

2. Europe, Gatt, Sustainability and the Future of Farming

Agricultural protection, notably the CAP, operates by imposing barriers to the flow of goods and the movement of resources. Initially this may deliver the goods in terms of a quiescent if not grateful farming community but gradually the scale builds up. Budget costs rise. Farm resources come to be used intensively, in ways which are believed to be damaging to produce goods for which there is no market. Producers outside the system of protection suffer first a loss of markets within the protecting country and second subsidised competition from the unsaleable products of protection.

As the scale grows so the pressure in the system rises until potentially explosive situations emerge. Ministers of finance start to impose ceilings and demand economies. 'Green' movements express outrage at the loss of treasured environments or vulnerable species. Consumers or tax-payers or both mutter in mounting indignation at the cost of this policy.

Governments in other countries talk about and begin to impose barriers to subsidised imports and, if they are rich enough, finance the dumping in foreign markets of the products of their own agriculture. Those who are wise seek urgently to discover new agricultural policies which will lessen the danger of explosion.

The founding fathers of the GATT were well aware of the catastrophe which the build up of barriers to trade and resource movement could cause for world communities. The lessons of the inter-war years were fresh in their minds and they bent themselves with some zeal to devising a system which would ensure that barriers to trade were removed rather than created; a system which simultaneously implied that within countries there would be a willingness to move resources from less to more competitive uses. The logic was faultless. Under these assumptions the world would be better off and all could gain.

Considerable progress was made in removing the barriers to merchandise trade and, unsurprisingly, the world enjoyed a period of unparalleled growth in its real income. There were, nevertheless, some flies in the ointment. Services, the most rapidly growing sector in wealthy economies, were left out. At the insistence of the US, so was agriculture. As growth eased and problems of unemployment grew there was a tendency to resort to non-tariff barriers to protect domestic industries. The GATT system was in danger of 'blowing up'.

To prevent this the signatories of the GATT agreed in Uruguay in the mid eighties to have another round of negotiations and to tackle in that process the factors which had limited the effectiveness of the Treaty. The agenda was long. The GATT machinery including its arrangements for dispute settlement was to be overhauled. TRIMS, (trade related investments) and TRIPS, (trade in intellectual property) were to be included. Services such as banking and insurance were to come under the GATT umbrella and agriculture was to be brought into the Treaty, recognising that this would involve not just adjustments at the frontier but changes in policies applied within countries.

In May 1992 the Council of Ministers finally agreed on a package of measures which they described as a reform of the CAP. Certainly it was a radical change in the way agriculture was protected. Whether it deserves the term 'reform' is less evident. The complex details of these proposals are becoming well known to those whose livelihoods are concerned with agriculture. Their sophistication is considerable and the costs of administration, for the farmer as well as for the governments, are likely to be substantial.

In this paper, however, it is the main principles of the policy which need to be reviewed. The question to be answered is whether they will, in a global context, prevent the boiler blowing up.

Faced by a volume of output which could only be disposed of at less than its cost of production, and therefore, only continue to be produced with the aid of protection, the Community faced a choice. Did it allow prices to producers to fall to a point at which the market would clear or did it seek to engineer a reduction in output without permitting prices to fall to the point at which surpluses disappeared.

In fact, despite some cosmetic evidence to the contrary, its choice was to operate systems of supply control. For cereals this is to be by set aside. For beef and sheep it is by limits on the numbers qualifying for support payments. For beef the restrictions are re-inforced by ceilings on stocking densities. The limits are based on historic levels of production. They create values in the right to produce and so impede adjustment to more competitive processes. They add a new dimension to the furring up of the pipes within the CAP.

Első feladat

Adja meg az összefüggéseket a szöveg alapján a példa (0) szerint!

Facts	Consequences
Overuse of resources	1. 2.
CAP protects agriculture	3.
Harm to the environment and vulnerable species	4.
High budget cost of protection policy	5.
Production increase	0. Pressure in the system

Második feladat

Döntse el a szöveg alapján, hogy az állítások igazak vagy hamisak, a példa (0) szerint !

Statements	True	False
6. Rich economies impose barriers in foreign markets		
7. Resources were allocated to more competitive areas		
8. Removing barriers increased the sales		
9. Non-tariff barriers were introduced by countries		
10. Including agriculture into GATT Treaty brought it to a halt		
11. The costs of administration became less after CAP reform		
12. The EC had to choose a policy by the use of which surpluses could disappear		
0. The produced limits in supply enabled the producers to broaden the choice	X	

Europe, Gatt, Sustainability and the Future of Farming

Agricultural protection, notably the CAP, operates by imposing barriers to the flow of goods and the movement of resources. Initially this may deliver the goods in terms of a quiescent if not grateful farming community but gradually the scale builds up. Budget costs rise. Farm resources come to be used intensively, in ways which are believed to be damaging to produce goods for which there is no market. Producers outside the system of protection suffer first a loss of markets within the protecting country and second subsidised competition from the unsaleable products of protection.

As the scale grows so the pressure in the system rises until potentially explosive situations emerge. Ministers of finance start to impose ceilings and demand economies. 'Green' movements express outrage at the loss of treasured environments or vulnerable species. Consumers or tax-payers or both mutter in mounting indignation at the cost of this policy.

Governments in other countries talk about and begin to impose barriers to subsidised imports and, if they are rich enough, finance the dumping in foreign markets of the products of their own agriculture. Those who are wise seek urgently to discover new agricultural policies which will lessen the danger of explosion.

The founding fathers of the GATT were well aware of the catastrophe which the build up of barriers to trade and resource movement could cause for world communities. The lessons of the inter-war years were fresh in their minds and they bent themselves with some zeal to devising a system which would ensure that barriers to trade were removed rather than created; a system which simultaneously implied that within countries there would be a willingness to move resources from less to more competitive uses. The logic was faultless. Under these assumptions the world would be better off and all could gain.

Considerable progress was made in removing the barriers to merchandise trade and, unsurprisingly, the world enjoyed a period of unparalleled growth in its real income. There were, nevertheless, some flies in the ointment. Services, the most rapidly growing sector in wealthy economies, were left out. At the insistence of the US, so was agriculture. As growth eased and problems of unemployment grew there was a tendency to resort to non-tariff barriers to protect domestic industries. The GATT system was in danger of 'blowing up'.

To prevent this the signatories of the GATT agreed in Uruguay in the mid eighties to have another round of negotiations and to tackle in that process the factors which had limited the effectiveness of the Treaty. The agenda was long. The GATT machinery including its arrangements for dispute settlement was to be overhauled. TRIMS, (trade related investments) and TRIPS, (trade in intellectual property) were to be included. Services such as banking and insurance were to come under the GATT umbrella and agriculture was to be brought into the Treaty, recognising that this would involve not just adjustments at the frontier but changes in policies applied within countries.

In May 1992 the Council of Ministers finally agreed on a package of measures which they described as a reform of the CAP. Certainly it was a radical change in the way agriculture was protected. Whether it deserves the term 'reform' is less evident. The complex details of these proposals are becoming well known to those whose livelihoods are concerned with agriculture. Their sophistication is considerable and the costs of administration, for the farmer as well as for the governments, are likely to be substantial.

In this paper, however, it is the main principles of the policy which need to be reviewed. The question to be answered is whether they will, in a global context, prevent the boiler blowing up.

Faced by a volume of output which could only be disposed of at less than its cost of production, and therefore, only continue to be produced with the aid of protection, the Community faced a choice. Did it allow prices to producers to fall to a point at which the market would clear or did it seek to engineer a reduction in output without permitting prices to fall to the point at which surpluses disappeared.

In fact, despite some cosmetic evidence to the contrary, its choice was to operate systems of supply control. For cereals this is to be by set aside. For beef and sheep it is by limits on the numbers qualifying for support payments. For beef the restrictions are re-inforced by ceilings on stocking densities. The limits are based on historic levels of production. They create values in the right to produce and so impede adjustment to more competitive processes. They add a new dimension to the furring up of the pipes within the CAP.

Másfajta feladattípusok a Europe, Gatt... szöveghez

Első feladat

Olvassa el újból a szöveget és írja be a hiányzó információkat a példa (0) alapján.

	Measures	Tools	Effects
CAP	agricultural protection by	0. Imposing barriers	13.
CAP reform	agricultural protection by	14.	15. 16.

Második feladat

Olvassa el figyelmesen a szöveget és töltsé ki a táblázatot a megadott példa (0) szerint.

		CAP	GATT	CAP reform
0.	imposing trade barriers	X		
17.	removing trade barriers			
18.	real income growth			
19.	subsidized dumping of surpluses			
20.	quotas			
21.	high costs of administration			
22.	Choice between falling prices or reducing output			