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Inference from Streaks in Random Outcomes: Experimental Evidence on Beliefs in Regime Shifting and the Law of Small Numbers.

This paper assesses the appropriateness of the EU's CAP for meeting rural development challenges in the New Member States (NMS). It argues that while the mitigation of structural problems confronting rural areas in these countries is critical to meeting the challenge of effectively integrating Central and Eastern Europe (CEE) into the EU, the CAP is poorly suited for four key reasons: (i) lack of convergence between the socio-economic conditions of rural areas in the NMS and EU15; (ii) differences in farm structures in terms of both size and organisational type; (iii) an inappropriate balance of resources between Pillars I and II; and (iv) inadequate capacity to implement rural development measures in NMS. Overall, the CAP was insufficiently reformed and represents a failure to adequately adjust from an exclusively western European institution into an appropriate pan-European organisation.