

# THE EUROPEAN AGRICULTURAL MODEL: PERSPECTIVES, PROSPECTS AND RESEARCH NEEDS

Wageningen University and Research Center position paper

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1. In this document our aim is to discuss some of the characteristics and values essential to European agriculture. It is increasingly felt, not only in the agricultural sector itself, but throughout our European society, that at least some of the central values embodied in Europe's agriculture are under threat. The perspective of an ongoing liberalization and globalization of markets, associated with the continuing decrease in off-farm food prices has been identified as one of the major threats. We notice that current concerns regarding the future of agriculture go far beyond the ritual and routinized complaints of farmers' lobbies. Although "the aims of the CAP, as set out in Article 39 of the Rome Treaty, do not give an absolute, permanent income guarantee to farmers, no reform effort will succeed", as Michael Tracy recently argued, "if it is seen as a frontal attack on the farm interest, particularly if it is associated with trade liberalisation which farmers particularly resent as a concession to foreign interests". If the notion of 'farm interest' is understood here in the broader sense, that is as (potentially) including values such as high quality food, the maintenance of landscapes, natural values and biodiversity, it will become clear that right at this moment we are indeed facing a challenging problem.

In this position paper of Wageningen University and Research Center we do not take a simple 'pro' or 'contra' position. Instead we propose to explore:

- (i) Whether or not there is a 'European agricultural model'<sup>2</sup> and if so, what are the essential interests and values embodied in this model?
- (ii) What exactly is at stake in the current round of WTO negotiation and with the redefinition of the common Agricultural Policy (CAP) towards a new Rural Development Policy (RDP)<sup>3</sup>, as highlighted, amongst others, in the Agenda 2000 proposals of the European Commission?
- (iii) What will be the differential impact of an ongoing process of liberalization and globalization (as the presumed result of WTO and Agenda 2000 proposals) on the interests and values embedded in European agriculture. What will emerge as counterproductive effects and how can they be corrected?
- (iv) More generally, we will try to reconsider the paralyzing debate on the assumed contradiction between state and market. 'More market' does not necessarily imply 'less state'. The opposite ('more state, less market') is also not necessarily true. In many instances the market might very well be imperfect, but is the best available mechanism for coordinating production and consumption and the associated circulation of goods and services. But a market will only function if it is institutionally embedded and regulated, being more often than not the state, the

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<sup>1</sup> The authors are members of Wageningen University and Research Center. This position paper has been elaborated at the request of the WUR Board. As a position-paper it does not necessarily reflect the position of the Board. This document is an attempt to define positions.

<sup>2</sup> We remind the reader that this notion is being used more frequently both in EC-documents and in the argument put forward by those who criticise the proposals of the Commission.

<sup>3</sup> Or CARPE as recently mentioned in the Buckwell Report (1997).

carrier, and guarantee of several of these institutions. In other words, to make markets function properly, a strong state is often crucial.

- (v) Finally, we will try to explore the background to current feelings of discomfort. We will also try to develop a new research agenda that might contribute to making markets function more smoothly whilst avoiding, what Polanyi feared when he argued in 'The Great Transformation', that "by leaving the fate of man and the land to the market would [be] tantamount to annihilating them"

## 2. THE SPECIFICITY OF EUROPEAN AGRICULTURE

European agriculture contains a unique mix of universal and highly specific features. It is this mix that makes our agricultural systems an integral (although alternately contested and valued) part of our European society. This makes our European agriculture the unique constellation it is today. Although the internal differences within European agriculture are impressive, European agriculture is also very different from agricultures of other continents. The relevant differences relate both to the 'internal' specificities of agriculture and to the interrelations existing between agriculture and society at large.

European culture has considered farming an integral part of our civilization. It is seen as the locus where the encounter and co-production of man and living nature is situated and further developed (Columella, 1977). Mostly this co-production was understood as challenge and as carrying its own esthetics<sup>4</sup> (as is reflected, for example, in the large number of Golden Age paintings dedicated to agriculture and the countryside). The pendulum evidently moves backwards and forwards. There have been (and are) moments in which agriculture has been detested, criticized and considered to be ugly and backward. However, such views and critiques always carry the remnants of the opposite, that is, the thirst for an agriculture not distanced from, but an integral part of our civilization and culture.

For many centuries there have been intimate and short interlinkages between town and countryside. This is reflected for example in the Italian *borghi*, the French *bourgs* and in the drive amongst Dutch urban entrepreneurs to invest in the making of new *polders*. Currently, the situation appears to be different. Demographic changes, a highly developed spatial division of labour and a strongly reduced farming population, contributed to the reduction of direct and face-to-face interrelations as well as to a considerable extension over space and time of the other linkages. Sometimes at first sight it appears that town and countryside are definitely separated entities, agriculture increasingly becoming an "unknown" (if not "irrelevant") reality to the majority of the population.

This first impression is extremely misleading. As argued by the Dutch Council for the Rural Areas, "the rural area and agriculture cannot be considered as additional space and/or as a residual category". On the contrary: "the more society becomes urbanized, the more the rural is needed" (RLG, 1997). Similar expressions are encountered in policy documents, both at national and EU level (Van Aartsen, 1995; Scottish Office, 1998; Cork Declaration, 1996; Fischler, 1996 and 1998), and also in the positions as developed by intellectuals (Group de Brugges, 1996; Werkgroep De Zeeuw, 1998; Kayser, 1995 and Saraceno, 1996a).

The value of agriculture is to be encountered at various levels. These include:

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<sup>4</sup> Which definitely is not to be confused with the 'arcadian' type of representation; the latter abstracted from the central meaning of co-production: man is not present as *homo faber*, but simply as 'tourist'.

- (i) The impressive variety of historically produced landscapes which, together, constitute part of our 'capital', the biodiversity embedded within it and its associated natural values. European landscapes reflect *and* give us information about long historical periods and the ongoing and often arduous encounter of mankind and living nature to much greater extent than is common elsewhere. Currently, these landscapes, which make up the multi-faceted matrix in which agriculture moves, are considered as being a non-negotiable value. As an intrinsic part of our heritage and culture<sup>5</sup>.
  - (ii) Simultaneously, the accessibility of this 'capital' (through facilities such as agro-tourism, long distance foot paths, but also the opportunity to come to know and consume 'local specialities') is in itself increasingly seen as an important value, uniting as it were, the seemingly separated entities that make up town and countryside.
  - (iii) More generally speaking, the availability of a highly diversified supply of high quality, safe and healthy food is being increasingly reconsidered and is seen as representing another basic value. Ironically enough, it is the current series of 'foodscandals' that make the pendulum swing again<sup>6</sup> in this direction. The variety of high quality food, which is currently being rapidly extended, is definitely part of our European richness.
  - (iv) From a more analytical point of view it can be argued that the family farm as opposed to the large, industrialized farm enterprise built upon wage-labour relations, has been and is central to European agriculture<sup>7</sup>. The family farm represents a strong, direct and organic unity of mental and manual labour which is, in turn, directly related to co-production and to the associated production of an ecological and cultural diversity as embodied in landscapes, natural values, and regional products.
- The omnipresent phenomenon of the family farm is also directly related to the medium scale, intensive agriculture which is predominantly realized in Europe. This again is an expression of specificity, as emerges from the Hayami and Ruttan (1985) type of analysis.
- The family farm is a value in itself. The same goes for the associated levels of employment<sup>8</sup> (see also Vande Poele, 1996).
- (v) Throughout history Europe has taken care of its agricultural systems. This is why a range of agrarian policies was designed, implemented, adapted and re-adapted – first at the regional and national level, later on the European level. A solid 'line of defence' has thus been created – not to isolate Europe's agriculture from the rest of the world, but essentially to defend the values and interests that are important to Europe. Currently, at the level of transnational policy (i.e.

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<sup>5</sup> Consequently, in many parts of Europe many programmes have been developed to remunerate farmers' management of landscape, biodiversity and natural values. See Hellegers and Godeschalk, 1998.

<sup>6</sup> We should not forget that all over Europe there have been and are strongly grounded culinary traditions, which over centuries have ensured the 'survival' of products such as for example the *Parmigiano-Reggiano* cheese, the ham of the *cerdo iberico*, and many *appellation contrôlée* wines.

<sup>7</sup> Once again it can be noted that within Europe itself there is considerable diversity. In certain areas (such as Andalusia and Scotland for example) and in certain sectors (intensive pig breeding) wage labour relations dominate. However, as a whole, from a comparative point of view, European agriculture undoubtedly represents the dominance of the family farm as the main organizational feature of farming. It is also remarkable that the exceptions to the rule, referred to above, are the foci of strong criticism and objects of struggle.

<sup>8</sup> As the Agricultural Council declared "farming remains the key sector in rural economies" and "keeping alive the fabric of the countryside [...] is an important objective and in this context the problem of employment in rural areas is a core concern". (Declaration of the Agricultural Council of 19.11.97)

EC spending) some 50 billions ECU are used for this purpose. At the national level this amount is being supplemented by considerable extra funds.

The foregoing discussion is not meant to imply that whatever type (whatever conjunctural expression) of agriculture and the countryside is to be accepted, as long as the essentials elaborated above, are present. Agriculture and the countryside should also fit into the general economic matrix of society as a whole. This implies that agriculture and the countryside, apart from their own endogenous dynamics – will be in continuous change. Changes in society as a whole, markets and technology development included, are and will be reflected as well in agriculture and the countryside. The same applies evidently for the mechanisms which support agriculture. The 'line of defence' referred to above, is not a stone wall, but a set of flexible principles that will need ongoing adaptation and re-adaptation. However, not all changes and adaptations can be considered intrinsically 'good'. They will be acceptable as long as they help to reinforce the specificity of European agriculture and the values and interests embedded in it.

Currently, the competitiveness of European agriculture is the object of serious discussion and sharp contradictions (see e.g. COPA, 1998 and Volanen, 1997). Some observers fear that enlarging competitiveness will necessitate sharp and far reaching changes, if not the elimination of the indicated 'line of defence'. Before we go into detail, it is necessary to specify some of the background to this issue. That is we should not and cannot isolate a reconsideration of the competitiveness of European agriculture from its relevant context.

1First, we have to take into account the fact that Europe's agriculture has been through a five decade long period of transformation and rationalization. That is, an epoch of modernization, in which the labour input was drastically reduced, whilst production techniques were revolutionized and farms considerably enlarged. The point of departure is not an old, backward sector to be brought in line with the economy at large but an up-to-date agriculture facing (as it always did) new adaptations in the economic and institutional arrangements. The same applies to the development of the Common Agricultural Policies. From the early 1980s onwards several steps have been taken to align basic policy principles as well as the main policy instruments with the changing market and budget situations (see Tracy, 1997 and Meester, 1998). Neither agriculture nor agricultural policy stand still. They move continuously.

2Another highly relevant contextual factor is the fact that a considerable part of off-farm produce is converted through long and complex food-chains, into final products. Associated with this phenomenon, is the well-known difference between off-farm prices and consumer-prices. Hence, a reduction of off-farm-prices will, quite often, have hardly any consequences for the prices at the final consumption. To quote Tracy (1997): "for farmers, change may mean a loss of life of livelihood, unless compensated by payments which they may see as a humiliating 'hand-out', while for consumers the benefits are marginal and may pass unnoticed". On the other hand, the structure and functioning of these food-chains will often be far more important for off-farm prices than any state governed scheme for price support.

3At the same time an often gigantic concentration of (financial) power should be noted at the level of transformation and marketing, i.e. in the indicated foodchains. Whilst certain restrictions on the flow of agricultural commodities previously limited the power of these concentrations, it is evident that with far-reaching liberalization, the relations of competition will be changed drastically. This might also effect the European food industry in a drastic way.

4A dramatic reshuffle of relations of negotiation and competition might also occur in the aftermath of new technological developments, such as for example a massive application of biotechnology. The increased exchangeability of agrarian products following this development will, when combined with the issue raised under the previous point, imply very radical shifts in the relations of competition.

5The world food situation remains another 'contextual element' that cannot be ignored in any discussion of the future development of European agriculture. Although any pretension of Europe being an important food-supplier for the world (we are not talking here about specialities such as breeding material and the associated knowledge) is evidently ludicrous, the many sided and complex interrelations at global level require a careful evaluation of all proposals as far as the (differentiated) international impact is concerned.

6In many places in Europe agriculture confronts the need to engage actively in the reconstruction of ecological equilibria. This might imply, for instance, the reconstitution of the 'mixed farm' (Rabbinge, et al, 1997). However, it is also evident that any such reconversion to new levels of sustainability will often run counter to the logic entailed in the markets, especially on the short run.

7A final 'contextual element', which qua implication is opposed to some earlier ones is the increased concern of consumers for quality, health, production methods and the retrace-ability of agrarian products. This is increasingly combined with a kind of revival of 'ruralism' as a feature of public interest.

These considerations do not imply any *a priori* rejection or acceptance of proposed changes such as liberalization, globalization and the targeted increase in competitiveness. They are meant, instead, to show that such changes (whatever their particular nature might be), cannot be discussed *in vitro* (to use an expression from agronomy). They cannot be isolated from the relevant context. Whatever happens will interact with several of the contextual factors we have referred to here. Hence, the resulting outcomes and unintended consequences might be even far more complex and contradictory than was initially intended.

### 3. TOWARDS A EUROPEAN AGRICULTURAL MODEL: WHY, HOW AND WHEN

Does the specificity of European agriculture reflect and justify a 'European Agricultural Model'? This question emerged at a recent encounter in Wageningen. Volanen, the secretary general of the COPA, the association of European farmers' unions, argued that there definitely is such a model. But, he continued, this very essence of European agriculture, is being threatened by the current A2000 proposal and especially by the coming WTO round. Fischler, the European Commissioner for Agriculture reacted quickly. Nonsense, he said, the cornerstone of the European agricultural model resides basically in the line of defence we have created. The European Agricultural Model implies 50 billion ECU per year and the security that this is to stay, albeit channeled through other mechanisms than through simple price support.

There definitely is a European Agricultural Model. Scientists have as yet not been able to represent such a model in the correct and required way. But such a failure, however, should not be taken as any evidence of an assumed non-existence of such a model.

Probably the most important feature of such a model is located at the interface between agriculture and society as a whole. The fate of agriculture and the countryside is not a matter of indifference to European society. As Jacques Delors, the former President of the EU argued in one of the Carrefour-encounters: "C'est donc une question de fond. Si nous considérons que la préservation et le développement des espaces ruraux est un élément essentiel de la civilisation et de l'équilibre humain, il faut répondre à cette question: comment réguler l'agriculture de façon à ne pas arriver au scénario catastrophe, à ces 20 ou 30 millions d'hectares enlevés aux régions déjà les plus fragiles?". And confronted with the issue that all agricultural exploitations have to be large-scale and consequently concentrated in the most favoured areas, Delors added: "Si c'est le cas, c'est terrible, car c'est l'agriculture de régions entières qui va disparaître et, dans les vingt ans qui viennent, c'est une catastrophe pour les sociétés européennes" (1994:193).

Thus it can be concluded that Europe cares for its agriculture and the associated countryside. This then must be considered as one of the crucial corner-stones of the European Agricultural Model. If we take Delors' position as an expression of widely shared beliefs and opinions, we could argue that Europe does not want large depopulated rural areas. It neither does want large rural areas without farmers. Europe wants rural areas 'with the smell of farming', that is, rural areas that are reproduced and revitalized through agricultural activity.

The second element is that this agricultural activity is to be designed and materialized in such a way that it corresponds with the general interests and needs of society at large. Agriculture is to contribute to the reduction of environmental pressures and problems rather than to enlarging them. Agriculture should contribute to the preservation of ecological capital, landscapes, natural values and biodiversity. Agriculture should take its place in creating adequate levels of employment. Agriculture has an important role as far as the production of a healthy, safe and diversified supply of food is concerned and agriculture will have an important role as far as the production of energy, clean water and the use of waste products is concerned. The point is that European agriculture meets these expectations only partially. Consequently, the construction of a truly 'European' agriculture requires considerable re-design as well as the re-formulation of agrarian policies.

It is, we believe, of utmost importance that the dimensions and characteristics of the European Agricultural Model are spelled out, specified, detailed and integrated. We will return to this when discussing the agenda for research. There are three additional arguments that underpin the necessity to do so:

- (i) We think that the current discussions that concentrate mainly on the pros and cons of liberalization and globalization are too one-dimensional to do justice to the richness, complexities and strengths of the typical European way of farming.
- (ii) Then we are convinced that with today's technological and commercial potentialities it is easy to create far-reaching and irreversible changes in European agriculture – changes that might well be regretted once their consequences have become clear. For the first time in history we are considering possibilities such as concentrating the entire agricultural production of the continent in 20 percent of our rural area. It is also the first time in history that the possibility of importing nearly all our food from other continents is becoming a debatable issue. And, to quote a typical Dutch example, it is the first time in history that a simple change in legislation (concerning spatial planning and the difference between agricultural areas and areas destined for housing) might change overnight the whole panorama of the countryside. In an irreversible way.

Thus we are witnessing for the first time in our history a period when agriculture is really at stake. Hence, the need for well-grounded and well-elaborated positions that allow us to deal with such 'catastrophes'.

(iii) The more so, since it is more frequently being argued that Europe will not need its agriculture anymore – at least not in the way it does today (Meester, 1998). Either these points of view are to be taken seriously (and to be translated in policy) or they will be rejected (which will also be translated in policy). One cannot go in two directions at the same time. Agrarian policy in particular needs consistency.

To the last argument we could add that it is becoming increasingly clear that Europe faces three different development options as far as its agriculture is concerned. There is, in the first place, the perspective of an ongoing industrialization of agriculture. Secondly, there is the perspective of a far-reaching marginalization, if not elimination of agriculture in most parts of Europe. And thirdly, there is the rural development option. In science as well as in policy-circuits, these options represent competing paradigms. And although we do not want to enter into debate as to the merits and problems of each of the three paradigms here, we have to signal that the position of the European Commission is, in this respect, not yet well elaborated. Secondly, we have to indicate that agrarian sciences are still light years away from a proper discussion of these three paradigms. Needless to say that any further specification of a 'European Agricultural Model' assumes transparency and firm stand points in this respect.

#### **4. THE EUROPEAN AGRICULTURAL MODEL AND PROSPECTS FOR THE FUTURE (on WTO and A2000)**

The interrelations between the 'European Agricultural Model' and the current tendency towards a liberalization of agricultural and food markets requires serious discussion. There is, we believe, a hardly contestable ratio behind the two most prominent proposals currently dominating the discussion on Europe's agriculture. These are the Agenda 2000 proposal of the European Commission and the WTO agenda for the next round of negotiations on world trade.

The European Union faces the political need to include an ever growing number of Eastern states within its common market. This in turn requires a modification of the CAP. If not, the EU would literally blow itself up. However, the necessary adaptations (decreases in price levels and a reshuffling of the so-called 'structural' policies) will, in many instances, be quite painful. Equally, there is an undeniable ratio in at least some of the WTO proposals. The possibility of enlarging and accomodating international flows of food and agricultural products in a world becoming a 'global village' have to be taken seriously – the more so since such a possibility is intimately interwoven with the prospects of many Third World countries which urgently need room to earn from increased exports. But again, this perspective might well – and probably will – provoke a series of equally painful consequences and adaptations.

Both Agenda 2000 and the new WTO proposals are contested. They are especially contested by Europe's farming population. In this text we will not echo these already well-known criticisms. We will try instead to raise some of the more fundamental problems that might arise from a presumed liberalization and globalization of agricultural and food markets. This implies that we have to analyze the extent to which A2000 and WTO proposals really reflect and materialize such tendencies towards liberalization and globalization.

The globalization of agricultural and food markets entails a range of potential dangers which should be analyzed thoroughly in order to be contained sufficiently. Each of the problems to be discussed is intimately interwoven with the *specificity* of agriculture as economic sector.

First, the tendency towards one set of world market prices governing agricultural and food production all over the world, implies, we think, the further *disconnectedness* of agricultural production from the particularities of local ecological systems and historically established institutional patterns<sup>9</sup>. This might imply serious distortions and/or the marginalization of agriculture in large areas<sup>10</sup>. Second, a globalization might imply that agricultural production is converted into an activity that is only justified in as far as it results *in a same level of profitability* as reigns in other branches of the (world) economy. This might be particularly so if financial markets came to govern the production and circulation of agricultural commodities more strongly<sup>11</sup>. Third, there is the potential contradiction between long-term security on the one hand and *short-run turbulence* on the other. Whilst the agricultural enterprise, especially in highly modernized systems, requires stable parameters in order to be able to realize investments<sup>12</sup>, an increased turbulence might very well exclude this and/or push the enterprise towards undesirable levels of 'mining', which imply another and complex set of potentially very threatening effects for the future<sup>13</sup>. Fourth, food is a specific commodity. It requires, far more than any other commodity, *trust*. Those who are buying, preparing and consuming food, have to be sure that it can be trusted: that it is healthy (both in the short and in the long run<sup>14</sup>),

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<sup>9</sup> This relates also to widely shared values regarding the way in which animals should be cared for and landscapes maintained, for example. Throughout mainland Europe such values have been revitalized increasingly throughout recent decades and it is very difficult to see how an increasingly disconnected agriculture (by necessity oriented *only* or *mainly* to the realization of high levels of profitability under a harsh price regime) could be reconciled with these values.

<sup>10</sup> Here the difference between food and agricultural products on the one hand and industrial commodities on the other should be noted. Food is not simply just another commodity to be exchanged with whatever commodity is most appropriate. Agricultural production – precisely because it is built on the ongoing interaction with living nature – connected to particular eco-systems and, therefore, intimately interwoven with its reproduction. That is, one cannot only talk about commodities as milk and grain, and remain silent on the subject of landscapes, biodiversity, natural values and sustainability. For shoes it does not much matter where and how shoes are produced, for milk and grain it matters very much.

<sup>11</sup> As argued by Werkgroep de Zeeuw (1998), European agriculture entails different forms of capital; ecological capital, social capital, human capital and infrastructural capital. These forms of capital cannot be equated to or governed by financial capital. However, that is precisely what is at stake, at least when the more extreme forms of globalization are considered.

<sup>12</sup> This is why the agrarian crises of the past induced forms of agrarian policy aimed at the creation and maintenance of stability and trust. It goes without saying that the required stability does not only refer to the price level of the commodities produced. Equally or perhaps more important are the markets and institutional relations governing the mobilization of factors of production and non-factor inputs.

<sup>13</sup> Such consequences are already noted in new forms of 'run-away agriculture' associated with horticultural production, flower production, and poultry industry, for example (Gonzalez Cahves, 1994 and Barros Nock, 1997). It should be noted that 'mining' might well include human health as well. This is exemplified by the case of the antibiotics use in animal breeding, which, on the one hand is meant to raise competitiveness, but which, on the other hand, entails considerable dangers for human health in the longer run.

<sup>14</sup> Especially the negative long-run consequences (as illustrated for example by the DES and, to a degree, by the BSE affair as well) are highly worrying, the more so since we do not yet dispose of 'alarm-systems' that generate *in*



of good quality, tasty, in line with culinary traditions and also that is produced with *care*, that is in accordance with the requirements of sustainability. With respect to current markets, it must be concluded that the market itself is not a carrier of morality. Free-rider behaviour might even worsen this situation. That is why, historically, all over Europe institutional arrangements (and control-systems) have been elaborated in order to sustain the required levels of trust and care. And although many of these arrangements are increasingly perceived as inadequate, any further dismantlement within a general globalization of markets will certainly lead to a deterioration of the situation.

Thus we can say that ecological concerns, institutional concerns, enterprise-management concerns and consumer concerns are not automatically 'resolved' through globalization and liberalization<sup>15</sup>. They are, instead, raised and reiterated by such processes. Consequently, it is only by integrating processes of market enlargement into well equilibrated institutional arrangements, that the former might be carried forward. If not, globalization and liberalization will turn out to be self-defeating processes.

**4.1.** To what degree are we actually witnessing an accelerated liberalization and globalization? What exactly is going on? And how will WTO proposals and Agenda 2000 interact with the rapidly changing context in which European farming is embedded?

As argued by the late Vito Saccomandi (the Italian Minister of Agriculture who was involved in the Uruguay round of negotiations), the previous GATT agreement did *not* represent the beginning of a new epoch of liberalization. He was very clear that the final agreement was to be understood as yet another 'line of defence' for European agriculture, whilst simultaneously eliminating some of the most obvious absurdities (such as export subsidies) created earlier under very different conditions.

The 'opening towards the East' is an uncontested socio-political need and responsibility. It will have painful consequences for several interests within the EU. Agriculture is one, but is certainly not the only sector concerned. Serious attention must be given to the question of how to remedy those consequences that might be otherwise very detrimental. We return to this issue in Sections 4.1 and 4.2 of this document).

In our opinion A2000 does *not* represent any basic shift towards liberalization (understood as the elimination of the role of the (supra-national) state in the ordering of markets). A2000 represents a courageous adaptation of the CAP (that is, its re-elaboration into a Rural Development Policy) which corresponds with the basic values entailed in European agriculture whilst simultaneously responding to the far-reaching shifts in the relevant context. The European 'line of defence' (i.e. 50 billion ECU/year) will not be eliminated – it will be channeled to the countryside through new mechanisms and will probably become even more useful as far as the defence of what is most valuable, is concerned.

We have the impression that there is a considerable difference between the A2000 proposal and the WTO proposal. Whilst the former might well be understood as a mechanism that will, as it were, reconstitute and reaffirm the 'European Agricultural Model' under new, and quite different circumstances, the latter seems to represent a serious threat to this same 'model'. Although the two will eventually be reconciled by allocating all European support for its agriculture into the so-called 'green box', an increased 'inlet', albeit at the 'bottom of the market', of considerable flows of

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*time* the needed counter-indications. This consideration applies also to the use of GMO's and new methods of biotechnological food-engineering.

<sup>15</sup> Neither can they be discussed separately.

agricultural commodities, might have severe consequences, amongst which the threat of an ongoing de-stabilization might be one of the most severe. This de-stabilization does not only regard the involved groups of farmers. It goes far beyond any such limitations. It is increasingly felt, throughout Europe, that the values we have referred to above, trust as far as food quality is concerned, employment (Bagnasco, 1988 and Saraceno, 1996b) and the family farm as organizational unit, should be seen as *non-importables*. They are either to be produced here, by means of a strong and dynamic agricultural sector *in Europe*, or they will be lost. They are not importable.

4.2. As far as the expected price decreases for the main agricultural commodities (milk, meat, grain) are concerned, it is, we believe, absolutely essential to focus on the *differential* impact of such decreases. It is also crucial to situate such an impact within its proper context. In this respect, the historically developed repertoire of farmers' responses to adverse market conditions is one of the important elements.

(a)The majority of European farmers have experienced and learned to face changes in the markets. European agriculture always has been market-oriented. From late mediaval times onwards a considerable, although fluctuating section, was directly oriented to global markets (Slicher van Bath, 1958). Through history farmers developed a range of mechanisms to come to grips with these markets, even when the latter represented adverse conditions. In this respect we may refer to phenomena such as low market dependency on the 'input' side of the farm (building farm development as much as possible on ones own self-controlled resources), diversification on the 'output-side', pluriactivity and craftsmanship in order to realize high levels of technical efficiency.

(b)The indicated repertoire of strategies to face (changing) markets is not 'buried in the past'. It is being continuously revitalized. In a recent survey (n= 850) of WUR amongst Dutch farmers, the latter were asked to define what consisted a "beautiful and well-organized farm"<sup>16</sup>. In the following table some of the most important outcomes are summarized.

**Table 1: Farmers' definition of the 'beautiful, well-organized farm'**

Features	Irrelevant (in %)	Important (in %)	Decisive (in %)
produce high quality	14	60	26
to be able to get the work done	1	76	22
no unacceptable stress for the family	5	74	21
produce large quantities at low costs	13	64	21
proper balance of own and bank capital	12	70	18
good technical results	23	60	17
low external costs	15	69	16
ambitious investmens	15	66	9
is larger and more modern than others	74	23	3
involves as little time as possible	74	25	1

<sup>16</sup> This "folk-concept", which is much used in everyday language and communication in the countryside, functions as an important guide line in the organization and development of farms. It is a highly differentiated notion. In different farming styles it will be operationalized in different ways. It will be clear that this farmers' concept does not necessarily coincide with the notions as operated within science and policy-making.

Although the relations with the markets clearly form part of the image of the 'beautiful farm', they are not exclusive. It is rather the internal organization of the farm enterprise – a good balance between supply of family labour and the work to be done, a good balance between own savings and loans, high quality and good technical results, both depending on the craftsmanship as contained in the family farm – that makes for a farm *able to confront* the markets. This is clearly reflected in the responses to another question: "Is the beautiful and well-organized farm able to deal with price decreases and with considerable market fluctuations?". An astonishing 91 percent said Yes.

This self-confidence which evidently cannot be generalized to the whole of Europe and which cannot be used as a simple legitimation for whatever changes in the reigning market-regime is mirrored in another range of questions concerning the strategies to be used to deal with price-decreases. Table 2 gives some of the main outcomes:

**Table 2: Strategies to deal with price-decreases**

Strategic responses	Irrelevant (in %)	Important (in %)	Decisive (in %)
strive for higher yields	9	65	24
more care with investments	13	64	21
enlarge flexibility of the farm	4	73	19
farm more economically	17	65	16
develop more branches (diversif.)	24	59	15
anticipate more quickly on markets	29	55	12
anticipate more quickly on policy	32	64	7
enlarge the farm	57	32	6

Again, the contrast is considerable. Whilst further enlargement is often to be thought of and represented as the 'model-type' response that will occur, most farmers think that as a strategy such a response is irrelevant. They rather tend to (a combination of) strategies such as mentioned in the upper lines of Table 2.

For many farmers existing price levels are not sacrosanct. Even more important, they use a strategic repertoire to face and confront eventual adaptations of prices. Therefore, the key-point is not whether or not prices can be changed<sup>17</sup>. The central issue is whether such changes *exclude or allow for possible responses from the side of the concerned farmers*. Hence, issues such as the organization of time - abrupt changes or well-distributed incremental adaptations - emerge as decisive. The same goes for critical cases, some of which will be discussed in the following paragraphs.

c)As was shown in the same research project, within the Netherlands (but probably the same applies to some other areas) it are especially the highly indebted, large scale and specialized farm enterprises (i.e. the 'vanguard farms', or as French and Italian colleagues would say '*les grands intensifs*' or '*le aziende di punta*'), which are most vulnerable vis-a-vis intended price decreases. One may expect considerable turmoil from these groups (COBAS, NVV, etc). Tracy (1997) also refers to this particular group: "price cuts involved in a move to a market-oriented agriculture bear most heavily [...] on those who have invested heavily in modernizing their buildings and equipment, and who as a result have little flexibility in changing their patterns of production".

It is somewhat ironic that those farmers referred to as the 'most efficient', now emerge as those most incapable of adapting to changing market conditions. The 20 percent of farmers receiving 80 percent of CAP spending, as the Commission has frequently pointed out, is also strongly represented in this group. It will be painful, but this kind of "Subventionierte Unvernunft" (as Priebe called it), is going to be stopped anyway. Small incremental adaptations will probably only aggravate this type of irrationality.

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<sup>17</sup> Current studies of LEI-DLO indicate that European agriculture as a whole will suffer a 10 percent decrease in total value added as a consequence of A2000 proposal. In the Netherlands (where the mix between supported and 'free' commodities is different, the impact would be lower i.e. 7 percent decrease.

- (d) Another and more worrying critical case is represented by the so-called 'vulnerable areas'. These are the areas which encompass more often than not beautiful landscapes, important natural, cultural and historical values, and pockets of biodiversity. On the one hand the presence of these values often excludes large-scale, highly intensified and specialized type of farming. Hence, the predominance of small farms which correspond better to the (ecologically) fragile conditions. On the other hand, the maintenance of the indicated values presumes continuity in farming. Therefore, specific measures, probably in 'rural development' terms, should be developed to allow for an active, valid but adapted type of farming in these areas. This can never be realized through a price regime alone, no matter what type this might be<sup>18</sup>.
- (e) All over Europe groups of farmers are actively involved in the development of new high quality food products, new services and new chains linking producers and consumers. These endeavours often imply considerable transaction and transformation costs. And although the prices of these new goods and services are higher than those of standard products, they are, as experience shows, linked to the latter. This implies that an abrupt reduction of the prices of commodities like milk, meat and grain, might severely disrupt the processes of renewal. Therefore, additional packages to regroup processes of renewal are needed here as well.

**4.3** So far some critical cases related to expected price decreases. We refer briefly to some other dimensions that should be taken into account when remodelling agrarian and rural policies. These include for example the issue of controllability (how to make sure that the consumers, or at least the interested public, have access to high quality, safe and healthy food that is produced in an acceptable way), the issue of irreversibility (especially important as far as 'dramatic events' are concerned) and the issue of social acceptability (both by farmers and by society at large). Both these issues as well as the critical cases spelled out require, we believe, further scientific research.

In our opinion the Agenda 2000 proposal does *not* represent a liberalization (understood as the progressive withdrawal from the state). Through A2000 the required line of defence is reproduced and re-adapted to changing international relations. A2000 will help to maintain the 'European Agricultural Model'. At the same time it should be noted that A2000 might provoke unintended consequences most particularly as far as the issue of vulnerable areas, the economic grounding of specific forms of rural renewal, ecological aspects and consumer questions are concerned. We believe that additional proposals should be developed to counter-balance possible negative effects. With such 'counterbalancing mechanisms' Europe will also be better equipped to face the coming WTO negotiations, with their danger of accelerated liberalization.

## 5. TOWARDS A NEW RESEARCH AGENDA

It is not the role of science to prescribe for policy-making institutions what they should do or how they should do it. It definitely is science's role to enlarge the 'window of opportunities', that is to develop a range of contrasting policy-options in order to allow for well informed choices at policy level. It is evident that each policy-option should be accompanied by a thorough assessment of the potential impact, a description of the principle mechanisms for its implementation and a precise identification of the potential weaknesses and dangers (of whatever type) as associated with particular developmental routes<sup>19</sup>. At a more general level the ongoing comparison between the different

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<sup>18</sup> It is important to note that such areas are to be found all over Europe.

<sup>19</sup> That is, early warning is crucial which in turn presupposes that there is also some 'early listening'.

options as well as the continuous search for new alternatives (and/or for the improvement of already known and/or implemented options) is also crucially needed.

In retrospect it is clear that agrarian sciences have not been particularly successful in this respect. Within the boundaries of the dominant development trajectory, an impressive amount of knowledge was produced. Beyond the boundaries of this particular trajectory, however, agrarian sciences became the cradle (if not rightaway the producer) of a growing ignorance.

The effects of such a particular distribution of knowledge and ignorance is not to be underestimated. Since scientific production informs society about the possible and the impossible, ignored development trajectories will emerge in public and political debates as belonging to the domain of the impossible. Consequently the 'window of opportunities' is reduced instead of being enlarged.

Although there are some notable exceptions<sup>20</sup>, it is evident that during the last decades agrarian sciences produced considerable ignorance. Without any pretension to be exhaustive, we refer briefly to the following examples:

- (i) The possibilities to develop marginal (or marginalized) agricultural areas<sup>21</sup> through appropriate, endogenous development models, have insufficiently been explored, developed and operationalized in order to be (eventually) used<sup>22</sup>.
- (ii) Science has not been particularly adequate in combining farmers' innovativeness (a phenomenon noted throughout Europe)<sup>23</sup> with the institutionalized production of innovations. As a matter of fact science has often functioned as one of the mechanisms that suppress the further development and communication of farmers' produced 'novelties'. Through agrarian sciences many potentially promising 'novelties' have been turned into 'hidden novelties'.
- (iii) Agrarian sciences have not been able to predict well enough, let alone prevented, the widespread, deep and far-reaching environmental crisis that characterizes a large part of Europe's agriculture today. And when this crisis became highly manifest, science limited itself mainly to 'end-of-the-pipe' solutions and technologies. Performance has been poor as far as the development of new trajectories is concerned. Also at the more fundamental level, large lacunae emerged, such as for example the lack of an appropriate definition of soil fertility and the specification of associated critical minimal levels. Another lacuna concerns the lack of insights into the interrelations between agro-environmental measures, the CAP as a whole (including the 1992 reforms) and environmental pressure (Buckwell et al 1997; see for a further elaboration

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<sup>20</sup> But these exceptions remained quite peripheral to the scientific enterprise as a whole, which in itself already represents a worrying phenomenon that cannot be analyzed here.

<sup>21</sup> The reader is reminded that more than 50 percent of Europe's green space is considered to belong to the 'less favoured areas' or 'areas lagging behind in development'.

<sup>22</sup> It could be argued as several scientists do, that there is simply no possibility of developing marginal areas in a way that differs from a repetition of the 'success formula' of the growth poles. Such a debate would of course be ludicrous, more so since there are telling historical and contemporary examples of endogenous development. If something cannot be conceptualized, represented and/or understood by scientists, it does not automatically follow that this particular 'something' does not exist (is not thinkable and cannot come into being eventually).

<sup>23</sup> To illustrate the involved range we refer here to two extreme poles described in Osti, 1991, resp. in Vijverberg, 1996

Brouwer and Lowe, 1998:20-21). These examples are especially interesting since they 'translate' into a range of problems at the level of policy-making and especially at the interface between policy and farmers.

- (iv) In large parts of Europe, particularly in the Netherlands and the UK, issues of food quality, health, safety, and animal disease, have also been disregarded. The effects are well known. It is equally telling that in new technologies, for example biotechnology, insufficient counter-expertise has been produced especially in universities. NGO's are taking the lead role here.
- (v) Farming has mainly been conceptualized and represented as simply another economic activity, to be governed by proper market relations and involving actors who can be equated with the '*homo economicus*'. The real, complex, institutionally embedded and often highly diverse interrelationships between farming on the one hand and different markets on the other have been insufficiently studied. The same is true of the the strategic goal oriented behaviour of the farmers concerned. The consequences here are many. We refer to just one of them. Diversification and the development of multifunctional farms did belong for a long time to the repertoire of important segments of the rural and agrarian population. That is, as *practice*, rural development as we now call it existed already as an empirical reality that could easily be studied. Yet, it was only after the acceleration of rural development processes during the 1990s, and especially since at the level of EU policy the relevance of rural development as all-embracing strategy has been brought forward and stressed, that agrarian sciences started to give more than anecdotal attention to the phenomena indicated. Here once again one could say that this was quite late. To be more precise there was hardly any element of anticipation within agrarian sciences. Being imprisoned in a narrow paradigm, agrarian sciences did not enlarge over time the window of available opportunities.
- (vi) Research within the realm of agrarian sciences remained highly segmented. It turned out to be very difficult to develop integral proposals and solutions. The separation between the socio-economic and ecological disciplines on the one hand, the technical, agronomic and zootechnical disciplines on the other has scarcely been bridged. As a consequence many partial problems were 'solved', only to create several new ones.
- (vii) Currently it turns out to be quite difficult to assess in a convincing way the potential (and differentiated) impact of expected changes in the agricultural market regime that will occur in the aftermath of the WTO negotiations and the A2000 discussions. Consequently, it is very difficult to anticipate potential problems and to develop the required responses and solutions in time.

This list could be enlarged considerably. Instead of doing so we prefer to make a short synthesis. The agrarian sciences have been locked into themselves for far too long. What is urgently needed is to embed agrarian sciences in a double dialogue. As expressed by the Chairman of Wageningen University and Research Center, an internal dialogue is needed to bridge disciplinary segmentation and this must be paralleled by an external dialogue, that is with farmers' organizations, environmental movements and policy makers for example in order to reorient the agenda of agrarian sciences to the major social, political, economic and ecological problems confronting agriculture and the countryside.

Now, one could seriously ask whether agrarian sciences are the most appropriate forum to address the challenges that lie ahead. With the partially successful, but simultaneously poor record of the last decades and knowing that modern society disposes of a multitude of 'expert-systems' (including the

EC, the national Ministries of Agriculture, many centres for applied research, NGO's and farmers' unions, many of whom have far more intellectual manpower and data-managing systems than the universities), one might wonder whether there is any role for the universities beyond the academic formation of the new intelligentsia needed to run these expert systems?

Enlarging the 'window of opportunities' is an activity that relates critically to the dominant development trajectory and the set of interests, prospects, procedures and routines to which it is linked. The design of alternatives, that is of new trajectories, requires distance. It is therefore properly a role for the agricultural universities.

What then are the issues that should be central to research agendas, in order to help Europe to navigate through the complex times and decision moments that lie ahead? Knowing that what is mentioned here is far from complete (it is precisely the function of the international seminar to enlarge and modify this agenda), we would suggest the following research topics. Each of them is related to the burning issues facing Europe today:

(a) How are price decreases to be organized or what additional measures should accompany them in order to realize a simultaneous containment if not reduction of the overall agricultural output of the European Union.

[Although such a question should be non-existent, according to the mainly Anglophone and neo-classical research tradition, four decades of CAP have shown that this is indeed one of the central political and scientific problems (see also Tracy, 1997). As yet, the empirical behaviour of farm entrepreneurs cannot be adequately conceptualized and represented and policy relevant predictions on this behaviour can certainly not be generated at the moment].

(b) How can agricultural practices be designed in such a way that they are in line with the required reproduction of landscapes, natural values and biodiversity, without implying huge and perennial budget costs?

(c) How can the supply of high quality, safe and healthy products (of the *DOC* and *AOC* type) be protected against the large inflow of competing and cheap alternatives?

(d) Is it possible to reorient large parts of European agriculture towards the formula of the 'multifunctional enterprise'? And how can we prevent new, asfixiating relations of competition blocking newly emerging perspectives?

(e) How are consumer concerns, environmental issues and the dependence of particular regions on specific sectors or types of production to be reconciliated into one integrated policy approach?

(f) How to create a fair balance between production sectors, producers and regions that covers the whole of European territory (including regions with specific problems)?

(g) And probably the most important question, at least at this moment, is whether a typically European Agricultural Model corresponding to the values and interests essential to European society, can be specified and translated into policy recommendations that are helpful to a Europe about to sail between the rocks of the *Scylla* of a devastating free-trade and the *Charibdus* of an equally devastating protectionism?



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