How Does the EU's Common Agricultural Policy Work?

Brutal empirical facts have taught mankind that food production is not an "instant" exchange of pre-existing objects created by magic, but the fruit of the transformative process of interaction between man and nature, operating over long time periods. Therefore, imposing free trade "supply and demand" ideology is the surest road to failure.

Competent economists, such as Franklin Roosevelt's farm policy advisor Mordechai Ezekiel, who wrote *From Scarcity to Abundance,* argued that agriculture should be given the status of an "exception" to the free market. Market and price regulations should not be left to the "invisible hand"; instead, they should be organized by government, as with FDR's New Deal policies. As early as 1936, these policies gained support in France, with the creation of the Office du Blé (Wheat Office). The CAP was another outcome of this Trans-Atlantic dialogue.

With the CAP established in 1962, the European Economic Community set up a complex mechanism of publicly managed market and price regulations to protect the complementary interest of producers (who need a stable income), and consumers (who need a reasonable price). Here are some of the basic principles:

1. The EEC defined a "single market" among six sovereign nations for selected agricultural products, abolishing tariffs among them, and harmonizing prices for these specific products.

2. "Community preference" was the rule. Member states committed themselves to satisfying their domestic needs only with supplies from other member states, unless goods were unavailable. Trade barriers and tariffs regulated imports and exports with nations outside the common market.

3. A common facility, the European Agricultural Guidance and Guarantee Fund (EAGGF), guaranteed a parity price for a given product. If the product could not find a buyer on the market, the fund would automatically buy up surplus, using its "intervention funds." In that way, prices were prevented from falling, and farmers secured a decent income. If prices rose too high (due to drought, etc.), the EU could sell its inventory, and drive prices down. Parity prices obviously created a massive incentive to expand production.

4. In practice, the parity prices were adjusted permanently (according to rising productivity, among other factors) by Common Market Organizations (CMOs) run by the EEC. Similar to the European Coal and Steel Community, each CMO implied a permanent dialogue among member-states to steer a distinct agricultural sector: cereals, pork, poultry, fruits and vegetables, wine, dairy products, etc.

This approach can serve as a model for other regions (notably Africa or Ibero-America), insofar as their economies have some similarity and potential for regional integration.

was supposed to be the road to prosperity and wealth, revealed its true nature: hunger, on the "road to serfdom."

As a reaction, the financial media outlets such as London's *Financial Times* and the *Economist*, and the French *Les Echos*, began charging that "protectionism" in agriculture was the cause of famine, while pleading for more free trade and deregulation since, they lied, "higher prices" were a "golden opportunity" for the poor to get rich, a credo that even affects Jacques Diouf, the current head of the UN Food and Agriculture Organization (FAO).

But today, the British are playing endgame. For them, killing the CAP is a must, to build the global new "liberal" empire, dreamed of by the EU's Robert Cooper, and imposed through the EU-NATO-Lisbon militarization of Europe. A NATO-EU merger is considered vital to stop flows of migration provoked by food shortages, lack of energy resources, together with terrorism and climate change, in a world of increasingly limited resources. For the British, the CAP is the heritage of an order of sovereign nation-states guaranteed by food self-sufficiency and a bad memory of the headaches that de Gaulle and Adenauer gave them.

In 2005, one month before one of these deadly "rounds" of the WTO in Hong Kong, Tony Blair threw a fit against the CAP. Applauding Blair's ravings, the London *Guardian* wrote on Nov. 15 that, "The single thing rich countries could do that would most help developing ones would be to dismantle subsidies for agriculture. Such countries would allow poor countries to compete fairly in areas they are good at while releasing well over $380 bn a year, currently wasted on subsidies, for the west to spend on other things."

The *Guardian* revealed the real imperial program behind the reforms when it added that, "Many people find the subject tedious and complex. They should not. The issue is simple: it is immoral, and economic madness, to give (as the U.S. does) huge subsidies to farmers to grow cotton, a labor-intensive activity that could generate millions of jobs in Africa; also to grow sugar beet in Europe rather than in more favorable climates; and for Europe to subsidize cows by over $2 a day—a larger sum than half the world's human population lives on."