

D&D Part 3: Q.2. Does the European community still need a Common Agricultural Policy?

INTRODUCTION

At first sight the Common Agricultural Policy (CAP) may not seem like the most interesting policy area to choose, particularly at a time when the media is focusing on border security within the Schengen area, migration and the refugee crisis, and internal divisions within the EU over economic policy ever since the banking crisis of 2008. But, in reality, European agriculture and the CAP tells us a lot about the challenges and dilemmas that have faced, and continue to face, the European Community since it was first established.

First, it reminds us just how economically diverse the EU member states are. Some are still highly dependent on their agricultural sector but for others it is a very small part of their economies. Some produce enough food to be self-sufficient and to export their produce to other member states and outside the EU; others still depend upon food imports to meet their consumers' needs. Even within the agricultural sector there is a great deal of diversity. As one observer has pointed out: *"The CAP has to try to encompass the different needs and interests of, for example, a wine producer in Italy; a producer of fruit and vegetables using irrigation in Spain; a large-scale cereal grower in Britain or France; a small-scale dairy farmer in Bavaria; or a farmer battling against the climatic disadvantages of Finland"*. [Wyn Grant (1997), *The Common Agricultural Policy*, p.10]. The challenge of diversity has increased with every enlargement of the EU and is a reminder of the difficulties of devising and implementing a common policy that works for all (a challenge that is not confined to European agriculture).

Second, when looked at historically from 1962 until today, it helps to demonstrate that the European Community is not simply an intergovernmental organisation like NATO or the United Nations. It is a dynamic international political system. It has to continually respond to changing internal and external circumstances and reform its policies accordingly. As you will see when looking at the context and historical sources included here, the CAP that came into force in 1962 is not the CAP that is now in operation. In 1962, the Commission and the Council of Ministers were concerned about making agriculture more efficient and productive, ensuring secure food supplies during a period of international crisis, protecting farmers from external competition and ensuring that people on the land earned enough to stop them from going to work in the manufacturing industries. Now, there is much more concern about protecting the environment, maintaining rural communities, ensuring that consumers can choose from a wide range of food products and maintaining quality. The changes reflect changing concerns in the international community and the economic policies of the national governments of the member state. But they also reflect the influence of non-governmental groups on the decision-making process; i.e. in this case, farmers, food producing multinational corporations, retailers, consumer groups, health agencies and animal welfare organisations.

Why should we be interested in the Common Agricultural Policy? Two reasons:

1. Our parents and grandparents did not always have the choice, quantity and quality of food that we now take for granted. This is due, to a large degree, to the fact that a growing number of countries in Europe recognised that by jointly supporting agriculture they could ensure that their people would no longer fear famine or struggle to afford to feed themselves and their families.
2. The Common Agricultural Policy provides us with an interesting case study of how the decision making process within the EU actually works; the plurality of influences on that process, and the dilemmas and challenges which it faces that can make it difficult to implement common policies or apply a "one size fits all" approach to multinational decision making.

1. The Context: Agriculture in Europe 1900-1950

After World War 1 millions of hectares of farming land in France, Belgium and Luxembourg had been laid to waste by five years of trench warfare. There was a shortage of farm workers. Many had died or been seriously wounded in the war. It took seven years for European agriculture to return to pre-war production levels. By comparison, agriculture in the United States and Canada during World War 1 had expanded rapidly to meet the increased demand for food in Europe. By 1932, agriculture in Europe had recovered, but world food prices had fallen by over 75% while surplus stocks of food had more than doubled. This created an agricultural crisis on both sides of the Atlantic that was made even worse by the economic depression in the 1930s. The incomes of farmers and farm workers fell to levels well below those of workers still employed in the industrial sector. By 1939, as another continental war looked likely, most West European governments had intervened in their agricultural sectors to stabilise farm prices, increase farmers' incomes and make their countries more self sufficient.

After war broke out again it was clear that the food supplies of Britain and Germany would be vulnerable. Around 70% of Britain's food was imported. When German warships and U-boats attacked convoys of merchant ships transporting food to Britain, the British government had no option but to ration scarce foodstuffs and call on non-combatants to work on the land. The Third Reich, for the first four years of the war was able to seize food from the countries it had occupied and send it back to Germany for domestic consumption. But towards the end of the war, as German forces were driven out of the occupied countries, Germany was hit by famine. The occupied countries in Western Europe were also experiencing severe shortages of food. In the Netherlands and Greece the populations were starving. The United Nations Relief and Rehabilitation Administration (UNRRA) supplied food aid and livestock to a number of European countries until its operations were closed down at the end of 1947 and it was replaced by the Marshall Plan.

At the end of World War 2 European governments were facing three challenges regarding their domestic agriculture:

i. To increase agricultural production. There were serious food shortages across most of Europe. Food aid helped but, as **Source D** shows, food shortages lingered throughout the late 1940s for reasons explained in **Source A**. Marshall aid provided tractors and combine harvesters and the manufacturing industries across Europe that had made military vehicles during the war now switched to the production of farm equipment, fertilisers. Agricultural production in Western Europe began to increase.

ii. To ensure that future food supplies would be secure. The memory of the food shortages lingered and people looked to their governments to ensure that such shortages would not happen again. Also, Europe had learned from two world wars that national security was put at risk if food supplies were not secure. As the Cold War emerged food security became an urgent priority. Governments intervened to ensure, where possible, that more food was grown at home for the domestic market. But in the countries that relied heavily on food imports, food security was a problem. [**Sources E & F**].

iii. To provide direct support for farmers. After World War 2, there were far fewer farms and farmworkers for reasons explained in **Source B**. However, farming was still a significant sector in the economies of many European countries (**Source C**). To increase production and improve food security, farming needed to be more mechanised, but many farmers did not have the financial means to buy agricultural machinery. So, governments stepped in to provide farmers with low-interest loans to purchase equipment, fertilisers and pesticides. To ensure a better and more consistent income for farmers they also imposed tariffs on food imports, stabilised food prices and stockpiled food whenever there were surpluses [**Source F**].

Sources:**Source A**

"In the 1950s the majority of continental European farmers produced and lived much in the same manner as their forbears in the nineteenth century or earlier. They produced cereals and vegetable crops on small, often widely scattered, plots of land, with minimal use of power machinery...horses, oxen and humans provided much of the energy on the farm, so a significant share of farm output was consumed rather than marketed." (P.W. Philips,(1990) *Wheat, Europe and the GATT* (p.23).

Source B

"The number of farms, farmers and workers decreased more rapidly over fifteen years from 1945 than in any previous period and it may well be that for those remaining, non-agricultural activities supplemented their incomes on a greater scale than ever before. [Alan Milward, (1992) *The European Rescue of the Nation State*, (p.235)].

Source C

% of population actively involved in agriculture (1950)	
Austria	32.3
Belgium/Luxembourg	12.5
Denmark	24.5
Finland	46.0
France	28.7
West Germany	24.0
Greece	52.6
Ireland	48.7
Italy	42.8
Netherlands	14.3
Norway	25.9
Portugal	44.3
Spain	49.7
Sweden	20.3
Switzerland	11.0
United Kingdom	6.1

Source D

"On the basis of current information regarding indigenous supplies in importing countries and likely shipments from exporting countries, it is clear that world supplies fall seriously short of the quantities needed to prevent food consumption in urban and other deficit areas falling below minimum subsistence standards.... Looking beyond 1946-47, there are signs that the world food balance may continue tight for some time, since import demand will be larger than prewar, and export supplies of many foods, notably livestock products, can only expand slowly. "

[Report of the Commission on World Food Policy, September 1946, U.N. Food & Agriculture Organisation].

Source E

"Improvements in agricultural technology, reflected in remarkable increases in yields....were the consequence of government policies which financed their introduction into an area of production where the majority of enterprises were unable to afford such innovations out of their own earnings." [UN Economic Commission for Europe,(1960) *Economic Survey of Europe in 1960*.

Source F

[In terms of agriculture in western Europe] "price instability, low incomes, reduced imports, fluctuations in supply or direct food insufficiency, led to a consensus in which the state played an important role in stabilising prices and markets and increasing farmers' incomes."

[Brassley, Segers & Van Molle (eds) (2012) *War, Agriculture, and Food: Rural Europe from the 1930s to the 1950s*]

Activity 1: On 30 October 1947 in Geneva, 23 countries signed the General Agreement on Tariffs and Trade (GATT). The main goal was "the substantial reduction of tariffs and other barriers to trade." By 1955 the GATT membership had increased to 32 nations, 13 of which were from West Europe and Scandinavia. By 1994 123 nations had signed up to the GATT. However, the GATT Agreement said very little about agriculture and most of the members, including those from Europe, continued to treat agriculture as a sector in the economy that needed to be protected.

From your reading of Sources A to F, why do you think these European members of GATT were unwilling to remove the barriers and tariffs that protected their agriculture at that time?

2. Towards a common market for agriculture in western Europe

On 18 April 1951 France, Germany, Italy, Belgium, Luxembourg and the Netherlands (known as The Six) integrated their coal, iron and steel industries by establishing the European Coal and Steel Community. These three industries were essential to the economic reconstruction of western Europe. There was a political motive as well. Economic integration rather than military alliances was thought to be the best way of maintaining European peace in the future. The Treaty created a centralized, supranational institution, the High Authority, which, with the support of other institutions including a Council of Ministers, fixed prices, set production limits or quotas and fined companies that ignored the rules of the Treaty. **(Sources A & C)**

Not long after the creation of the ECSC, a larger group of west European countries began to talk about the possibility of setting up a similar kind of single market for agriculture. They were all members of the Organisation for European Economic Cooperation (OEEC), which had been set up in 1948 to coordinate the implementation of the Marshall Plan in Europe. Two different proposals quickly emerged. The Six members of the ECSC proposed a similar arrangement of supranational institutions to integrate and regulate agriculture. Other west European states preferred a much looser kind of inter-governmental structure which would not involve any sharing of sovereignty or supranational institutions and would not impose a common tariff on agricultural imports from outside the proposed European agricultural community. Negotiations continued for two years without reaching an agreement on how best to proceed. The proposal for an arrangement similar to the ECSC was abandoned by the OEEC in favour of the more traditional inter-governmental approach. The member states would agree to cooperate on lowering trade tariffs between them but not impose a common tariff on imports from outside the OEEC. **(Sources B & E)**

At this time the Six were exploring the possibility of the ECSC evolving into a broader common market, which would also include agriculture. In their view the removal of agricultural tariffs between the Six would not be sufficient when two states (France and the Netherlands) were major exporters of agricultural produce while the other four were heavily dependent on agricultural imports. They decided to proceed with an arrangement for agriculture that would be similar to the administration of the ECSC. This was recognized in the Treaty of Rome, signed on 25 March 1957, which established the European Economic Community (EEC). **(Source G)**

Two years later the seven West European states which had opted to remain outside the EEC formed the European Free Trade Area (EFTA). These were: Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom. The main objective of EFTA was to eliminate internal customs duties on industrial products but not agriculture. Unlike the EEC each EFTA state was free to agree its own trading arrangements with non-EFTA countries. **(Sources D & F)**

In 1961, and in spite of their previous opposition to the idea of supranational rather than intergovernmental institutions, the UK, Denmark, Norway and Ireland applied to join the EEC. After long negotiations the French President, Charles de Gaulle, vetoed the UK application on the grounds that Britain's extensive maritime trade, her Commonwealth links and her strong political and economic relationship with the United States were incompatible with the fundamental principles of the EEC. The applications of the other three countries were also blocked because they were major trading partners of the UK. President de Gaulle also vetoed their reapplication in 1967. De Gaulle resigned in 1969. This paved the way for the UK, Denmark and Ireland to reapply and they eventually joined the EEC on 1 January 1973.

Sources:

Source A

"There will be no peace in Europe if states are reconstituted on the basis of national sovereignty with all that implies in terms of prestige politics and economic protectionism... The nations of Europe are too circumscribed to give the people prosperity. They will need larger markets ... Prosperity and vital social progress will remain elusive until the nations of Europe form a federation of a 'European entity' which will forge them into a single economic unit."

Jean Monnet, *Algiers Memorandum*, August 1943

Source C

"It proposes that Franco-German production of coal and steel as a whole be placed under a common High Authority, within the framework of an organization open to the participation of the other countries of Europe. The pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development as a first step in the federation of Europe, and will change the destinies of those regions which have long been devoted to the manufacture of munitions of war, of which they have been the most constant victims."

The Schuman Declaration. Speech made by Robert Schuman, French Foreign Minister in Paris on 9 May 1950. Widely believed to be the founding text of the European Community.

Source E

"raising and improving European production and increasing productivity cannot be achieved in a Europe divided into a number of limited markets as a result of trade barriers and subject to monetary instability... Within a certain number of years a Tariffs Community should be established, which would result in the complete abolition of import duties within the Community and would introduce a new general tariff of import duties vis-à-vis non-participating States...[and] the establishment of the supranational organisations of which detailed preliminary studies have been made."

Johan Willem Beyen, Netherlands Minister of Foreign Affairs, in a memorandum to his European colleagues, 11 December 1952.

Source G

"[The Common Agricultural Policy] is essentially the product of a compromise between France and Germany. France's interest was to ensure that its farmers secured outlets for their produce in Germany. Only if this objective was secured was France prepared to allow German manufacturing exports access to the French market. Given the physical fragmentation and economic weakness of German agriculture, and the strength of the German manufacturing sector, the underlying interests of Germany would appear to lie in as few barriers to trade as possible."

Wyn Grant (1997) *The Common Agricultural Policy*, pp.63-64

Source B

"We cannot impose on Europe a federal structure of institutions which might work in other regions of the world...we have responsibilities going far beyond the confines of Western Europe alone..... [It] is difficult to accept that we should tie our hands in dealing with 86 per cent of our products throughout the world in accordance with what we agree with friends who make up only the remaining 14 per cent of the market for our products."

Reginald Maudling, British Minister responsible for trade speaking in Parliament on 14.12.1959

Source D

"When, in the autumn of 1958, it became clear that the Six would not engage in a wider cooperation without a customs union, and further economic and social harmonization efforts, and that Great Britain would not participate in any cooperation based on these features, focus turned to the creation of an alternative trade bloc that included the seven West European countries not members of the EEC. The focus of this European Free Trade Association (EFTA) was kept on manufactured goods."

Bo Lidegaard (2009) *A short history of Denmark in the 20th Century*, p.248

Source F

"One motive for the creation of EFTA that united all member states was the desire to prove that it was possible to create...and administer a liberal industrial free trade regime within an intergovernmental institutional framework...One other motive behind the creation of EFTA was to strengthen [their] negotiating position...vis-à-vis the EEC."

W. Kaiser, "Challenge to the Community: The Creation, Crisis and Consolidation of the European Free Trade Association 1958-72, in *Journal of European Integration History* V3, No.1 (1997) p.16

Activity 2

From your reading of Sources A to G, why do you think some of the member states of the OEEC, such as Denmark, Norway, the United Kingdom and others, decided to establish the European Free Trade Area (EFTA) rather than join with the six members of the ECSC in forming the European Economic Community? How important was agriculture in this decision?

3. Creating the Common Agricultural Policy

As we have already seen, the Treaty of Rome in 1957 established a common market (the EEC) amongst its six member states (the EEC). Article 38 of that Treaty stated that this common market should include agriculture and trade in agricultural products. For this to operate effectively it was recognised that it would be necessary to establish a Common Agricultural Policy (the CAP). Article 39 of the Treaty set out five objectives for the CAP:

1. to increase agricultural productivity through more efficient use of technology and labour;
2. to improve the standard of living of farmers and farm workers;
3. to stabilise market prices for food by stockpiling when there are surpluses and distributing the surplus stocks when there are poor harvests and food shortages;
4. to ensure sufficient food supplies are always available (food security).
5. to ensure that consumers pay reasonable prices for their food.

How best to achieve these objectives? There were a number of possible ways of achieving these objectives that could have been adopted at that time:

1. Guaranteed prices for each farm product, set by the EEC, usually at a level above the current world prices for those products.
2. Tariffs to prevent these guaranteed prices from being undercut by cheaper imported foodstuffs.
3. Intervention purchasing and stockpiling of food surpluses to maintain the market price.
4. Income support through direct payments or subsidies paid to farmers out of taxation. The most common approach at the time was the 'deficiency payment'. A 'target price' was set for each product and if the market price fell below that the farmers were paid the difference.
5. Structural changes in farming to make them more efficient and productive (e.g. reducing the number of farms, fewer small family farms, setting farm land aside to be used for other purposes, etc).

The Council of Ministers of the six member states of the EEC opted for a combination of solutions 1, 2 and 3. In many respects their choices reflected the existing national agricultural policies of the six member states. Even before 1957 the governments of Belgium, France, Germany and Luxembourg had already been intervening in the market to ensure that their domestically-produced food products received a higher price than world prices. Not surprisingly, guaranteed price support seemed the most obvious solution to the decision makers in 1958.

In 1973, when Denmark, Ireland and the United Kingdom joined the EEC, they adopted the Common Agricultural Policy as did Greece in 1981 and Spain and Portugal in 1986. But by the 1980s concerns were being expressed within the EEC that the CAP needed to be reformed.

Sources

Source A

"Thanks to the CAP, Europe's citizens enjoy food security. As a society, we can be sure that our farmers produce the food we need. They provide an impressive variety of abundant, affordable, safe and good quality products. The EU is known throughout the world for its food and culinary traditions. Due to its exceptional agricultural resources the EU could and should play a key role in ensuring food security of the world at large."

European Commission, 'Agriculture. A Partnership between Europe and Farmers', Brussels 2014.

Source B

[EU] *"prices of agricultural products are stabler than world prices, though at significantly high levels. The CAP ensured security of supply of agricultural products in the Community, through an increase in self-sufficiency. Intra-Community trade of agricultural products was multiplied many fold. Labour productivity in agriculture grew by more than 6 per cent a year.... Under the CAP the European Community has changed from net importer to net exporter of food and agricultural products."*

Greek economist, Nicolas Baltas, The Common Agricultural Policy: Past, Present and Future, (1999).

Source C

"The main concern in Europe in the 1950s was to increase the food supply. The problem with choosing price support to achieve such a goal is that the objective of ensuring reasonable food prices is threatened, because the price support is paid by the consumers".

Danish economist, Henrik Zobbe, 'The economic and historical foundation of the Common Agricultural Policy in Europe' (2001)

Source D

"Since the price support system introduced in 1962 linked payments to quantities produced by farmers it was not surprising that the largest and most intensive farms absorbed most of the CAP funding. By 2007 the largest farms (representing 25% of the total number of farm holdings across the EU) received 74% of the CAP funding."

OECD 'Evaluation of Agricultural Policy Reforms in the European Union' Paris 2011.

Source E

"Price policy has its limitations, and if I ask myself now whether we can improve farm incomes by means of a price policy alone, I must answer very definitely that we never will.price policy must be supplemented by a structure policy for which there is a great need....The number employed in agriculture have fallen by approximately half a million each year...I believe that a further reduction is essential. The problem however is that the number of agricultural holdings [farms] has not fallen quite so sharply. In the EEC [small family and one-person farms] represent on average 75 to 80% of all holdings." [The speaker goes on to argue that this is not sustainable. The objective of improved farm incomes can only be achieved through larger, more efficient farms].

EEC Commissioner for Agriculture, Sicco Mansholt, Newsletter on the Common Agricultural Policy, Brussels, January 1968.

Source F

"World market prices for most agricultural products were well below those of the EC. Hence the European consumer lost from having to pay very high prices. Moreover, as the poor in the population spend a relatively high proportion of their disposable income on food and the CAP's price support mechanism keeps food prices high, the CAP causes massive transfers of income from consumer in one member country to produce in another."

Nicolas Baltas, The Common Agricultural Policy: Past, Present and Future, (1999)

Source G

"The CAP helps farmers to be more productive and to improve their technical skills. In its early years, the CAP encouraged farmers to use modern machinery and new techniques, including chemical fertilisers and plant protection products. These were necessary because the priority at that time was to grow more food for the population. The policy was very effective. Productivity greatly increased. Crop yields rose dramatically."

European Commission, 'Agriculture. A Partnership between Europe and Farmers', Brussels 2014.

Activity 3

From your reading of Sources A to G, which of the Objectives set out in the Treaty of Rome Article 39 do you think the Common Agricultural Policy has achieved?

Please tick your preferred box

Objectives	Achieved	Not achieved	Not sure
Increase agricultural productivity			
Raise incomes of farmers and farm workers			
Stabilise markets			
Assure food security			
Reasonable prices for consumers			

Discussion point: Might any of the other options considered at that time (see page 5) have helped to ensure that all of the objectives were achieved?

4. The Reform Years (1968 – 2013)

The CAP was devised to meet the needs of the six states of the EEC. Although the objectives as set out in Article 39 of the Treaty of Rome continue to be the main goals of the CAP the agricultural sector within the EC has changed significantly over the last 50 years in ways which the creators of the CAP could not have predicted back in 1958. Here we review those challenges and how the EC has responded to them.

Years	New developments and Issues	Reforms and changes
1968	After six years of the CAP agricultural production, boosted by price support and import tariffs, was creating surpluses. But, on average, farm incomes were still much lower than incomes in other economic sectors and the gap between them was not narrowing.	EC Commissioner, Sicco Mansholt, presented a plan to reduce the amount of land under cultivation and encourage the merger of small farms into larger farms. This was seen by EC Agriculture Ministers as too politically radical. The Mansholt Plan was not adopted.
mid-1970s to 1988	There was now a growing concern within the EEC about overproduction leading to surpluses. It was common at this time for the mass media to refer to “butter and grain mountains” and “wine and milk lakes”. But production continued to rise even though the EC was intervening to purchase the surpluses. As a result CAP spending increased from 12.4 billion in 1982 to 27.5 billion in 1985.	Production quotas were introduced, beginning with milk quotas in 1984. The basic quota for each product was set to reflect demand within the EC. Producers were to receive the full guaranteed price for goods within the quota. But the guaranteed price was reduced if production exceeded the quota. In 1988 the EC also introduced a voluntary scheme in which arable farmers would receive compensation if they agreed to set-aside 20% of their land and not use it for farming.
1992	in 1991 the European Commission warned that <i>“the Community’s agricultural policy cannot avoid a succession of increasingly serious crises unless its mechanisms are fundamentally reviewed so far as to adapt them to a situation different from that of the sixties.”</i> The reforms of the 1980s had not achieved their intention. The price support system was still encouraging over-production; mega-farms were the main beneficiaries, the incomes of small and medium farms had not improved much since the mid-1970s. Arable farmers taking up the set-aside scheme tended to be setting aside the least productive land. Subsidising farming and dumping surpluses on the world market was a growing drain on the EC’s budget and creating tension with the EC’s trading partners. Also intensive farming was causing major environmental problems at a time when the international community, including the EC, was seeking to promote conservation and greater environmental awareness.	In 1992 EC Commissioner, Ray MacSharry, presented a series of reforms to address these concerns and these were accepted by the Council of Ministers in May 1992. For the first time guaranteed support prices were to be reduced. Instead farmers were to be compensated for any loss of income through conditional direct payments. Arable farmers received these payments on condition that they set aside a proportion of their productive land. Livestock farmers received direct payments on condition that they restricted the size of their herds. This was referred to by the Commission as ‘decoupling’ funding from production. To address the concerns of international trading partners the reforms also committed the EC to reducing the value of agricultural export subsidies by 36% and the volume of exports by 20%. In addition Member States were required to support environmentally-friendly schemes, such as reductions in use of pesticides, converting farmland to woodlands, etc.
2000 - 2013	The budgetary cost of the CAP went up because of the compensatory payments to farmers and in 1996, for the first time, it exceeded 40 billion ECU (the European Currency Unit which preceded the Euro). It was also expensive to check on whether farmland was in fact being set-aside and the whole process was increasingly bureaucratic. From 2004 onwards thinking about the CAP was dominated by the enlargement of the EU. While it added 100 million new consumers it also increased EU farmland by 50% and doubled the agricultural labour force. The CAP budget increased by 25%.	Over this period a series of reforms aimed to reduce price support until it was fully decoupled from production. A ‘single farm payment’ was introduced based on the size of the farm and, in return, farmers had to meet specific environmental, animal welfare and food safety standards. Because of the large rural population across the EU an integrated rural development policy was also introduced, aimed at promoting both economic and environmental improvements. Even so, by 2013, and partly because of the economic recession that began in 2008, there was still widespread concern within the EU about the cost of administering the CAP budget.

Activity 4:

By now the historical context and the evidence in the Sources should have helped you to understand the issues and challenges facing the Common Agricultural Policy. On the basis of that understanding how would you answer the following related questions:

1. Should farmers in the European Union still receive special support through the budget of the Common Agricultural Policy?
2. If your answer is **YES**, why do you think CAP support is still needed and what do you think would be the best way of doing this in the 2nd decade of the 21st century?
3. If your answer is **NO**, then what has changed since 1958 that means that it is no longer necessary to continue to provide financial support for the EU's farmers?

You may also find the following statistical information about the current situation in the CAP (2014-2015) useful in your discussions.

Information about the Common Agricultural Policy in 2014

- Around half of the EU's population lives in predominantly or partially rural areas.
- Currently 12 million people work in farming, forestry and fisheries but 46 million people (out of a total population of over 500 million) work in jobs dependent on agriculture, such as food processing.
- 77% of the geographical territory of the EU is classified as rural.
- Across the 28 Member States of the EU there are nearly 12 million farm holdings. The average size is 15 hectares (compared with USA where the average farm size is 180 hectares).
- In 1970 farmers received 87% of the EU budget. By 1984 it was 70%, by 1992 it was 65% and by 2014 it was reduced to just over 40% of the total budget.
- Each tax-paying citizen of the EU contributes an average of around €100 per year to the budget of the Common Agricultural Policy.
- Farmers in the 15 member states that existed before the accession of states from central and eastern Europe benefit more from the CAP than the newer members. Farmers in France receive 17% of CAP payments, Spain 13%, Germany 12%, Italy 10.6%. France and Germany are the largest agricultural producers.
- About 2% of farmers leave agriculture every year across the EU - and in some countries the figure is higher.