

The redistributive impact of EU farm payment reforms in the UK and Ireland

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Abstract:

The agricultural sector in Europe is heavily dependent on support payments made as part of the Common Agricultural Policy. In 2011, the European Commission published proposals for CAP reform which may lead to the introduction of a Basic Payment Scheme consisting of flat rate per hectare payments, possibly determined at a regional rather than national level. This paper explores the role that these payments may play in reducing farm income inequality in the UK and Ireland. Flat rate per farm payments are also considered to explore how a more dramatic reform would reduce inequality. Movement towards flat rate per hectare payments does not uniformly decrease inequality of Farm Net Value Added in contrast to what one may anticipate a priori, in fact in Scotland the inequality of FNVA increases in this analysis. In contrast, flat rate per farm payments reduce inequality substantially.