policies or activities referred to in Articles 3 and 4, to **promote** throughout the Community a harmonious, balanced and sustainable development of **economic activities, a high level of employment and of social protection, equality between men and women, sustainable and non-inflationary growth, a high degree of competitiveness and convergence of economic performance**, a high level of protection and improvement of the **quality of the environment**, the raising of the **standard of living and quality of life**, and **economic and social cohesion and solidarity** among Member States.”

Treaty on European Union (consolidated text):

“The Union shall set itself the following objectives:

- to promote economic and social progress and a high level of employment and to achieve balanced and sustainable development, in particular through the creation of an area without internal frontiers, through the strengthening of economic and social cohesion and through the establishment of economic and monetary union, ultimately including a single currency in accordance with the provisions of this Treaty,
- to **assert its identity on the international scene**, in particular through the implementation of a common foreign and security policy (...)
- to strengthen the **protection of the rights and interests of the nationals** of its Member States through the introduction of a citizenship of the Union,
- to maintain and develop the Union as an area of freedom, security and justice, in which the free movement of persons is assured in conjunction with appropriate measures with respect to external border controls, asylum, immigration and the prevention and combating of crime,

- to maintain in full the *acquis communautaire* and build on it with a view to considering to what extent the policies and forms of cooperation introduced by this Treaty may need to be revised with the aim of ensuring the effectiveness of the mechanisms and the institutions of the Community.”

Treaty establishing a Constitution for Europe:

1. The Union's aim is to promote peace, its values and the well-being of its peoples.
2. The Union shall offer its citizens an area of freedom, security and justice without internal frontiers, and an internal market where competition is free and undistorted.
3. The Union shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance. It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child. It shall promote **economic, social and territorial cohesion**, and solidarity among Member States. It shall respect its rich **cultural and linguistic diversity**, and shall ensure that Europe's **cultural heritage** is safeguarded and enhanced.
4. In its relations with the wider world, the Union shall uphold and promote its values and interests. It shall contribute to peace, security, the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of human rights, in particular the rights of the child, as well as to the strict observance and the development of international law, including respect for the principles of the United Nations Charter.
5. The Union shall pursue its objectives by appropriate means commensurate with the competences which are conferred upon it in the Constitution.”

In the Lisbon summit in March 2000, European leaders committed the EU to become by 2010 “the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment”, also known as the **Lisbon Strategy**. In November 2004, the report *The Lisbon Strategy for Growth and Employment* by a high level group chaired by Wim Kok contributed to the mid-term review of the strategy. The report concluded that the EU and the Member States have progressed too slowly in fulfilling the Lisbon objectives due to external pressures but also internal aspects such as an overloaded agenda, poor coordination, conflicting priorities and lack of determined political action (Kok 2004). Following the report, the Commission published a communication to the European Council in spring 2005, **prioritising the objectives of growth and jobs** in relation to the social and environmental aspects of the original Lisbon Strategy (Commission of the European Communities 2005c).

The Lisbon Strategy acts as a frame of reference in the making and the renewal of EU policy programmes. In the draft **Community Strategic Guidelines for Cohesion 2007–2013**, cohesion policy is perceived as the main instrument at EU level in the realisation of the Lisbon strategy because of its big share (one third) of the Community budget and because of the importance of strategies designed at local and regional levels in the promotion of growth and jobs. (Commission of the European Communities 2006b.) In February 2005, the Commission launched its **new Social Agenda**, which is in line with the renewed Lisbon Strategy and has employment and fighting poverty and promoting equal opportunities as its key objectives. (European Commission 2005a.) Changes in the objectives of the Lisbon Strategy have also affected **the European Employment Strategy (EES)**. EES was adopted in 1997 after the Amsterdam Treaty, which introduced a new title on employment. It had the primary objective of combating unemployment through preventive and activating measures. In 2000, EES became a component of the Lisbon Strategy and in 2003 it was revised due to the enlargement and the revision of the Lisbon Strategy. Since the revision, the key objectives of the EES are the achievement of the employment rate targets set at Lisbon, quality and productivity at work (more and better jobs) and an inclusive labour market, in which

unemployment is reduced and social and regional disparities in access to the labour market narrowed (European Commission 2004a).

The objective of sustainable development is presented in the **European Union strategy for sustainable development** from 2001 (Commission of the European Communities 2001, the global perspective added in European Commission 2002), which was updated after the mid-term review in 2005 (Commission of the European Communities 2005b). The strategy for sustainable development added the ecological dimension to the EU's existing economic and social policy objectives, which means that the three facets on the concept of sustainable development (i.e. ecological, economic, social) should at least in theory be covered (Lightfoot & Burchell 2005). The objectives of the strategy are to limit climate change and increase the use of clean energy, to address threats to public health, to manage natural resources more responsibly, to improve the transport system and land-use management (Commission of the European Communities 2001). The renewed strategy emphasises the changes in the way of making policies (coherence, open method of coordination, market-based policy instruments, science and technology, communication and mobilisation of business and citizens) and adds the objectives of tackling poverty and social exclusion, harnessing globalisation and better governance at the global level (Commission of the European Communities 2005b).

The objectives of CAP were enumerated in the Treaty of Rome, and the same objectives remain in the Treaty establishing a Constitution for Europe: to increase **agricultural productivity**, to ensure a **fair standard of living for the agricultural community**, to **stabilise markets**, to assure the **availability of supplies** and to ensure that supplies reach consumers **at reasonable prices**. Since then, the dimensions of the **environment, rural issues, animal welfare and food safety** have been added to the CAP (major reforms in 1992, 1999 and 2003). The Agenda 2000 reform sets slightly different objectives: to improve agricultural competitiveness in the EU without excessive recourse to subsidies, to preserve the level of farmers' income and its stability, to respect the environment and the diversity of the countryside, to improve the quality of agricultural produce and to simplify and decentralise the CAP.

From the point of view of the CAP, the most important EU objectives are **growth/competitiveness, cohesion, employment and sustainable development** (and the objectives like peace, freedom, security or justice less important). In the rhetoric of EU policies, "economic growth, social cohesion and environmental protection must go hand in hand" (Commission of the European Communities 2001). Despite the constant trade-offs between the different objectives (see e.g. Hall et al. 2001), the official EU discourse emphasises the synergy between the different objectives and the policy programmes emanating from them. However, it is worth noting that when compared to the other objectives, the commitment of the union to economic development has a strong historical basis (e.g. Baker *et al.* 1997).

3 CAP evolution

Historically, the Common Agricultural Policy has played an important role in the European integration. The idea of special policy for the agricultural sector was not new, as the policy was fully in the tradition of the major countries of the six original Member States (Tracy 1989, 269). However, CAP was a core element in the definition of the European Community (later replaced by the single market and the *acquis communautaire*, Young & Wallace 2000), the first common policy really in action and it has constituted the biggest share of the budget of the EC/EU. Due to its history, it is a policy with a high symbolic value (Dinan 2004, Urwin 1991, Marsh 2000). The CAP is analysed in the wider context of EU especially from a historical point of view (e.g. Dinan 2004,

Urwin 1991). As the analysis approaches the present day, it tends to concentrate on the CAP as a separate sectoral policy. However, Marjoleine Hennis (2001) states that many scholars of European integration in general do also research on the CAP, which should in theory enable a relatively wide point of view.

The reasons behind the creation of the CAP have been economic or monetary, social and political. Economic reasons include a response to food import and social reasons the maintenance of a rural living standard and “traditional social values” (Sutcliffe 1996). Politically, the Common Agricultural Policy has been characterised as a means to sell the whole Euratom/EC package to the opponents of deeper integration (Dinan 2004, 73) and as a trade-off between France, advocating the agricultural common market, and Germany, advocating the industrial common market and/or a symbol of Franco-German rapprochement (Swann 1988, Dinan 2004, Sutcliffe 1996; critics: Dinan 2004, 75–76). The CAP is a policy with an economic surface, but it is strongly political (Dinan 2004, 6) – like the whole EEC since its beginning (Urwin 1991, 79).

Even if the CAP has been an important part of the European integration process, it has, according to the research literature, always had some contradictory elements when compared to the objectives of the EU as a whole. The CAP has been a protectionist or at least self-contradictory measure in a liberal economy project (Dinan 2004, 87, Urwin 1991), its success was one factor inhibiting the common policies in other areas (Urwin 1991, 193) and it has caused conflicts with other policies (interest conflicts between the agricultural and the industrial sector at the regional and national level, the influence of trade blocks on national foreign policy, Hennis 2001; conflicts with development and environmental policies). CAP has also been a measure of national power politics (Dinan 2004) and its role as a common policy has even been questioned, as Member States implement the CAP differently and have some national policy measures (Greer 2005).

4 CAP and cohesion

In discussing cohesion in the EU, it is important to distinguish three levels:

- 1) inequalities between countries, particularly between the so-called Cohesion countries and the rest of the Union
- 2) inequalities between regions within the EU
- 3) inequalities between individuals (‘social cohesion’).

Greater cohesion implies that incomes, employment, and economic opportunities grow faster for groups in weaker areas with low incomes than for groups in richer areas with high incomes. (Dunford *et al.* 2001.)

The objective of cohesion was not important at the time of the Rome Treaty. According to Dunford *et al.* (2001), the scale of regional and other disparities as well as the political approach and the specific policy instruments used at the European level to deal with this problem have changed a lot during the years. The original six members of the EC comprised a relatively homogenous economic group, with the exception of the south of Italy. The wording ‘harmonious development’ in the Article 2 of the Treaty recognises that a relatively equitable distribution of the gains and losses, or at least the perception of such an equitable distribution, can be a determining factor for the continuation of the integration process. (*ibid.*)

Laurent Van Depoele sees rural development policies as a key component in the EU’s efforts to achieve economic and social cohesion. Already the founding fathers of the EU recognised the diversity of production structures and conditions in the original Member States and the need to

promote the modernisation of the agricultural structures in order to improve competitiveness and to support farm incomes and bring them more in line with other sectors of the economy. The structural element of the CAP was present in the article 39 of the Treaty of Rome and in the regulation creating the European Agricultural Guidance and Guarantee Fund, but the implementation of the CAP in 1962 was dominated by market and price policy. Current structural policies for rural areas in the EU have developed out of structural policies for the agricultural sector, first introduced in the 1960s, shortly after the first CAP market regimes. (Van Depoele 2000.)

The pressure to create rural development policies has often been linked to larger developments of the union. In 1987 the Single European Act, aimed to achieve a single, united European economic area, made it more imperative than ever to reduce regional disparities. It introduced in the EC treaty the objective of economic and social cohesion, which was also linked to the reform of the Structural Funds. The Maastricht Treaty in 1993 turned cohesion into one of the three pillars of European construction together with economic and monetary union and the single market. It also strengthened the legal basis for EU rural development policies and anchored them to the objective of cohesion by adding the words “rural areas” to Article 130 A of the treaty dealing with economic and social cohesion. (Van Depoele 2000.) The Agenda 2000 action programme, which emphasised among others rural development, had the strengthening of Community policies and the preparation of the enlargement as its main objectives.

Despite the rural development policies, it is questionable if the CAP as a whole promotes cohesion. The contradictory effect of the CAP on cohesion is mentioned in some textbooks on the EU (Allen 2000, see also Rieger 2000). One of the earlier empirical studies dealing with the distribution of the price support of the CAP is the report of Colin Brown (1989), who estimated that large farms benefited from the CAP 15 times as much as small farms. The Commission is required to submit a report every three years on the extent of progress towards the objective of economic and social cohesion and the manner in which various EU policies – including the CAP – have contributed to this (see European Commission 1996, European Commission 2001b, European Commission 2004a). The background research is conducted under the auspices of DG Regio, and it is possible to download both the preparatory research for the second and third report and all the final reports from the Internet pages of the DG Regio (Inforegio, see references). Also the recent ESPON (2004) report (the results also published in Shucksmith *et al.* 2005) deals with the CAP and cohesion.

The book *Competitiveness and Cohesion in EU policies* (Hall *et al.* 2001) draws on the expert work made in the preparation of the First Report on Economic and Social Cohesion and analyses cohesion effects of EU policies other than structural policies. The CAP, competitiveness and cohesion are analysed in the chapter written by Secondo Tarditi and George Zanas (2001) with a quantitative data. The background of the chapter is that CAP has been and still is the sectoral policy of the EU generating the largest redistribution of income among the citizens of the union. Almost half of the value of agricultural production is accounted for by monetary transfers to producers from taxpayers and consumers of agricultural products. The CAP has an impact on cohesion also because agriculture extends across the entire EU territory and directly affects rural areas. However, economic and social cohesion was not an explicit objective of the original CAP (although the fair standard of living for the agricultural population was mentioned in the Treaty of Rome). (Tarditi & Zanas 2001.)

Tarditi and Zanas (2001) concentrate on the impacts of the price policy. According to the authors, the impact of the agricultural price policy of the EU is a result of different and contrasting effects both in terms of equity (income distribution) and efficiency (competitiveness and economic

development). The authors detect positive effects in terms of territorial distribution among countries, but especially within each member country at regional level (NUTSI and NUTSII). On average, the agricultural price support transfers income from richer, urbanized and industrialized regions towards poorer regions, where the share of agriculture in regional GDP is bigger. This has been enhanced by the 1992 reform of the policy, which has shifted the burden of price support more from consumers to taxpayers. (Tarditi & Zaniias 2001.) According to the preparatory work of the Third Report on Economic Cohesion, the positive impact of the CAP on interregional income distribution is not a sufficient reason for the maintaining of the present price policy. Firstly, the same impact could be resulted if farmers were compensated for positive externalities and for improving the structure of their farms, and secondly, if such transfers would be allocated from rich to poorer regions without sectoral constraints, their impact would be much larger and more transparent. (European Commission/ Labour Asociados Consulting 2004.)

On the other hand, the overall effect of the agricultural price policy on interpersonal income redistribution is negative – within society and within the agricultural sector – as higher food prices operate as a regressive tax on consumers (lower-income households spending a bigger share of their budget on food) and the income transfers linked to production capacity mainly benefit the better-off farmers. Moreover, higher market prices tend to increase land value, thus benefiting (especially big) landowners, i.e. farmers and non-farmers, whose income is often higher than the average non-farm income. (Tarditi & Zaniias 2001.)

The preparatory work made for the Second and Third Report on Economic and Social Cohesion is available on the Inforegio Internet pages (see references). Studies relevant from the point of view of the CAP are the analysis of the impact of community policies on regional cohesion (Labour Asociados Consulting 2003) and the *Study on the impact of community agricultural policies on economic and social cohesion* (2001). Also the final reports are informative.

The *Study on the impact of community agricultural policies on economic and social cohesion* (2001) made in the preparation of the Second Report on Economic and Social Cohesion analyses the main trends in the EU agriculture, the impact of the CAP among member states, regional agricultural incomes, the concentration of agricultural products, the overall regional effect of the CAP and the impacts of the 1992 reforms and Agenda 2000. The analysis of the overall impact is made by econometric estimating. The results have elements in common with Tarditi and Zaniias (2001), but the conclusions of the study are not clearly presented and they concentrate more on the impact of the 1992 reform and the Eastern enlargement.

The analysis of the impact of community policies on regional cohesion (Labour Asociados Consulting 2003) is based on two studies: an in-depth research of the results of three Community policies including the CAP and a qualitative and “down-top” case study on 28 regions, each of which is analysed in relation to the impact the most relevant Community policies operating in the region. The general study confirms the results of earlier research on social cohesion and territorial cohesion. It emphasises the concept of global cohesion – little used in the EU jargon – given the important role of the EU in international politics and cooperation. The global impact of the current price policy of the CAP is substantial and is damaging numerous less developed countries whose main resources for their economic development are agricultural, thus contrasting global cohesion. On the contrary, structural and rural development policy measures in general allow supporting agriculture in a more efficient and equitable way. The case study concludes that the contribution of CAP to cohesion is a difficult and ambiguous assessment from the regional perspective. The influence of the CAP on cohesion is important in maintaining agricultural income, although not in

every case, and its sectoral and short term nature was mentioned. (Labour Asociados Consulting 2003.)

If the second report presents an analysis of the contribution of Community policies to cohesion the aim of the third report is to review the main changes which have occurred in these policies since 2001 in the light of EU objectives, particularly those agreed at Lisbon (growth and jobs) and Gothenburg (sustainable development). According to the report, in the future, the potential effect of the CAP to have an effect on cohesion will depend more than in the past on the objectives defined by Member States (and where relevant, by regions), which will have wider scope for determining the form of direct payments. The enlargement causes a widening of disparities in agriculture and an increase in its dual nature because of the number of small holdings in the new Member States with larger employment than in the EU15. (European Commission 2004a.)

The ESPON Project 2.1.3: *The Territorial Impact of CAP and Rural Development Policy* (2004) analysed the Common Agricultural Policy from a territorial point of view, especially against the European Spatial Development Plan (ESDP). This perspective caused that the project was primarily focused on economic and social cohesion, but also to competitiveness (and, to a lesser degree, to sustainable development). The analysis was based on the premise that the scope of the EU's Common Agricultural Policy and Rural Development Policy (CAP/RDP) "is taken to be the interventions in farming and farming-related activities undertaken by the Commission's DG Agriculture, for the purposes of pursuing Community objectives as set out in the various EU Treaties". When analysing the CAP, the ESPON project (ibid., 206) distinguishes between a "high" or "strategic" level of EU objectives (global competitiveness, socio-economic cohesion and environmental sustainability) and a lower or more specific level (e.g. "fair" levels of farm incomes, strengthened and integrated rural development, food safety).

The principal conclusion of the report was that in aggregate the CAP works against the ESDP objectives of balanced territorial development and does not support the objectives of economic and social cohesion. Moreover, in terms of polycentricity at the EU level, Pillar 1 of the CAP appears to favour core areas more than the periphery of Europe, and at the local level, CAP favours the more accessible areas. According to the ESPON project, some of the recent reforms of the CAP have ameliorated these conflicts of objectives: for example direct income payments are distributed in a way more consistent with cohesion than market price support, and higher levels of Pillar 2 payments are associated with more peripheral regions than Pillar 1 support. According to the study, there is scope to amend Pillar 2 to favour cohesion, but the potential is not currently being realised. One important finding of the study was also the difficulties to find coherent data to be able to evaluate the territorial impact of the CAP.

The objectives of the EU are also present in the *Impact assessment of rural development programmes in view of post 2006 rural development policy* (DG Agriculture 2004), which analyses the ways to better exploit the synergies and complementarities between measures linked to wider rural economy and community and other EU policies promoting growth, competitiveness, employment and cohesion. According to the report, in seeking to benefit the rural economy and community, it is important that rural development policies work together with other EU policies concerned with economic and social development. The most obvious synergies and complementarities exist between rural development and the Structural Funds, and according to the report, efforts have been made to ensure complementarity at the programme level between rural development and the Structural Funds.

Cohesion and the CAP have been analysed by John Marsh (2000) in the context of the EU enlargement. To abandon market and price policies within the CAP would, according to him, fundamentally challenge the entrenched pattern of gains and losses from Community membership. Even if the same volume of transfers were to be maintained through other policy instruments the share of costs and benefits of member countries would likely to change. For example a policy based on social grounds would tend to operate more to the benefit of the poorer member countries, namely CEECs. Alternatively, a policy based on environmental criteria might relate more closely to the area of countries and the vigour of their green movements, rather than to their agricultural output. (Marsh 2000, 87.)

5 CAP and competitiveness

Competitiveness is the current driving force of the European Union due to the Lisbon strategy and the ambition of the EU to become the most dynamic and competitive knowledge-based economy in the world by 2010. In the European Union, competitiveness and cohesion are tightly intertwined. Many of the studies and reports dealing with cohesion also treat competitiveness, although in a smaller scale.

From the point of view of competitiveness, Tarditi and Zanias (2001) come to the following conclusions: Farm price support generates large distortions in the domestic market at inter- and intra-sectoral level, reducing EU competitiveness and generating social costs and budgetary expenditure for disposing food surpluses and for setting aside arable land in order to reduce domestic supply. In the long term, price support hinders structural adjustment in rural areas. The impact of the 1992 reform is mixed. Approaching domestic market prices to world market prices removes distortions in trade and production, reduces rate of inflation and increases economic efficiency within and between sectors, but land set-aside and direct budgetary payments involve a waste of resources and administrative costs. The authors conclude that the negative effects of the EU price policy on resource allocation and competitiveness have a detrimental effect of European cohesion. Price policy should be dismantled and more targeted measures should be implemented with issues of cohesion and the environment. (Tarditi & Zanias 2001.)

According to the Second Report on Economic and Social Cohesion, regions are at different stages of development and have different socio-economic structures. The report takes up the question of low productivity in agriculture, stating that the relatively poor performance of cohesion countries is linked to the high degree of employment in agriculture. (European Commission 2001b.) From the point of view of employment and competitiveness the ESPON (2004) report states the following: the CAP has not managed the steady drain of labour from the agricultural industry in a manner that could have guaranteed that relative incomes for the remaining farming population would have been maintained. The ESPON report sees that the concept of competitiveness as it affects rural areas applies more and more to “new” and non-commodity economic activity. (*ibid.*, 64–65.)

The shift to single farm payments is generally linked to increased competitiveness in the official EU discourse (see e.g. Cardwell 2004) and in some academic studies (e.g. Gómez-Limón & Atance 2004). The scenario analysis on decoupling made by DG Agri compares scenarios with different levels of decoupling. According to the study, the *status quo* situation already provides considerable benefits as regards the sector’s regional competitiveness, market orientation and income situation when compared to a full coupling policy situation. Additional benefits could be gained by decoupling to the full extent in line with current policy provisions. (European Commission 2005b.)

John Marsh (2000) sketches in his article three possible scenarios for the future CAP. If the CAP would be led the most efficient way from the point of view of international competition, the task of the policy would be to promote the emergence of an industry better able to use the agricultural resources of the Community profitably. Such policy would include the following: ensuring that the highest-cost producers leave the industry (mainly realised through price cuts unaccompanied by compensation), indicating clearly what public good values the policy is designed to secure (to be able to implement adequate policy measures), facilitating economic adjustment, not just agricultural change (investing in training, infrastructure and advisory services instead of cash transfer payments), and encouraging research and development and ensuring that monitoring activities are in place. (Marsh 2000.)

If the CAP is continued as a policy of minimum change – which is also the case with “decoupled” subsidies – the major source of competition for the agriculture derives from the growth of other sectors within the EU economy. This happens mainly because of the increase in wages and in the price of land and existing housing stock and because of the advent of more centralised systems of marketing, unless there are planning restrictions to limit development in major farming areas. (Marsh 2000.) A third possible scenario would match policy instruments to policy goals, leaving competitiveness to market and price policy and leaving environmental, regional and social aspects to explicit environmental, rural development and social policies (*ibid.*) – similarly to the conclusions of Tarditi & Zanias (2000).

The most important contemporary policy development of the EU linked to competitiveness and employment is the Lisbon Strategy, especially in its renewed form which emphasizes growth and jobs. The Agenda 2000 reforms (the 1998 Explanatory Memorandum) and the Mid-Term Review of the CAP from 2003 both emphasize the need to enhance the competitiveness of Community agriculture, the need to promote a market-orientated, sustainable agriculture and the need to strengthen rural development. The guiding principles for the contribution of the CAP to the Lisbon Strategy were set by the European Council in Göteborg in 2001 and confirmed in the Lisbon Strategy Conclusions in Thessaloniki in June 2003. These principles are **strong economic performance** that goes hand in hand with **the sustainable use of natural resources**. These principles have shaped recent CAP reforms according to the official EU discourse. Especially the market orientation of the CAP post 2003/2004 and the role of rural development in for instance improving education and training, research and development and the promotion of innovation and sustainability are linked to the Lisbon Strategy. (European Commission 2006b, European Commission, year missing c.) The technical and political simplification of the CAP are linked the better regulation as a means to realise the Lisbon strategy (Commission of the European Communities 2005a).

However, the CAP has been only a secondary element in the discussion about the Lisbon Strategy. The Kok (2004) report, which is the mid-term review of the Lisbon strategy, mentions agriculture only once, in the context of promoting eco-efficient innovations. The same themes are present in the EU’s Environmental Technologies Action Plan, according to which investment in environmental technologies – also in agriculture – can, besides the ecological impact, increase employment and economic growth within the EU (European Commission 2004b). The relation between the CAP and the Lisbon Strategy has been analysed very little in scientific studies so far. The author of an earlier review of the Lisbon Strategy, André Sapir (2006), states in a scientific journal article that the budget of the EU is a relic which hinders the competitiveness of the union, as too much resources are allocated to agriculture and too little to innovation and research.

Some research gaps from the point of view of the CAP and competitiveness are mentioned in the EU funded Multagri Project (“Multifunctionality of agriculture and rural areas: Essential component for sustainable development?”) (2005), which provided an overview of existing research on different aspects of the multifunctionality of agriculture. These include for instance the contribution or hinders of an increasingly multifunctional agriculture to competitiveness (need to contrast sectoral and territorial approaches) and research relating to multifunctionality of agriculture and international trade.

6 CAP and employment

From the point of view of the Lisbon strategy, the objective of employment is tightly linked to competitiveness. In the context of the CAP, employment is also – and even foremost – a social question. According to Derek Urwin (1991, 185–186), the CAP has been from the beginning of the 1980s a social rather than economic policy, aiming to maintain the agricultural employment, as the industrial and service sector could not absorb the surplus manpower.

The developments in the agricultural labour force are regularly monitored by Eurostat, showing a structural decline (1,5 % in the whole EU), which is especially strong in the Czech Republic, Slovenia, Estonia and Hungary (between 6,1 % and 4,1 %) (Commission of the European Communities 2006a). The Third Report on Economic and Social Cohesion (European Commission 2004a) estimates that after the enlargement of 2004, the number employed in agriculture in the EU increases from 6½ million to 10½ million, raising the share of total employment from 4% to 5,5%, which would become 7% if Bulgaria and Romania were also to join.

Studies dealing with the state of European agriculture often present the income and employment situation (e.g. *Study on the impact of community agricultural policies on economic and social cohesion* 2001, Fennell 1997). There are some academic studies dealing with employment in agriculture in the context of the CAP that include econometric modelling, like the study of Wier *et al.* (2002), which assesses the environmental and economic effects of the Agenda 2000 reform in Denmark, the study of Topp and Michell (2003), which analyses Agenda 2000 in Scotland and the study of Gohin and Latruffe (2006), which analyses the 2003 reform in the EU15. These three studies foresee all a decrease in agricultural employment due to the reforms. In rural sociology, one interesting research issue is the growing role of migrant workers (e.g. Kasimis *et al.* 2003). However, there is no discussion about how the CAP in general promotes the high-level EU objective of employment.

7 CAP and sustainable development

The objective of sustainable development, from a social, economic and ecological point of view, is one of the objectives of the EU. However, the EU has been accused of conducting a two-faced policy of sustainable development. According to Simon Lightfoot and Jon Burchell (2004), EU has been active in some aspects of sustainable development, like in the World Summit of Johannesburg. In practice, EU gives member states and individual Directorate Generals within the Commission a great deal of latitude in the choice of policy options to put sustainable development into practice (Baker *et al.* 1997) and it is said the DG Agriculture is not fully sharing the norm of sustainable development (Weale 1996). It is also clear that on the international scene, the union wants to operationalize the concept in such way that it does not damage the competitiveness of the union (Lightfoot & Burchell 2004, Baker 2000).

CAP has unsustainable features from an ecological perspective, but also in a broader sustainability area like trade and development issues due to its protectionist measures (import levies, production subsidies), which pose problems to the countries of the Third World in world trade (e.g. Labour Asociados Consulting 2003, for a more thorough analysis see Norton 2004; trade issues also analysed in the relatively large research about the CAP and the GATT/WTO). In the EU discourse, sustainable development has been strongly linked to the reforms of the CAP and in issues such as rural development, agri-environmental measures, ecological farming or the decoupling of production and subsidies. According to the ESPON (2004) study, even if the design and implementation of CAP have been little touched by the territorial concepts of balanced competitiveness, economic and social cohesion and polycentricity and the CAP thus remains focused on its own historic objectives, it has begun to address the goal of environmental sustainability.

Sustainable development in the context of the CAP has come up both in the Agenda 2000 reforms and in the Mid-Term Review of the CAP. Between the two reforms, the European Council agreed on the objective of sustainable development in Gothenburg in 2001, stating “that the Common Agricultural Policy and its future development should, among its objectives, contribute to achieving sustainable development by increasing its emphasis on encouraging healthy, high-quality products, environmentally sustainable production methods, including organic production, renewable and raw materials and the protection of biodiversity”. According to Michael Cardwell (2004), although this agreement does not enjoy the authority of Treaty amendment, it could hardly be more forthright in its signposting of the future direction of the agricultural reform.

Sustainable development – at least the object of ecological sustainability – remains the objective of the EU that has been studied the most in relation to the CAP, also and even foremost empirically. In this paper, there is no possibility to cover the whole issue, but we draw on some meta-studies on the subject. The research and policy examples about the implementation of the CAP in the context of sustainable development are presented in the Background Note 4.

Michael Winter (2000) argues that there is historical variation in the studies. Prior to the 1980s, agriculture’s environmental problems were likely to be seen caused by something else than policy (technological development, “greedy” farmers). In the early 1980s, a new approach put policy as the major factor influencing the direction of agriculture. There were several books attacking the CAP not only for its market distortions as hitherto, but for its impacts on the countryside (Winter lists the works of Pye-Smith and Rose 1984, Lowe et al. 1986 and Harvey 1997). Recently, the critics of the CAP have assumed that the policy has an extensive and deep impact. (Winter 2000.)

In addressing to the state of the research coverage about the CAP and the environment in 2000, Floor Brouwer and Philip Lowe came to the following conclusions:

1. There is a northern bias in the research coverage, reflecting the strength of northern European concerns. This is visible in the geographic coverage of the studies, the sectors and systems studied and the problems and issues addressed.
2. There is a strong interest in agri-environmental measures compared to the effects of other elements of the CAP. However, the beneficial effects of the Agri-environment Regulation may be swamped by the environmental impact of the rest of the CAP.
3. Little if any work is being done on the environmental effects of certain commodity regimes (e.g. tobacco and sugar), the other accompanying measures (the early retirement and afforestation schemes), the horizontal socio-structural measures (e.g. LFAs), regional and

rural policy and other measures (incentives for alternative crops, quality and label policy, biomass production, farm diversification).

4. There are biases in the style of research with a tendency towards single country studies, specific policy measures and single disciplinary studies. This leads to a lack of comprehensive studies (except in the case of agri-environmental policy), integrated studies and linkages between agricultural economic analysis and farming system/agro-ecology studies. (Brouwer & Lowe 2000.)

The concept of sustainability has been mainly ecological in the discussion around the CAP. For example the Multagri Project (2005) identified need for a more holistic approach in research, concentrating on the new societal goals of agriculture, and required research about the relation of the social functions of agriculture and social sustainability. The concept of broader sustainability has been present in some research/development projects of the DG Agri, like in the creation of a framework for indicators for the economic and social dimensions of sustainable agriculture and rural development (European Commission 2001a). Also, if the concept of sustainability is understood in a broad sense – i.e. social, economic and ecological – the studies dealing with the CAP and cohesion, competitiveness or employment can be linked to the social and economic sustainability of the policy.

8 CAP and subsidiarity

Subsidiarity is not an objective but a principle of the EU. According to the subsidiarity principle (originally based on Catholic social teaching), matters should be tackled at the smallest possible level of authority. The subsidiarity principle was introduced by the Maastricht Treaty in 1992, and it is also present in the proposed European constitution. In the Treaty of Maastricht (consolidated version), the subsidiarity principle is defined as following:

“In areas which do not fall within its exclusive competence, the Community shall take action, in accordance with the principle of subsidiarity, only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale or effects of the proposed action, be better achieved by the Community.”

The proposed European constitution emphasises the role of regional and local level, besides the Member States, in its definition of the subsidiarity principle:

“Under the principle of subsidiarity, in areas which do not fall within its exclusive competence the Union shall act only if and insofar as the objectives of the intended action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level.”

From the point of view of the CAP, the subsidiarity principle is an important element in the discussion about which should be the more appropriate level to tackle agricultural issues. There is a debate about the possible renationalisation of the CAP (Kjeldahl & Tracy 1994, Gant 1995, Rabinovicz *et al.* 2001, Niemi & Kola 2005) from the perspective of the agricultural decision-making, the funding of the agricultural policy and/or its implementation. The reasoning for the renationalisation of the CAP is linked to the critique of the current subsidising as uneven, non-targeted, unconditional and inefficient, to budgetary pressures, to the heavy administration, to the equitable distribution of subsidies and to the growing role of the local context in a multifunctional agriculture (Niemi & Kola 2005). The reasoning for a common policy is linked to the market unity of the EU (avoiding the distortion of competition, Tracy 2004) or, for instance, to the bargaining power of the EU on the international level (Niemi & Kola 2005).

According to Niemi and Kola (2005), one problem with the renationalisation would be the situation of the Central and Eastern European Member States, which cannot afford a same level of resource allocations than the old Member States. This could create economic and market distortions and political tensions. However, Niemi and Kola opt for a more targeted and efficient use of EU's Structural Funds and regional policy in such case.

The relation between the CAP and national agricultural policies is also dealt by Alan Greer (2005), both from the perspective of the Member States implementing the CAP differently and from the perspective of existing national policy measures. A more specific study linked to subsidiarity and agriculture is for instance the article of Jank *et al.* (2006) which deals with genetically modified crops, stating that according to the subsidiarity principle, the decision-making with GMOs should occur at the regional level.

9 CAP and enlargement

The enlargement of the EU is different from the objectives of cohesion, competitiveness etc., but it can be seen comparable to the objectives of the Union. The CAP and the enlargement have been discussed in several studies (the Central and Eastern European Countries and the implementation of the CAP are analysed in the Background Note 4). Especially in analyses prior to the enlargement, there are worries about the cost of the CAP in an enlarged EU, and the redistribution of the CAP support is also acknowledged. Another topic is the adaptation of the agricultural policies, structures and institutions of the CEECs (Swinnen 2000, Rabinowicz 2000) and institutional or bureaucratic capacity building (Rieger 2004). According to Jo Swinnen (2000), there is no single optimal reform path, but reform policies should take into account differences in initial conditions. However, according to Ewa Rabinowicz, already in a data from 1996, the CAP had strongly influenced the choice of policy instruments, although with a lower level of support (Rabinowicz 2000).

The Central and Eastern European Countries are also analysed, for instance, from the point of view of the CAP reforms (Rizov 2006), in relation to sustainable development or nature conservation (the special issue of *Sociologia Ruralis* in 2005 leaning on the CEESA project, Brouwer *et al.* 2001), from the point of view of integrated development (IDARA project), subsidiarity (Rabinowicz *et al.* 2001) and from the perspective of social security systems and demographic development in agriculture (Network of Independent Agricultural Experts in the CEE Countries 2002) market and trade policies (Network of Independent Agricultural Experts in the CEE Countries (2003a) or the future of the rural areas (Network of Independent Agricultural Experts in the CEE Countries 2003b). There are also case studies dealing with separate countries and the CAP or with certain commodity sectors (dairy, meat etc.). The OECD has conducted some studies about the CEECs and agricultural commodities and policies (e.g. OECD 2002), and the EU reports are listed in *Agriculture in the Europe of 25* web pages (European Commission, year missing a).

The CAP and the enlargement are also linked to external policy developments, as the existing WTO obligations severely constrain the options available for constructing mutually acceptable accession terms regarding agriculture. According to Burrell (2000), enlargement questions, which at first sight seemed to depend only on mutual agreement between the old and the new member countries, need probably the (at least implicit) consent of the international community. (Burrell 2000.)

The book *Agricultural Policy and Enlargement of the European Union* (Burrell & Oskam 2000a) analyses the relation between the CAP (or, in the case of the CEECs, also national agricultural policies prior to accession) contains articles written by scholars or even high level civil servants

dealing with the CAP. The articles deal with the functioning of agriculture and agribusiness in developed market economies, market integration, the current EU policy context (institutions and decision-making of the CAP, market and price policies, structural, rural and regional policy, the future of agricultural policy, WTO, the EU agriculture in relation to the monetary system) and the earlier enlargements. Finally, the authors analyse the current agrifood issues in the CEECs: the 1990s as a decade of transition in agriculture, agricultural structures and institutions, the restructuring of the agribusiness sector and the role of foreign investment, agricultural policies and policy perspectives for the CEECs entering the EU and WTO and the perspectives on the new member states. Although the book is a loose article collection, the wider themes include the question of deepening versus widening the EU, the challenges in the adaptation of the *acquis communautaire* in the field of the CAP and other developments that constrain the options for harmonising the agricultural sectors of the new member states (WTO, the new issues in agricultural policy such as the environment, rural areas, food safety, animal welfare etc.). Every enlargement round has also brought a more heterogeneous group of EU candidates, increasing the challenge of enlargement. (Burrell & Oskam 2000b.)

The book *Central and Eastern European Agriculture in an Expanding European Union* (Tangermann & Banse 2000) is based on a EU-funded study (FAIR1 -CT95-0029) named *Agricultural Implications of CEEC accession to the EU*, conducted by four universities in Belgium, Germany and the UK. The book deals with problems associated with the enlargement, especially the issues of the relative competitiveness of CEEC agriculture and its potentials to cause difficulties to the CAP. Many of the articles are based on econometric modelling, and the countries the most covered are Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia.

10 CAP reforms

The reforms of the CAP could be seen as a way in which the policy adjusts itself in conformity with new objectives at the EU level. For example the arriving of sustainable development into the CAP has been seen as its way to adapt to the requirements of the Treaty of Maastricht (Lowe et al. 2002) or the Amsterdam Treaty (Dinan 2004). The guiding principles for the contribution of the CAP to the Lisbon Strategy, “strong economic performance” that goes hand in hand with the “sustainable use of natural resources” have, according to the official EU discourse, shaped the recent CAP reforms (European Commission 2006b, European Commission, year missing c).

However, the reforms have mainly been analysed from other perspectives in scientific studies. The main factors behind the reforms that are mentioned include budgetary pressures, the WTO pressures (or more broadly trade liberalisation), the enlargement of the Union, (public) concerns about the environment, rural issues, animal welfare and food safety, the need to refurbish the negative image of the policy (Skogstad 1998) etc. There has been a lively academic debate around the role of the different factors behind the reforms, especially with the MacSharry reforms of 1992 and the role of the GATT/WTO negotiations (see Swinbank & Daugbjerg 2006).

Grace Skogstad (1998) has explained in her article why agricultural exceptionalism (i.e. the special role of agriculture in relation to the state and the market when compared to other economic sectors) and the paradigm of state assistance have remained in the CAP despite policy reform (here, the MacSharry reforms of 1992). According to Skogstad, the ideas of agricultural exceptionalism and state assistance are embedded in the EU institutions. As the principles of the CAP are outlined in the Treaty of Rome, their constitutional status makes alteration very difficult. Other institutions “locking in” the principles of the CAP are the dominance of the Council of Ministers, the (past)

unanimity decision-making rule, and farm interests' organisational strength at the national level and their links to governing parties and agricultural officials. Moreover, the permanent bureaucracy reinforces the ideational principles of the CAP, as the EU agricultural decision-making occurs in a regularised setting of stable relationships, with official and non-official contacts between the state and non-state actors, which leads to consensual politics. Policy instruments also reinforce the *status quo*, as they have united rather than fragmented the farmers and thus built a broad base of support to the existing policy. The paradigm of agricultural exceptionalism and state assistance has also remained because of its ability to adjust in the face of challenges, partly by taking on additional, new goals which have gained it adherents beyond the farm policy community. Finally, the paradigm fits the broader societal ideational framework regarding appropriate relations between the state, the market and the individual (unlike, for instance, in the United States). (Skogstad 1998.)

The research of Carsten Daugbjerg (1999) offers similar, institutional reasons for the moderacy of the (MacSharry) reforms, i.e. the role of a cohesive policy network in the field of agriculture and the highly fragmented political system of the EU. The difficulties for the reform are also linked to the role of the CAP as a "sacred cow" because of its (concrete and most of all, symbolic) significance in the history of European integration (Dinan 2004, Urwin 1991, Marsh 2000) Most studies ignore the role of the European Parliament in relation to the CAP. However, Christilla Roedeger-Rynning (2003) states that agricultural change is also linked to the activity of the Parliament, which can steer change by manipulating the formal institutional parameters defining their actions. The Parliament has thus been able to promote key public concerns on the EU farm agenda.

Marjoleine Hennis (2001) has analysed the CAP from the point of view of globalisation and Europeanization in her article. After many years of economic integration, the idea of revising the constitution and organisation of the EU itself has come up, which will also affect different policy fields. The biggest factor behind the change is that Member State preferences have become more orientated to deregulation, trade liberalisation and the support of strong sectors. The new attitude brings the CAP more into line with other policy fields where this view has already advanced. Hennis foresees that this, together with the decline of the corporatist model, will diminish the budgetary strains over the CAP, facilitate the enlargement of the union and diminish conflicts in the EU over agriculture in multilateral negotiations. These developments could mean a set-back for the European integration and a renationalisation of the CAP, as flexibility would be needed in the promotion of the economically most viable sectors in the context of decreased funding. Hennis is worried that renationalisation, together with a focus on competitiveness, will leave behind regions with less favourable resources.

From the point of view of the objectives towards which the CAP should be reformed, also studies measuring public opinion are interesting. The scientific journal article of Gómez-Limón and Atance (2004) showed that "public opinion" does not necessarily support competitiveness as an objective of the agricultural policy, which can create a cleavage between public opinion and the way towards which the CAP is being reformed. (Otherwise the sample opted for a relatively multifunctional conception of the policy.) A special Eurobarometer survey entitled "European and Common Agricultural Policy" measures regularly public opinions about, for instance, what should be the three main objectives of the CAP. In 2005, there was no specific priority which Europeans would agree on strongly, and social, environmental, food security and competitive aspects were situated high in the ranking. (European Commission 2006a.) Drawing on stakeholder interviews, the scientific journal article of Helen Nilsson (2004) sets recommendations for the new objectives of the CAP, emphasising rural well-being and nature, food quality, a food price that covers its real costs, a reasonable income for farmers, fair trade, support for employment in rural areas and for rural culture and a shift from benefiting large scale farmers.

Some questions and research needs concerning the CAP reform are enlisted in the British *Rural Futures: Scoping Social Science Research Needs* (Institute for Alternative Futures & The Institute for Innovation Research, University of Manchester, for the Economic and Social Research Council 2004) report. These are linked to the uncertainty about policy and its impacts (e.g. the possibilities of agri-environmental schemes etc. to replace traditional farm income, the problems of farmer in poorer areas to manage with the planning system, consequences of a radical shift towards “Pillar Two”, WTO development, consumer interests), diversity at EU level (e.g. implementation) and research questions and issues mainly linked to the British case (data accessibility, regional distribution of the CAP, the impact of agriculture).

11 Conclusions for the policy dialogue

Research on the CAP, which as such is large and impressive, has mainly been “nearsighted”, ignoring the relationship and contribution of the agricultural policy to the larger EU policy or EU integration. The few studies assessing the impact of the CAP on e.g. cohesion (the ESPON study) or competitiveness and cohesion (Hall *et al.* 2001, the Cohesion Reports) have been initiated by DG Regional Policy, connected to current planning needs (spatial policy and cohesion policy, respectively). From the objectives of the European Union, the objective of sustainable development – narrowly understood in an ecological context – is the most covered, although the research dealing with it also suffers from certain gaps and biases. Also in official EU reports, even if a broader element is present in some of the studies, for instance the present evaluation guides and guidelines in the field of the CAP (agricultural market policies/ rural development) do not mention the “high” level EU objectives nor connections to other EU policies (see European Commission, year missing b).

Competitiveness and employment are the key elements of the relaunched Lisbon strategy. The importance of territorial, social and economic cohesion is highlighted by the recent and coming enlargements. Based on this Background Note, we propose that the policy dialogue will try to formulate the urgent research needs that policy making has in respect to these topics.

References

- Allen, D. (2000): Cohesion and the Structural Funds. In Wallace, H. & Wallace, W. (eds.) Policy-Making in the European Union. Fourth Edition. Oxford: Oxford University Press. 243–266.
- Baker, S. (2000): The European Union: integration, competition, growth – and sustainability. In Lafferty, W. M. & Meadowcroft, J. (2000): Implementing Sustainable Development. Oxford: Oxford University Press. 303–336.
- Baker, S., Kousis, M., Richardson, D. & Young, S. (1997): Introduction: The Theory and Practice of Sustainable Development in EU Perspective. In *ibid.* (eds.): The Politics of Sustainable Development. Theory, Policy and Practice within the EU. London: Routledge.
- Brouwer, F., Baldock, D. & la Chapelle, C. (2001): Agriculture and Nature Conservation in the Candidate Countries: Perspectives in Integration. Report of the High Level Conference on EU Enlargement: The Relation between Agriculture and Nature Management. Wassenaar. London.
- Brouwer, F. & Lowe, P. (2000): CAP and the Environment: Policy Development and the State of Research. In *ibid.* (eds.): CAP Regimes and the European Countryside. Oxon: CABI Publishing.
- Brown, C. (1989): Distribution of CAP Price Support. Report no. 45. Danish Agricultural Economics Institute.
- Burrell, A. (2000): The World Trade Organisation and EU agricultural policy. In Burrell, A. & Oskam, A. (eds.): Agricultural Policy and Enlargement of the European Union. Wageningen: Wageningen Pers. 91–109.
- Burrell, A. & Oskam, A. (eds.) (2000a): Agricultural Policy and Enlargement of the European Union. Wageningen: Wageningen Pers.
- Burrell, A. & Oskam, A. (2000b): Introduction. In *ibid.*: Agricultural Policy and Enlargement of the European Union. Wageningen: Wageningen Pers. xi–xvi.
- Cardwell, M. (2004): The European Model of Agriculture. Oxford: Oxford University Press.
- CEESA (Central and Eastern European Sustainable Agriculture) project. QLK5-CT-1999-01611. Www-pages: http://www.ceesa.de/ceesa_frame_ob.htm
- Commission of the European Communities (2001): Communication from the Commission. A Sustainable Europe for a Better World: A European Union Strategy for Sustainable Development. Commission's proposal to the Gothenburg European Council. COM(2001)264 final. Available in: http://eur-lex.europa.eu/LexUriServ/site/en/com/2001/com2001_0264en01.pdf
- Commission of the European Communities (2005a): Communication from the Commission on Simplification and Better Regulation for the Common Agricultural Policy. COM(2005) 509 final.
- Commission of the European Communities (2005b): Communication from the Commission to the Council and the European Parliament. The 2005 Review of the EU Sustainable Development Strategy: Initial Stocktaking and Future Orientations. {SEC(2005)225} COM(2005)37 final. Available in: http://eur-lex.europa.eu/LexUriServ/site/en/com/2005/com2005_0037en01.pdf
- Commission of the European Communities (2005c): Communication to the Spring European Council. Working together for growth and jobs. A new start for the Lisbon Strategy. COM (2005) 24 final. Available in: http://europa.eu.int/information_society/europe/i2010/docs/launch/lisbon_com_2005_24_en.pdf
- Commission of the European Communities (2006a): Commission staff working document. Annex to the Report from the Commission. The agricultural situation in the European Union 2004 report. COM(2006)155 final. SEC(2006)423.
- Commission of the European Communities (2006b): Communication from the Commission. The Growth and Jobs Strategy and the Reform of European cohesion policy. Fourth progress report on cohesion. {SEC(2006) 726.}

COM(2006) 281. Available in:

http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/pdf/interim4/4inter_en.pdf

Daugbjerg, C. (1999): Reforming the CAP: Policy Networks and Broader Institutional Structures. *Journal of Common Market Studies* 37(3): 407–428.

DG Agriculture (2004): Impact assessment of rural development programmes in view of post 2006 rural development policy. Final report. Available in: http://ec.europa.eu/comm/agriculture/eval/reports/rdimpact/fullrep_en.pdf

Dinan, D. (2004): *Europe Recast. A History of European Union*. Hampshire: Palgrave Macmillan.

Enlargement and agriculture (2004) [Internet document]. Cited 12.6.2006. Available in:

http://ec.europa.eu/comm/agriculture/publi/enlarge/text_en.pdf

European Commission (year missing a): Agriculture: Agriculture in the Europe of 25 [Internet page]. Cited 8.8.2006.

Available in: http://ec.europa.eu/agriculture/eu25/index_en.htm

European Commission (year missing b): Agriculture: Evaluation [Internet page]. Cited 12.6.2006. Available in:

http://europa.eu.int/comm/agriculture/eval/index_en.htm

European Commission (year missing c): Agriculture: The Common Agricultural Policy and the Lisbon Strategy [Internet page]. Cited 3.8.2006. Available in: http://europa.eu.int/comm/agriculture/lisbon/index_en.htm

European Commission (1996): European cohesion report. Available in zip format in:

http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/repcr_en.htm

European Commission (2001a): A Framework for Indicators for the Economic and Social Dimensions of Sustainable Agriculture and Rural Development. Agriculture Directorate-General.

European Commission (2001b): Unity, solidarity, diversity for Europe, its people and its territory. Second report on economic and social cohesion. Available in:

http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/contentpdf_en.htm

European Commission (2002): Towards a global partnership for Sustainable Development. COM(2002) 82 final. Brussels.

European Commission (2004a): A new partnership for cohesion. Convergence competitiveness cooperation. Third report on economic and social cohesion. Available in:

http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/cohesion3/cohesion3_en.htm

European Commission (2004b): Environmental technologies action plan. Available in:

<http://ec.europa.eu/environment/etap>

European Commission (2005a): Communication from the Commission on the Social Agenda. COM (2005) 33 final. Brussels. Available in: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52005DC0033:EN:NOT>

European Commission (2005b): Prospects for agricultural markets and income 2005–2012. Update for the EU-25. Scenario analysis on decoupling. Executive summary. Directorate-General for Agriculture. Available in:

<http://ec.europa.eu/agriculture/publi/caprep/prospects2005b/summary.pdf>

European Commission (2006a): Europeans and the Common Agricultural Policy. Special Eurobarometer. Available in:

http://ec.europa.eu/agriculture/survey/rep_en.pdf

European Commission (2006b): Putting rural development to work for jobs and growth. Newsletter. Special edition 03/2006. Brussels: Directorate-General for Agriculture and Rural Development. Available in:

http://ec.europa.eu/agriculture/publi/newsletter/lisbon/special_en.pdf.

ESPON Project 2.1.3 (2004): The Territorial Impact of CAP and Rural Development Policy. Final Report. [Internet document.] Cited 12.6.2006. Available in:

http://www.espon.eu/mmp/online/website/content/projects/243/277/file_1322/fr-2.1.3_revised_31-03-05.pdf

- Fennell, R. (1997): *The Common Agricultural Policy. Continuity and Change*. Oxford: Clarendon Press.
- Gant, W. (1995): The limits of Common Agricultural Policy reform and the option for denationalization. *Journal of European Public Policy* 2: 1–18.
- Gohin, A. & Latruffe, L. (2006): The Luxemburg common agricultural policy reform and the European food industries: What's at stake? *Canadian Journal of Agricultural Economics – Revue Canadienne d'Agroéconomie* 54(1): 175–194.
- Gómez-Limón, J.A. & Atance, I. (2004): Identification of public objectives related to agricultural sector support. *Journal of Policy Modelling* 26: 1045–1071.
- Greer, A. (2005): *Agricultural policy in Europe*. Manchester: Manchester University Press.
- Hall, R., Smith, A. & Tsoukalis L. (eds.) (2001): *Competitiveness and Cohesion in EU Policies*. Oxford: Oxford University Press.
- Harvey, G. (1997): *The Killing of the Countryside*. London: Jonathan Cape.
- Hennis, M. (2001): Europeanization and Globalization: The Missing Link. *Journal of Common Market Studies* 39(5): 829–850.
- IDARA (Strategy for Integrated development of agriculture and rural areas in CEE Countries) project. QLRT-2000-1526. Www-pages: http://www.agp.uni-bonn.de/agpo/rsrch/idara/idara_e.htm
- Inforegio [Internet pages] Cited 27.7.2006. Available in: http://ec.europa.eu/regional_policy/index_en.htm
- Jank, B., Rath, J. & Gaugitsch, H. (2006): Co-existence of agricultural production systems. *Trends in Biotechnology* 24(5): 198–200.
- Kasimis, C., Papadopoulous, A. & Zacopoulou, E. (2003): Migrants in Rural Greece. *Sociologia Ruralis* 43(2): 167–184.
- Kjeldahl, R. & Tracy, M. (eds.) (1994): *Renationalisation of the Common Agricultural Policy?* Copenhagen: Institute of Agricultural Economics and Agricultural Policy Studies.
- Koester, U. & El-Agraa, A. (2004): The Common Agricultural Policy. In El-Agraa, A. (ed.): *European Union. Economic and Policies*. Seventh edition. Harlow: Financial Times Prentice Hall. 354–390.
- Kok, W. (2004): Facing the Challenge. Kok report on the Lisbon strategy [Internet document]. Cited 12.6.2006. Available in: http://ec.europa.eu/growthandjobs/pdf/kok_report_en.pdf
- Niemi, J. & Kola, J. (2005): Renationalization of the Common Agricultural Policy: Mission impossible? *International Food and Agribusiness Review* 8(4): 52–70.
- Labour Asociados Consulting (2003): Impact of Community policies on social and economic cohesion. Executive summary. European Commission, DG Regional Policy. Available in: http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/3cr/impact_summary.pdf
- Lowe, P., Buller, H., Ward, N. (2002): Setting the next agenda? British and French approaches to the second pillar of the Common Agricultural Policy. *Journal of Rural Studies* 18: 1–17.
- Lowe, P., Cox, G., MacEwen, M., O'Riordan, T. & Winter, M. (1986): *Countryside conflicts. The Politics of Farming, Forestry and Conservation*. London: Gower.
- McNeill, D. (2000): The concept of sustainable development. In Lee, K., Holland, A, & McNeill, D. (eds.): *Global Sustainable Development in the 21st Century*. Edinburg: Edinburgh University Press.
- Marsh, J. (2000): Reflections on the future of agricultural policy in the EU. In Burrell, A. & Oskam, A. (eds.): *Agricultural Policy and Enlargement of the European Union*. Wageningen: Wageningen Pers. 81–90.

- Meester, G. (2000): EU institutions and the decision-making process for agricultural policy. In Burrell, A. & Oskam, A. (eds.): *Agricultural Policy and Enlargement of the European Union*. Wageningen: Wageningen Pers. 37–52.
- Multagri Project (2005): Multifunctionality of agriculture and rural areas: From trade negotiations to contributing to sustainable development. New challenges for research. [Internet document.] Sixth Research Framework Programme. Global Change and Ecosystems. Cited 20.7.2004. Available in: http://multagri.net/section/deliverable/exec_file.php?doc_id=374
- Network of Independent Agricultural Experts in the CEE Candidate Countries (2002): *Social Security Systems and Demographic Developments in Agriculture in the CEE Candidate Countries*. Halle (Saale): Institut für Agrarentwicklung in Mittel- und Osteuropa.
- Network of Independent Agricultural Experts in the CEE Candidate Countries (2003a): *Development of Agricultural Market and Trade Policies in the CEE Candidate Countries, Studies on the Agri-food Sector in Central and Eastern Europe*, Vol. 19. Halle (Saale): Institut für Agrarentwicklung in Mittel- und Osteuropa.
- Network of Independent Agricultural Experts in the CEE Candidate Countries (2003b): *The future of rural areas in the CEE new Member States*. Halle (Saale): Institut für Agrarentwicklung in Mittel- und Osteuropa. Available in: http://interm.gtk.gau.hu/osiris/content/docs/fao_seminar/halle/future%20of%20ruralareashalletext_en.pdf
- Nilsson, H. (2004): What are the possible influences affecting the future environmental agricultural policy in the European Union? An investigation into the main factors. *Journal of Cleaner Production* 12: 461–468.
- Norton, R. (2004): *Agricultural Development Policy. Concepts and Experiences*. Food and Agriculture Organization of the United Nations (FAO). West Sussex: Wiley.
- OECD (2002): *Agricultural Policies in Transition Economies: Trends in Policies and Support*. Paris: OECD.
- Pacini, C., Wossink, A., Giesen, G. & Huirne, R. (2004): Ecological-economic modelling to support multi-objective policy making: a farming systems approach implemented for Tuscany. *Agriculture, Ecosystems and Environment* 102: 349–364.
- Pye-Smith, C. & Rose, C. (1984): *Crisis in Conservation. Conflict in the British Countryside*. Harmondsworth: Penguin.
- Rabinowicz, E. (2000): Agricultural policies and agricultural policy perspectives for the CEECs entering the EU. In Burrell, A. & Oskam, A. (eds.): *Agricultural Policy and Enlargement of the European Union*. Wageningen: Wageningen Pers. 217–232.
- Rabinowicz, E., Thomson, K. & Nalin, E. (2001): *Subsidiarity, the CAP and EU enlargement*. Report 20001:3. Swedish Institute for Food and Agricultural Economics.
- Rieger, E. (2000): *The Common Agricultural Policy*. In Wallace, H. & Wallace, W. (eds.) *Policy-Making in the European Union*. Fourth Edition. Oxford: Oxford University Press. 179–210.
- Rieger, E. (2004): The eastward enlargement of agricultural policy. *Osteuropa* 54(5–6): 296–xx.
- Rizov, M. (2006): Rural development perspectives in enlarging Europe: The implications of CAP reforms and agricultural transition in accession countries. *European Planning Studies* 14(2): 219–238.
- Roedeger-Rynning C. (2003): From ‘Talking Shop’ to ‘Working Parliament’? The European Parliament and Agricultural Change. *Journal of Common Market Studies* 41(1): 113–135.
- Institute for Alternative Futures & The Institute for Innovation Research, University of Manchester, for the Economic and Social Research Council (2004): *Rural Futures: Scoping Social Science Research Needs*.
- Sapir, A. (2006): Globalization and the Reform of European Social Models. *Journal of Common Market Studies* 44(2): 369–390.

- Shucksmith, M., Thomson, K. J. & Roberts, D. (eds.) (2005): *The CAP and the regions. The territorial impact of the Common Agricultural Policy*. Oxfordshire: CABI Publishing.
- Skogstad, G. (1998): Ideas, Paradigms and Institutions: Agricultural Exceptionalism in the European Union and the United States. *Governance: An International Journal of Policy and Administration* 11(4): 463–490.
- Sociologia Ruralis* (2005): Special issue 45(3).
- Study on the impact of community agricultural policies on economic and social cohesion (2001). Available in: http://ec.europa.eu/regional_policy/sources/docgener/studies/pac_en.htm
- Sutcliffe, A. (1996): *An Economic and Social History of Western Europe Since 1945*. Harlow: Pearson Education.
- Swann, D. (1988): *The Economics of the Common Market*. Fourth edition. London: Penguin.
- Swinbank, A. & Daugbjerg, C. (2006): The 2003 CAP Reform: Accommodating WTO Pressures. *Comparative European Policies* 4: 47–64.
- Swinnen, J. (2000): Agricultural structures and institutions within Central and Eastern European Countries. In Burrell, A. & Oskam, A. (eds.): *Agricultural Policy and Enlargement of the European Union*. Wageningen: Wageningen Pers. 183–200.
- Tangermann, S. & Banse, M. (eds.) (2000): *Central and Eastern European Agriculture in an Expanding European Union*. Oxon: CABI Publishing.
- Tarditi, S. & Zanas, G. (2001): Common Agricultural Policy. In Hall, R., Smith, A. & Tsoukalis L. (eds.): *Competitiveness and Cohesion in EU Policies*. Oxford: Oxford University Press. 179–216.
- Topp, C. F. E. & Mitchell, M. (2003): Forecasting the environmental and socioeconomic consequences of changes in the Common Agricultural Policy. *Agricultural Systems* 76(1): 227–252.
- Tracy, M. (1989): *Government and Agriculture in Western Europe 1880–1988*. Third edition. Hertfordshire: Harvester Wheatsheaf.
- Tracy, M. (1994): Summary of major policy issues. In Kjeldahl, R. & Tracy, M. (eds.): *Renationalisation of the Common Agricultural Policy?* Copenhagen: Institute of Agricultural Economics and Agricultural Policy Studies. 1–4.
- Urwin, D. (1991): *The Community of Europe: A History of European Integration since 1945*. London and New York: Longman.
- Van Depoele, L. (2000): EU structural, rural and regional policy. In Burrell, Alison & Oskam, Arie (eds.): *Agricultural Policy and Enlargement of the European Union*. Wageningen: Wageningen Pers. 53–68.
- Wallace, H. (2000): The Policy Process. In Wallace, H. & Wallace, W. (eds.) *Policy-Making in the European Union*. Fourth Edition. Oxford: Oxford University Press. 39–64.
- Wier, M., Andersen, J., Jensen, J. & Jensen, T. (2002): The EU's Agenda 2000 reform for the agricultural sector: environmental and economic effects in Denmark. *Ecological Economic* 41(2): 345–359.
- Winter, M. (2000): Strong policy or weak policy? The environmental impact of the 1992 reforms of the CAP arable regime in Great Britain. *Journal of Rural Studies* 16: 47–59.
- Young, A. & Wallace, H. (2000): The Single Market. In Wallace, H. & Wallace, W. (eds.) *Policy-Making in the European Union*. Fourth Edition. Oxford: Oxford University Press. 85–114.