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Miami-Florida European Union Center of Excellence

**The Common Agricultural Policy:
The Future of the CAP and
Why Real Reform Will Never Happen**

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Vol. 6, No. 7

May 2010

Published with the support of the EU Commission

EUMA

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The Common Agricultural Policy: The Future of the CAP and Why Real Reform Will Never Happen

Miguel de la Rosa Jr. *

Abstract

This paper sets out to examine the Common Agricultural Policy (CAP) of the European Union from its inception to present day¹. Specifically, this paper seeks to answer the following questions: (1) What long-term effects, if any, did the circumstances surrounding, and leading up to the formation of the CAP have; (2) What have internal and external responses been to the CAP; (3) How has the CAP responded to major events both internally (within the European Union), and externally (internationally); (4) What affect does the recently implemented Lisbon Treaty² have on the CAP; and (5) What is the future of the CAP and CAP reform?

In order to answer these questions this paper begins with the contention that the CAP is in fact the largest and strongest driving force of EU expansion. In support of this proposition, this paper first examines the circumstances and events leading to the creation of the CAP in the European Community. Second, this paper examines what long-term effects the circumstances surrounding the CAP's inception have had on the policy, particularly calling attention to the disproportionate Franco-German CAP benefits. Third, the paper then examines how the CAP has responded to historical events that have had significant effects on the European community, particularly EU expansion, the implementation of the Lisbon Treaty, and the recent worldwide economic crisis. Finally, this paper examines common criticisms of and conflicts surrounding the CAP, both internally and externally, and argues that CAP reform, at least within the current institutional framework of the European Union, can never truly occur.

Introduction

*Agricultural policy looms large in modern European integration*³.

If there is one uniform fact about which most scholars of both the European Union (herein, EU) and history generally can agree, it is that World War II left Europe devastated⁴. It is estimated that forty million souls died as a result of World War II⁵. Additionally, the War left major cities throughout the continent in ruin, agricultural production in shambles—generously estimated to be

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¹ At the time of writing of this paper, in the Spring of 2010, the most up to date information on the CAP available from the EU is through calendar year 2009. See, European Commission – Agriculture and Rural Development, http://ec.europa.eu/agriculture/index_en.htm.

² The Treaty of Lisbon, or the Reform Treaty was signed by the EU member states in December 2007, and entered into force on December 1, 2009. Treaty of Lisbon, available for download at: http://bookshop.europa.eu/is-bin/INTERSHOP.enfinity/WFS/EU-Bookshop-Site/en_GB/-/EUR/ViewPublication-Start;pgid=y8dIS7GUWMdSR0EAlMEUU.S.Wb0000qHYWXTM8;sid=Tia-k6lCHcC-mumXT74gNMAAnSfW4QADBmY=?PublicationKey=FXAC07306.

³ Ginsberg, Roy H.. “The Outputs of EU Governmental Decisionmaking – Agriculture” Demystifying the European Union: THE ENDURING LOGIC OF REGIONAL INTEGRATION, 254 Rowman & Littlefield Publishers, Inc., 2007.

⁴ For an in depth discussion on post World War II Europe See, McCormick, John. "Origins: The Postwar World." The European Union Politics and Policies. 37-58 4th ed. Boulder, Colo.: Westview, 2008.

⁵ Id., at 47.

at half of its possible production capacity—and food was rationed throughout Europe⁶. Denmark, France, Belgium, Luxembourg, and the Netherlands suffered the most from German occupation, while Britain had seen most of its major cities and at least two-thirds of its wealth annihilated by the war.

Europe's immediate postwar priorities were threefold. First was the question of how to respond to a new world order in which the primary protagonists were not the prestigious nations of Europe⁷, now devastated by hundreds of years of war, but the United State (herein, U.S.) and the Soviet Union (herein, U.S.S.R.) who divided Europe and entrenched themselves throughout the world as a precursor to the Cold War⁸. Second and third were the corollary and parallel goals of simultaneously re-building Europe⁹ while promoting and ensuring a lasting peace¹⁰. It is these last two goals, which, to Europe's benefit, happened to overlap with U.S. priorities in the world. So much so, in fact, that President Harry S. Truman argued in an address to the United States Congress in March of 1947 that “the world faced a choice between freedom and totalitarianism, and that it must be U.S. policy ‘to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressure¹¹.’” The Truman Doctrine, as it came to be known¹², formalized in U.S. policy that which economists from both Europe and the U.S. knew to be true prior to the end of the war: that the means to achieving a stable and prosperous Europe rest in economic stability¹³. The Truman Doctrine simply stated that priorities of postwar Europe and U.S. foreign policy overlapped in that the United States had a vital interest in rebuilding an economically stable and peaceful Europe.

While the Breton Woods Conference¹⁴ saw the creation of three major institutions (the GATT¹⁵, the IMF¹⁶, and the World Bank) that still shape the global financial market today¹⁷, it was the formation of three major European institutions that is both momentous, and conspicuous for our purposes. Namely, the creation of the European Coal and Steel Community (herein, ECSC), the European Economic Community (herein, EEC), and the European Atomic Energy Community (herein, Euratom) all were signs that Europe was not only moving towards ensuring a lasting peace (ECSC, and Euratom) by making war impossible, but also rebuilding Europe (EEC). Some scholars know this period of growth and integration as the “golden age” for Europe¹⁸. But while the bulk of research of this period focuses on the formation of these institutions, the Treaty (or Treaties) of Rome¹⁹ (herein, Treaty of Rome), was responsible for the creation of the EEC, and Euratom, and also contained agreement by its signatories on the Common Agricultural Policy (herein, CAP).

⁶ Id.

⁷ Id., at 41.

⁸ Id., at 47.

⁹ Id., at 49.

¹⁰ Id., at 42.

¹¹ Id., at 49.

¹² Id.

¹³ Id., at 47.

¹⁴ The 44 country postwar economic summit in Breton Woods, New Hampshire, U.S.A.

¹⁵ General Agreement on Tariffs and Trade

¹⁶ International Monetary Fund

¹⁷ Van Dormael, Amand. Bretton Woods: Birth of a Monetary System. NY: Holmes and Meier, 1978.

¹⁸ See, Eichengreen, Barry. The European Economy Since 1945: Coordinated Capitalism and Beyond 198 Princeton, NJ: Princeton University Press, 1991. See also, McCormick, at 69-71.

¹⁹ BBC NEWS | EUROPE | Q&A | Common Agricultural Policy available at: <http://news.bbc.co.uk/2/hi/4407792.stm>. Last visited 03-29-10.

The CAP

To understand the Common Agricultural Policy is to understand the integration of institutions in modern era Europe²⁰, ultimately leading to the formation of the EU. As such understanding the CAP is best analyzed in three parts. It is important to first understand what the original purpose and intent of the CAP was. Second, it becomes important to not separate the “what” from the “why”, but attempt to understand what motivated the creation of the CAP, or rather what European interests were served with the formation of the CAP. Third, and finally, one must examine what the CAP really is by examining its methodology of implementation, and the effects of implementation.

The CAP – The What

Sicco Mansholt, an agriculture commissioner, originally drafted the Common Agricultural Policy. However, the version in the Treaty of Rome is a diluted version of the original policy²¹. Article 39 of the Treaty of Rome officially and formally created the CAP, and its original stated goals and purposes were to increase agricultural productivity²², to ensure fair living standards for the agricultural community²³, to stabilize markets²⁴, to ensure the availability of food²⁵, and to provide food at reasonable prices²⁶.

The CAP – The Why²⁷

There is a practical reason and a political reason for the creation of the CAP. The practical reason is more easily addressed: The devastation that plagued Europe after the World Wars and the war pre-war years, such as during the Great Depression left Europeans coping with starvation, rationing, and memories of lifetimes plagued with food shortages. As such the most practical predicament facing Europeans at the time of the Treaty of Rome was not only how to ensure peace through institutional cooperation and integration, but also how to ensure food security. Put simply, the CAP was and is Europe’s answer to the “food problem” if had faced for centuries, i.e. how to be secure the ability to feed the people.

The political reason for the implementation of the CAP centered around Franco-German interests in duty-free access to markets. Specifically, France, the largest agricultural producer of the original Rome Treaty signatories, wanted duty-free access to the German agricultural market²⁸. Accordingly, West Germany, the largest industrial state of the original Rome Treaty signatories wanted duty-free access to the French industrial market²⁹. Thus, what began as simple European food policy quickly evolved into a *quid pro quo* political trade compromise between the Franco-German center to European integration.

²⁰ For purposes of this paper the “modern era” is the period following the end of World War II (1945) to the present.

²¹ See, Pinder, John The European Community: The Building of a Union, 78-86 Oxford: Oxford University Press, 1991. See also, Urwin, Derek W. 132-135 The Community of Europe, 2nd ed.. London: Longman, 1995.

²² Ginsberg, Roy H. Demystifying the European Union: THE ENDURING LOGIC OF REGIONAL INTEGRATION, 254 Rowman & Littlefield Publishers, Inc., 2007.

²³ See, fn. 19.

²⁴ Id.

²⁵ Ginsberg, at 254.

²⁶ Id.

²⁷ The bulk of the information presented in this section comes from: ²⁷ Ginsberg, Roy H. “The Outputs of EU Governmental Decisionmaking – Agriculture” Demystifying the European Union: THE ENDURING LOGIC OF REGIONAL INTEGRATION, 254-257 Rowman & Littlefield Publishers, Inc., 2007.

²⁸ Id.

²⁹ Id.

The CAP – Implementation

Although welfare state policies have been peripheral to the EU's policy agenda, the CAP, with its system of agricultural support and subsidies, is an exception to the rule³⁰.

The original purpose of the CAP can be summarized as support and increase of farm income and production. In practice, however, what was originally intended by the EU to be mere food policy, and an attempt to create food security has, ultimately, become the most integrated and the most supranational of all EU policies and institutions.

Generally, the CAP is a combination of direct subsidy payments by the EU to EU farmers for crops and land, combined with a "price support" system³¹. The CAP has three main elements³². First is that the EU, as part of the CAP imposes import tariffs on goods originating outside of the EU³³. Second, the EU, again, under the auspices of the CAP, also provides agricultural export subsidies (herein, export subsidies) to farmers who export their goods to cover the difference between the actual prices and the costs of farming the goods in the EU vs. the price of the goods on the world market³⁴. Hence when an EU farmer's products' price is higher than the world price, and therefore not as competitive as it would or could be if offered at a lower price, the farmer can sell the good at the (lower) world market price, and have the difference between the price and the cost reimbursed by the EU. Third, the EU, through its "price supports" guarantees EU farmers a minimum price at which the EU will buy the farmers' goods when the world market price falls below the EU "minimum price"³⁵. The EU then either stores the goods until prices rise and then tries to sell the goods on the market at that time, or it donates the surplus as aid³⁶.

The bureaucracy involved in formulating and executing CAP policies is enormous. The European Council (herein, Council), with the assistance of the Committee on Agriculture (herein, ECCA), sets overall farm policy, but the day-to-day operation of the CAP is left to the European Commission (herein, Commission)³⁷. Further, the Commission drafts and enforces legislation that the Council of Agricultural Ministers (herein, CAM) enacts³⁸. Generally, CAM legislation deals to price supports or production quotas, but perhaps the most significant aspect in the enactment of this legislation is that the Council enacts CAP legislation *only* on the basis of consensus³⁹. Additionally, because CAP spending is compulsory, the European Parliament (herein, EP) under its authority to consult the Council on areas of compulsory spending, may amend, but not veto, CAP legislation. Additional groups involved in the implementation of CAP legislation are interest groups, which are also consulted before CAP legislation is enacted. The process by which CAP policy is formulated and enacted is further discussed and analyzed below under "CAP Reform"⁴⁰.

Within the Commission there exists a subset of common market organizations⁴¹ (herein, CMOs) that do the actual "work" in the CAP, including implementation, administration, and

³⁰ Sbragia, Alberta, and Francesco Stolfi. "Key Policies." *The European Union: How Does It Work?* 2nd ed. Oxford: Oxford UP, 2008. 128.

³¹ La Política Agrícola Común en Detalle, 3, Comisión Europea Agricultura y Desarrollo Rural (undated). Available at: http://ec.europa.eu/agriculture/publi/capexplained/cap_es.pdf. Last visited 04-18-10

³² Ginsberg, at 255.

³³ Id.

³⁴ Id.

³⁵ Id.

³⁶ Id.

³⁷ Id., at 254.

³⁸ Id.

³⁹ Id.

⁴⁰ See, p. 20, below.

⁴¹ Ginsberg, at 254-255.

enactment of CAP policies. These CMOs exist in every farm sector covered by the CAP⁴². Some of the agricultural goods encompassed by the CAP and CMOs include i.a.⁴³: beef and beef products, dairy and dairy products, flax⁴⁴, fruits and vegetables, hemp, honey, olives and olive oil, potatoes, poultry, rice and sugar. Additionally, CMOs are responsible for⁴⁵: (1) the elimination of intra-EU trade barriers, by creating common rules concerning free internal trade; (2) the actual creation of import levies and quotas; (3) competition, or antitrust rules; and (4) the dispersal of funds through the price support mechanisms discussed above.

The CAP – By the Numbers

Perhaps the only two things in the European Union that are larger than the bureaucracy that governs the CAP are the amount of controversy the CAP generates, and the amount of money the policy leads to expending each year. Prior to addressing the former, we must first dispose of the latter, which is admittedly an exaggeration, but only slightly so. The fact remains that from its inception until 2007, the CAP was the largest area of EU spending⁴⁶. From 1988 to 1992 the CAP comprised of 61% of the EU budget⁴⁷, down from its peak of 75% of the budget in 1970⁴⁸. As of 2006, the CAP was responsible for 41% of spending in the EU budget⁴⁹, and it was not until 2007, when the CAP dipped to its all time low of 33%, that the CAP ceased to be the largest single item in the EU budget⁵⁰. The 2009 data, however, indicate a sharp rise in CAP spending to 40% of the EU budget⁵¹. The EU projects that by 2013 CAP spending will be reduced to 32⁵² - 33%⁵³, at which time the CAP would again cease to be the single largest budgetary item in the EU, surpassed only by earmarks for “structural action⁵⁴.”

The CAP – The Driving Force of Integration?

“[W]hy did European states, traditionally jealous of their independence, pool sovereignty in an international organization that increasingly acquired federal attributes? ... because it was in their best interest to do so... The [European Council] was a bargain struck (primarily)... for economic gain⁵⁵.”

Liberal Intergovernmentalism is a theory expounded by Andrew Moravcsik in 1998, which claimed that national governments, and not supranational institutions controlled the pace and

⁴² Id.

⁴³ For the complete list of agricultural sectors encompassed in the cap, *See*, European Commission – Agriculture and Rural Development | Agriculture in the European Union - Statistical and Economic Information 2009. Available for download at: http://ec.europa.eu/agriculture/agrista/2009/table_en/index.htm. Last visited 04-18-10.

⁴⁴ Which is patently absurd.

⁴⁵ See, fn. 41.

⁴⁶ McCormick, at 300.

⁴⁷ EUROPA – Press Releases – EU Budget – Facts and Myths available at: <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/350&format=HTML&aged=0&language=EN&guiLanguage=en>. Last visited 04-18-10.

⁴⁸ McCormick, at Id.

⁴⁹ Sbragia, at 129. See, fn. 30.

⁵⁰ McCormick, at Id.

⁵¹ European Commission – Agriculture and Rural Development | Europe's agriculture and the Common Agricultural Policy (CAP) – frequently asked questions | The cost of the CAP. 2009. Available at: http://ec.europa.eu/agriculture/faq/cost/index_en.htm. Last visited 04-18-10

⁵² See, fn. 49, at Id.

⁵³ See, fn. 51.

⁵⁴ Id.

⁵⁵ Dinan, Desmond. “How Did We Get Here?” 22-41 *The European Union: How Does It Work?* 2nd ed. Oxford: Oxford UP, 2008.

scope of European integration⁵⁶. Moravcsik's theory was an expansion of an earlier theory by Alan Milward, who argued that while economic interests compelled Western European countries to integrate, national governments shared sovereignty only to the extent necessary to resolve problems that would otherwise have undermined their legitimacy⁵⁷. This contrasts with Liberal Intergovernmentalism, a theory of the Neofunctionalist school of Haas and Lindberg that had dominated early scholarly discussions on European integration⁵⁸. The Neofunctionalist school of European Integration argued that the institutions themselves take on a life of their own and became drivers of European Integration⁵⁹.

While Moravcsik and Milward's theories are essentially complementary and compatible, they are often viewed to be irreconcilable with Neofunctionalism. However, it is the contention of this paper to suggest that not a single theory independently explains the CAP adequately. While Liberal Intergovernmentalism might explain why the CAP came into being, it fails to explain the modern embodiment of the CAP. Similarly, Neofunctionalism adequately explains the "life" of the CAP, but fails in its ability to adequately explain why the CAP came into being. Arguably, a Neofunctionalist would refute this contention by stating that the CAP was a "Neofunctionalist spill over"⁶⁰ from the other three major institutions in existence when the Treaty of Rome was signed. However, this paper contends that the motivations behind the CAP with its size and significance throughout its "lifetime" disprove this approach. An in-depth analysis of the CAP only supports this argument, and leads us to the reasonable conclusion that the CAP was and continues to be a significant driving force in European Integration, with no single theory on European Integration adequately explaining the entirety (inception – present) of the CAP.

The CAP – The Driving Force of Integration

The CAP as the driving force of European Integration is best understood by analyzing three main points. First, by examining and considering the social and economic condition of Europe surrounding the formation of the CAP, one observes that the Liberal Intergovernmentalists have the strongest hold on this period of European Integration. Second, turning subsequently to examining the long-term effects of the circumstances surrounding the inception of the CAP, what emerges to best explain the CAP is an amalgamation, or hybrid, between the two theories. Third, and finally, by considering the CAP from its inception through modern day⁶¹ in its totality, what emerges in a theory *sui generis* which combines Liberal Intergovernmentalism, Neofunctionalism, and Neoliberalism – which contends that Democracies have created a separate and lasting peace because they are accountable to their citizens, and that this accountability in turn prevents war⁶². The conclusion that the CAP is essentially a unique method of describing and driving European Integration is the framework within which this paper then further examines how the CAP has responded to global events, and what the likely chances of success are future CAP reform.

Origins of the CAP

We return once more to Europe prior to the signing of the Treaty of Rome, accepting two basic premises: First, it accepted that the CAP was originally meant to be the food policy for the

⁵⁶ Id., at 23.

⁵⁷ Id.

⁵⁸ Id.

⁵⁹ For an in depth analysis on the theories surrounding European Integration, See, McCormick, at 61-93.

⁶⁰ Id.

⁶¹ Addressing questions (1) and (2), as set out in the syllabus.

⁶² For an in depth analysis of Neoliberalism, See, Lipson, Charles. *Reliable Partners: How Democracies Have Made a Separate Peace*. Princeton University Press: 2003.

European Community (herein, EC), because EC member states had a practical interest in wanting to be able to feed their citizens at the present. Second, EC member states had an interest in being able to feed its citizens in the future, i.e. EC member states had a significant interest in ensuring food security. However, food security does not exist in a vacuum, but has political benefits: Firstly, similar to the creation of the ECSC, the pooling food resources, combined with ensuring that no country went hungry made war both less likely, even unnecessary. Food security promotes peace. Secondly, two main antagonists during the centuries of European wars preceding the Treaty of Rome—France and Germany—both had economic interests in this maintenance of peace.

As previously briefly mentioned, the Franco-German center to the EC had political and economic interests in having access to each other's economies⁶³. From an economic standpoint France had an interest in getting access to German market because agriculture accounted for 12% of its Gross National Product (herein, GNP) and employed almost 25% of France's workforce⁶⁴. However, because Germany was the stronger industrial power, and not necessarily anemic in its agricultural sector (with agriculture being 8% of GNP, and employing 15% of the population⁶⁵), France had legitimate concerns that a single-market system alone could become dominated by Germany. As such France's interest in the CAP were certainly protectionist⁶⁶. One scholar went as far as to argue that the CAP's protectionist tendencies were exacerbated by French President Charles de Gaulle, who viewed the CAP as a means of bringing German wealth to France, in exchange for more stable and reliable German access to French Agricultural products⁶⁷. In fact the infamous "Empty Chair Crisis" of the EU was caused in part by President DeGaulle seeking to preserve French interests and its inequitable, and superior benefits in the CAP⁶⁸ for France. Applying theory to these facts, the Neofunctionalist's deficit in relation to the CAP becomes apparent, as there is no Neofunctionalist's explanation why the CAP should exist (only how it manifests after it came into existence. Thus Liberal Intergovernmentalist (herein, LI) theory best explains the inception of the CAP.

CAP Growth (1970 – 2009)

When the Empty Chair Crisis was resolved by the Luxembourg Compromise in 1967, the direct impact on the CAP was that by 1970 it would receive its own independent financial resources. Aside from this event (itself being one of the points of contention, which actually contributed to the empty chair crisis), it confirmed that a member states could assert the right to veto an EC proposal if a "vital (national) interest" was at stake⁶⁹. Essentially, the Luxembourg compromise had two effects: One, it allowed the CAP to take on an independent existence as an institution; and two, it elevated Agriculture to the level of a "vital" French interest. In this instance in applying facts to theory, neither the Neofunctionalists nor the Liberal Intergovernmentalists adequately explain the CAP growth in its entirety. Neofunctionalism explains the EC, as an entity, seeking to elevate its influence and independence, but not the Fresh reservation of rights on the ability to still exercise an enormous check on the CAP. Vice versa, LI, explains the latter, but not the former. Both LI and Neoliberalism together, however, explain the domestic opposition DeGaulle faced in France during the Empty Chair Crisis, and why the Luxembourg compromise was reached⁷⁰.

⁶³ See, "The CAP – The Why", supra, at 5.

⁶⁴ McCormick, at 295.

⁶⁵ Id.

⁶⁶ Id.

⁶⁷ Ginsberg, at 77.

⁶⁸ See, Id., at 76; McCormick, at 77.

⁶⁹ Dinan, at 31-33.

⁷⁰ Ginsberg, at 76.

It is this point that must give an international relations scholar pause because of its unprecedented nature. The Empty Chair Crisis was caused largely in part because of the CAP, which was an experiment in pooling sovereignty and resources. That should have been the end of the experiment then and there, but domestic opposition, and recognition of the importance of the CAP, caused France to seek an end the crisis: The people of a sovereign nation not only recognized that giving up an essential element of sovereignty was vital to their nation's future interest; yet they also embraced the idea, and forced their sovereign to yield some of its sovereignty. Applying these facts to theory, the only viable explanation of the existence of the CAP has up to this point in the analysis to not only include Neofunctionalism, and LI, but also Neoliberalism⁷¹.

Internal Criticisms of and Responses to the CAP

The first area of controversy surrounding the CAP, and which is most easily addressed, is the criticism the CAP receives from within the EU. Internal (EU) controversies surrounding the CAP can be divided into two main areas. The first area is that the CAP disproportionately favors the larger EU member states, despite the fact that new EU members are more likely to, and in fact, often times do, have more agricultural based member states than the larger and older members⁷². The second and related area of internal controversy surrounding the CAP is that the CAP still disproportionately favors older and larger member states than newer, smaller member states that need it more. France and Germany are two of the top three recipients of CAP funds in the EU today⁷³, with Spain tied with Germany as the 2nd largest receiver of CAP funds, and Greece (5th) especially reluctant to give up their CAP funds to newer member states, citing the fact that they still need those funds to support their agricultural sectors⁷⁴.

Third, the CAP is controversial because of its success. Because prices on agricultural goods are more likely to fluctuate than most other goods, the CAP's price supports set food prices in the EU artificially high⁷⁵, even during periods of surplus⁷⁶, which has resulted in Europeans spending about 25% of their incomes on food⁷⁷. Fourth the CAP is simultaneously internally and externally controversial because it still encompasses vital state interests in "the politics of food and in the policy's redistribution of wealth⁷⁸," both in regards to France⁷⁹, and towards new members⁸⁰.

International Criticisms of and Responses to the CAP

The largest and potentially most relevant external criticism of the CAP is that it is incredibly protectionist⁸¹ and prevents access to the European market by foreign farmers, especially United States (US) farmers. The CAP, in fact, was responsible for the breakdown of the World Trade Organization (WTO) Doha Round of talks in July 2006, because the US and the EU could not

⁷¹ Again, because Neoliberalism argues Democracies don't go to war with one another because of domestic accountability.

⁷² See, fn. 30, at 129.

⁷³ Id, at 131.

⁷⁴ Dr. Maria Lorca-Susino, in class lecture and commentary on the CAP. Mar. 8, 2010.

⁷⁵ Ginsberg, at 255.

⁷⁶ Id.

⁷⁷ McCormick, at 295.

⁷⁸ Ginsberg, at 255.

⁷⁹ McCormick, at 297.

⁸⁰ See, fn. 74.

⁸¹ McNamara, Sally *The Largest Protectionist Racket in the World* at "The Foundry" – The Heritage Foundation Blog/Daily News Service. Originally posted Mar. 4, 2009. Available at: <http://blog.heritage.org/2009/03/04/the-largest-protectionist-racket-in-the-world/>. Last visited Apr. 18, 2010.

resolve their disputes surrounding the CAP⁸². Attacks on EU disruptions of the world market because of the CAP have even gone as far as accusing the CAP of causing international trade wars, because EU export subsidies drive down world market prices or cause other farm exporting nations to subsidize their own exports⁸³. One think tank further argues that the CAP will continue to be a point of discord on trade between the US and the EU⁸⁴, an issue to which this paper now turns.

The CAP's Response to EU Expansion

At the time of the Treaty of Rome, agricultural industries employed approximately 25% of the European population⁸⁵. After the 1995 expansion of the EU, in what was known as the EU-15, that percentage dropped to less than 5%⁸⁶. The present EU-27 is estimated to employ twelve million farmers⁸⁷. But put into perspective⁸⁸, the percentage of people employed in agriculture in Europe today is less than 2.5% (~ 2.42%)⁸⁹. Yet despite this small percentage of the population actually employed in agriculture, rural areas cover over 90% of EU territory and are home to about half of the EU's population⁹⁰. Additionally, prior to the global economic crisis, the EU was an economic powerhouse with EU agricultural exports worth \$370 billion, and accounting for 43% of the global total in 2005⁹¹. Finally, this percentage of the population employed in agriculture is not uniform across the EU, and of the 12 most recent states to join the EU all have at least 10% of the population employed in agricultural sectors⁹². The significance of this point is examined in greater depth in the section titled "CAP Reform" below.

Successes of the CAP

Prior to addressing the final two points of this paper – (1) The CAP's response to the global economic crisis; and (2) the future of CAP reform – this paper first seeks to address the successes of the CAP, and why they support this paper's position that the CAP represents a leading driving force in European Integration. The CAP has succeeded in two extraordinary ways. First, it has enabled European food security by making Europe self-sufficient in the areas of food and agriculture. The best example of this point is that the most reluctant member of the EU, Britain, which prior to World War II imported 70% of its food and food needs, today imports less than 33% of its food and food needs⁹³. If anything, the CAP has been successful to a fault because of the resulting excess of goods, and international economic conflicts caused by it (as previously discussed) – though these conflicts CAP have resulted *only in economic disputes*. Yet the CAP has succeeded in creating food security in Europe. Second, the CAP has succeeded in promoting peace in Europe through the re-distribution of wealth and resources among its citizens. And while

⁸² See fn. 30, at 129.

⁸³ Ginsberg, at 255.

⁸⁴ See fn. 81. See also, M., Ewen *The European Community's Common Agricultural Policy: Continued Problems for the U.S.* at The Heritage Foundation Reports. Originally posted Dec. 1, 1990. Available at: <http://www.heritage.org/Research/Reports/1990/12/The-European-Communitys-Common-Agricultural-Policy-Continued-Problems-for-the-US>. Last visited Apr. 18, 2010.

⁸⁵ McCormick, at 296.

⁸⁶ Id.

⁸⁷ See, fn. 51.

⁸⁸ Europa | Press Release| Rapid -- Population projections 2008-2060. Available at: <http://europa.eu/rapid/pressReleasesAction.do?reference=STAT/08/119&format=HTML&aged=0&language=EN&guiLanguage=en>. Last visited Apr. 18, 2010.

⁸⁹ Based on a population of 494,296,878.

⁹⁰ See, fn. 51.

⁹¹ McCormick, at 295.

⁹² Id., at 296.

⁹³ McCormick, at 295.

Neofunctionalism explains why the CAP has become such a massive and powerful entity in the EU, and LI explains why the CAP was created, the two are not antithetical, and neither can independently explain why France chose to end the Empty Chair crisis when it had the potential on its own to be an agricultural hegemon in Europe. Only an amalgamation of LI, Neofunctionalism and Neoliberalism can explain the entirety of the CAP. Beyond that point this paper contends that the CAP is both a means and an ends unto itself simply because of its size and its representation of European norms and values.

In fact one of the “new roles” of the CAP is to aid the farming community in ensuring a certain amount of economic activity in every rural area and to protect the bio-diversity of the European countryside. The interest of protecting the “diversity” of the European countryside and the “recognition” of a “rural way of life—people living in harmony with the land”- are stated as an important aspect of Europe’s identity⁹⁴. Additionally, with the expansion of the EU, CAP policies have moved away from supporting the production of goods to supporting rural development and environmental protection. Essentially, because the CAP has been so successful as an aspect of EU food policy, it has transcended itself to become an embodiment of the European identity and a means of cultural adhesion as well. In support of this point, the following sections are presented.

The CAP, Lisbon, and the Global Financial Crisis

The Lisbon treaty had one substantive effect on the CAP: It incorporated the Fisheries Policy of the EU into the CAP⁹⁵. Beyond that change, the European Commission only recently⁹⁶ announced plans “to overhaul its agricultural policy in line with the EU’s new long-term economic strategy⁹⁷.” This plan for CAP reform is discussed below. In announcing the proposed reforms, Agriculture Commissioner Dacian Cioloș said in his speech to the EP that “the current policy faces major challenges, including climate change, problems with food availability and pressures on resources and rural economies.” As the EU pursues further reform, commissioner Cioloș warned that the stakes are high: “The events that the world has experience in the last two years serve as a reminder of this⁹⁸.”

However, it is unclear what the experience of the last two years has shown Europe, because according to WTO 2009 data, Europe remains an agricultural exporting powerhouse, and of leading exporting nations (or groups) the EU saw the lowest drop (9%) in exports as a result of the global economic crisis⁹⁹. Taken in that light, the CAP is a resounding success because during a global crisis the EU saw: (1) an increase in the strength of its currency¹⁰⁰; (2) it did not suffer from food shortages; and (3) of world export leaders saw the lowest decline in percentage of exports shipped. In what was arguably the greatest world catastrophe since World War II, the CAP did exactly as it was designed to and helped Europe stay (mostly) above the economic crisis.

CAP Reform

Understanding the significance of the CAP in keeping Europe profitable despite the global economic crisis leads the conclusion that CAP “Reform” might not result in any real reform.

⁹⁴ Fontaine, Pascal, *Europe in 12 lessons*, 24 Luxembourg: Office for Official Publications of the European Communities, 2006.

⁹⁵ Treaty of Lisbon, at ¶ 47. See, fn. 2.

⁹⁶ Last week, Apr. 13, 2010, as of the writing of this paper.

⁹⁷ European Commission| News| Agricultural, fisheries, and food – “Future of European Agriculture: Have your say.” Available at: http://ec.europa.eu/news/agriculture/100413_en.htm. Last visited Apr. 18, 2010.

⁹⁸ Id.

⁹⁹ World Trade Organization| International Trade Statistics 2009. Available at: http://www.wto.org/english/res_e/statis_e/its2009_e/section3_e/its09_highlights3_e.pdf. Last visited Apr. 18, 2010.

¹⁰⁰ Id.

Instead, CAP reform will likely not address the criticisms of the CAP, but only serve to increase its significance and prominence. In support of this proposition this paper offers three main contentions. First that the recent success of the CAP through the economic crisis will not lead to any changes in the CAP that will truly address external criticisms, and only moderately address internal criticisms. Second, this paper argues that the current bureaucracy that governs and implements the CAP makes true reform difficult. Finally, this paper argues that the recent success of the CAP only lends it credibility and public support, which might mean CAP expansion, rather than reform.

The first point reiterates the previous section: Because the CAP accomplished exactly what it was intended to, and saw only minimal effects on EU agriculture and agriculture exports, it is unclear why the global economic crisis would warrant the EU to “reform” the CAP. A 9% drop in EU agricultural exports was nowhere nearly as catastrophic as it could have been. Consider the 9% decline seen by the EU, in contrast to the 23% decline seen by the US, or the 16% decline seen by Singapore¹⁰¹ (the only country that saw an increase in exports was Hong Kong, at 2%, and they were not exclusively agricultural exports¹⁰²). These facts taken together lead to the reasonable conclusion that the CAP worked, though it is now a goal of the Commission to make it work better. To accomplish this, and perhaps for the CAP to serve as a stronger buffer in the next global crisis, would be to achieve to reverse the drop in agricultural exports - the only likely “reform” the CAP would then see is expansion and growth.

The second reason the CAP will not likely see real reform has to do with the organization of the bureaucracy involved in the CAP. Specifically, the *de facto* means by which CAP implements legislation involves consultation with lobbyist groups that represent farmers¹⁰³. In no other country with perhaps the exception of Japan, does a lobby actually have such significant role in the implementation of regulations over the industry which they represent. Given the prominence of agriculture in EU wealth, it is unlikely there is any lobby in the world as powerful as COPA, or the other agricultural lobbies in the EU. The strength of the lobby is only augmented when one considers two major factors. First, the twelve newest EU memberstates all have at least 10% of their populations working in agriculture, disproportionate to the rest of the EU (and as high as 19% in Poland and 22% in Romania¹⁰⁴). No real reform can take place where the lobby of one group plays such a prominent role influencing regulations for that group (and considering that French domestic policy is still dominated by agriculture, both as a lobby and an economic force, and as part of the French psyche). France still accounts for more than 20% of agricultural production in the EU-15^{105 106}. Additionally, French voters are reluctant to vote in favor of what they perceive to be anti-agriculture policies¹⁰⁷, a fact not likely to change in the near future in light of recent CAP success¹⁰⁸. Despite the Post-Lisbon Treaty move to ensure more qualified majority voting (herein, QMV) in the EU, the one area which QMV is presently not slated to affect, is the CAP. Even if that were to change, it is unlikely the CAP will decrease in any significant amount because the EU landscape is still dominated by agricultural interests.

Finally, and in summary, this paper argues and concludes that the recent CAP success will likely lead only to CAP expansion, and not reform, least of all reforms that address international criticisms of the CAP. First, consider that a recent survey of EU citizens showed that 60% of the population currently supports, or would like to see an increase in CAP spending¹⁰⁹,

¹⁰¹ See, fn. 99.

¹⁰² Id.

¹⁰³ Ginsberg, at 255.

¹⁰⁴ McCormick, at 296.

¹⁰⁵ The EU-15 is the name used to refer to the EU after the 1995 expansion.

¹⁰⁶ McCormick, at 297.

¹⁰⁷ Id.

¹⁰⁸ *Contra*, Id.

¹⁰⁹ See, fn. 97.

and this despite the fact that the CAP provides for less than 5% of jobs for the total European population. This figure is particularly important when one considers the democratic deficit of the CAP, because the CAP is the only institution over which the EP cannot really implement policy or reform, removing it from any real public accountability¹¹⁰.

Considering the fact that the CAP works, and works well - so much so that U.S. President Barack Obama in his economic stimulus plan for the U.S. in response to the global economic crisis, included a “Buy American¹¹¹” protectionist provision, similar to the CAP - resulting in EU threats to only *further* subsidize EU industries through the CAP¹¹². Taken together, the only likely and reasonable future for the CAP is expansion - and continued criticism internationally and domestically. But if Neoliberalists are correct, and democracies will continue to create a sustained peace, then the CAP will only continue to grow, and it is likely that the EU would prefer a second chicken war¹¹³ than the loss of food security.

Conclusion

This paper argued that the CAP was and will continue to be the driving force in European integration for three main reasons. First, no existing theoretical framework can independently, and adequately explain European integration, but satisfies several theoretical paradigms to explain its relevance. Secondly the CAP is an embodiment of the European identity, as well as a crucial component to the “completion” of Europe—a stated goal of the EU. Thirdly, the CAP works, and works so well that its only logical “destiny” is expansion to continue assurance of economic stability and food security in Europe.

¹¹⁰ Ginsberg, at 255.

¹¹¹ See, McNamara, at fn. 81.

¹¹² Id.

¹¹³ Time Magazine: The Common Market – Chicken Wars. Published July 14, 1963. Available at: <http://www.time.com/time/magazine/article/0,9171,874857,00.html>. Last visited Apr. 18, 2010.