



**ENRD seminar
10th December 2010
Public Goods and Public
Intervention in Agriculture**

**Agriculture, public goods and
the wider rural economy**

Allan Buckwell

CLA - Policy Director
ELO – Policy Group Chair



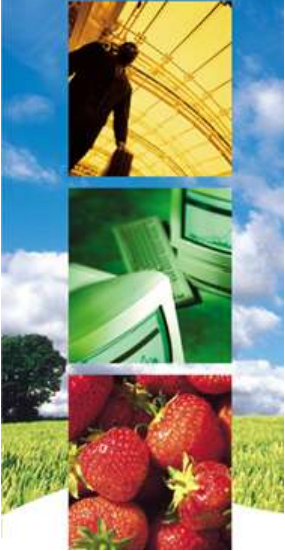
Agriculture, public goods and the wider rural economy



- **Connections**
- **Perceptions and expectations, of**
 - The public
 - Stakeholders: farmers, green organisations
- **Implications for efficient delivery**

Connections 1

- **Sustainable development**
 - Economic
 - Environmental
 - Social
 - Trade-offs
 - Weak or strong sustainability



Connections - 2

The land use challenge

Agriculture/food

Renewable energy

Biodiversity & Landscape

Climate/atmosphere

Water

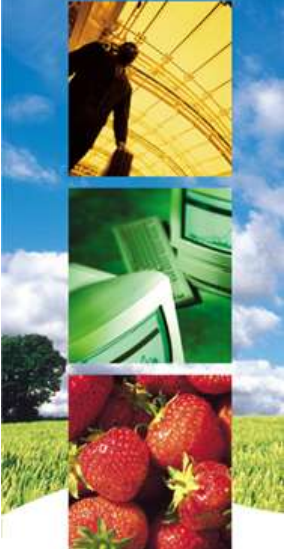
Rural vitality

The private vs public dimensions

The two way flows:

Agriculture depends on Enviro

Agriculture impacts on Enviro +ve & -ve



Connections - 3

- **Within farming**
 - The relative areas occupied
 - The spectrum of intensity
 - The spectrum of public good potential
 - Beef and sheep
 - Dairy
 - Intensive pigs and poultry
 - Horticulture & viticulture
 - Field scale vegetables
 - Cereals and oilseeds
- Wide range of combinations of these on any farm



Connections - 4

- **The deliverers are farmers**
 - Of hugely varying size and type
 - Yet we seek an ‘equitable’ solution
 - Small farms with small incomes can
 - Intensify agriculture
 - Diversify beyond agriculture
- Are trying to accelerate or retard structural change ?
- Is rural vitality helped or harmed by diminish agricultural importance?



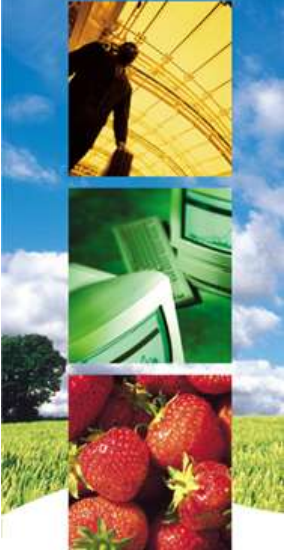
Connections - 5

- **Geographical scale:**
 - Global - regional - local
- **Market interactions**
 - International trade – competition & competitiveness
 - Food chain and technological change
- **Environmental interactions**
 - Carbon : hydro cycle : biodiversity
- Open trade vs different standards
- Leakage, displacement , indirect land use effects



Connections - 6

- **The Member States**
 - Very different mixes of resources, farming, ecosystems, economic development and preferences
 - Easy tendency to revert to net budget flows



Connections

- Pull all this together in one policy
 - with two pillars
 - and ~ 30 instruments
- It's a 6-dimensional Rubik 'hyper-cube'



Perceptions and expectations: of the public: citizens, consumers

- Evidence of revealed preferences through:
 - food purchasing decisions
 - popularity of rural leisure pursuits
 - agro-tourism
 - rural second homes
 - counter-urbanisation
 - membership of rural and public good charities
- Media coverage of rural affairs
- Rural legislation: environmental standards; designated areas, public budgets.



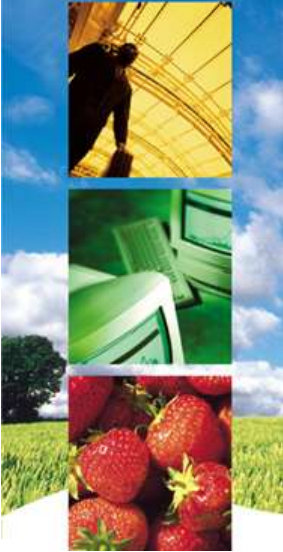
Perceptions and expectations: of stakeholders: farmers

- Distinguish landowners, tenants, mixed ownership
 - rights, responsibilities, tenure, time horizons
- Food producers vs park keepers, which is the primary activity?
- The diversified rural business
 - Agriculture and food value-added
 - Environmental services
 - Rural leisure services
 - Non land-based activity/income
- Expectations:
 - living standards
 - succession, thus sustainability



Perceptions and expectations: green organisations

- Governmental and non-governmental
- Narrower focus, narrower view of sustainability
- Cyclical influence?
- Direct interest in land management
- Indirect via:
 - public opinion, campaigning
 - Influencing legislation
 - political participation



Some implications for efficient public good delivery

- What share via public payment incentive route?
 - the alternatives.
- For that share, which features essential/desirable?
 - Regionally based
 - Programmed,
 - Menu driven
 - Multi annual
 - Voluntary contracts
 - Co-financed
- Monitoring & evaluation , i.e. real outcomes, not optional
- Programme structures critical – not Pillars.



Delivering the public goods tiered agri-environment schemes

- Do it in Pillar 1 or Pillar 2?
- More objective distribution of funds.
- Higher ambitions for all Member States?
- More tiers in Environmental Stewardship?
- Sufficiently refined calculations of payment rates?
- How to cope with rising commodity prices?
- Striking the balance between
 - Operational practical sense to farmers
 - Administrative feasibility and cost
 - Delivery of environmental outcomes



Ways of supporting marginal areas?



- Should/can we move from negative LFA and Areas of Natural Handicap, to positive 'Environmentally Favoured Areas' EFA?
- Defining EFA - lines on maps, farming characteristics or both?
- Pillar 1, or 2 or both?
- The problem of the payment basis
 - Income forgone from farming is insufficient
 - Income forgone from moving out of farming
- Ensuring it does not distort commodity markets

Measures promoting wider rural development



- Economic diversification essential for industry characterised by part-time farming.
- Rural services: e.g. broadband
- Rural infrastructure
- Partnership /collaborative approaches LEADER
- Particular importance in the new Member States

Concluding remarks

- **Connections**
 - don't over-simplify don't oversell simplification
- **Perceptions**
 - Some big gaps to close or disappointment
- **Efficient delivery**
 - Courage plus M&E





Contact details

Allan Buckwell

Tel + 44 (0) 20 74 60 79 37

allan.buckwell@cla.org.uk

www.cla.org.uk

CLA

16 Belgrave Square

London SW1X 8PQ

