

The Economics of European Agriculture

Bernadette Andreosso-O'Callaghan

*Professor of Economics
University of Limerick
Ireland*

Contents

<i>List of Figures</i>	xi
<i>List of Tables</i>	xiii
<i>Acknowledgements</i>	xvi
Introduction	1
1 Concepts and Definitions	4
Objectives of this chapter	4
1.1 Definition and scope of the field of agricultural economics	4
1.2 Global trends in supply	10
1.3 The role of agriculture in economic development	23
Summary	37
Key terms and concepts	37
Notes	38
Bibliography	38
2 Demand and Supply - Market Mechanisms for Agricultural Products	41
Objectives of this chapter	41
Introductory remarks	41
2.1 The demand function - price and income elasticities of demand	42
2.2 Characteristics of supply	46
2.3 The market mechanism for agricultural products	51
2.4 The structure of EU agricultural holdings	60
2.5 Concluding remarks - the 'farm' problem	61
Key terms and concepts	62
Notes	62
Bibliography	63
3 Government Intervention in Agriculture	65
Objectives of this chapter	65
Introduction	65
3.1 The rationale for government intervention in agriculture	66

3.2	Agricultural support policies: methods and effects	67
3.3	Early European agricultural policies	76
	Summary	86
	Key terms and concepts	87
	Notes	87
	Bibliography	88
4	The Common Agricultural Policy	89
	Objectives of this chapter	89
	Introduction	89
4.1	Birth and mechanisms of the CAP	90
4.2	Critical appraisal of the CAP: relative success/failure of the policy	100
4.3	CAP reforms and the future of the policy	112
	Conclusion	126
	Key terms and concepts	127
	Notes	128
	Bibliography	129
5	Technology and Innovation	131
	Objectives of this chapter	131
	Introduction - technology and economic growth	131
5.1	Major innovations in European agriculture	134
5.2	Models of innovation diffusion and adoption	142
5.3	The importance of knowledge in agriculture	150
5.4	Agricultural innovation in the EU	152
	Summary	161
	Key terms and concepts	162
	Notes	162
	Bibliography	163
6	A Wider European Union: Enlargement to Central and Eastern Europe, Cyprus and Malta	166
	Objectives of this chapter	166
	Introductory remarks	166
6.1	Previous enlargements	167
6.2	Enlargement to the CEECs, to Cyprus and Malta	170
	Summary	186
	Key terms and concepts	187

Notes	187
Bibliography	188
7 The EU as an Agricultural Trade Partner	189
Objectives of this chapter	189
Introduction: overview of world trade patterns and comparative advantage of countries	189
7.1 The major agricultural trade partners of the EU	194
7.2 EU trade agreements with a number of selected developing countries	198
7.3 Tackling rural poverty and malnutrition in the developing world: EU cooperation with LDCs	211
Summary	215
Key terms and concepts	216
Notes	217
Bibliography	218
8 Agricultural Trade Liberalization	220
Objectives of this chapter	220
Introduction	220
8.1 The Uruguay Round of negotiations - the measurement of trade distortions	222
8.2 The 1992 Blair House pre-accord, the 'oilseeds' dispute and the Marrakech agreement	232
8.3 The CAP-GATT/WTO link	236
8.4 Estimating the effects of trade liberalization	237
8.5 The future - the November 2001 Doha agenda and beyond	244
Conclusions: contentious issues in the new round of negotiations	246
Key terms and concepts	248
Notes	248
Bibliography	249
Conclusions: The Future of EU and World Agriculture - The Challenges Ahead	252
<i>Index</i>	258