# Agricultural Protection Growth in Europe, 1870-1969

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**Abstract**

Dramatic changes took place in agricultural policies in Europe in the 19th and 20th century. In the 1860s European nations agreed on a series of trade agreements which spread free trade across the continent. In the 1960s European nations concluded an international agreement which spread heavy government intervention and protection against imports across the continent. This paper offers hypotheses as to the causes of these dramatic changes in agricultural protection.

Keywords: Political economy, agricultural distortions, high-income countries, economic development of Europe

JEL codes: F13, N53, O13, P16, Q18

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# Agricultural Protection Growth in Europe, 1870-1969

Johan F.M. Swinnen

Over the past decades, European countries spent more than 50 billion euros annually on subsidizing their farmers and protecting them against imports from other countries. This is not only the case in countries belonging to the European Union (EU), but also in countries such as Iceland, Norway and Switzerland who have highly protected agricultural sectors. The most important form of government intervention in European agricultural markets is undoubtedly the Common Agricultural Policy (CAP) of the EU. While the EU has since reformed the CAP, the introduction of the CAP between 1962 and 1967 created a highly protectionist and distortive system of government intervention in agricultural markets across a large part of the continent.

How things changed in a century: 100 years earlier, Europe was characterized by free trade in agricultural and food products. The abolishment of the Corn Laws in 1846 signaled the end (or rather the beginning of the end – see Nye 2010) of farm import protection in England; and the English-French trade agreement of 1860 was the start of a series of trade agreements across Europe, effectively removing most trade constraints in agricultural markets.

These contrasting observations beg several questions: how and when did this change in policy occur? Why did it occur? Which events triggered these dramatic changes in policy preferences in Europe over the course of a century, and what were the fundamental causes that made them possible? These are the questions that this chapter tries to answer.

The focus of this paper is on the century between 1870 and 1969, by which time the Common Agricultural Policy (CAP) of the European Union (EU) had been implemented.[1]

## A brief history of agricultural policies in Europe

[1] For historical political economy analyses of earlier periods, see Schonhardt-Bailey (1998) and Nye (2007); for more recent periods see, among others, Grant (1997), Josling (2009), Moyer and Josling (2002), Olper (1998), Pokrivcak Crombez, and Swinnen (2006) and Swinnen (2008); and for other regions, see Anderson, Hayami and Others (1986) and Gardner (1987). For more details and background on the arguments in this paper, see Swinnen (2009).

At the start of the 19th century there was substantial government intervention in agricultural markets in Europe. Several countries, including France, Belgium and the UK had import tariffs for several commodities. Probably the most well know form of protection were the Corn Laws in the UK. The Corn Laws were introduced centuries earlier to regulate grain prices, and still imposed import tariffs on grains in the early 19th century.

***The liberalizations of the 19th century***

Most of the 19th century, from the late 1820s to the late 1870s, was characterized by a move towards free trade. In the UK, reforms in 1828 and 1842 first relaxed the import regulations of the Corn Laws, which were finally abolished in 1846. Around the same time import tariffs on live animals, meat, potatoes and vegetables were abolished. In the Netherlands the government reduces import tariffs under the Grain Laws in the mid-1840s and abolished all import tariffs in the 1870s (Bieleman 1992, Sneller 1943). Similarly, in Prussia import tariffs were reduced after the Napoleonic wars in the early 19th century. These reductions in tariffs were extended to other parts of Germany with the establishment of the Zollverein, and in 1853 the tariffs on grain were abolished.

A series of trade agreements contributed to the spread of free trade throughout Europe (Kindleberger 1975, Tracy 1989). The first was the English-French trade agreement in 1860 which was followed by several other trade agreements between European countries, including the 1862 French-German trade agreement, reducing tariffs also on manufacturing goods. The French-German Peace Treaty of 1871 renewed trade relations indefinitely and established the principle of the ‘most favored nation’ on a reciprocal basis. German agriculture was strongly in favor of free trade. The large Junker estates in Prussia benefited from grain exports and feared that import tariffs on industrial goods would increase their costs or could lead to reprisal grain tariffs (Tracy 1989).

While the move towards free trade is associated with the intellectual contributions of Adam Smith and his colleagues, it comes as no surprise that liberalization of imports comes in a period of relative prosperity for farmers. The 1840s through most of the 1870s were generally a period of relatively high farm incomes and productivity growth. In England it is referred to as the period of “high farming”. It was also a period of relatively high grain prices, partly due to the Crimean War which reduced exports from Russia and the Black Sea region.

***The agricultural crisis of 1880-1895***

The period between 1880 and 1895 is marked by a sharp reduction in grain prices due to a dramatic increase in imports from Canada, the United States, Argentina and Russia. There are two reasons for this. First, there was a major expansion of agricultural production, especially in the United States where land was abundant and cheap. Second, technological innovations dramatically decreased production costs, through agricultural machinery which allowed for the exploitation of vast areas, as well as transport prices, as the steam engine allowed much cheaper transport via trains and the steam boat. A decade later, the dispersion of new freezing technology also allowed long distance transport of frozen meat.

As a consequence of these changes, imports in Western Europe surged and wheat prices fell by almost half in real terms over the period 1880-95. The decline in wheat prices was particularly intense during the periods 1881-86 and 1891-94. With wheat being an important part of the agricultural sector, and because of the spill-over effects on other (especially arable) commodity markets, incomes of crop farmers decreased significantly throughout Europe.

The impact on livestock (meat) markets was quite different. Initially there is no surge of imports in livestock or meat, and livestock farmers benefit from declining grain prices as their feed costs fall. Only a decade after the surge in grain imports, when freezing technology spread in meat processing and trading, did meat imports from overseas grow and prices start falling also in the livestock sector. However, the induced price declines appeared later and were not as severe.

The dramatic changes in the agricultural markets induced strong pressure from farmers on governments to intervene. The reactions of European governments to these changes and pressures were mixed. It is impossible to summarize in this chapter all the details of the policy proposals, debates and decisions, but we can distinguish different patterns in government reactions.

The average nominal rates of assistance (NRAs), as summarized in table 1 and figure 1, show that NRAs remained close to zero in the UK and Belgium, while they increased in France and Germany after 1880. These variations in NRAs reflect real differences in policy choices: the UK and Belgium (as well as other countries such as the Netherlands and Finland) did not impose import tariffs, while the French and German (as well as the Swedish) governments protected their farmers by increasing import restrictions.

First, the governments in Belgium and the UK refused to increase import tariffs in grains. Both countries were already quite industrialized by the time of the agricultural crisis. In both countries a coalition of industrial capital owners and workers opposed protection to arable farmers. Workers and industry opposed tariffs because they benefited from low food prices (and thus low wages) with cheap grain imports. While UK landlords had always been very powerful (e.g., through the representation system in parliament), their influence was waning and they were now confronted with a strong opposition of labor and industrial capital, who had gained increasing political power.

In addition, the “agricultural sector” was not united in its support for import tariffs. This was particularly pronounced in the UK where there were very heterogeneous interests within agriculture. The main people hurt by the low grain prices were large landlords, mostly located in the southern regions of England. However, many of the other actors in agriculture actually favored low grain prices. This was the case for livestock farmers, mostly located in the northern part of the country, who benefited through low feed prices. Moreover, livestock had become more important. At the time of the crisis, grains only accounted for 12 percent of agricultural output, while meat (42 percent) and milk (21 percent) were much more important. In fact, the divergent interests of the farms caused a split among farm organizations.

Furthermore, the English landlords were not even supported in their demand for protection by those who worked on their farms. Farm workers were paid in wages. They were generally very poor and they benefited more from low prices of staple food (grains) than they lost from the negative pressure on their wages, which by then were strongly influenced by industrial wages. A budget survey from 1874 shows that farm workers spent 90 percent of their income on grains and potatoes; and meat and milk were unknown luxuries. Their welfare actually increased during the agricultural crisis (Burnett 1969). While farm workers’ interests had little influence in most of the 19$^{th}$ century, this changed with the political reforms of 1885 which gave them equal voting rights, and thus substantial political representation in parliament.

Second, in contrast to the free trade position of the UK and Belgium, the governments of France and Germany introduced import tariffs to protect their grain farms (table 2). Both countries were characterized by a large agricultural population, a less industrialized economy and a more important crop sector. For example, in France crops made up more than 70 percent of total agriculture during all of the 19$^{th}$ century, and still accounted for 60 percent by 1950 (table 3).

In France the government initially opposed import tariffs, but when grain prices kept falling the government gave in to strong pressure from the French grain farms and import tariffs were introduced in the 1880s (Agulhon and Desert 1976). In Germany, the introduction of grain tariffs signaled a major reversal of policy, not just of the government but even more of the main farmer organization (Schonhardt-Bailey 1998). Until the 1870s the large grain farmers of Prussia had been the main proponents of the German free trade regime to protect their export position. However, as grain started arriving on the world market and even inside Germany at prices below Prussian farmers' costs, they changed position. During the 1880s there was considerable debate among farmers as to what position to take, but when prices kept falling they ultimately shifted to a protectionist stance. Since German industry had already been demanding trade protection, import tariffs were introduced across the entire economy and gradually increased in Germany (table 2).

Third, *all* governments introduced some protection in the livestock sector; sometimes as import tariffs but mostly in the form of non-tariff barriers such as animal disease controls. As livestock prices also started falling in the 1890s, there was additional pressure on the government to intervene, now also from livestock producers. This occurred despite the fact that the price decline in livestock was considerably less than in grains: in the UK prices fell between the 1870s and the 1890s on average by more than 40 percent for crops but only by around 25 percent for livestock products (Tracy 1989).

France and Germany early on raised import tariffs on livestock products. Also, Belgium introduced small import tariffs on livestock and meat were and on butter and margarine in 1895. In addition, a series of payments were made from the budget to the animal disease prevention program.

With the implementation of import tariffs on livestock, border controls increased and, with that, the use of health arguments as protectionist instruments. Such hidden protectionism through sanitary regulations increased in the 1890s. In Germany a law restricted the import of live animals by 1880, ostensibly for sanitary reasons. By 1889 the government had all but closed the border to imports of live animals, and meat imports were restricted as well. Also, in the other countries borders were closed regularly to prevent the "import of infections". In 1892, the French government imposed a ban on imports of cattle and the UK introduced the “Animal Disease Act” which prohibited the import of live animals under cover of safety rules (while allowing frozen meat imports). The impact on consumers was mixed: the Act mainly hurts richer consumers since poor consumers could continue to benefit from cheap frozen meat imports.

Fourth, there were substantial investments by governments, in particular those in Belgium, the Netherlands and Finland – who did not introduce (or limited) import tariffs – to initiate a variety of programs to support the restructuring of the agricultural sector from grains to livestock production. The governments of these countries considered modernization and restructuring of agriculture by stimulating livestock production as the only realistic development strategy in the face of cheap grain imports which made competition in grains more difficult but also made feed costs cheaper for the livestock sector. A series of government initiatives were taken to stimulate and help farmers shift to livestock production: in research and extension; the subsidization of activities that provided incentives for improved quality of livestock breeding; and compensation of farmers for the slaughter of infected animals. Furthermore, some governments stimulated the creation of dairy marketing and processing cooperatives.

More generally, European governments increased investments in public goods such as agricultural research, extension and education, to increase agricultural productivity. Policies to reduce fraud and to improve rural transport also were introduced. Ministries of Agriculture and agricultural schools and universities were established then too.

***The pre-World War I period***

By 1900, the crisis subsided. Prices started increasing because production costs increased in grain-exporting countries and because industrial growth increased demand for food, in particular for livestock and horticultural products. The demand for protection by farmers declined with an improvement in their incomes. In a review of the political debates on agricultural policy in Belgium, Van Molle (1989) concludes that, in strong contrast to the long and ardent debates in the 1880s and 1890s, there was no substantial debate on agricultural protection in most of the period between the turn of the century and the first world war. The members of parliament representing farm interest voiced little interest or did not sponsor new farm laws for the next two decades, until the end of the 1920s. This suggests that the agricultural crisis, which had been the driving force behind agricultural protection, was over.

***World War I***

The war brought destruction and disruptions of the food production and distribution systems. International trade broke down, with warships controlling the sea and blockades being set up. During and immediately after the war, food markets were strongly regulated. Food was generally scarce and expensive, and government regulations were introduced to secure sufficient food for consumers under war conditions. Maximum prices, compulsory deliveries and export restrictions were introduced. However, where governments imposed maximum prices and mandatory deliveries on farmers, a black market emerged, yielding high prices. Hence, despite the war-related problems, the war years typically yielded high prices for farmers and, in comparison with the rest of the economy, farmers did generally better. Figure 2 uses annual data from 1900 to 1980 from Finland to illustrate that the only two periods when farm incomes substantially increased compared to incomes in the rest of the economy were during the two World Wars, and the years immediately after. The situation was similar in the other European countries.

***The interwar period***

In general, agricultural and food policy between the wars was characterized by a shift from consumer protection to producer protection. Immediately after the war, food was still expensive and governments continued to apply strict regulations to food consumption and production. Most prices were fixed, with maximum grain prices set below international prices. Production was claimed and imports and exports were strongly regulated. Given the high prices, important investments took place immediately after the war. More land was brought into production, yields rose,, and the number of the livestock was increased. At the same time, land prices and rents increased both due to increasing product prices and the large war savings of farmers.

However, with removal of war regulations in the early 1920s, prices came down. This price decline was further reinforced in the second half of the 1920s as the investments by farmers started resulting in substantially increased productivity and supplies. At the same time, demand fell with the general economic crisis of the late 1920s and early 1930s (1929 was the great stock market crash in Wall Street, symbolizing the start of the Great Depression). As a result, farm prices fell substantially in the late 1920s and early 1930s.

Again, there was strong pressure on governments to intervene and support farmers. At the same time governments faced strong pressures from industry and workers to keep basic food prices low in the midst of the Depression. There were again different reactions from governments, with some more inclined to protect agriculture than others. Overall, there was a greater willingness by governments to protect farmers than in the 1880s, and import constraints were introduced in many countries, particularly in the early 1930s.

Tariff protection to livestock products emerged soon after prices started declining, but it took more discussion and a stronger decrease in prices before protection to grains was granted. Among the grains, protection to feedgrains (barley, oats) was easier to obtain than protection for wheat and rye. Another difference was that when the government decided to support bread grain production, this was primarily done by a system of production subsidization rather than import tariffs, as it has a differential impact on consumer prices.

Governments increased protection to livestock, a sector inwhom they had already invested in the preceding decades, and whose products were less crucial for the poorest workers. Substantial increases in import protection emerged in the 1930s for animal products. For example, NRAs for butter increased from close to zero in the 1920s to around 40 percent in the 1930s.

There was much more opposition from industry and workers to raising tariffs for (bread)grains. For example, a 1935 proposal by the Belgian government, under pressure from farmers, to increase grain import tariffs caused a general strike which resulted in the fall of the government, after which the tariff proposal was abolished. Overall, the NRAs for wheat actually fell significantly in the early 1930s. Because of strong opposition from industry and workers, support to grain farmers occurred to an important extent through other measures than through import tariffs.

One policy measure used in several European countries was the compulsory use of domestic grain by millers. Millers were obliged by the government to use a minimum percentage of domestic grain in their flour. Another measure was governments payments to grain producers, such as deficiency payments in the UK and per hectare subsidies in Belgium – measures that did not increase grain prices.

Governments also intervened in other ways to assist farmers, in particular with measures that did not affect consumers. During the 'good years' of the 1920s, farmers rented more land and signed contracts with high land rents – which they were unable to pay as agricultural prices fell. Both in the Netherlands and Belgium, the government intervened to assist tenants.

***World War II***

By the end of the 1930s, prices rose again as war preparations began. Many protectionist measures were sustained until 1939, but others were relaxed from the mid-1930s as farm profits started recovering (Tracy 1989). During the second world war, food production and consumption were strongly regulated. As in World War I, food prices were high on the black market and farmers incomes soared, certainly compared with incomes in the rest of the economy.

***The post-World War II period***

The developments after the Second World War were similar to those after the First World War. During the war, food production and consumption were strongly regulated. Immediately after the war the existing regulatory system was sustained in most European countries and used to ensure a sufficient and "affordable" food supply. Maximum prices were imposed and harvests and stocks claimed by the government. In the next years the strongly regulated agricultural markets were slowly liberated.

Agricultural prices started declining again from the late 1940s onwards. As a result, farmers' incomes started falling, unlike incomes outside the agricultural sector. Economic growth was strong in the rest of the economy, so the income gap between farmers and people working in other sectors increased strongly in favor of non-farm households. There were two reasons for the income gap. The first was the strong growth in the industrial and service sectors of the economy. The second was the introduction of labor-saving technologies in agriculture. Because demand for food had become more inelastic, there was downward pressure on agricultural incomes.

From the 1950s on, “income parity” became a central issue in agricultural policy debates. In speeches of politicians, in political discussions and in the agricultural press, the relative income situation of farmers was on top of the agenda. In response, European governments introduced a series of measures to support farm incomes. Such measures as minimum prices, target prices and import quotas were introduced. The regulatory system installed during the war was now used to support farm incomes by intervening in markets in favor of farmers. From the NRA indicators in table 1 and figure 1 it is clear that this led to important increases in agricultural protection throughout Europe.

An argument often invoked to support these measures, especially in continental Europe, was the importance of food security (often interpreted as food self-sufficiency). On a continent twice devastated in a fifty year period and twice facing food shortages during war times, the argument of sufficient food through local production touched a nerve. Politicians who had to address the nation’s basic concerns, and consumers who faced hunger and food shortages during times when food imports and long-distance food supplies were interrupted, were sympathetic to the call for supports for local food production.

### *European integration*

The period 1945-1970 was a period of intense discussion and negotiation over international economic integration. The first European integration treaty was the Benelux customs treaty, signed by Belgium, Luxembourg and the Netherlands in 1944 but only implemented several years later. Fear that highly competitive Dutch agriculture would overtake the Belgian market resulted in political opposition to the extension of the treaty to the agricultural sector. In 1947 a protocol was agreed upon that included minimum import prices for agricultural products. The farmers' opposition to the removal of this protocol was so strong that the 1958 Benelux Economic Union Treaty was not enacted until 2 years later. By then, the Rome Treaty had been signed for the creation of the European Economic Community by the six original members (France, Germany, Italy, Belgium, Luxembourg, the Netherlands). With unfavorable relative income evolutions for farmers in European countries, and a variety of government support measures in the various countries, protectionist policies were ultimately sustained under the Common Agricultural Policy (CAP) – see Josling (2009) for details – leading to high farm support and large distortions in agricultural markets. The specifics of the CAP were decided at the Stresa Conference in 1958 and implemented in 1968.

## Causes of the growth in agricultural protection in Europe

Numerous influences impacted on the growth in support for farm incomes, so the discussion below is divided into several parts.

### *Market fluctuations, income gaps, and the demand for protection*

It is clear from the previous section that agricultural protection in Europe did not increase monotonically over time. Instead there were very important fluctuations over time. Over the 1870-1969 century, there were three periods when European farmers intensely demanded protection from international competition. They were the end of the 19$^{th}$ century (1880-1895), during the two world wars (and especially the period 1928-1935), and the post-1950 period. These were periods when either world market prices were depressed and imports were increasing strongly, putting pressure on domestic farms, or when the gap between incomes from farming and those in the rest of the economy grew rapidly. In other periods, there was less or no demand for protection. In some periods consumers demanded governments to protect them from increasing food prices. This happened in particular during and just after the two wars when food was scarce and food prices very high.

That is, the empirical observations summarized in the previous section indicate the importance of agricultural market conditions and the income gap between agriculture and the rest of the economy as influencing the demand for agricultural protection. If income from market activities are low, either absolutely or compared to the rest of society, farmers demand government support to increase their incomes. These observations are consistent with studies which have shown the relative income of farmers to be an important factor in agricultural protection (e.g., de Gorter and Tsur 1991, Gardner 1987, Swinnen and de Gorter 1993).

However, while farmers' demands for protection were intense during three periods in the century we analyze (the end of the 19$^{th}$ century, the inter-war years, and the post-1950 period), there wre very different government responses to these demands for protection by farmers. Governments mostly resisted protectionist demands at the end of the 19$^{th}$ century, except in France and Germany. European governments were more likely to provide protection in the 1930s, and substantially more so from 1950 onwards. Hence, in the course of economic development governments responded more favorably to farmers' demands to provide protection.

The increased willingness of governments to provide protection over time is due to fundamental changes in the economic and political structure of society.[2]

***The cost of food, industrial development, and opposition to protection***

In the course of economic development, the importance of expenditures on food, and in particular on staple foods, declines (table 4). This reduced opposition to import protection by the coalition of workers and of industrial interests. This opposition coalition was so strong at the end of the 19$^{th}$ century, and for some basic food commodities it still was in the 1930s, that they were able to block substantive import tariffs for agriculture, and in particularly for (bread)grain farms. The opposition was strongest in the most industrialized countries, such as the UK, Belgium and the Netherlands. There, the share of employment in agriculture was lowest and both capital investment and employment in industry were largest. In France and Germany, where tariffs were introduced, the economic importance of agriculture was comparatively large (and that of industry still small) at the end of the 19$^{th}$ century.

The combination of different industrial development and different farm structures (see below) may explain to some extent the differences in government policies in the early 20$^{th}$ century between the UK on the one hand and France and Germany on the other. In all three countries, large grain farms were important and relatively well organized. However, in the UK they were unsuccessful in obtaining protection against imports as the opposition from industry, workers and the rest of agriculture was stronger. In Germany and France they were able to obtain support. The latter countries had a manufacturing sector that was under pressure from imports from more advanced industrial nations such as the UK. Both in Germany and France the manufacturing industry wanted import protection (particularly the textile and iron industries in France). In Germany the main opponents of import tariffs were the Prussian grain exporting farms, but this changed when cheap grain swamped the European markets in the second half of the 1870s. With French and German farmers now switching sides in favor of protection, an anti-free trade coalition of industry and agriculture emerged in both countries – in contrast to the UK and Belgium, for example, where industry wanted export opportunities and cheap food. This caused the introduction of substantial general import tariffs, not just on agricultural products but also on industrial products, in 1879 in Germany and in 1892 in France.

Interestingly, this alliance was only temporary. By the 1890s, German industry was in a much stronger competitive position and started becoming worried about the negative effects of high food costs and high wages. In addition, it was being harmed by tariffs which the United States had imposed in reaction to the German agricultural tariffs. However, by the 1890s industrial interests had changed. Industry, and industrial workers, wanted cheaper food and access to international export opportunities. This effectively lead to a reversal of German trade policies: despite strong opposition from farming interests, especially the Prussian landlords, a series of new trade agreements in the 1890s lowered agricultural tariffs and brought benefits for manufacturing. New trade agreements with Romania and Russia, through the most favored nation principle, also reduced tariffs on grains from the US and other grain exporters (Tracy 1989).

### *Feudalism and farm structures*

Differences in farm structure may affect the political equilibrium in several ways. First, in general livestock farms opposed grain import tariffs. In countries where livestock farming was well established, livestock producers organized to lobby against import tariffs for grains rather than form a coalition with grain farmers. This was particularly important in the period before World War II.

Second, in feudal systems (as in the UK), the role and divergent interests of farm workers are important. In low-income societies (such as the UK still was at the end of the 19th century), farm workers oppose import tariffs on staple foods because they lose more as consumers than they gain through increased wages.

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[2] See Anderson (1995) and Swinnen (1994) for theoretical arguments on this issue.

Third, in feudal systems, small farms and tenants are more concerned with their tenure rights than with import tariffs and they see landlords, not cheap imports, as their main problem. Their political struggle focuses on improving tenure conditions by opposing landlords, rather than forming a coalition with them to increase farm prices (Swinnen 2002).

***The organization of farmers and agricultural crises***

The impact of political organization on agricultural protection is difficult to assess. A simple comparison between 1860 and 1960 would suggest that agricultural protection had increased with the political organization of farms, which grew importantly at the end of the 19th and in the beginning of the 20th century (Swinnen 2009). However, such a comparison would ignore important periods in the course of this century when farms were well organized and when protection was not given to agriculture.

My hypothesis is that the relationship is more complex: farmers will get protection when three conditions are fulfilled: (a) they have substantive political influence, either through votes in parliament of through extra-parliamentary political organizations; (b) there is an (economic) crisis which triggers strong political action by farmers to influence governments; and (c) the opposition to protection is sufficiently low, either because support to agriculture has relatively little effect on consumers and the rest of the economy, or because the rest of the economy has relatively little political influence.

To illustrate the logic behind this, it is important to keep in mind that landlords and large farmers were the most powerful and politically well organized groups in many societies in the 18th and most of the 19th century when protection was low or declining. Moreover, protection did not increase (or only mildly) despite the fact that many new farm organizations emerged and existing farm organizations (as well as a network of rural organizations linked to farming) grew in importance during the crisis at the end of the 19th century and in the first decades of the 20th century. In addition, during the same period voting rights were extended to small farmers and farm workers in most European countries (Swinnen 2002).

However, these political institutional factors do enhance the political organization and the influence of agricultural interests when the next crisis emerges, which was in the late 1920s and 1930s. Governments increased support to farmers but the support remains limited because opposition from industry and workers was still strong. Food still accounted for a major part of worker expenditures, and, moreover, the general economy was hit by the economic crisis of the late

1920s and early 1930s, making cheap food an important concern. As a result there was some increase in agricultural import tariffs, but less on food staples such as bread grains or potatoes where support was more likely given under the form of direct payments.

After the second World War, all factors in favor of more protection and more support to agriculture came together. Farm incomes fell increasingly behind incomes in the rest of the economy, increasing demands for agricultural support. Importantly, after the second World War, opposition of industry and workers in the rest of the economy fell strongly. With strong growth in the rest of the economy, the share of food in total consumer expenditures and its impact on wages declined strongly and with this so did opposition to protection from workers and industry. Well established farm organizations then contributed to translating these changed circumstances into changes in the political equilibrium, resulting in a shift towards more agricultural protection.

### *Government administration and agribusiness organizations*

The administrative organizations set up during the World Wars to regulate food distribution and prices were used after the wars to regulate agricultural and food markets to support farmers. This appears to be especially important after the second World War. The widespread networks of farm and agribusiness organizations, often cooperatives, also allowed the organization of more intervention in markets. At the same time these organizations became important interest groups themselves, with, for example, dairy and sugar processing companies actively lobbying for government support and import protection for their sectors.

### *The Wars*

Wars appear to have played an important role as well. First, “war memories” make support of domestically produced food an important concern and more easily acceptable for consumers, and an important political argument for politicians. After suffering from food shortages and high food prices in both World Wars, especially in continental Europe, food self-sufficiency was an important factor in the policy debates. The emergence of the “cold war” in the 1950s and 1960s reinforced these arguments. In some countries these arguments resonate with earlier concerns. In Finland, for example, food shortages following its separation from Russia and the disruption of trade ties in the early 20$^{th}$ century made food self-sufficiency an important political objective during the first half of the 20$^{th}$ century, and that was reinforced by the experience during the wars.

Imperial Germany in the early 20$^{th}$ century sought rearmament and made food self-sufficiency an important consideration. During the Weimar republics the Nazi's nationalistic (emphasizing the importance of domestic production) and right-wing ideology found a close ally (and many votes) in the conservative rural population and among Prussian landlords. The farm organizations reorganized in a Nazi-dominated Green front. After the second World War, when Germany had lost most of its grain production areas, it became preoccupied with stimulating domestic food production through high prices on the smaller western and southern farms.

***Political change: the growth of democracy***

What is the impact of growing democracy on agricultural support? In an econometric study using long run data from Belgium, Swinnen, Banerjee and de Gorter (2001) assess the impact of various economic and political variables. They find that, of the four voting reforms since the mid-19$^{th}$ century, each time extending votes to other social groups, the only vote reform that had an impact on agricultural protection was when in 1919 the extension of voting rights included farm workers and small farmers. This "pro-agricultural bias" in voting reform has a significant positive effect on protection levels in their study, but none of the other reforms have.

Such subtle impacts of democratization on agricultural protection seem consistent with the evidence that we have reviewed here: extending voting rights "from the rich to the poor" (as is the standard evolution) shifts parliamentary power from the landlords and industrial capital (the rich) to industrial and farm workers and small farmers (the poor). Hence it is not immediately clear why this would lead to an increase in agricultural protection. In fact, in the UK the opposite seems to have been the result: almost all the poor, even the farm workers and small livestock farms, benefited from cheap grains and therefore opposed the import protection which landlords and grain farmers demanded. As and when electoral reforms gave these groups voting rights, this reinforced the political opposition against grain import tariffs in the 19$^{th}$ and early 20$^{th}$ century.

Democratization and the growth of farm associations enhanced the political influence of small farmers, tenants, and farm workers. This enhanced political influence seems to have been more important in affecting the distribution of rents within the agricultural sector rather than average protection for agriculture as a whole. Tenure rights of tenants were enhanced through a variety of laws in many continental European countries, as well as increases in land taxes and inheritance taxes contributing to the break up of large estates and the growth of (smaller) operator owned farms in the UK (Swinnen 2002).

## Conclusion

Important changes took place in agricultural policies in Europe in the 19th and 20th century. In the 1860s, free trade spread across the continent. A century later, in the 1960s, European integration coincided with an agreement for heavy government intervention in agricultural markets and strong protection against imports. The growth of agricultural protection was not linear, but rather there were substantial fluctuations over those ten decades. Factors that appear to have played an important role in causing the increase in agricultural protection in Europe are the decline of income from markets for farmers, in particular in comparison with incomes from the rest of the economy, the reduced share of consumer expenditures for food, the farm structure, the political organization of farmers and the growth in government administrative capacity for regulating markets, the food shortages during the World Wars in Europe, and democratization.

However, the impact of each of these factors is complex, and almost always interrelated with other factors. Periods of substantial increases in agricultural protection were characterized by three conditions. First, farmers had substantive political influence, either through votes in parliament or through extra-parliamentary political organizations. Second, a crisis in agriculture or growing income gap with the rest of the economy triggered strong political action by farmers to influence governments. Third, the opposition to protection was sufficiently low, either because support to agriculture had relatively little effect on consumers and the rest of the economy or because the rest of the economy had relatively little political influence. The combination of these three factors was needed to induce major increases in protection. Such combinations were present to some extent in the 1930s, but especially in the 1950s, when protection grew strongly.

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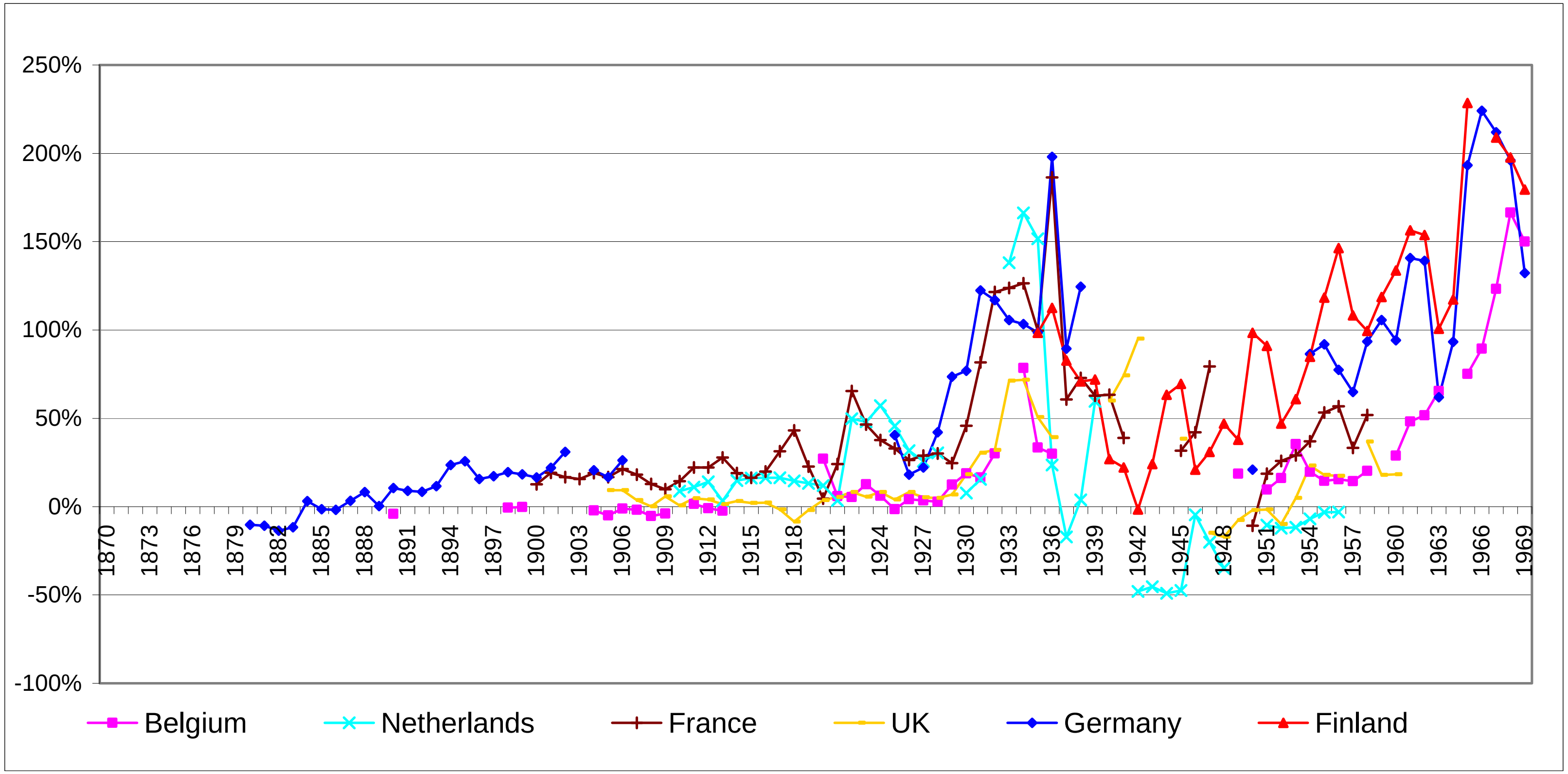
Figure 1: NRA average over main commodities,[a] selected Western European countries, 1870 to 1969

(percent)

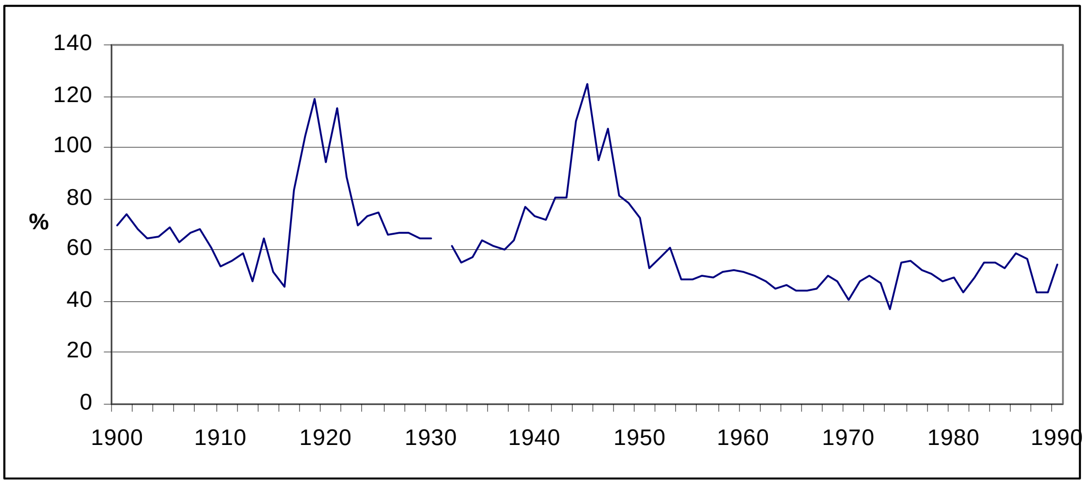



Source: Swinnen (2009)

[a] Commodity coverage: Belgium: wheat, barley, butter, beef, sugar; Netherlands: wheat, barley, butter; France: wheat, barley, butter, pork, sugar; UK: wheat, barley, butter; Germany: wheat, barley, beef, sugar; Finland: wheat, barley, milk, sugar.

Figure 2: Household incomes in agriculture as percentage of incomes in industry, Finland, 1900 to 1990

(percent)




Source: Crommelynck, Kola and Swinnen (2001).

Table 1: NRA, average over main commodities,[a] selected Western European countries, 1870 to 1969

(percent)

| | **Belgium** | **Netherlands** | **France** | **UK** | **Germany** | Finland |
|---|---|---|---|---|---|---|
| 1870-79 | . | . | . | . | . | . |
| 1880-89 | . | . | . | . | -4 | . |
| 1890-99 | -2 | . | . | . | 16 | . |
| 1900-09 | -3 | . | 16 | 6 | 22 | . |
| 1910-19 | -1 | 13 | 24 | 1 | . | . |
| 1920-29 | 8 | 34 | 32 | 6 | 39 | . |
| 1930-39 | 35 | 61 | 98 | 45 | 115 | 87 |
| 1940-49 | 19 | -36 | 41 | 28 | 21 | 40 |
| 1950-59 | 18 | -8 | 33 | 12 | 77 | 97 |
| 1960-69 | 89 | . | . | 18 | 149 | 164 |

Source: Swinnen (2009)

[a] Commodity coverage: Belgium: wheat, barley, butter, beef, sugar; Netherlands: wheat, barley, butter; France: wheat, barley, butter, pork, sugar; UK: wheat, barley, butter; Germany: wheat, barley, beef, sugar; Finland: wheat, barley, milk, sugar.

Table 2: Import tariffs in Prussia, the Zollverein and Germany, 1857 to 1914

(percent)

| | **Wheat** | **Rye** | **Barley** | **Oat** |
|---|---|---|---|---|
| 1857-64 | 5 | 1 | 2 | 2 |
| 1865-79 | 0 | 0 | 0 | 0 |
| 1880-85 | 10 | 10 | 5 | 10 |
| 1885-87 | 30 | 30 | 15 | 15 |
| 1887-91 | 50 | 50 | 23 | 40 |
| 1892-1902 | 35 | 35 | 20 | 28 |
| 1902-14 | 75 | 70 | 70 | 70 |

Source: Henning (1978)

Table 3: Shares of crops and livestock in total value of agricultural output, UK, France and Germany, 1815 to 1974

(percent)

| | UK | | France | | Germany | |
|---|---|---|---|---|---|---|
| | crops | livestock | crops | Livestock | grains | beef, pork |
| 1815-24 | . | . | 76 | 24 | . | . |
| 1865-74 | 45 | 55 | 76 | 24 | . | . |
| 1885-94 | 38 | 62 | 71 | 29 | 37 | 22 |
| 1925-34 | 30 | 70 | 65 | 35 | 41 | 38 |
| 1950-54 | . | . | 59 | 41 | 30 | 43 |
| 1965-74 | . | . | . | . | 27 | 54 |

Sources: Fletcher (1973), Toutain (1961), German national statistics

Table 4: Share of food in overall consumption expenditure, selected Western European countries, 1870 to 1969

(percent)

| | Belgium | Nether lands | France | UK | Germany | Finland | Sweden |
|---|---|---|---|---|---|---|---|
| 1870-79 | 62 | 62 | 57 | . | 40 | . | . |
| 1880-89 | 62 | . | 55 | 43 | 40 | . | . |
| 1890-99 | 61 | . | 50 | . | 40 | . | . |
| 1900-09 | 63 | 61 | 47 | 34 | 40 | . | . |
| 1910-19 | 63 | . | 46 | 36 | 40 | . | . |
| 1920-29 | 65 | . | . | 34 | 38 | . | . |
| 1930-39 | 56 | 49 | . | 30 | 41 | 42 | . |
| 1940-49 | 50 | . | . | 29 | 40 | 44 | 37 |
| 1950-59 | 49 | . | 40 | 31 | 33 | 38 | 35 |
| 1960-69 | 39 | . | . | . | 31 | 30 | 34 |

Source: Swinnen (2001)