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The Common Agricultural Policy: A European Agricultural Model Between Sectoral and ‘National’ Interests?

2.1 Agricultural policy at the sectoral, national and European levels

As one of the European Union’s most longstanding and pervasive policies, the Common Agricultural Policy (CAP) takes a highly symbolic place in the process of European integration. The Treaty of Rome sets out its objectives and the common organisation of agricultural markets started to take effect from July 1962, six years before the implementation of the customs union in July 1968. In the early 2000s, decisions relating to the Common Agricultural Policy constituted about 50 per cent of the whole acquis communautaire and the Directorate-General for Agriculture and Rural Development was one of the largest and most influential Directorate Generals, with over 1000 staff. CAP spending accounted for over 70 per cent of the EC budget in the 1970s and still reached 43 per cent during the period under analysis. The setting of common prices and quotas imposes heavy constraints on the member states’ agricultural policies, not to mention its impact on international trade cooperation.

The member states have retained a firm grasp over the CAP, which was first implemented in 1962 following one of many notorious agricultural marathons emblematic of the intergovernmental nature of negotiations. A few years later, the 1965 empty chair crisis, which resulted in the so-called Luxembourg Compromise protecting the member states ‘vital interests’, was closely linked to disagreements about agricultural policy, as well as EEC decision-making rules. The atmosphere in the Council of Agricultural Ministers thereafter and until the 1990s has been described as ‘club-like’ in the sense that vital interests were not undermined, but deals negotiated at length until compromise was reached, or bought off with side payments. Nevertheless, the turbulence of the CAP’s initial phase
did not disappear but instead culminated again a decade and a half later, as Margaret Thatcher, fiercely opposed to the principles of state intervention and supranationalism underlying the CAP, campaigned against the policy shortly after taking office in 1979. Although Thatcher did not succeed in dismantling the CAP, obtaining the British rebate at the 1984 Fontainebleau summit instead, her efforts show how closely the CAP was perceived to touch on essential ‘national interests’ in Britain as much as in France or Germany.

At the intersection of ‘national interests’ and European symbolism, agriculture is also a sectoral issue. Ann Christina Knudsen highlights that the CAP from its inception centred on securing an adequate income for farmers, a welfarist policy paradigm which persists into the 21st century. Cooperation on agricultural policy therefore takes the interaction between the national and the European to its sub-national foundations, introducing the sectoral into the equation between ‘national interest’ and European politics. Yet the significance of European agricultural sectors to national economies and employment has declined drastically in recent years. As a result of technological innovation, the interests of farmers increasingly diverge from those of consumers, while agricultural production has come into conflict with environmental concerns. Accordingly, a ‘national interest’ on agricultural policy is not obvious in any of the member states under analysis.

Almost from the CAP’s inception, structural change affecting agriculture’s position in national economies has combined with budgetary constraints and international demands to generate pressure for reform. The CAP initially relied largely on price support mechanisms. If prices fell below so-called support prices, the Community would buy commodities until the price rose back to the support price. This was not only costly and encouraged overproduction, but since price guarantees were upheld through import tariffs, it was also trade distorting. Although efforts to reform the CAP date back to the 1960s, when the European Commissioner for Agriculture, Sicco Mansholt, proposed to move away from price support and towards a more structurally orientated policy, reforms until the 1990s consisted mainly of quantitative restrictions on production. Scholars disagree on the balance between the different forces encouraging reform, but there is some consensus that whereas budgetary pressures, exacerbated by successive enlargements, dominated in the 1980s, from the 1990s, trade pressures became a more potent source of change and led to more far-reaching reform. The first substantial reform of the CAP was the 1992 MacSharry reform, which, in the context of the Uruguay round of trade negotiations, reduced support prices for cereals, oilseeds and beef. The