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The Co-evolution of Semantics and Policy Paradigms: 50 Years of Europe's Common Agricultural Policy

In the five decades of the Common Agricultural Policy's existence its semantic and policy paradigms have shifted considerably. The earlier semantics of "justice" with its emphasis on the economic and social consequences of declining farm incomes has gradually been replaced by a "sustainability" paradigm which stresses the common interests of farmers and citizens concerning the public goods that agriculture and rural areas provide in contemporary Western societies.

The year 2008 marks the fiftieth anniversary of the Common Agricultural Policy (CAP), one of the oldest examples of a substantive supranational policy arena in post-war Europe. In many ways it had an impact on, and even constituted the early evolution of, European integration. Sotte claims that "the 1957 Rome Treaty would have remained an international agreement among many if it had not been followed by the 1958 Conference of Stresa, and if a true European policy had not been born along with the CAP, which in fact remained the only true European policy, at least till the beginning of structural policies towards the end of the 80s."¹ At the same time, the CAP has been the persistent target of harsh criticism, in particular with regard to its inconsistency with fundamental principles of a market order.²

The aim of this article is to analyse the semantic and political paradigm shifts that have occurred in the EU's Common Agricultural Policy during the five decades of its existence. Public policy debates often lag behind in finding an appropriate way of dealing with changing institutional structures and emerging problems. There is hence a permanent need to create new semantic concepts and categories to perceive, describe, reconstruct and evaluate the societal problem.³ We identify several stages in the public discourse on the European "farm problem" and argue that "justice" was not an appropriate semantics to address the economic and social consequences of the secular decline in income from farming in the early decades of the CAP. We show how European agricultural policy underwent considerable changes in both social structures and public semantics. Furthermore, we demonstrate that it was subject to at times heated public and scientific scrutiny in a relatively

well-defined arena of discourse. This arena has been staffed primarily with representatives of farmers, politicians and social scientists with an expertise in agricultural and rural affairs, and later on environmental and consumer-oriented groups played an important role. It is thus possible to study the long-term evolution of this international policy field. We take it as a case where semantic innovations led to major institutional reforms in an international policy arena. We are interested in the various dimensions of this evolution in nascent problems, the political response to the original symptoms of the deeper structural problem, and then identify a gradual transition in which the existing solution becomes a new and more vexing problem.

In retrospective, the CAP's implementation was driven by two major political aims.⁴ The first aim was to overcome the national trade barriers for food products prevalent in post-war Europe. Second, there was a need to address the profound structural problems inherent in the European farming sector – problems that manifested themselves in low productivities of both land and labour. Directly linked to these problems were concerns for a sufficient food supply across Europe, and the increasing gap in incomes between agriculture and other sectors in the various European economies. Within a brief period of time, for reasons that will be presented below, the last of these problems – income

¹ F. Sotte: From CAP to CARPE: the state of the question, in: K. M. Ortner (ed.): *Assessing Rural Development Policies of the Common Agricultural Policy*, Kiel 2005, Vauk Wissenschaftsverlag, pp. 3-24, here p. 4.

² U. Koester: *Agrarpolitik im Dauerkonflikt mit Prinzipien der Sozialen Marktwirtschaft*, in: *Ordo*, Vol. 48, 1997, pp. 341-362.

³ I. Pies, M. Beckmann, M. Hielscher: *Mind the Gap! Ordonomische Überlegungen zur Sozialstruktur und Semantik moderner Governance*, Martin-Luther-Universität Halle-Wittenberg, Diskussionspapier No. 2007-16, Halle (Saale) 2007.

⁴ M. Tracy: *The spirit of Stresa*, in: *European Review of Agricultural Economics*, Vol. 21, 1994, pp. 357-374.

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inequality between urban and rural livelihoods – moved to centre stage.

For present purposes, we shall discuss CAP reform as a continuous struggle between taxpayers and farmers concerning the governance of a sector in economic decline. This is, in short, “the European farm problem.” Following Gardner,⁵ there is now consensus among agricultural economists concerning the underlying process. Specifically, in a growing economy, technological progress in agriculture – and the fact that food demand rises more slowly than consumers’ incomes – induces a fall in food prices and thus a secular decline in agricultural incomes. Most economies in the West have experienced similar phenomena, including a long-run decline in agriculture’s share of GDP.⁶ In the face of these seemingly inexorable trends, farmers make demands upon national governments for special relief, while politicians often seem overly solicitous. Indeed, the CAP is but one example of how ameliorative policies motivated in the beginning by genuine concerns for significant inequities eventually come to be seen as an entirely new variety of a profound political (and budgetary) problem.

Setting the Stage: 1945-1955

At the end of World War II food security was a major issue in all European countries.⁷ At this time many governments directly controlled the trade and distribution of food products. Much of this was a carryover from pre-war practices in which import and storage boards played a central role in marketing arrangements. While France had evolved into a pattern of somewhat larger production units, post-war West Germany found itself twice burdened: its farms were small and suffered from low productivity. More seriously, the bulk of pre-war Germany’s better agricultural soils and enterprises were in the East – and soon to be behind the Iron Curtain. The Korean War (1950-53) would lead West Germany out of its agricultural doldrums with a boom in world prices for agricultural products. When industrial goods also benefited from the Korean War, the West German “Wirtschaftswunder” was soon under way.

Emerging from a state of economic disarray, the public discourse concerning agricultural and food policy was soon characterised by competing semantics. On the one hand, there was an increased awareness of the potential gains from integration and transnational cooperation, an opportunity that was ratified by the creation of the Organisation for European Economic Co-oper-

ation (OEEC) in 1948.⁸ The European Coal and Steel Community followed in 1951. At conferences in Paris and Messina, West European leaders prepared further steps towards European integration. It was at this time that the idea of a novel French-German partnership emerged – West Germany would export industrial goods to France in exchange for French food products. By 1954 strong productivity increases had finally turned Europe into a net exporter of food.⁹

At this time a second major semantic discourse emerged – one that would dominate political discussions for a considerable time to come. This particular semantic was one of “just deserts.” That is, farmers *deserved their just share* in the overall income growth under way in Europe. It was at this time that rising fertiliser and fuel costs led many farmers’ organisations to call for compensating “parity prices” in food markets. For West Germany, the unfolding discourse is well documented by Kluge.¹⁰ Specifically, the West German farmers’ association (Deutscher Bauernverband, DBV), in a memorandum to the West German federal chancellor Konrad Adenauer, stressed that “increasing emigration from rural areas, paralysing illiquidity, rising debt levels and the threat of extensification ... are the current characteristics of West German agriculture.” Adenauer was “asked” to instruct the West German population about the need for a “positive agricultural policy” that would imply a “profitable level of agricultural prices”. Adenauer reacted with sympathy and promised that “*justice* should be given to agriculture” (emphasis added). Suddenly a discourse of justice emerged.

The academic community was caught off guard by this new semantics. As Plate reports for West Germany, academic research on agricultural markets was still in its infancy and suffered from the lack of a generally accepted theory of markets.¹¹ The complex process of underlying structural change in agriculture was badly understood. In essence, there was no “warranted belief” among the pertinent epistemic community concerning the operation of agricultural markets.¹² Those being pressed to implement ameliorative policies were forced to take their advice primarily from those schooled in public administration, many of whom had served under the Nazi regime and its protectionist “Reichsnährstand.” As early as 1949 a group of advisors to the West German government was unable to reach agreement

⁵ B. L. Gardner: Changing Economic Perspectives on the Farm Problem, in: Journal of Economic Literature, Vol. 30, 1992, pp. 62-101.

⁶ M. Tracy: Food and Agriculture in a Market Economy. An Introduction to Theory, Practice and Policy, La Hutte (Belgium) 1993, Agricultural Policy Studies.

⁷ If not indicated otherwise, the following insights draw on U. Kluge: Vierzig Jahre Agrarpolitik in der Bundesrepublik Deutschland, Vol. 1, Hamburg 1989, Paul Parey.

⁸ This later became the Organisation for Economic Co-operation and Development (OECD).

⁹ U. Kluge, op. cit., p. 221.

¹⁰ Ibid., pp. 227-229.

¹¹ R. Plate: Agrarmarktpolitik, Vol. 2: Die Agrarmärkte Deutschlands und der EWG, Munich 1970, BLV Verlagsgesellschaft, pp. 345, 356.

¹² D. W. Bromley: Sufficient Reason. Volitional Pragmatism and the Meaning of Economic Institutions, Princeton 2006, Princeton University Press.

concerning the broad outlines of an agricultural policy for West Germany.

As a result, two separate recommendations were published, broadly perceived in the public mind as representing “competition” versus “agricultural protectionism”.¹³ It was against this background, in 1955, that the German Agricultural Act (*Landwirtschaftsgesetz*) was passed. The primary thrust of this legislation reflected the somewhat ambivalent and unformed views about the role of agriculture in a growing and industrialising economy. The question that persisted was, essentially, when is it justified for political measures to “counteract the natural and economic disadvantages that exist in agriculture compared to other economic sectors”? Rather than embracing what would come to be seen as a “Social Market Economy,” the Agricultural Act of 1955 merely served as a legitimating device to provide the West German agricultural sector with plentiful subsidies for a number of years to come.¹⁴ It was at this time that price and/or income guarantees for agriculture were enacted in other West European countries.¹⁵

**The Gap Between Semantics and Structure:
1955-1968**

In March 1957, the Treaty of Rome laid the foundation for further European integration, including a Common Agricultural Policy (CAP) and the possibility of establishing “European Market Organisations” (Article 40) in order to achieve the goals described above. The Treaty delegated the discussion of detailed regulations to the agenda of a subsequent conference, which took place in Stresa, Italy in July 1958. The Stresa proposal of the European Commission stressed the need for structural changes to enhance agricultural productivity and augment farm incomes. It also warned that price policy should seek to avoid overproduction and that it should encourage competitiveness.¹⁶ However, there was no agreement on a firm price level, and there was no clear vision for creating a coherent policy concerning agricultural structural concerns – a major weakness of the proposal.¹⁷ These failures then opened the door for national governments to set price levels, which were agreed on after long negotiations in December 1964, and led to the widely perceived problems of surplus production and excessive public spending in the following decades. In general, a rising awareness of structural deficits in European agriculture emerged in the 1960s.

Overall economic growth led to a widening income gap between agriculture and the rest of the economy, notably in West Germany. However, it was only in 1968 that Commissioner Sicco Mansholt came up with a large-scale modernisation programme, firmly based on the vision of a “modern agricultural production unit” for European agriculture.¹⁸

It was in this period that the flawed semantics of “justice” as a means of solving the “farm problem” became apparent. First, the increasing income disparity showed that political measures were largely ineffective in halting the relative decline in incomes and the shrinking role of agriculture in the economy. Rallying behind the rhetoric of justice, farmers continued their protests with increased intensity. Second, it was during this period that a strong consensus emerged within the academic community that was highly critical of current policy practices in agriculture. It seems that the academic community understood the problem primarily in terms of justice and redistribution. We take this enduring controversy in public discourse as an indicator of the formidable difficulty in addressing the farm problem in terms of the semantics chosen by the relevant stakeholders.

A good illustration of this point is the debate over the price level to be set in the newly created Common Market Organisations of the European Economic Community (EEC). A major issue of contention was whether the high West German price level that had been maintained by political measures after the Korean War boom would comprise the benchmark for the future EEC-wide price level. It was apparent that any reductions in this price level would hit West German farmers particularly hard since they were among the most structurally disadvantaged in the EEC. In 1961, the West German Minister of Agriculture, Werner Schwarz, and EEC Commissioner Mansholt therefore initiated an expert assessment concerning the impacts of reduced commodity prices on the income situation of German farmers.¹⁹ The group of experts consisted of agricultural economists from various European universities and research institutes. The resulting “professors’ report” was reflective of the emerging academic consensus in the 1950s. The core of this consensus was that income disparities in agriculture “could not be prohibited by manipulations of prices, taxes and credit conditions, but only by means of a continual adjustment of factor inputs”.²⁰

The “professors’ report” suggested that the traditional level of price supports ought to be reduced – despite the apparent pain to West German agriculture. This position was generally supported by the EEC Commis-

¹³ U. Kluge, *op. cit.*, p. 117.

¹⁴ R. Plate, *op. cit.*, pp. 345 f.

¹⁵ M. Tracy: *Food and Agriculture in a Market Economy ...*, *op. cit.*, pp. 159-161.

¹⁶ M. Tracy: *The spirit of Stresa*, *op. cit.*, p. 370.

¹⁷ *Ibid.*, p. 363.

¹⁸ M. Tracy: *Food and Agriculture in a Market Economy ...*, *op. cit.*, pp. 186-187.

¹⁹ U. Kluge, *op. cit.*, pp. 337-340.

²⁰ R. Plate, *op. cit.*, p. 345.

sion. The public message was troublesome – an annual income loss of DM 1 billion for West German farmers. This figure, even if it over-dramatised the larger thrust of the report, clearly served the redistributive semantics that was used in the public discourse.

Earlier in 1962 West German farmers had announced that they were prepared to “enforce their just share in economic life” with even stronger measures than before.²¹ But in October 1962 the publication of the expert report prompted an outcry unprecedented in the West German farm community. About 8,000 farmers marched in front of the agricultural economics department of Göttingen University, with which two of the experts were affiliated. Waving black flags on their tractors, they demonstrated against the “sacrifice” of “hundreds of thousands of family farms”.²² German politicians rushed to emphasise that the report was simply background information and that there was no implied policy relevance. The expert assessment thus became a major milestone in a long-standing conflict between academic departments and the more practical agricultural policy in Europe. In December 1964 an agreement was finally reached that the EEC target price level for wheat should be about 50 DM/ton below the current West German price level, albeit with the promise of full financial compensation for West German farmers.²³

The CAP Gets Stuck – Semantics Too: 1968-1985

The policy arena in the 1970s and 1980s was dominated by increasing production surpluses on the one hand and exploding public expenditure on the CAP on the other. Adding to the difficulties was a political agenda dominated by an unpredictable schedule of annual price negotiations in the EEC Council of Agricultural Ministers. The public conflict among stakeholders in agricultural policy persisted. In February 1971, one of the largest farmers’ protests in post-war West Germany took place in Bonn – about 50,000 farmers gathered to demand continued price supports to prevent “further injustice in agriculture”.²⁴

The semantics remained focused on perceptions of justice. Academic economists began to write about direct income payments which would compensate farmers for the continued reduction in price levels. It was thought that this measure would, by stabilising household incomes in agriculture, dampen the persistent incentive to increase production in the face of fall-

ing prices. Koester and Tangermann²⁵ suggested that payments to farmers should be completely decoupled from production, meaning that farmers would continue to receive income payments even if they decided to stop farming. However, this payment – in the form of a certificate – would only be granted once to the current generation of operators and not be inheritable. In turn, price subsidies would be cut step by step, so that in the long run both surplus production and public expenditure could be reduced substantially.²⁶ However, this idea was not welcomed by farmers, who were quick to perceive that the scheme would make the public transfers to agriculture much too visible. Moreover, the relative transparency of direct payments would have induced serious debates about their legitimacy, and would surely have generated conflicts concerning the distribution of these payments among farms.²⁷

Policy paralysis began to set in. Academic publications on CAP reform carried titles such as: “CAP in a Blind Alley”²⁸ and “CAP Reform and Agricultural Economics: Dialogue of the Deaf?”²⁹ The introduction of the milk quota system in 1984 represented a further widening of the gap between academic thought and practical agricultural policy in Europe.

A Semantic Paradigm Shift: Major CAP Reforms (after 1985)

By the end of the 1980s the discourse on European agricultural policy was transformed from a paradigm of justice to a paradigm of sustainability. However, this change did not happen without external preconditions. There are four major conditions that contributed to this transformation.

- First, despite over five decades of massive public financial commitments, continuing structural change had dramatically reduced the number of persons employed in agriculture. In West Germany, for example, this number fell from approximately 7 million persons in 1950 to approximately 2 million in 1989. Over the

²¹ U. Kluge, op. cit., p. 340.

²² Ibid., p. 338 f.

²³ As it happened, much of this compensation fell victim to the general public budget cuts during the economic crisis of 1966 (cf. U. Kluge: Vierzig Jahre Agrarpolitik in der Bundesrepublik Deutschland, Vol. 2, p. 25).

²⁴ Ibid., p. 151.

²⁵ U. Koester, S. Tangermann: Supplementing farm price policy by direct income payments: Cost-benefit analysis of alternative farm policies with a special application to German agriculture, in: European Review of Agricultural Economics, Vol. 4, 1977, pp. 7-31.

²⁶ This idea later became the basis of a “bond scheme” for CAP reform. Cf. A. Swinbank, R. Tranter (eds.): A bond scheme for common agricultural policy reform, Wallingford 2004, CABI.

²⁷ K. Hagedorn: Public Choice and Agricultural Policy: The Case of the CAP, in: P. Dasgupta (ed.): Issues in Contemporary Economics, Proceedings of the Ninth World Congress of the International Economic Association, Athens 1991, Vol. 3: Policy and Development, Houndmills, Basingstoke 1991, Macmillan, pp. 43-71, here p. 58.

²⁸ U. Koester: EG-Agrarpolitik in der Sackgasse. Divergierende nationale Interessen bei der Verwirklichung der EWG-Agrarpolitik, Baden-Baden 1977, Nomos.

²⁹ K. Hagedorn: CAP Reform and Agricultural Economics: Dialogue of the Deaf?, in: J. PeIkman (ed.): Can the CAP be Reformed?, Maastricht 1985, European Institute of Public Administration, EIPA Working Papers 85/2, pp. 13-52.

same period, the number of farms decreased from almost 2 million in 1949 to approximately 700,000 in 1989. Average farm size had tripled from about 6 ha in 1949 to 18 ha in 1989, while the share of agriculture in the overall economy had fallen to less than 2 per cent.³⁰ For Europe as a whole, farm households in the early 1990s enjoyed approximately the same incomes as non-farm households, although a considerable part of household income in agriculture came from non-agricultural sources.³¹

- Second, influenced by steady income growth and the increased environmental side-effects of industrial production in Western societies, a new awareness of certain rural amenity values emerged over this period. This appreciation of the rural environment was particularly acute among the recently urbanised population throughout Europe. These values are captured by what Bromley and Hodge³² call “countryside and community attributes”. The idea here is that particular aspects of the rural countryside offer endearing visual properties, but also provide a valuable set of specific environmental services. For instance, wetlands provide water-quality enhancements by filtering sediment and chemicals from streams and rivers. It also was during this period that interest in organic farming began to attract increased attention. These changes brought a new set of stakeholders to the agricultural policy discourse, and here the motivation was a mixture of environmentalism and consumer advocacy. Before long the CAP was identified by some critics as the cause of agricultural practices that were not conducive to the protection of nature, that were destructive of valuable rural landscapes, and that resulted in chemical-laden agricultural commodities. There were demands for a reorientation of agricultural policy toward specific environmental goals.
- Third, the Common Market in Europe took shape – notably through the Single European Act of 1986 and the Treaty of Maastricht in 1992. By this time the advantages of a large and more open internal market had become apparent and as a result the idea of a common market for agricultural goods no longer seemed to be dependent on the CAP. In other words, the CAP was now released from the burden of being the guarantor of a single market in agriculture. Did it still play other important roles?

- Finally, the CAP had increasingly come under pressure to be harmonised with emerging international trade regimes – notably the negotiations within the General Agreement on Tariffs and Trade (GATT), and later the World Trade Organisation (WTO). Moreover, preparations for the major eastward enlargement of the EU in 2004 further stimulated debate on fundamental CAP reform. Given the large number of farms in the acceding countries, a straightforward implementation of the CAP in the new member states would have held impossible budgetary implications for the EU.

The idea that society had a broader interest in rural areas was officially acknowledged with the publication of the “Green Book” of the European Commission in 1985. For the first time, the economic functions beyond agriculture were stressed in a political programme at the European level.³³ Despite harsh criticism from farmers’ organisations, the issue was taken up again in the Commission document “The Future of Rural Society” in 1988, which affirmed that rural development should not be simply a by-product of agricultural activity but needed to be seen as a legitimate concern in its own right.³⁴ In 1991, the Commission introduced an innovative rural development programme called LEADER (Liasons Entre Actions de Développement de l’Economie Rurale), which was one of several new “Community Initiatives” subsequently labelled a “rural development laboratory”.³⁵ Moving away from the traditional production focus of the CAP, LEADER was multi-sectoral, decentralised, participatory and community-driven. Its “Local Action Groups” (LAGs) were based on regional partnerships between governmental and private actors with the intent of creating local development strategies based on local capabilities. While the programme is embedded in a European network of development associations, financial support for the decentralised approach came from a system of global grants.³⁶ The LAGs thus combine governance elements of competition (among LAGs for grants and among regions more generally), community (by utilising the advantages of local participation and cooperation) and state (by involving representatives of local governments).³⁷

At the same time, the CAP underwent yet another fundamental reform. The “MacSharry-Reform” (after Commissioner Ray MacSharry) transformed traditional price supports for cereals, oilseeds, protein crops, and bovine and ovine meat into per hectare, and per animal, payments. Payments were made on the basis of average regional yields in an effort to decouple

³⁰ W. Henrichsmeyer, H. Peter Witzke: *Agrarpolitik Band 1. Agrarökonomische Grundlagen*, Stuttgart 1991, UTB-Ulmer.

³¹ A. Buckwell et al.: *Towards a common agricultural and rural policy for Europe*, European Economy; Reports and Studies, No. 5, Brussels 1997, Directorate-General for Economic and Financial Affairs, p. 21.

³² D. W. Bromley, I. Hodge: *Private property rights and presumptive policy entitlements: reconsidering the premises of rural policy*, in: *European Review of Agricultural Economics*, Vol. 17, 1990, pp. 197-214.

³³ F. Sotte, op. cit., p. 13.

³⁴ Ibid.

³⁵ C. Ray: *The EU LEADER programme: rural development laboratory*, in: *Sociologia Ruralis*, Vol. 40, 2000, pp. 163-171.

payments from individual (farm-level) production decisions. Whereas farmers were fully compensated financially, scientists commonly welcomed the reform as a first fundamental step towards a more liberal policy.³⁸ In the absence of these reforms, the new “budget stabilisers” introduced in 1988 would have required long-lasting price reductions without compensation to farmers. The ongoing GATT negotiations, coupled with the charismatic leadership of Commissioner MacSharry and Commission President Jacques Santer eventually made the dramatic turn possible.³⁹

Although the MacSharry reform altered policy in a fundamental way, there was little semantic re-orientation of the CAP. That would not come until a group of experts from nine EU member states produced the Buckwell report.⁴⁰ It was here that a paradigm shift toward the semantics of sustainability began. The shift brought about a profound recognition that in the future the CAP would entail an explicit contract with farmers offering payments for the provision of particular environmental services. Notice that payments no longer serve to compensate for “unjust” price cuts in the past, but serve the interests of both farmers and taxpayers in the creation of a rural environment worth living in. The “environmental and cultural landscape payments” (ECLP), along with “market stabilisation” (MS) and “rural development incentives” (RDI) – many of which resembled the LEADER measures – were central to the Buckwell report. The highest budget priority was to go to the ECLP portion.⁴¹ Both the ECLP and the RDI would be administered in a much more decentralised fashion than had been traditional under the CAP. In addition, “transitional adjustment assistance” (TAA) was proposed to ease the move to the new policy framework, a proposal advanced earlier by Koester and Tangermann.⁴²

The Buckwell report formed the basis of much discussion at the first of two European-level conferences on rural development initiated by EU Agricultural Com-

missioner Franz Fischler. The 1996 conference, in Cork, Ireland, resulted in the “Cork declaration” that was largely consistent with the Buckwell proposals. With slight changes in terminology, the Cork declaration spoke of an “integrated approach for rural development”.⁴³ At the follow-up Salzburg conference in 2003, the term “sustainability” moved centre-stage. It was at this time that another semantic innovation appeared – multifunctionality. The idea here was that farmers were no longer just expected to produce food and fibre: henceforth, they were expected to be custodians of the countryside.

With food prices on the rise, and agricultural incomes enjoying some buoyancy, late 2007 brought further change. There would now be a gradual move away from single-farm payments and toward rural development, with particular interest in funding for risk management, climate protection, and research on biofuel production. Intervention purchases for wheat should be totally abandoned.⁴⁴

Despite these changes, many proposals of the Buckwell report are far from being implemented. It is not clear that direct payments will become a transitory measure. Furthermore, what has been labelled the “second pillar” of the CAP is still a portfolio of measures with an often unclear impact, and farmers have yet to embrace the idea of environmental and cultural landscape payments (ECLP). Despite these momentary setbacks, there is general recognition that indeed a paradigm shift has taken place.⁴⁵

Conclusions

The CAP reforms of the last two decades represent a gradual evolution in warranted beliefs about the best approach to agricultural policy in the EU.⁴⁶ The relevant stakeholders slowly came to recognise that the original semantics underlying the CAP gave rise to policies and practices that were no longer regarded as acceptable or reasonable. However, the search for new policy futures did not become compelling until the mid-1980s. And it seems possible that the transition would have taken longer in the absence of dramatic changes in the larger political and budgetary climate of the EU. While

³⁸ E. Westholm, M. Moseley, N. Stenlas: *Local Partnerships and Rural Development in Europe. A Literature Review of Practice and Theory*, Falun 1999, Dalarna Research Institute, p. 188.

³⁷ Experience with this new policy instrument accumulated during three phases of its implementation. Leader evolved into Leader II and Leader+, which was transformed into one of the major axes of the rural development pillar of the CAP in 2007, and thus became “mainstreamed”. Cf. M. Petrick: *Why and how should the government finance public goods in rural areas? A review of arguments*, in: F. Kuhlmann, P. M. Schmitz (eds.): *Good Governance in der Agrar- und Ernährungswirtschaft*, Schriften der Gesellschaft für Wirtschafts- und Sozialwissenschaften des Landbaues e.V., No. 42, Münster-Hiltrup 2007, Landwirtschaftsverlag, pp. 271-281.

³⁸ S. Tangermann: *Implementation of the Uruguay Round Agreement on Agriculture: Issues and Prospects*, in: *Journal of Agricultural Economics*, Vol. 47, No. 3, 1996, pp. 315-337, here p. 336.

³⁹ A. Kay: *The Reform of the Common Agricultural Policy. The Case of the MacSharry Reforms*, Wallingford 1998, CABI.

⁴⁰ A. Buckwell et al., *op. cit.*

⁴¹ *Ibid.*, p. 58.

⁴² U. Koester, S. Tangermann, *op. cit.*

⁴³ K. J. Thomson, D. Psaltopoulos: ‘Integrated’ Rural Development Policy in the EU: a Term Too Far?, in: *EuroChoices*, Vol. 3, 2004, pp. 40-45, here p. 41.

⁴⁴ *Drastische Kürzungen der EU-Agrarbeihilfen geplant*, in: *Agra-Europe*, 24 September 2007.

⁴⁵ G. van Huylenbroeck, G. Durand (eds.): *Multifunctional Agriculture. A New Paradigm for European Agriculture and Rural Development Aldershot 2003*, Ashgate; OECD: *The new rural paradigm: policies and governance*, Paris 2006.

⁴⁶ D. W. Bromley, *op. cit.*, pp. 73-75.

ECONOMIC TRENDS

it took over two decades for the semantic transition to bear fruit, it is now clear that policy is guided by a paradigm that finds sustainability to be a more useful guide than justice. It is worth noting however, that in the EU's new member states structural problems in agriculture, coupled with a lack of commitment to payments for environmental and cultural landscapes, have impeded the transition from the semantics of justice to the semantics of sustainability.

The evolution was gradual, and it occurred in several steps:

- a growing public perception that rural areas represented more than merely agricultural production, and that an increasingly urbanised polity had a legitimate interest in the rural countryside;
- a corresponding willingness by politicians to experiment with new policy measures reflective of this broader conception of the rural countryside;
- a reform of existing measures that made financial payments to farmers more transparent, which in turn stimulated a debate on the legitimacy of such payments;
- a receptivity to expert analysis and information that created a new way of thinking about rural policy;
- several European conferences that involved all major stakeholders and provided a forum for debate and the re-creation of imagined futures under different policy scenarios;
- the explicit acknowledgement of a new paradigm in which *rural* policy gradually replaced *agricultural* policy.