

Who finances the Queen's CAP payments?

Richard E. Baldwin

Graduate Institute of International Studies, Geneva

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Thanks to the British Freedom-of-Information Act, the list of all CAP payments to English farms is public. It shows that the CAP is a dooH niboR scheme (that's Robin Hood spelled backwards). Some of Britain's richest nobility are on the list. In the 2003-04 farm year, the Queen of England and her son got €360,000, the Duke of Westminster (net worth €7 billion) got €260,000, Duke of Marlborough €300,000 and the list goes on. Why do royalty get paid? The CAP makes payments to farm owners, not to farmers, and about 40% of EU farmland is not farmed by its owner.

There is nothing unusual or wrong with rich people earning money on their assets – land in this case. That is the heart-and-soul of the social market economy; the market allocates production and the government redistributes income to make the allocation of consumption fair. What is desperately wrong with these payments is that they are financed in part by some of the EU's poorest citizens. Worse yet, the EU is thinking about taking away money from the needy newcomers to maintain the CAP system that hands out billions to rich landowners.

The EU budget is financed by a flat tax; de facto, member contributions are about 1% of GDP regardless of national income. This makes it easy to calculate who pays for the Queen's CAP payments.

Table 1 shows that all 10 newcomers together will pay only about €11,000 a year to the Queen. While the sums are small the injustice is mammoth. Latvians, with their average per capita income of less than €5000, will be transferring money to people who are wont to spend that much on wine in a single family meal. The wealth of the Duke of Westminster alone exceeds the entire GDP of Malta and rivals the Estonian GDP.

Table 1: Simulated New Member States' payments to British nobility.

	Queen of England	Prince of Wales	Duke of Westminster	Duke of Marlborough	Duke of Bedford	Earl of Plymouth	Income level
Latvia	€246	€139	€276	€315	€226	€283	€4,772
Poland	€4,359	€2,460	€4,888	€5,576	€3,994	€5,009	€5,107
Lithuania	€404	€228	€453	€517	€370	€464	€5,240
Slovakia	€739	€417	€829	€946	€678	€850	€6,154
Estonia	€202	€114	€226	€258	€185	€232	€6,676
Hungary	€1,811	€1,022	€2,031	€2,317	€1,660	€2,081	€8,015
Czech Rep.	€1,938	€1,094	€2,173	€2,479	€1,776	€2,227	€8,512
Malta	€95	€54	€107	€122	€88	€110	€10,645
Slovenia	€584	€330	€655	€747	€535	€671	€13,082
NMS10	€10,660	€6,017	€11,956	€13,638	€9,768	€12,250	€7,237

*Source: Guardian Unlimited for CAP receipts; Eurostat for National Accounts and Population data.

There are 87,559 recipients on the English list. A quarter of the money goes to just 39 'customers' (as the English Rural Payments Agency calls the recipients); half the money goes to the top 2,000. The "small fish" beneficiaries who get less than £20,000 – there are 63,812 of them – split just 14% of the money among themselves, and even this is far from evenly split. 1,700 farmers got less than a hundred pounds; on lowest rung of the payments-ladder was M. Kelman; he got 31 pence.

The facts show that in England the CAP pays peanuts to most farmers while handing impressive sums to big landowners, with the financing for all this split pro rata among all EU members, rich and poor alike. The story is the same everywhere the detailed data has been released.

WHO GETS WHAT IN THE EU15?

These numbers are striking, but are representative? Knowing how much bad press is generated by data on dooH niboR schemes, the European Commission long resisted releasing the numbers for the EU as a whole. Former Agricultural Commissioner Franz Fischler released detailed data for 2001 that shows CAP payments by farm size, where size is measured by farm income. It confirms the skewed-ness of CAP payments for the EU15:

- The gigantic farms account for only 2 tenths of one percent of all EU farms; the average payment to these farms is 780,000 euros per year.
- The 1.5% biggest farms get 27% of the money; the payment-per-farm averaged over all farms in this group is 70,000 euros per year.
- The top 6% of the farms by size get half the money (53%); the payment-per-farm averaged over all farms in this group is 30,000 euros per year.
- The 52% smallest farms share only 4% of the CAP money among them; the payment-per-farm averaged over all farms in this group is 425 euros per year.

The Fischler data allows one to generate similar figures for every EU15 Member State (see my online essay for details http://hei.unige.ch/~baldwin/PapersBooks/WhoPaysTheQueensCAP_Baldwin6Dec05.pdf)

CONCLUSIONS

It is an Orwellian world where a policy that taxes all European to finance transfers to rich landowners is widely viewed as socially progressive. The CAP's digressive features should be reformed as part of the newly expanded EU's budget plan and the Central Europeans are the obvious ones to push for this. I estimate that the EU's CAP budget could be cut by €7 billion without touching CAP payments to 90% of EU farms. This one reform could settle the whole budget issue – the new members could keep their structural funds, the Brits could keep their rebate and the vast majority of French farmers could keep their CAP payments. Of course, this is a pipe dream. It would entail taking €7 billion a year out of the hands of Europe's best lobbyist with perhaps a tenfold impact on their wealth – an unlikely event by any measure. But as Freedom-of-Information acts pry loose detailed data for all EU members, the tangle of financial and political-financial linkages that protect payments to Europe's richest landowners in the name of social solidarity will come to light. The children of Robespierre will revolt. EU leaders should hope that this occurs after they have left office. For EU voters – and their representatives in the EU Parliament – it cannot come soon enough.