

August 30, 2004
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Multifunctional Agriculture—A Book Review

Prepared for Journal of Rural Cooperation.

By any historical record, the residents of the industrial countries are fabulously rich. Never have people enjoyed the standard of living we are experiencing (and taking for granted)—whether measured by food, health care, housing, transportation, or other amenities. We are fortunate to reap the fruits of the industrial revolution and the scientific and knowledge revolutions that came in its wake. It is often overlooked that the industrial revolution was accompanied by a no less dramatic growth in agricultural productivity. Without the increased production on the farms, people and food could not have moved to the newly growing manufacturing centers and the industrial revolution would have died in infancy.

While in the past, a farmer barely produced food for himself and his dependants, a modern farm feeds dozens of urban families. This productivity change was behind the urbanization and the exit of farmers from agriculture. Despite the exit and tremendous population expansion, worldwide food production per capita has been increasing steadily over the last several decades. With increased supply, food prices have decreased, particularly at the farm gate. The reduction in prices and therefore also in income were the economic signals that pointed the direction and determined the pace of the shift of labor from the countryside. Youngster moved to better urban opportunities, elders had often to absorb the deteriorating terms of trade.

The pains of transition were among the factors that understandably encouraged support of agriculture in the rich countries. By a recent estimate (OECD, 2004) subsidies to agriculture (including border protection) amount to more than a third of the value of production in the sector. They have grown to become a burden on national and regional budgets, reforms were considered. But the main impetus for change has been trade policy.

Specialization in the national economy—farmers producing food and doctors healing the sick—increases productivity and spreads wealth. Similarly in the international

arena, exchange of goods and services benefits all trading nations. The recognition of this insight was behind the establishment of the GATT (The General Agreement on Tariff and Trade) at the end of World War II. GATT, later to be replaced by WTO (World Trade Organization), was the forum in which nations discussed and contracted ways and means to encourage trade. Agriculture was incorporated fully into the GATT framework with the signing in December 1993 of the Uruguay Round, implementing reductions in production-supporting subsidies and border protection. The proponents of multifunctionality argue for the continuation of the support.

The idea of multifunctional agriculture is simple and sound. Agriculture does not only produce food and fibers, jointly with the conventional market products agriculture produces non-market amenities such as landscape and protection of nature. Urban dwellers in the industrial countries are signaling the value they attach to the externalities created in agriculture by spending time and money on tours and visits of the countryside. Moreover, while nations gain from increased trade some individuals are left behind. Uruguay measures may be detrimental for the livelihood of many farmers in countries that had supported agriculture before the agreement was signed. Continued support will mitigate the expected harmful effects of policy reforms.

I accepted almost enthusiastically the offer to review Multifunctional Agriculture expecting to learn about the non-market aspects of farming and ways to develop rural areas. The disappointment was great. Although the contributors and the editors come from universities and research institutions, the book is mostly non-science. Consider a few of its statements. The Preface quotes (p. xii) “The fundamental difference between the European model and that of our main competitors lies in the multifunctional nature of agriculture in Europe...” This bombastic assertion is accepted by the editor in its face value and repeated in several of the chapters, nowhere is it supported by analysis or evidence. Or “The challenge to the agricultural community is to redefine its position in current society and its mission in the rural economy” (p. 1). What is the operative meaning of the statement? And similarly, under a heading The Theoretical Framework, “Local areas are called upon to reorganize themselves in order to meet the challenges of globalization...” (p. 102). What theory is this? Finally, consider a quote from the chapter on science “only by self-analysis and reflection, can the agricultural system search for its own identity” (p.

226). Has any reader ever seen a system stretched on the psychiatric coach? Against this, one must acknowledge the straightforward disclosure of the editors that “the EU has adopted the concept of multifunctional land use as a central principle to legitimate further support of agriculture” (p. 1).

Modern economic developments, increasing standards of income and the evident willingness of many taxpayers to support greener and nicer sceneries—raise interesting and challenging questions. The multifunctionality debate could have been the framework for the analysis. A lucid contribution was offered by Bohman et. al. (1999) who argued that the goals of encouraging desired non-market externalities could be achieved by direct public support without distorting the production aspects of agriculture. The argument was dismissed (p. 28, f.n.) as “the reaction of countries such as the USA...”; none of the contributors bothered to consider the logic of the writers and their conclusions.

The book is divided into five parts—on multifunctionality and rural development, society, legislative instruments, competitiveness, and knowledge. Three chapters in the first part treat the changing perception of agricultural policies and practice in Europe and the expanding role that non-market aspects have taken. The second opens with an analysis of the demand for rural amenities by tourists in Belgium. It is a pity that this analysis could not be carried further to concrete policy implications. An interesting contribution is Chapter 7 in the part dealing with legislative instruments. The French government uses contracts between the state and farmers to support turning crop land into grass, redecorating building, improving passes, fencing riverbanks, and treating hedges—direct and targeted support of countryside externalities. The first chapter in the part on competitiveness analyzes farm income in Andalusia, Spain; the other two suggest ways to improve income by diversification and moving into new activities.

As if this review was not critical enough, I cannot resist closing with a rhetoric question. Fifteen percent of the world’s population lives in High Income Countries, the rest, 85%, resides in Low and Middle Income Countries. The income level (per capita GDP) of the first group is more than 22 times greater than that of our poorer cotenants of the globe (The World Bank, 2002). By accepting the Uruguay

agreements the governments of the rich countries acknowledged their willingness to let the poor people of the world, whose comparative advantage is in agriculture, help themselves by taking part in the global exchange of goods and services. Lowering trade barriers and opening the markets of the industrial countries (needless to say, not only in Europe) will assist the poor ones significantly; probably more than all international aid and donations put together. How come this point escaped writers intensely interested society and its welfare?

References

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