

## **Policy and farming types in Europe: 16th century to the future**

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It is but recently that agricultural exploitations have come to be considered dominantly as economic enterprises. For a long time, they have in fact been perceived through the bias of the small family farm, *a priori* largely oriented to self-subsistence and for a large part of doubtful market profitability. And in fact, if one estimates the profitability of this kind of exploitation according to modern accounting criteria, all but a few of these small farmers will show no profit and will under no circumstances be rentable, and would as such be vowed to extinction in a market economy.

One might be done with the argument with this easy conclusion, were it not for two points that go against it:

- 1) small-scale farming has survived all its handicaps, and their farmers have been able to keep abreast and to transfer their holdings for generations;
- 2) as historians keep showing us, this kind of farms – in connection with upstream and downstream links to industries ('agribusiness') – have largely contributed to feed growing masses of urban populations and the industrial labour force that piled up since the nineteenth century.

Where did these micro-exploitations come from? Across most of Europe, they originated in the holdings that landlords let to their dependents for rent. The devaluation of the currency in which such rents were expressed, which in the beginning largely amounted to instalments due by a perpetual tenant to the landlord, and later their wiping out in the wake of the French Revolution and the liberal revolutions and reforms that ensued across Europe, made effective land owners out of the former tenants, who in any case largely regarded themselves as the true owners of the land they farmed in 'useful possession', under the layered property concept of the *ancien r gime* (Thonon-

Gregynog workshop). Small farmers thus managed in the end to get hold of all property rights to their land either quite inexpensively (as in France), in very favourable conditions, or else with expensive compensations to the former landlords which fed on mortgage debt and led to later restructuring of the *microfundia*. Either way, this grounded the burgeoning small or medium scale family farming that has left its imprints in the landscape, the social fabric, the culture and the ideology of the European countryside.

These small holdings were piously handed from one generation to the next, and keeping them as viable, if not profitable farms was literally a matter of life and death. One can quite understand the care with which the transfer of land to heirs and the entitlements of the children were regulated in order to avoid excessive morcellation of the patrimonies, which besides intergenerational transfers were under the threat of fragmentation through much livelier land-markets than has been traditionally acknowledged, especially in times of demographic growth (Thonon-Gregynog workshop). Managing land transfers both across generations and through markets within the life-cycle was a matter of prime importance in such societies.

Throughout most of Europe, this problem was solved by handing all assets to one single heir while shabbily compensating the others. In the remaining areas, it has been to systematically share the assets among all heirs, leaving it to fortune to decide whether or not total or partial regrouping came to pass during the heirs' life-cycles, often through the active engagement of families in strategic alliances and as sellers and buyers in local land markets (Sarospatak and Lisbon workshops). These two rationales were not simply economic, but rather social, cultural and historical as well. Their traces linger in today's practices of farm devolution, since the partition between egalitarian and inegalitarian devolution remains quite visible on present day maps of modes of succession.

The situation, however, has very much evolved, and this for three reasons: 1. Because it is no longer the case that the status of successor in the holding is the most enviable, as success is now often more tangible in other sectors of activity and the move out of agriculture came to be perceived as determinant of positive social mobility; 2. Because the last high-fecundity strongholds in the European rural world have changed in the twentieth century interwar period, so that fewer siblings pressed with succession demands; 3. Because from the 1960s-'70s on, European states, the EEC and later the EU began to impose considerable training burdens on young farmers applying to take

on a farm, or for support to do it, which made many simply find it more desirable to take on different jobs.

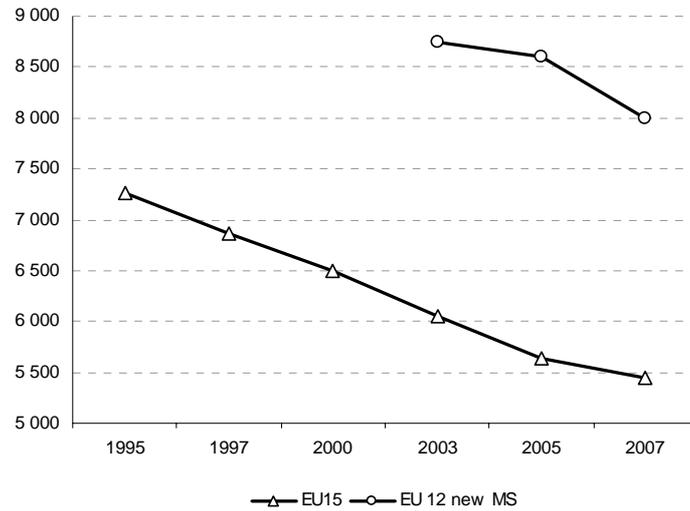
Be as it may, the share of the population living in rural areas has dropped consistently, although it still remains about half of the European population. The share who make a living directly out of agriculture, however, declined much further – which was a necessary precondition for an effective rise in the productivity of agricultural labour in the first place – and where rural exodus has not set in, countryside dwellers are increasingly employed in local industry and services, commuting to urban jobs, or living on old-age pensions. In order to keep the European countryside productive and lively, the issue is no longer to know who is going to take on the farms, but rather who will accept to do so and how the new farmers will be able to compensate their brothers and sisters, assuming a part of the holding remains owner-occupied.

This much has been acknowledged by the CAP, under which Member-States can draw on EU funds to subsidise the retirement of aged farmers through comparatively generous pension schemes, and the setup of young farmers (meaning forty or less years of age) with viable farming business plans.

While evaluation reports tend to question the cost-effectiveness of financial handouts for generational replacement in the farming sector and whether they incur in deadweight losses by subsidising transfers that would naturally take place without them, such incentives certainly would seem to reduce the opportunity costs to aged farmers of letting go of the holdings, and to younger ones of taking them on. However, available statistics indicate that this kind of measures has not as yet inverted the trend towards an ageing population of agricultural holders in the EU. In fact, although the number of individual agricultural holders did decrease 25 per cent in the EU15 between 1995 and 2007 (Figure 1), this smaller population has aged considerably. The proportion of agricultural holders aged sixty-five years or more increased from 28 per cent in 1995 to 34 per cent in 2007, while those aged less than thirty-five fell from 8 per cent to 5 per cent in the same period. The trend was similar in the twelve new Member-States of EU27 during the later third of the period, in which the number of agricultural holders decreased by 8 per cent between 2003 and 2007, but those aged sixty-five or more increased from 31 to 34 per cent between 2003 and 2007, and those aged less than thirty-five fell from 10 to 7 per cent (Figure 2). Have income guarantees, welfare and health-care provisions for the elderly combined with increased longevity and health

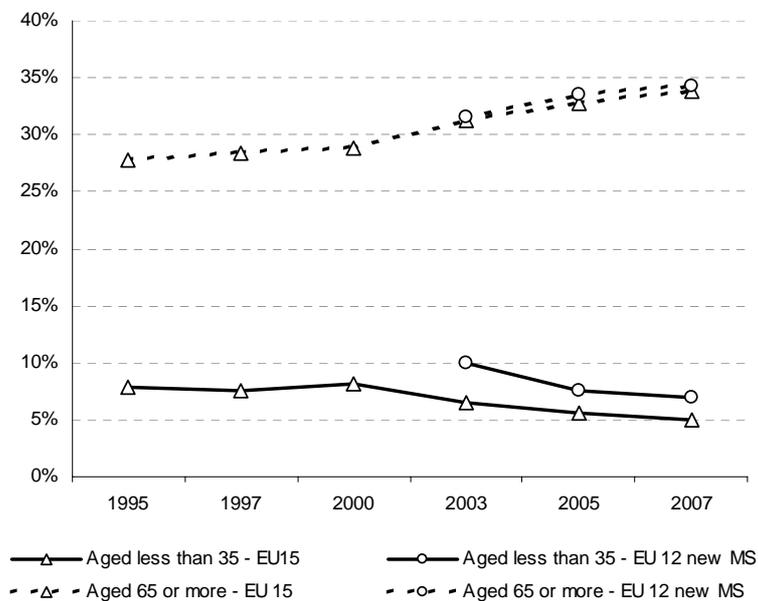
status to push back the age of effective retirement of agricultural holders, decoupling the historical connections among the family life-cycle, elderly welfare and patrimonial succession strategies (Sarospatak workshop)?

Figure 1. Number of agricultural holders being physical persons in the EU 15 and in the new twelve Member-States



Source: Own computations from Eurostat data

Figure 2. Percentages of ‘young’ (less than 35 years old) and ‘aged’ (65 years old and more) agricultural holders in the EU 15 and in the new twelve Member-States

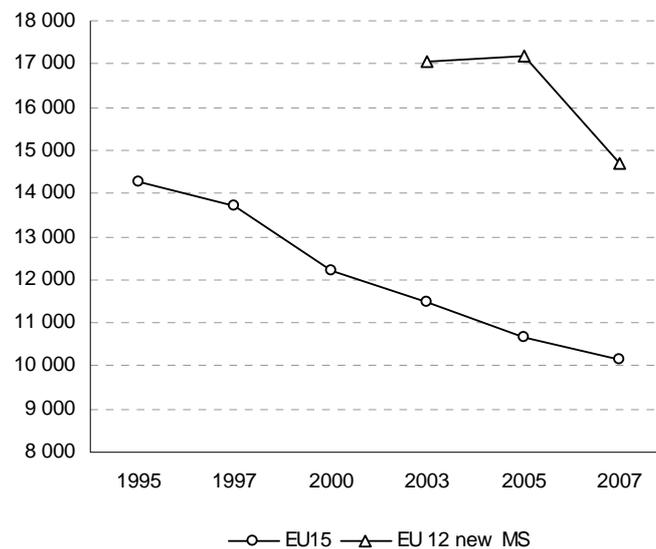


Source: Own computations from Eurostat data

The data point out apparent difficulties in rejuvenating the stock of European agricultural holders, in spite of the fact that the number of family labour force still

accounted for about 93 per cent of the regular agricultural labour force of the EU27 in 2007 in headcount – Eurostat, Farm Statistics). Even though the number of family farm working force in the EU15 declined by 36 per cent between 1995 and 2007, and by 14 per cent in the 12 new Member States between 2003 and 2007 (Figure 3), family farming still seems to remain the backbone of European agriculture, as far as labour inputs are concerned. It may be argued that this long-term survival of family farming, wherever it became historically dominant and was not offset by intervening political processes, reflects the advantages of familial work organisation with regard to transaction costs (high motivation of labourers, flexible commute between farm and off-farm work, fewer surveillance costs).

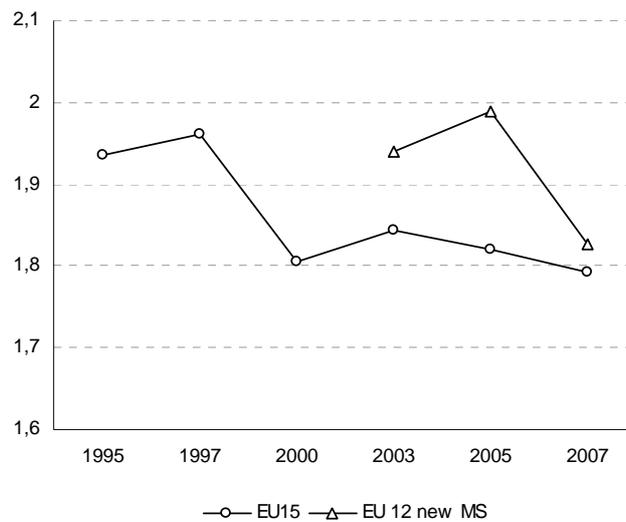
Figure 3. Family farm working force in the EU, 1995-2007 (thousands of persons)



Source: Own computations from Eurostat data

But elder agricultural holders seem reluctant to hand down their holdings, or their offspring to take them on. And although the number of agricultural holdings has decreased, still the average family farm labour force per holding dropped over time as well (figure 4).

Figure 4. Average family farm working force per agricultural holding (persons)



Source: Own computations from Eurostat data

In 2005, less than 8 per cent of the European agricultural holdings employed regular non-family working force, but about 18 per cent of those employing between two and three Agricultural Work Units (AWU, full-time equivalents), and 78 per cent of those with three or more AWU employed at least one non-family regular worker (Eurostat 2008: 32). And it is certainly these larger segments that are growing, as a result of the trend to concentration and enlargement of holdings across Europe.

How many of the people counted as family labour force, one wonders, are of the same generation as the aged agricultural holders (who are themselves counted as family labour force) – spouses, siblings... – and how many are actually sons and daughters working on their parents' farms? We do know that as much as 73 per cent of the family labour force in 2005 was made up of the holders themselves and their spouses (as compared to the hypothetical 66 per cent if each couple engaged in agriculture had one son or daughter working on the farm), and that the smaller the economic size of the holdings, the older tend to be their holders (Eurostat 2008: 33-34) – most probably the smaller holdings that are disappearing as their holders die or retire and are being absorbed into larger units, left uncultivated, or reallocated to non-agricultural purposes.

For most holders, the work on the agricultural holdings is the only activity: in 2005, almost 70 per cent of the holders-managers and their spouses worked full time in agriculture. Among the other family labour force, however, the main activity tends to be non-agricultural; only 5 per cent had farm labour as their main activity and another job

as a secondary activity (Eurostat 2008: 35). While part-time family labour is historically far from exceptional and was indeed an integral part of the reproduction of agrosystems in many regions (Retz workshop), how far has it now become secondary to different kinds of jobs in other industrial sectors, breaking the links between farm succession, agricultural work and household formation, thereby holding back the children's incentives to take full responsibility for their parents' farms?

In spite of these questions and of the apparent failure of CAP measures thus far to meet the goal of speeding up the transition of agricultural holdings to younger farmers – putatively more innovative and richer in human capital (European Commission 2008: 5) – policy papers and assessment reports do not seem to take into account their interplay with the local historical, social and cultural institutions regulating the intergenerational devolution of landed assets, even though they recognise the paucity of quantitative indicators and methodologies to assess the effectiveness of incentives, partly due to the huge diversity in the contexts to which they apply (Dwyer et al. 2008: ix, 165).

However, these institutions – or their breakdown, for all that matters – are likely to pull some weight in how these policies are appropriated by their recipients and their final outcomes in historically diverse contexts. It was one clear point made by different workshops that rural societies, social groups and actors therein have always held variable capacities to mediate, appropriate and adapt or respond to changes induced by powers external to them (Bern, Lisbon, Maine, Munster, Sarospatak workshops). This is a definite point where historical, ethnographical and sociological analyses can fruitfully come together to understand whether and how medium and small-scale family farming is actually managing to survive across the generations, a question that besides agricultural and economic consequences has deep social, territorial, cultural and landscape-related consequences as well.

The issue of intergenerational succession is of course but one among several at stake in this survival. Other are those of the economic reward to agricultural and rural activities at large, and more generally of rural development and life-chances in the countryside. Such deceptively simple labels cover a range of potentially contradictory approaches, among which trade-offs will have to be accepted and balances to be struck in policy-making which again historical experience may help to elicit – first and foremost, that of the kind of economic rewards to agricultural production, the underlying assumptions about the organisational model of the 'agricultural firms', and how they relate to other

dimensions of social needs provided by the countryside. That such social needs may be undersupplied for lack of adequate market rewards to their 'producers' is the rationale behind the present CAP aids to 'environmental quality and the conservation of nature and the countryside' (European Commission 2008: 4) under it the presents axes 2 ('Enhancing the environment and countryside through support for land management') and 3 ('Enhancing the quality of life in rural areas and promoting diversification of economic activities') – while axis 1 in turn points to the more directly productivity- and marketing-oriented goal of 'Increasing the competitiveness of the agricultural sector', which is geared to favour more entrepreneurial, profit-oriented agricultural holdings.

In fact, here have been for centuries, parallel to small family farms, larger scale farms. Some, mainly east of the Elba but in some areas of Mediterranean Europe as well, depended on serf labour or on strict political and economic dependence of the peasantry rather than capitalisation and innovation to extract profit and rent from agriculture. This large-scale landed property – often termed *latifundia* – ultimately came to facilitate the setup of the large Socialist collective farms in most post-war socialist regimes, as opposed to where peasant property had prevailed, e.g. in Poland where collectivisation did not hold sway.

In other settings, large holdings were since at least the early modern period managed by wealthy farmers who held the capital needed to invest in physical assets, to mobilise salaried labour force often issued of the families of micro-farmers, and who usually managed to avail themselves of produce surpluses generating substantial commercial profit. Here it was not so much land ownership that counted, but the control of the capital and of the farmland and other real assets usually taken in lease, and what was at stake in intergenerational transfers was keeping that control, rather more than the devolution of landed patrimony.

Understandably, the main concern in this case was to determine who would be handed down the leased farms. More often than not, where contractual regimes allowed it the lease would be devolved to a single heir, while the family compensated as best they could the other offspring and endeavoured to place children as much as possible in different farms, by taking them on lease for their sons and by marrying their daughters into them. This does not mean that the owned assets were undervalued or that the fate of the children who could not be placed was of no concern. Quite the opposite, heirlooms were shared with the utmost care and educational outlays for all children could be

comparatively high, in pursuit of ecclesiastical, professional or military careers and marriage mobility tracks – to the point that family and educational concerns have been pointed out among the main drivers of agricultural capitalism.

It has been held for a long time that this model of economically efficient and innovative farming enterprise was specifically English, while the overwhelming predominance of small landed property was thought to cause a large part of continental Europe to lag behind. Today's historians, more attentive to empirical evidence than to myth, can state with certainty that modern large farming did exist since early days in certain regions of continental Europe, in the Paris region at large as well as in northern Italy and in specific regions in Germany and in Iberia, certainly adapted to their specific ecological, social and market conditions often very different to those that prevailed in the English regions where agrarian capitalism took roots. Historians have also ceased to believe small farming to be inevitably backward, entrenched in self-subsistence and keeping apart from markets. We know now that certain small and even micro family exploitations have since very early days eagerly responded to market stimuli and turned to specialisation profiles and speculative crops, provided they had access to either close-by urban markets or to commercial routes to longer distance outlets for high-value produce, such as wine (Rennes, Retz, Sarospatak workshops).

The debate raged on for quite a long while about which of the models, small family farm, large-scale capitalist enterprise or, later on, socialist production unit was the more efficient (and for what purposes). For those upholding either liberal (the English *tories*) or marxist ideologies, there was no doubt that agricultural development could only proceed through large scale farming. Others opposed this view and regarded small family farms as a necessary factor for social stability, which also allowed for more intensive agriculture and thereby for a more effective use of agricultural land.

On the whole, western European governments have pursued rather tacking policies concerning the sensitive issue of large capitalistic versus family farming, which was of social and political besides economic consequence. Ought peasantries to be sacrificed for the sake of higher agricultural productivity? The question was only answered in the course of the twentieth century by industrialisation and rural exodus, or else out-migration from peripheral to central economies in the process of post-war rebuilding of European industry and cities, and by the opening-up of national borders to European, if not global market competition. To support a countryside made up of small family farms

or else to encourage the merge of holdings to gain economic size, such was – and to some extent such remains, under new guises – the crux of the matter, ever since at least the eighteenth century political debates about the end or the reform of feudality, up to ongoing debates about post-socialist transition in east European agriculture (Lisbon workshop), and of course the perspectives for economically, but also environmentally and socially sustainable rural development in the EU, steered by the CAP and its successive reforms.

Another historically related debate took off in the eighteenth century, which ran fiercely before it eventually subsided in the course of the following century: that about communal land ownership and collective land use. According to the most progressive European opinion of the time, such collective lands and land uses were to blame for all sorts of evils and they should disappear forever, in the name of the so-called English model dogma and for the sake of agrarian individualism. It was taken for granted that only the individual property system and the triumph of an absolute property right, such as the one that came to be erected following the French Revolution, were compatible with agrarian progress. Indeed, the question of property rights and of its importance for agricultural progress was a strong topic in the debates between economists and governments.

This double superiority of individual and absolute property rights, however, is not so evident historically – nor indeed that of their positive existence in the pure ideological form as enshrined in law and doctrine. It has been shown that complex property systems, with overlaying entitlements to land use and to produce, did not necessarily hinder a region's agricultural progress, rather such systems could provide an unsuspected degree of flexibility in the working of land markets (Thonon-Gregynog workshop). And although almost everywhere the struggle was taken on for the disappearance of communal land property and of collective use, this met with rather unequal political results. Some governments did translate the words to actions, while others procrastinated in spite of their manifest programs, frightened by the social and later the ecological consequences of such initiatives. It was otherwise made evident that very often there was really not much at stake in the debates about communal land, ideologies aside, either because in the more fertile regions communal property was no longer significant, or because the partition and individual use of communal land soon proved to be scarcely productive and tended to disrupt the equilibria of the productive

structures, sometimes even evolving toward ecological disasters in fragile environments that degraded the soil, eroded land slopes, etc. (Rome workshop).

Throughout Catholic continental Europe, the struggle against collective property went in hand with an offensive against ecclesiastical property, which began in the eighteenth and lasted all along the nineteenth century. Such lands were held to be ill-used, and the fact that they were inalienable was judged to be a hindrance to land-market mobility, itself a precondition for economic progress. In order to achieve fluidity in the land-market, such lands needed to be put in circulation, and therefore the Church ought to be expropriated – and in many cases so it came to pass.

Although such massive transfers as did take place did so in specific political and budgetary contexts in the course of the late-eighteenth and the nineteenth centuries, they broke the path for the search of a more general land reform. To seize land from large estates and redistribute it among the peasants was a constant concern of a significant fraction of left-wing and populist parties, as well as of wider social and political movements. Agronomists pleaded, on the other hand, for the regrouping of microfundia into more efficient landholding units, as did at a larger scale Leninist movements and governments intent on matching landholding and social relations of production with the development of agricultural means of production. Throughout twentieth-century interwar Europe, where landholding elites were not upheld and their property shielded by fascist regimes, property rights to land were extensively reshaped through state intervention, either by legal and constitutional reforms, fiscal policies, or political incentives to redistribution by market mechanisms. Such reforms operated under diverse ideological assumptions, from economic efficiency and agronomical innovation to social equity, collective rights of use, and ethnonational state-building, and they also had rather different results (Lisbon workshop).

The particular brand of Communist agrarian reform which was born of the Russian Revolution diffused from the USSR to post-war socialist Eastern Europe. The Leninist doctrine of the concentration of the means of production in large collective farms became the main political answer, in a context of planned economy and large-scale state investments – not without in practice coming to accommodate the survival of small-scale gardens managed by individual families within or beside production collectives. In Poland, where a strong peasantry had historically developed, the socialist solution came to rest on the cooperative organisation of family farms, rather than large collective

farming (Sarospatak workshop). However utopian complete collectivisation may have been, the fact remains that the large collective farm system did provide the basis for quite productive, industrialised agricultures in some of these countries, mirroring their western counterparts that capitalised, industrialised and specialised in market economies steered by the CAP guidelines and policies.

As socialism collapsed so did the organisation of collective farming and the systems of collective property rights on which it rested. The 'redress of historical injustice' has led to the 'reinvention' of a whole new set of property rights to be distributed and successory entitlements traced back to the original owners, leaping over two or more generations without the intervention of any of the regulating mechanisms that would have been in place in the 'natural' course of intergenerational land transfers, ending up owned by often quite unlikely heirs whose connections to agriculture and the countryside had long been severed. The morcellation of land ownership that emerged in some cases has led to a set of ongoing contradictory strategies, from a new part-time, subsistence-oriented farming sector to a lively real estate and lease market. On the other hand, in at least some of these countries or regions the human, social and physical capitals accumulated around the collective farming units apparently have stood in the way of a revival of family farming, even when the latter was favoured by state policies, giving rise instead to a new sector of corporate farming under either entrepreneurial or cooperative form, facing the entry in the EU (Lisbon workshop).

Modern states have never ceased to intervene to uphold agricultural holders, after for a long time pre-modern states and territorial authorities had leaned towards the protection of consumers and especially city dwellers, if nothing else in circumstances of dearth – price-setting, requisitions, grain imports were common political measures once the risk of famine and related disorders threatened. As the spectre of dearth gradually waned in the course of the nineteenth century, the turn was clear, and it was now a matter of protecting the producers and agriculture itself from the inexorable path of industrialisation and urbanisation. The setting of cadastres, tariff protections, market organisation, price interventions and later on the buying of surpluses and the destruction of stocks, the support to banks aimed at funding agriculture, the creation of school-farms: all these measures were taken for economic – to ensure the supply of foodstuffs –, social – to keep viable rural societies – and political reasons – to keep some amount of social peace (Le Mans workshop). This kind of policies have largely contributed to

modernise agriculture, which went along with the weeding out of those small farmers who were ill positioned either financially or geographically in relation to the markets, and also of a proletariat that could not keep up facing mechanisation and the downward pressure on wages.

It is now twenty-five years since the French rural sociologist Henri Mendras declared the demise of European peasantries, as industrialisation, urbanisation and the political priority of modernising agriculture to ensure stable mass production of foodstuffs across the European Economic Community led to subsidies to production and to a capitalised agricultural industry supported by credit and market infrastructures.

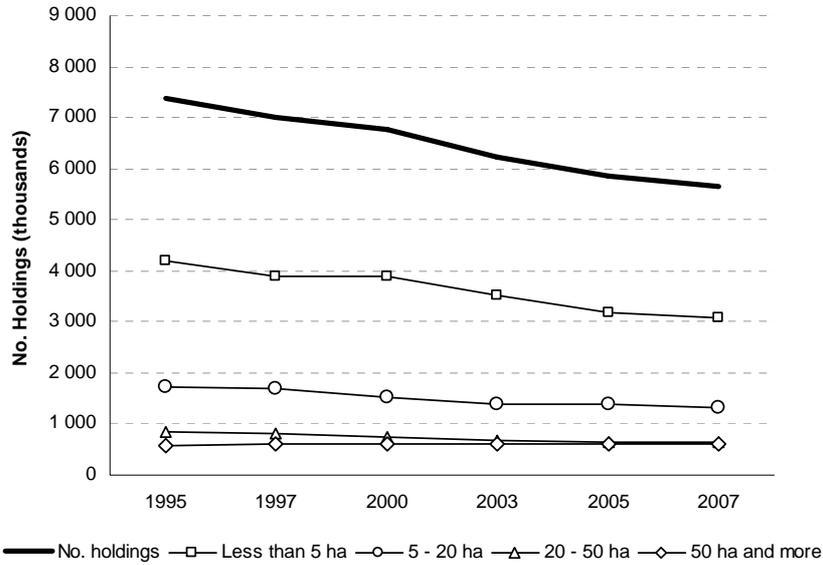
Nowadays, the rift between large capitalist holdings and family farming is no longer as pertinent as it used to be, as far as agricultural techniques and modes of farming are concerned. Large holdings can now be laboured by a single holder with residual labour inputs, mainly in cereal farming in which full-fledged mechanisation and industrial inputs such as fertilisers, herbicides and pesticides have achieved high labour productivity (type I). Others, mainly in animal husbandry and viticulture, are exploited within a family framework but with strong capital inputs and state of the art management techniques (type II). Still others keep mobilising seasonal low-wage labour force as in older days, but they are no longer taking on cereal farming or viticulture but rather highly speculative crops such as fruits, garden vegetables, flowers (type III). Socially, however, it is another matter. Older farming modes have become residual and tend to vanish, at different rates according to the countries or the regions, stricken out by market competition and by the impossibility to keep up a decent living according to present day standards on low work productivity. Rural societies, in the words of another French sociologist, Placide Rambaud, were 'urbanised', lost part of their cultural specificity and of their very senses of space, time and society. New sets of opportunities have emerged in the countryside as a result, but where modern modes of farming have not proved viable to make agriculture competitive, in the now so-called Less Favoured Areas, where rural-urban relationships have become polarised and rural development has not kept pace with the shedding of agricultural labour so as to provide life-chances to young people, desertification has set in with losses of culture, landscape, environment and identity. Hence some of the renewed principles guiding the CAP, which have been put forward with an enhanced view of rural development.

Most of the successful agricultural holdings have in the past owed their resilience to an unbridled race towards ever higher productivity, creating ever-growing surpluses and forcing states to intervene either by protectionism and/or market organisation, or through European Community cooperation with border protection and regulation of prices and stocks. The CAP was initially designed not only to promote a highly productive way of farming, but also to provide income parity between agriculture and industry; it encompassed equity as well as efficiency goals. In this respect, the success of the production-gearred policy eventually defeated its own purpose with overwhelming costs, among the 1970s and '80s mountains of wheat and butter, and lakes of wine and milk, while the equity goal remained largely unachieved both between agricultural and other sectors' incomes and between different national or regional agricultures.

Production quotas and set-aside subsidies to leave land unproductive sent mixed signals to the countryside, as new agricultures in less favoured environments of Mediterranean Europe arrived to the EEC in 1986. On the whole, these policies coupled with other macrosocial processes to favour an evolution towards larger and more capitalised farms and the waning of traditional small-scale farming. In fact, the EEC family farms, though formally independent, were *functionally* integrated in a 'productivist' food system regulated by agribusiness and the welfare state and, as a consequence, they were forced to specialisation, concentration and technical change.

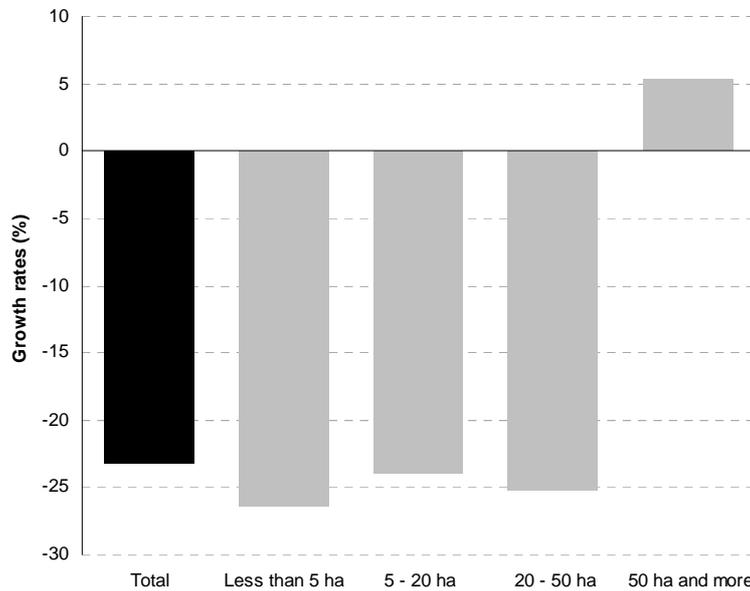
This long run process continues today, as European policy-makers struggle to redirection the CAP's course. Between 1995 and 2007, farm statistics witness the fall of the number of agricultural holdings by 23 per cent in the EU15 countries, a fall that was sustained by all but the largest class-size of fifty hectares and more, which grew by 5 per cent (Figures 5 and 6).

Figure 5. Number of agricultural holdings according to size in the EU15, 1995-2007



Source: Own computations from Eurostat data

Figure 6. Rates of growth of number of holdings according to size in the EU15, 1995-2007

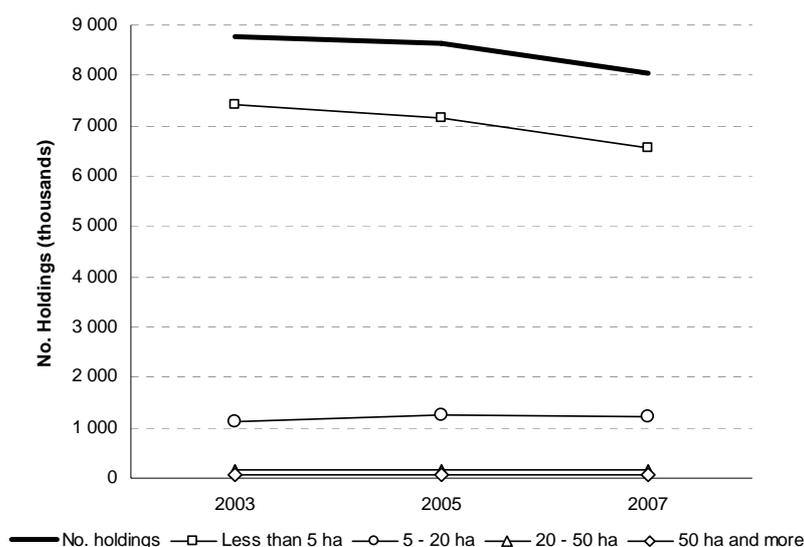


Source: Own computations from Eurostat data

The twelve new Member-States in EU27 show the same trend, in what seems to be a swift transitional form. As we wrote above, the de-collectivisation process gave rise in most of them to a pulverisation of landed property, and the process that followed seems

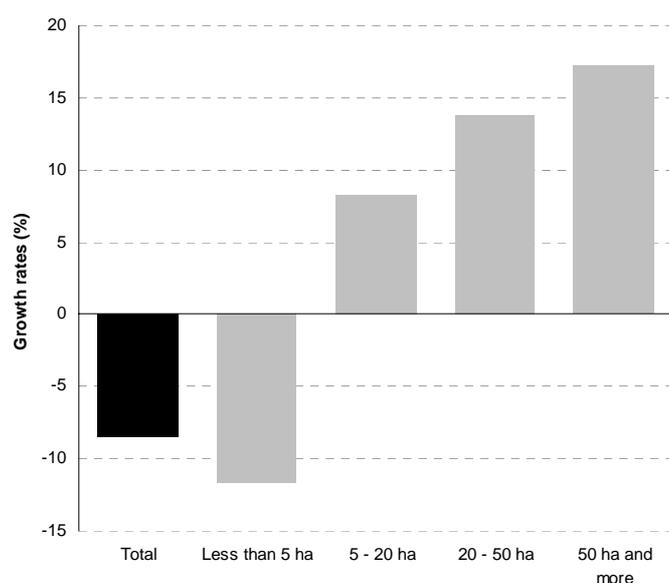
to be one of regrouping the holdings into larger farms, often reviving large-scale farming under the forms of agribusiness firms and agricultural co-operatives. Here, in the much shorter period for which farm statistics are available between 2003 and 2007, the overall decrease of about 8 per cent in the number of holdings was wholly sustained by the smallest size class, while all others grew in number, at higher rates the larger the size (Figures 7 and 8).

Figure 7. Number of agricultural holdings according to size in the 12 new Member-States of the EU27, 2003-2007



Source: Own computations from Eurostat data

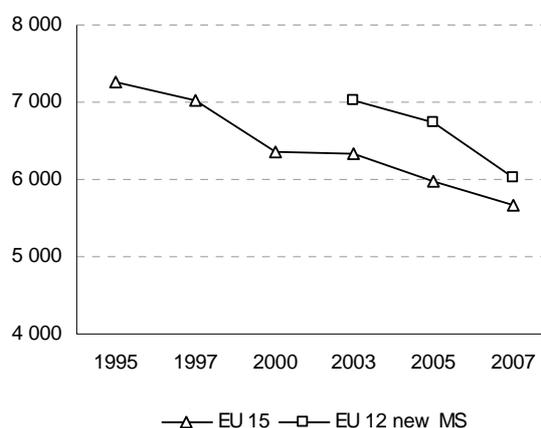
Figure 8. Rates of growth of number of holdings according to size in the 12 new Member-States of the EU27, 2003-2007



Source: Own computations from Eurostat data

As holdings declined in numbers and grew in size, farm labour force decreased at roughly the same pace: in the EU15, the labour force in AWO fell by 22 per cent between 1995 and 2007, and in the 12 new Member-States of EU27 it fell by over 14 per cent between 2003 and 2007 (Figure 9).

Figure 9. Labour force in the EU15 and the new 12 Member-States of EU27, 1995-2007 (thousands of AWU)



Source: Own computations from Eurostat data

Either European agriculture is becoming more capital-intensive and more productive to labour, massively substituting capital for labour, or else it is becoming overall more extensive and land is being dropped out of agricultural use – probably both, according to different regional contexts. Some questions need to be asked, in a context of growingly globalised trade, of some volatility of international agricultural prices and of energy-related transport prices, and of large emergent economies with low but certainly rising wages and a large expansion of demand foodstuffs. Once agricultural land has been set aside or allocated to different uses because of low market returns to agricultural investment, it is often hard to reclaim it back to agriculture, especially if rapid growth forestry has set in or urban and leisure infrastructures have been developed. How far into the future will Europe be able to rely on external trade for affordable food and agricultural raw materials, if its internal development model comes to neglect agricultural production? Agricultural holders face not only international competition but also the pressure of oligopsonistic demand by large multinational agribusiness and traders. As subsidies to production are being withdrawn, how will affordable prices be guaranteed to consumers simultaneously with satisfactory returns to producers?

The most recent reform of PAC brought in a fresh commitment to market principles through a Direct Payment Scheme to subsidise farming activities, based on surface and historical income and decoupled from current production or lack thereof, leaving it to producers to choose their bets on land use according to their perceptions of market opportunities. A modulation principle was introduced to transfer funds from support to large farms to be used in rural development policies, special attention is promised to the Less Favoured Areas, along with new support for marketing organisation, rural development, diversification of agriculture and other rural services based on environmental sustainability, landscape and cultural heritage, the so-called 'farm to fork' stress on food quality, and animal welfare.

Indeed, a fourth type of agricultural holdings besides the three outlined above may already be in place, where this kind of concerns has had some early political expression. In this possible 'type IV', traditional, lower labour productivity modes of are sustained by specific state subsidies geared to prevent rural exodus and to preserve fragile landscapes and culturally-specific produce, along with family income derived from other sectors, such as tourism. This is the case, notably, of mountain agriculture in the Alpine and pre-Alpine regions, in which we know that the process of retirement of aged farmers without successors, selection and concentration of agricultural holdings took place all the same but traditional landscape and farming modes still managed to get along (Bern workshop), which may no doubt be generalised to similar regions in northern Spain, Norway, etc. Quite recent official discourse from the European Commission makes it evident that a specific social, cultural and ecological stress is being put on these matters, especially on how CAP new instruments may be used to improve support for mountain agriculture (Fischer Boel 2009).

It will be of the utmost interest in the near future to follow whether and how far this kind of situation will spread to other less conspicuously attractive regional environments in Less Favoured Areas, as a result of the renewed CAP's concerns with environmental sustainability, preservation of landscape as cultural heritage, and diversification of rural produce and activities attached to new lifestyle demands by an overall satiate European public. The redefinition of the balance between individual entitlements to land use and collective entitlements to intangible goods as landscape value, 'clean' environment, 'green' leisure and cultural specificity has reset the boundaries for the political debate about restrictions to individual property rights and

collective uses of privately-owned land (Lisbon workshop). This debate is now framed in the language of ‘public goods’ and ‘market failure’ to set political goals and legitimise state aids to agricultural holders for the ‘positive externalities’ they engender, much in the same way as the supremacy of the common weal has been used for centuries to dictate political restrictions or encouragements for specific kinds of land use, frequently framed in the language of the state’s eminent domain, and as the CAP itself has ‘bought’ the landholders’ right to produce by paying them subsidies linked to production quotas or to set-aside commitments.

Will rural development policies be able to merge traditional and modern modes of farming with innovation in produce and marketing, so as to meet demands for income and quality of life in rural societies? How satisfactorily will they remunerate the social value-added of environmental and cultural ‘services’, through subsidies and/or the development of new markets for those ‘services’? How will they lead to ‘innovative tradition’ or indeed to the ‘invention of tradition’, and what kinds of agricultural holdings and farming modes will they sustain or give rise to? One thing is certain. Insofar as rural landscapes and environments are social and cultural constructs that are produced by specific farming modes, the goal of preserving landscapes and ‘natural’ environments in the countryside will be in a trade-off relationship with that of increasing the competitiveness of European agriculture. If the latter continues to be achieved mainly by the concentration of landholdings and investments in physical capital and intensification, the quality and diversity of landscapes and the environment will be under threat. The answer may lie in the specialisation in high value-added agricultural produced based on quality differentiation to meet new consumers’ demands, as endeavoured e.g. by protected origin denomination and certification instruments (‘quality logos’), including for traditional and organic produce, but there will always be a limit to the demand for top-end quality foodstuffs. On the other hand, review reports on the CAP’s rural development instruments find that it is the already more developed countries and regions that are making more use of supports for human capital development, landscape and environmental quality, etc., while the less developed ones – in which it may be thought that more of traditional and differentiated landscapes and environments are left to preserve – still tend to concentrate on physical infrastructure and agricultural modernisation and seem to give agri-environmental goals less priority (Dwyer et al. 2008: 22, 27-28, 54), which may point to a risk continued degradation of

fragile landscapes and environments either through abandonment or through misplaced short-term incentives to production (Rome workshop).

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