Solvay Brussels School
Economics & Management

Joint Degree in Political Economy
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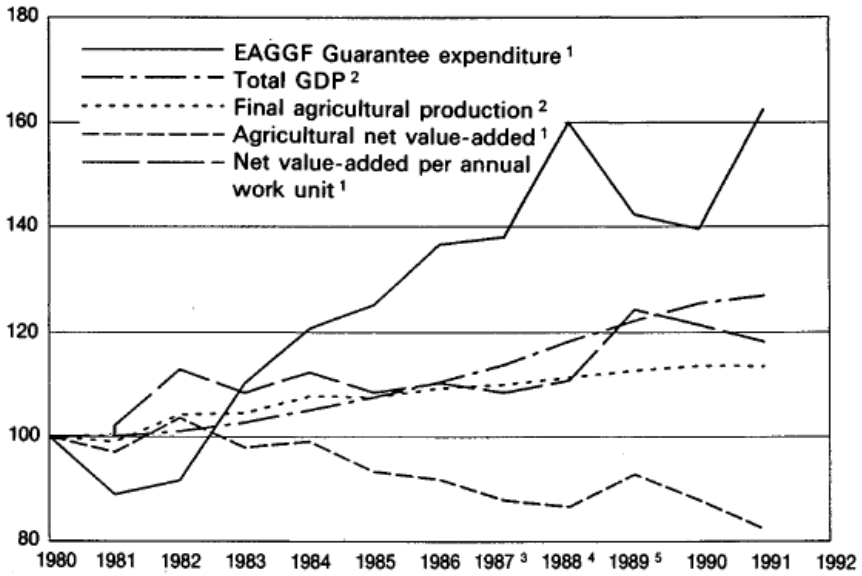
9. The MacSharry reform

Tomás García Azcárate

Increased inefficient expenditure

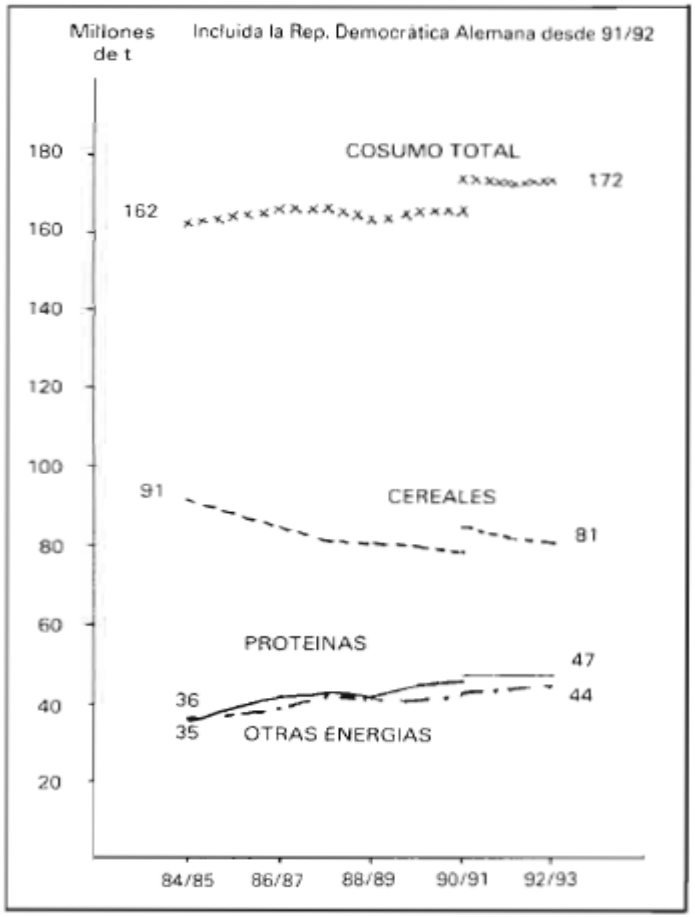
EAGGF expenditure
Agricultural production and income
Basic index 1980 = 100



Sources: EAGGF, Eurostat, DG VI.

[1] In real terms (GDP deflator).
[2] At constant prices.
[3] 1987 financial year: from 1 January to 31 October 1987.
[4] 1988 financial year: from 1 November 1987 to 15 October 1988.
[5] 1989 and subsequent financial years: from 16 October to 15 October of the following year.

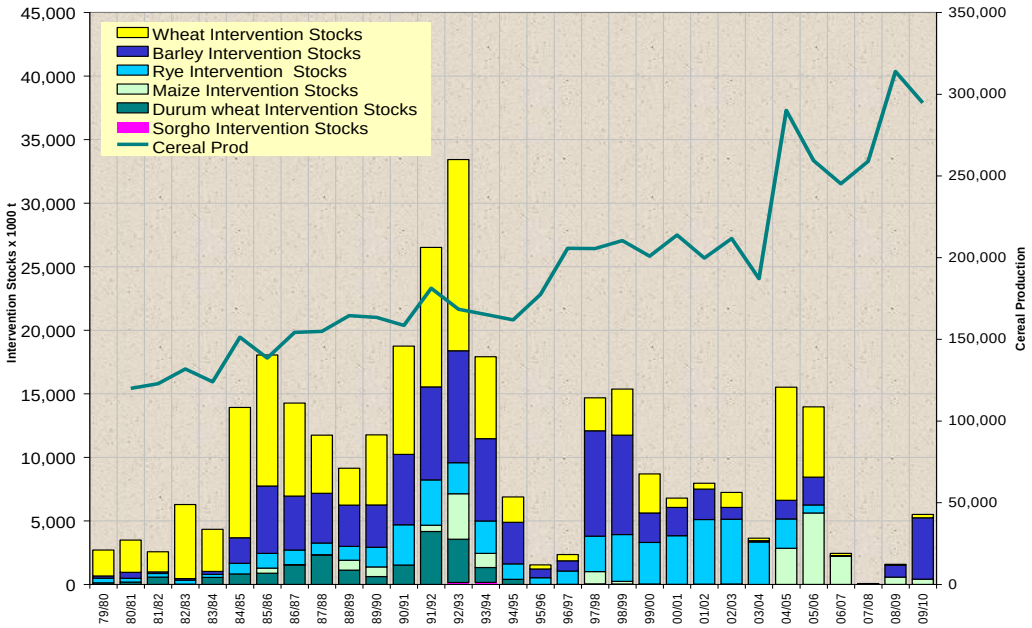
Decreased cereals consumption



Increase cereal intervention stocks

EU Intervention Stocks & Cereals Production 1979 to 2009

European Commission
Agriculture and Rural Development



Lack of legitimacy

Coupled support had promoted an artificial intensification of farming with negative environmental consequences

80% of the support was received by 20% of the farmers

Important decisions

Cereals: -29% decrease in intervention prices

Beef: -15%

Compensatory payments based on historical areas, yields and herd

Accompanying measures: afforestation, early retirement + agri-environmental support

Important non-decisions

No decrease in milk quota to adjust supply and demand

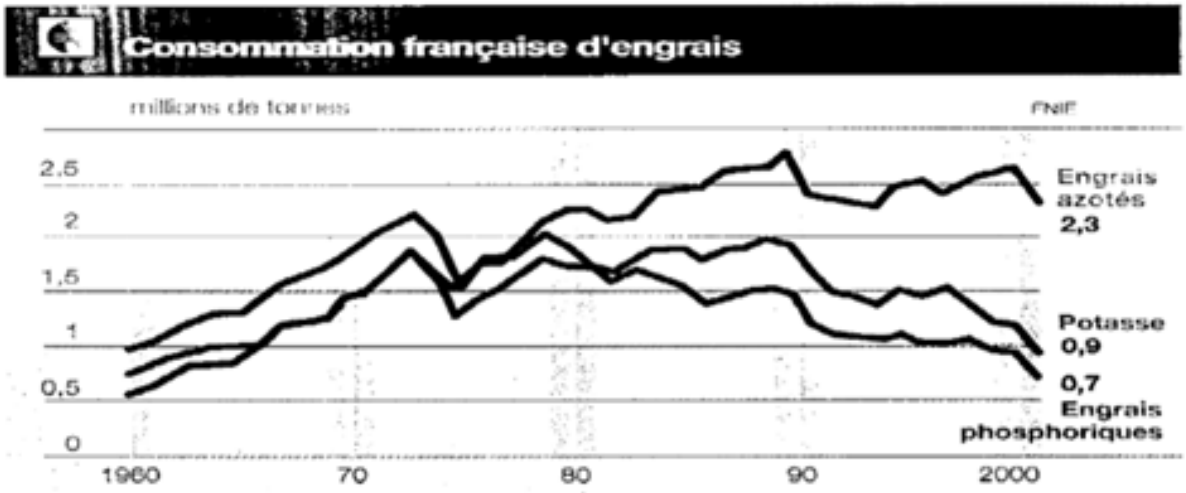
No modulation of support in favour of small and medium-size farmers

Less environmentally-friendly support to extensive beef farmers

Decisive consequences I

Maximum profitability per ha ≠ maximum yield. Economic extensification. Input reasoning

Un effet net de désintensification:



Decisive consequences II

The beginning of a new alternative to support farmers: agri-environment measures means public money for public goods

Enlarged and more transparent public debate on farming support

Decisive consequences III

Made possible the Blair House and then the Uruguay Round agreements

Opened the fields for fresh thinking: Buckwell report - the CARPE fed the Commission thinking for more than 20 years

If you want to know more …

DG AGRI webpage:

http://ec.europa.eu/agriculture/index_en.htm

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