WORKING DOCUMENT

How can the CAP improve job creation in rural areas?

Committee on Agriculture and Rural Development

Rapporteur: Eric Andrieu
Over the last few decades rural areas in a good many European countries have become ever more depopulated, and employment has continued to decline. Some consider this process to be inevitable. The EU, which is now having to contend with a devastating economic crisis, has made jobs a top priority. The common agricultural policy (CAP), the ancestor of all the common policies, remains to this day one of the prime means of action that the EU brings to bear in rural areas. But is the huge potential of the CAP currently being harnessed to turn the EU’s rural areas into employment gold mines? The answer, to our mind, is no.

Background: genesis of the CAP and first reforms

The CAP – which this year is celebrating its 54th anniversary and, even though the percentage is continuing to fall, still accounts for nearly 40% of the European budget – was initially based on a system of guaranteed common prices designed to ensure that Europeans, having endured post-war shortages, could become self-sufficient in food. The fact of being integrated in the common market enabled the agricultural sector to modernise and develop, and productivity soared, especially where labour was concerned. In the early 1960s the growth in manufacturing and service industries was strong enough to absorb the workforce which, as labour productivity increased, was moving out of farming. Jobs were not a worry at that time. In quantitative terms, the implementation of this first CAP was truly a success, as it very quickly achieved its food supply goal.

However, this fledgling public policy also very soon fell victim to its own success, when the first agricultural surpluses appeared in the late 1970s, placing severe strain on the budget and greatly slowing the progress of Community integration. The resulting overhaul, in 1992, was intended to make European agriculture more competitive by aligning it with international markets, thus making European production more readily saleable. What this led to in practice was price falls, which at first were offset by aid paid for out of the European budget; the aid, having been ‘decoupled’, later turned into the now familiar direct aid, bringing greater transparency to the support which European taxpayers, through the CAP, provide for their agriculture. Given that the picture has become clearer, the next point to consider is the raison d’être of that support: what purpose should aid serve? What sort of farming is it meant to promote? In the final analysis, does it do as much as some would have us believe to increase – or preserve – jobs in rural areas?

Recent adjustments: changing ... so that things stay as they are

More recently the CAP has undergone further adjustments in order to allow for the environment and rural development without, however, altering the share-out of aid among farmers: it has consistently been seen to work more to the advantage of large commodity-producing farms with small labour forces, often based in the most fertile farming regions, sometimes regardless of market conditions.

The revision of the scheme for the period from 2104 to 2020 stemmed from the aim of bringing assistance into a new balance by targeting direct aid more accurately, not least for the environment and climate action and to ensure greater fairness; that said, promoting employment has not been a genuine priority, although it has, for example, been decided for the first time that support should be confined to ‘active farmers’.

The inescapable conclusion is that notwithstanding one reform after another, the systems applied to bring the CAP up to date have always helped a dominant mode of agricultural
development which, while it might have managed to adapt to globalisation and several enlargements, relies on increasingly concentrated and specialised farms that practise intensive farming and are substituting capital for employment, favouring essentially financial quantitative approaches to farming, without giving sufficient thought to protection of the natural resources on which farming depends. Preserving local production and jobs has been unduly neglected, and the ‘race to get bigger’ has severely impeded those seeking to set up in farming. The resulting high capitalisation continues to pose an obstacle today, preventing young farmers and others not so young, from the farming world or otherwise, from taking over farms. In addition, new sectors have emerged upstream and downstream from agriculture, laying the foundations for an agro-industry whose spread has fundamentally altered food supply chains by reducing the proportion previously accounted for by short chains and community-based economies.

**Drawing up a ‘new social contract’ for farming commensurate with the new problems**

At global level our societies in these first years of the 21st century are having to contend with a whole range of major challenges to which the agricultural sector has to respond: the food challenge, the challenge as regards the environment and conservation of basic resources, the energy challenge, and the climate challenge. These are coming more sharply into focus every day, at a time when the agricultural sector, which feels uncertain about its future, is being dogged by acute crises. Given that general context, we have to rethink for the medium and long term and reinvent a CAP encompassed within the bigger picture and meeting the expectations of our societies. One indispensable step in that process is to redefine the goals of a truly public policy serving the general interest. This new public policy tool should faithfully reflect the kind of farming to be promoted for the future, the mode of society to which we aspire, and the place to be given to rural areas in our open, interconnected present-day world.

Once the aims have been re-examined, numerous questions arise: what should be the agricultural model of choice, and what type of farms would suit it best? Should we not focus more on units that create most wealth and the highest numbers of jobs on the spot and in that way slow down the general tendency for farms to rush headlong into expansion and more deeply into debt? Should not the CAP change to a more qualitative approach to its assistance with a view to achieving aims geared more towards current problems and hence, for example, to ensuring not just our self-sufficiency in volume terms, but our food safety and security – concepts covering the maintenance of our health and access to good food for all?

Is it not also imperative that the CAP should expressly seek sustainability, which depends on halting soil impoverishment and on the long-term preservation of cultivable land and ecosystems of the highest quality? Is the CAP capable of abandoning its long-standing supply-side policy (which has served to empty the countryside, with calamitous results), oriented solely towards competitiveness on export markets, and opting instead for an emphatically sustainable development model that would be viable and liveable in the long term, giving priority to the needs of Europeans and the great challenges for our societies? Finally, should not the CAP make better use of all resources in each and every region so as to generate new types of farming and non-farming activities based on new forms of solidarity among all the stakeholders living in those regions?

There is one obvious fact that is too often forgotten: agriculture – which should be understood to include forestry – is a potential source of many jobs, including some that would be
impossible to offshore, in food and non-food production and the service sector. As well as in traditional activities encompassed within multifunctional agriculture, they lie in new activities, for example bio-energy technologies or green chemistry. A distinction has to be made between jobs stemming directly from purely market-driven agricultural production and processing, bolstered by the success of flagship products (especially agri-foodstuffs) that best lend themselves to free competition, and jobs linked to in-place agriculture on our rural areas as a whole (in this case, given the lack of specific rules on geographical or climate-related natural handicaps and the inadequate regulation of agricultural markets, it is unrealistic to suppose that farmers could live decently on the income from their work, in other words their production).

In point of fact, has not the time come not for a policy, but for a territorialised common agricultural ‘metapolicy’, based on a ‘new social contract’, that would seek to defend much more than a specific economic activity – farming, which is so diverse and so unequal – and fit into broader efforts to pool and exploit rural resources by applying cross-sectoral collective approaches making for balanced spatial planning with the emphasis on jobs, resisting the temptation of disembodied ‘landless’ agriculture? If such a policy is to emerge, the mindset has to change. Does this not imply a need to forge new links in the form of cooperation and partnerships between farming and other sectors of activity, between the public and the private sectors, between researchers and farmers, and between farmers and citizens, and, in short, to invent a new way of socialising rural areas?

**Jobs, home soil, and diversification: the winning combination for a meaningful CAP**

The future CAP cannot content itself with being a Community-style adjustment policy of an almost exclusively economic nature. It must, first of all, remain an integrated common policy to promote farming of many and varied types in a Europe of 28 Member States. Secondly, it requires a thorough rethink based on shared goals and means of action tailored to the specific features of our continent so as to enable the whole of its wealth, and its human resources in particular, to be turned to account on a new footing built on harmonious sustainable development of agriculture and rural areas. Ultimately it must serve to safeguard a way of life the face of areas to which we all feel attached.

In this report, therefore, we must open the debate by grasping every aspect of this complex subject and sketch out the broad lines of a future CAP that should be placed on a new footing by – we hope – making a decisive contribution to employment growth in rural areas. Some of the key points for our work can thus already be determined: we shall look at the diverse nature of the EU’s rural areas and the employment situation (in agricultural and non-agricultural sectors), review the provisions of the two CAP pillars from a historical perspective (up to the present CAP) in order to gauge their impact on employment, and, lastly, put forward proposals for the future.

We hope that this working document will be the starting point for open, constructive discussion in our committee serving to produce useful specific proposals, thereby ensuring that Europe’s rural areas, in all their diversity, can be offered a vision of the future with the emphasis placed firmly on jobs, underpinned by a revitalised CAP enjoying enhanced legitimacy.