

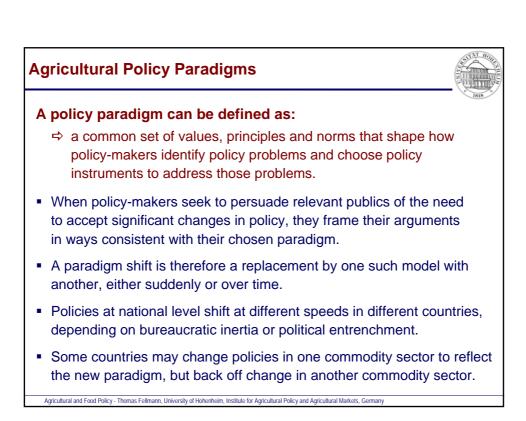


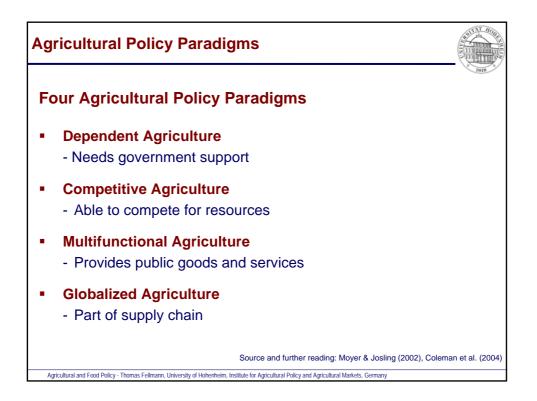


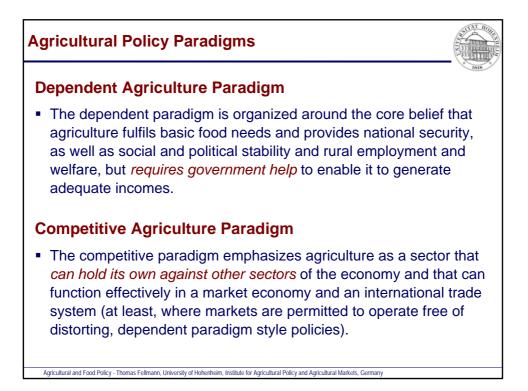
There are a number of reasons why policies tend to be self-reinforcing:

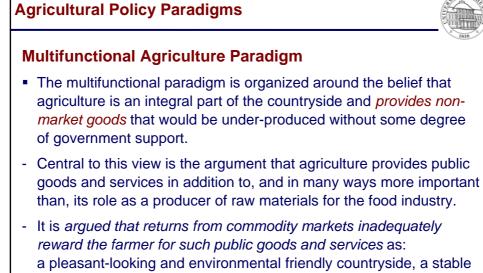
- 1. There are usually significant start-up costs for new policies.
- 2. New policies establish mental images, which serve to filter incoming information and feedback.
- 3. Knowledge is gained from the operation of a policy. This knowledge is more likely to be valuable in further development of an existing policy than in implementing a new policy.
- 4. The bargaining and coordinating costs of adjusting a current policy are usually much less than the bargaining and coordinating costs of developing a new policy. This creates a strong incentive toward continuing the current policy course.
- An impetus to depart from an existing policy path only occurs when it becomes crystal clear that the current policy is untenable.

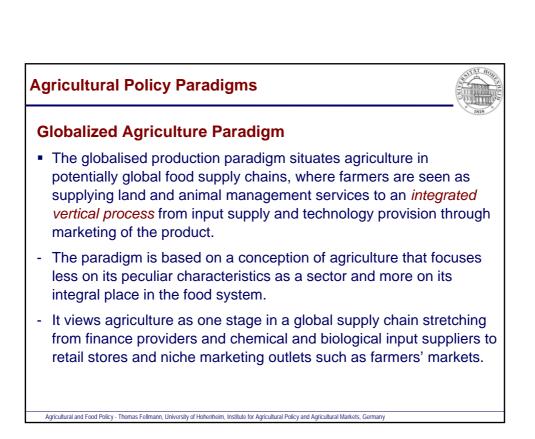
Agricultural and Food Policy - Thomas Fellmann, University of Hohenheim, Institute for Agricultural Policy and Agricultural Markets, Germany











a pleasant-looking and environmental friendly countryside, a stable social infrastructure and cultural heritage built on small towns and villages, high standards of plant, animal and public health, or high quality foods.

Agricultural Policy Paradigms



The Ideas Behind the Paradigms

- To see the significance of ideas in the setting of the policy, it is necessary to compare more explicitly the four paradigms in terms of their assumptions and rationale. Therefore we can group the ideas into the following categories:
- The nature of the 'agricultural problem' that policy has to tackle
 - The most fundamental distinction between the ideational basis for these four paradigms is the divergent views on the place of the agricultural sector within the economy.
- The policy objectives and the instruments

Agricultural and Food Policy - Thomas Fellmann, University of Hohenheim, Institute for Agricultural Policy and Agricultural Markets, Germany

- If the paradigms are each based on different ideas about the nature of the agricultural problem then they also imply different policy objectives and different instruments to achieve these objectives.



	cy Paradigms
	Character of Agriculture
Dependent	Low incomes in agriculture Not competitive with other sectors without assistance Not competitive with other countries without protection
Competitive	Average or above average income levels in farming Competitive with other sectors for resources Competitive in world markets
Multifunctional	Incomes from farming inadequate for support of rural areas Production of public goods and services are under-rewarded
Globalized	Farmers as part of supply chain Managers of land and livestock resources Consumer-driven (ie: top-down) sector
	Source: Moyer & Josling (2002), Coleman et al. (20

/ Paradigms
Policy Objectives
Government help needed to find and secure markets Supply control necessary to avoid surpluses Income support even in normal market conditions
Move towards free markets Relax supply control Eliminate government stocks Provide safety-nets in times of price weakness
Preserve countryside (i.e. for recreational value) Keep family businesses viable Emphasize rural development (develop off-farm jobs)
Establish quality and safety standards Fairness in contractual relationships Identity preservation and market differentiation

ultural Policy	Paradigms
	Suggested Policy Instruments
Dependent	Border protection
	Surplus buying
	State trading
	Export assistance
Competitive	Decoupled payments in transition
	Risk management instruments
	Low safety-nets
	Foreign Market development
Multifunctional	Environmental subsidies
	Protection against 'mono-functional' agriculture
	Constraints on farming practices
Globalized	Harmonization of regulations and standards
	Competition enforcement
	Protection of intellectual property
	Investment rules
	Source: Moyer & Josling (2002), Coleman et al.

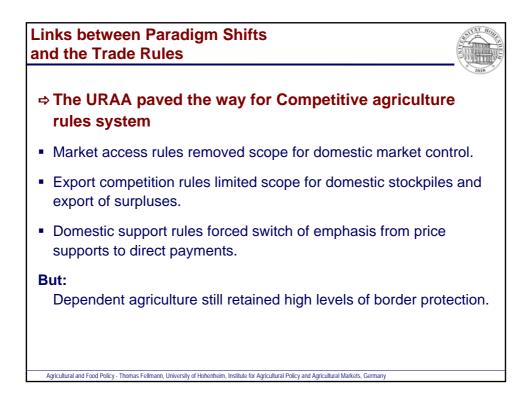
cultural Policy Paradigms	
	Main Supporters of Paradigm
Dependent	Farm organizations
	First-stage processors
	Dairy and sugar sectors
Competitive	Larger farmers
-	Agricultural processors and traders
	Grain and oilseed sectors
Multifunctional	Small-farm groups
	Farmers in remote areas
	Dairy and beef sectors
Globalized	Retail stores
	Food processors
	Specialty farms
	Pigs, poultry, fruits and vegetables sector
	Source: Moyer & Josling (2002), Coleman et a

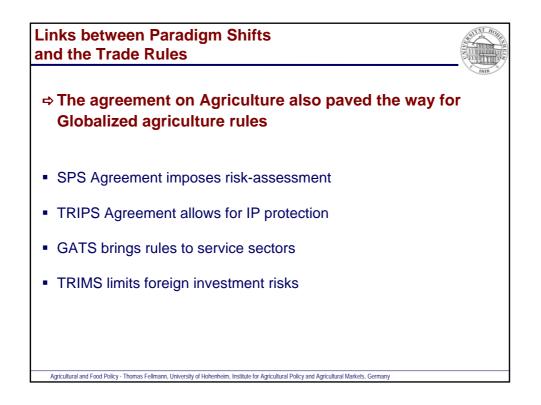
ultural Policy	
	Trade Policy Aims
Dependent	Avoid restrictive trade rules Allow subsidies without constraint
Competitive	Improve market access Remove export subsidies Constrain domestic support
Multifunctional	Moderate pressure on agriculture Allow subsidies for environment Allow subsidies for animal welfare
Globalized	Strengthen intellectual property rules Harmonize SPS and TBT rules Ensure competitive conditions
	Source: Moyer & Josling (2002), Coleman et al. (2004

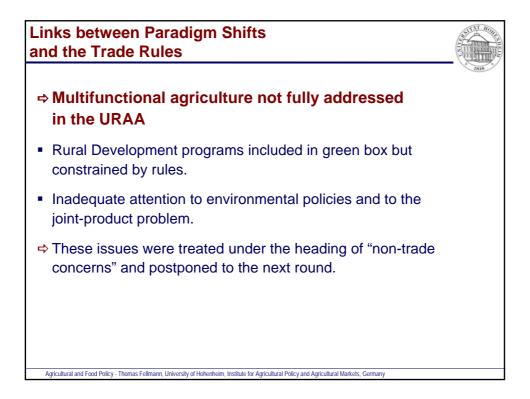
licy Paradigms
View of the World Market
World market unstable and unreliable
Prices depressed and no basis for domestic policy
Self-supply of basics desirable
World market stable and reliable if domestic policies are reformed
World prices best guide for domestic policy
Trade offers best solution to food security problem
World market reflects 'mono-functional' agriculture
Prices inadequate for supply of public goods
Trade threatens to undermine environmental goals
'World market' is often intra-firm sales
Instability and uncertainty created by government intervention
Source: Moyer & Josling (2002), Coleman et al. (200



Agricultural and Food Policy - Thomas Fellmann, University of Hohenheim, Institute for Agricultural Policy and Agricultural Markets, Germany











- ➡ "Multifunctionalism" became a widely stressed issue for countries and groups concerned about URAA.
- Picked up by environmental groups in Europe and the EU Commission as an "alternative farming model".
- Adopted by Norway, Switzerland and others to counter pressure from abroad for more liberalization.
- Embraced by Japan as including food security.

Agricultural and Food Policy - Thomas Fellmann, University of Hohenheim, Institute for Agricultural Policy and Agricultural Markets, Gern

 Expanded by EU Commission to include rural development and animal welfare.





