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# STRUCTURAL CHANGE IN EU AGRICULTURE AND THE SUPPLY OF SOCIAL ATTRIBUTES

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# STRUCTURAL CHANGE IN EU AGRICULTURE AND THE SUPPLY OF SOCIAL ATTRIBUTES

Berkeley Hill and David Blandford<sup>1</sup>

## Abstract

The social attributes that agriculture is assumed to provide in its multifunctional role are analysed. Links with structural characteristics are examined and questions raised on the extent to which these are dependent on sustaining the present structure of EU agriculture. The nature of an efficient policy to provide these attributes is explored, with pointers for the next round of rural development policy. Our conclusion is that non-agricultural policies may be far more significant to the supply of social attributes than those conventionally seen as agricultural and rural developmental, suggesting that general community regeneration policies and “rural proofing” of general policies will be important for the future.

**Key words:** multifunctionality, social attributes, sustainability, rural development, CAP

## Introduction

In a recent speech in Slovenia (10 June 2005), the EU Commissioner for Agriculture and Rural Development stressed the continued validity of the institutional view of “the European model of agriculture” (Boel, 2005). She repeated the statement of the EU Agricultural Council in 1997 that “European agriculture as an economic sector must be versatile, sustainable, competitive and spread throughout Europe (including the less favoured and mountainous regions). It must be capable of maintaining the countryside, conserving nature and making a key contribution to the vitality of rural life, and must be able to respond to consumer concerns and demands regarding food quality and safety, environmental protection and the safeguarding of animal welfare.”

This statement reflects the “multifunctional” role that agriculture is seen to play within Europe (Cahill, 2001). Increasing attention has been devoted to the supply of non-commodity outputs by agriculture – outputs other than food and agricultural commodities that have a value to society but which may not be traded and priced in organized markets. The existence of such goods also forms the basis of the so-called “non-trade concerns” that have become prominent in the current trade negotiations in the WTO. If there are unpriced goods produced in association with agricultural activities, failure to address changes in their supply may not result in a socially optimal level of output.

In the European Union there is major concern with the environmental impact of agriculture, both in terms of bio-diversity and the appearance of the landscape. Farming is seen to provide environmental services for the population in general, not just for those who live in rural areas. Agriculture is viewed to have a particularly important role in upland areas. Substantial sums are spent on agri-environmental schemes – a mixture of income compensation for undertaking certain environmentally-friendly practices and capital projects.

Less articulated, though still significant, is the perceived role of farmers and their families in maintaining the viability and vitality of rural communities, again especially in remote and upland areas. Evidence on the causal links between the present structure of agriculture and desired social and environmental characteristics of the countryside is not strong (for example, whether countryside character is related more to farming systems than to the number and sizes of farms).

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This paper examines some of the social attributes that are assumed to be associated with the present agricultural structure and, in particular, changes in the provision of these attributes that the reform of agricultural policy may bring about. We use examples drawn primarily from the United Kingdom, although many of the points that these illustrate apply more generally. Policy interventions that make adjustment to economic globalisation easier may result in a more efficient and competitive European agriculture but could have outcomes that run counter to environmental and social aims. Conversely, a restructured and more competitive agriculture might be capable of providing the present level of services at lower resource costs, or alternative non-agricultural mechanisms might deliver the desired attributes more efficiently. Questions are raised about the uniqueness of agriculture as a supplier of these services and some alternatives are considered.

### **What are the social attributes?**

The social attributes of agriculture come in various forms. It is convenient to group these under two principal categories.

#### *Traditional economic contributions*

First, there are the traditional economic contribution that agriculture makes to the rural economy by **generating income and employment**. The pattern of economic development means that the direct contribution that agriculture makes is now very small (Table 1). Only in three of the members of the EU25 does this activity account for more than 3% of GDP and in only two EU15 countries does it represent more than 6% of employment.

These figures should, however, be treated with caution for a number of reasons. First, agriculture by its nature would be expected to be disproportionately important in rural areas, and Commissioner Boel's statement cited earlier specifically mentions agriculture within the context of the countryside. The relative importance of agriculture will reflect the definition of what constitutes rural areas. But even then it may be a relatively small sector; for example, in rural Canada agriculture accounts for 6% of jobs, in rural Wales 4.5% and in rural England 2.6%. Regional analysis by the European Commission found that among the predominantly rural regions of the EU25 agriculture accounted for only 5.8% of GVA and among the predominantly rural regions of the EU15 only 3.5%. The contributions to employment in the two types of region averaged 13.1% and 6.6% respectively (European Commission, undated).

Second, there are upstream and down-stream links to activities that, though not strictly agricultural in nature, would not exist in the absence of farming, such as suppliers of farm machinery and marketing channels for commodities. Because of the inter-relationships between businesses drawing a boundary is rather arbitrary, but it is sometimes estimated that the number of non-farm jobs dependent on the existence of agriculture is broadly equivalent to the numbers directly engaged, which would double the percentage figures for jobs shown in Table 1. However, it is important to note that the rationalisation of the input supply and processing sectors linked to agriculture means that many of these jobs tend to be located in urban rather than rural areas.

Third, figures for the share of employment are based on the main industry group of the labour force. This understates the numbers of people that have some involvement in farming. For example, in the UK there were some 391,000 persons recorded as having their (main) employment in the agriculture, forestry, hunting and fishing industry in 2002, whereas the agricultural census found 550,000 people working on farms. Though less easily quantified, the share of economic activity contributed by farming is limited to the activity of producing agricultural goods and services. It does not include the additional non-agricultural activities that the operators of farms may undertake (such as running a haulage enterprise, off-farm professions, retail shops or other forms of business). The wages that members of farm households receive from working as employees, either on the farm or (more significant) off the farm, are not included. Were these to be included, the economic activity of household-firms who also operate farms (and usually live on them) would be far higher.

**Table 1. Key agricultural statistics in the EU15 in 2002**

	Share of employed civil working population %	Share of agriculture in GDP (GVA/GDP) %		Share of employed civil working population %	Share of agriculture in GDP (GVA/GDP) %
<b>EU15</b>	4.0	1.6	<b>New MS</b>		
Belgium	1.8	1.0	Czech Republic	4.9	1.2
Denmark	3.2	1.8	Estonia	6.5	2.9
Germany	2.5	2.8	Cyprus	5.4	
Greece	15.8	6.5	Latvia	15.3	2.9
Spain	5.9	3.4	Lithuania	18.6	2.1
France	4.1	2.1	Hungary	6.1	3.1
Ireland	6.9	2.0	Malta	2.1	1.9
Italy	4.9	2.3	Poland	19.6	2.5
Luxembourg	2.0	0.6	Slovenia	9.7	2.1
Netherlands	2.9	2.0	Slovak Republic	6.6	2.1
Austria	5.7	1.2			
Portugal	12.5	2.5	<b>Others</b>		
Finland	5.5	1.2	USA	2.4	
Sweden	2.5	0.6	Japan	4.0	
United Kingdom	1.4	0.7			

Source: Eurostat (2004) *Agricultural Situation in the European Union*

A significant question is the extent to which these other economic activities are jointly dependent on farming activities, or whether they are independent.

Also, these figures are snapshots and may not adequately represent the dynamics of the situation. Is there any evidence that the income and employment multipliers for farming are particularly high, so that agriculture acts as a driver of growth in the local economy? Cahill (2001) notes that agriculture in industrialised countries has difficulty in maintaining the employment *status quo*, much less providing vigorous employment growth. But perhaps the farming community contributes to diversification and acts as a development agent for the wider rural economy. Do farmers, as indigenous entrepreneurs, play a role in stimulating the local economy by setting up new businesses in rural areas, and what proportion of new businesses arise from diversification by farmers and their households?

#### *Broader contributions to the rural social fabric*

When policymakers talk about the social contributions made by agriculture they are concerned with impacts beyond economic activity, jobs and incomes. They imply something far broader in nature. The contribution of farming is thought to extend to the community in rural areas, or beyond those areas. Four main categories of contribution seem to be implied:

- ◆ Environmental capital and services – the external benefits associated with agricultural production (though external costs should not be forgotten) such as biodiversity, water quality, air quality etc. As controllers of natural resources, farmers and landowners can affect the access to land for recreational purposes. These benefits are not restricted to people who live in rural areas.
- ◆ Physical capital items dependent on agriculture for their existence and maintenance that society regards as part of its heritage. These may include the pattern of land use, field boundaries, farm woodlands, footpaths, the stock of rural housing (both farm houses and dwellings for hired workers, many of which may now be used by people with little or no connection with farming), communication infrastructure and rural roads (which might not exist in the absence of agriculture). It should be remembered

that some of the physical capital (remains of old farm equipment dumped in field corners) may not be regarded as positive elements in agriculture's heritage. The beneficiaries are typically society in general, though for some (housing for example) rural residents have a disproportionate interest.

- ◆ Social capital, in the form of organising or playing important roles in community organisations, churches, political parties, local justice, local government etc. that enable communities to function and to adapt (though, again, these may be elements of conservatism that resist change). The entrepreneurial skills necessary for running farm businesses may be put to use for the benefit of the wider community. The prominence of capitalist-farmers and agricultural landlords in rural society organisations has been noted in the UK, though this has been challenged by changes in the nature of farming and the composition of the population in rural areas. The main direct beneficiaries of this element of agriculture's non-economic contribution are rural residents.
- ◆ Cultural capital, in the form of helping maintain the continuity of value sets, cultural traditions, regional languages etc. Community vibrancy is difficult to measure, but it is often assumed that social networks are particularly highly developed in rural communities. A lower level of crime is likely to follow from shared values, social solidarity and information exchange. As farm families in the EU tend to be associated with particular land parcels and exhibit generally low geographic mobility, they are well-placed to conserve cultural capital. There are also negative traits that agriculture and its long-term nature can foster, such as a tendency for the farming community to act as an insular social system, not keen to accept incomers from different (especially urban) backgrounds. By conserving cultural capital, society at large benefits.

The latter attributes are often assumed to be associated less with the activity of agricultural production *per se* than the fact that farming takes place within a particular production structure – for example, an industry dominated numerically by relatively small family farms. The family farm is an imprecisely defined but politically powerful construct that appears to be under pressure from technical and economic drivers. Some countries have a strong emotional attachment to peasant farmers, believing that that they contribute an essential element to the national character. Though perhaps most often associated with France, this view applies to the “crofters” in Scotland and probably to some extent in many other countries. There is a common supposition that changes in the existing structure of agriculture, especially a reduction in the number of independent farms, will in some way threaten or extinguish the supply of social attributes.

### **Evidence of agriculture's contribution to social attributes**

For a policy analyst relevant questions are, first, what evidence exists for the assumed technical relationships between agriculture and the social attributes identified above and, second, are these attributes being delivered in the most efficient way? Any evaluation of policy needs to re-examine its basic rationale because, if that is faulty, there is a high probability of resource waste. A lack of evidence to support the rationale does not necessarily mean that it is incorrect, but an information gap is useful to vested interests that oppose policy reform. Vested interests may try to maintain myths – the working assumptions on which much policy is based – by repeated assertions. The lack of any evidence to challenge myths may be useful politically and enable these to remain the underpinnings of policy, but in the long run myths should be subject to scientific examination. Murphy (1990) has identified the area of community development as one in which illusions are particularly prevalent. This is an area with a strong relationship to the social attributes of agriculture.

If the critical link is between the family operation of EU agriculture and the supply of social attributes, there appears to be no reason for immediate concern. As noted in Blandford and Hill (2005), according to the EU's Farm Structure Survey, “natural persons” operated 96 percent of EU15 holdings in 2000 and there is no indication that this situation is likely to

change significantly. The family nature of European agriculture is particularly evident in the passing of the business from one generation to the next. The mechanisms for doing so differ between countries, though it is common to find fiscal assistance being offered by national taxation systems for the assumption of the farm business by younger relatives (van de Veen *et al.*, 2002). Major structural and land use changes appear to happen at the stage of transfer (Potter and Lobley, 1992); the lack of a successor willing to take over a small farm as a primary occupation is a prime trigger in land disposal. Any link between the existing structure and the provision of social attributes is at its most fragile at this stage, especially if it relies on a large number of small units. On the other hand, succession is the point at which some family members with established careers outside farming return to run the business on a part-time basis. Though they may bring with them behaviour patterns learned when economically active elsewhere, there is also likely to be a residue of family tradition on which to build and sustain.

But the real evidence that needs to be sought is that on the relationship between family farms – or particular size structure or other structural characteristics – and the provision of social attributes. Buller and Wright (1990) warn about simplistic assumptions that rural areas comprise communities with shared interests and social cohesion, since this may be far from reality. With this caution in mind, it has to be noted that Pretty (1998) cites two examples of the differences between social cohesion in communities that are similar in many ways but differ in terms of farm sizes (crofting areas in Scotland and rural communities in California, United States), with the smaller farm structure appearing to be superior according to a range of social indicators. For U.S. conditions Lobao (1990) claims that the changing structure of farming has brought about a decline in rural population, increased poverty and income inequality, lowered numbers of community services, diminished democratic participation, decreased retail trade, increased environmental pollution and led to more unemployment. However, the conditions prevailing in most EU rural areas are different in terms of the density of population and alternative economic opportunities and, not least, the degree of restructuring of farming that is taking place. As noted above, large-scale corporate agri-business units are not a feature of agriculture in the EU. Many of the social changes noted in EU rural areas seem more the reflection of general trends than anything that is happening to agriculture *per se*.

EU rural areas are diverse in nature, and the forms of social attribute and their levels vary widely. Perhaps the best place to look for such links is in those rural areas where these have been highlighted as of special importance. The Commissioner quoted at the outset singled out farming in less favoured areas for special mention in the context of the ‘European model of agriculture’, and it is in those areas where the social attributes of agriculture might be expected to be the most marked. This is because of their relative remoteness, relatively high importance of agriculture among the resident population, and the closer association between farming and tourism.

A recent study of Less Favoured Areas in the UK (IEEP *et al.*, 2004) found that many of the social problems faced by people living in these areas were general in nature (e.g., lack of affordable housing for young people and poor public services such as transport, healthcare and education) though some were specific to the farming community (e.g., the risk of illness associated with the rigours of harsh working conditions). The research drew attention to the declining role of agricultural employment and output in LFAs and concluded that the justification for public support for hill farming in agricultural terms appears weak; “the level of public expenditure required to maintain a relatively small number of jobs and produce primary products appears disproportionately large to the benefits accrued”(IEEP *et al.*, 2004). The continuation of tourism in many LFAs is fundamental to their future, though the link between the present nature of hill farming and tourism is not well understood. One must conclude that, as with many other activities in these areas such as grouse shooting, horse riding and food processing and retailing, tourism may be little dependent on hill farming, at least in terms of current farm structure.

Similarly, the research concluded that the positive contribution that hill farmers make to the communities in which they live appears to be declining, and there are divergent views as to whether they or newcomers make the greater contribution to social sustainability. In contrast, the role of agriculture in helping shape landscape and the diversity of habitats and wildlife is widely recognised, though there are both positive and negative impacts from hill farming, and a general lack of analysis of whether it is the farming system or the present structure of hill farming businesses that provides the basis of the causal link.

### **Existing policies, their reform and the supply of social attributes**

If farming currently provides social attributes, it seems to do so with very little public support aimed explicitly at fostering their supply, other than for environmental services. Most of the spending on EU agriculture is linked to either present or historical production and factor use (the “first pillar” of the Common Agricultural Policy). This may serve to keep the numbers of people working in the sector larger than otherwise and hence contribute to the “traditional” role of agriculture as a provider of employment. Whether there is increased value-added and higher residual income from agricultural activity is open to debate, as the counterfactual is subject to much uncertainty. For a long time it has been recognised that in the most remote rural areas, where there are few feasible economic alternatives to farming, there are grounds for supporting agricultural production as a way of sustaining a minimal population (European Commission, 1988). However, in most rural areas, in which agriculture only plays a very minor role as a provider of jobs and income, the effect of agricultural support on the general economic situation will be small.

Policy concerned with agricultural production has usually had as one of its objectives that of increasing competitiveness and productivity. This has been achieved both through technological change and by shedding poorly-utilised resources (particularly labour) from agriculture. A case can be made that market support has induced technological advance and hastened the exit of labour. Thus, the conventional forms of support have contained elements that have been pushing in opposite directions – elements that have attempted to slow the process of adjustment and those that have tried to accelerate it. Whatever the net effect of these opposing tendencies, it is clear that the labour force needed by farming has been in historical decline, and agricultural policy, whatever its intentions, has not arrested that trend.

At present there seems little prospect of policy reforms that will cut “first pillar” spending rapidly and substantially. However, changes to the support system currently underway may well accelerate shrinkage of the agricultural sector. It is anticipated that the shift of support to the Single Farm Payment from 2005 will, because of its weakened link with production and anticipated lower market prices, cause farm operators to review their need to maintain their present level of output and the volume of labour required. If farm restructuring takes place, output may not decline and may even rise (as land is taken over by more efficient farmers) though this is likely to require less labour. Thus, the traditional role of agriculture as a supplier of jobs is likely to diminish further. An assessment for England of the impact of structural change in agriculture (Lobley *et al.*, 2002) has concluded that a net loss of labour will occur but that this will be small in relation to aggregate unemployment in rural areas. The same study found that restructuring of farm businesses (in England) is likely to have environmental and landscape impacts, though the effects are very mixed. Farming seems set to become more polarised, with farming systems that are already intensive in their land use becoming more so while others that are already extensive, typically in hill areas, move further in that direction.

The “second pillar” of the CAP, the so-called “rural development” part, contains elements that foster the traditional role of agriculture as a job and income creator, covering several of the other social attributes listed above. Under the Rural Development Regulation 1257/1999, and the national and sub-national Rural Development Programmes to which it has given rise for 2000-06, there is interest in the way that various schemes to assist investments on agricultural holdings (including diversification, better marketing and processing of farm output, and the establishment of farm woodland) creates or sustains jobs on holdings and in

the broader economy. Provision exists for schemes to give financial assistance for young farmers, one purpose for which might be interpreted as conserving the nature of the farming community, though not all Member States have adopted this option in their RDPs (including England and Wales). Under an Article that is aimed at assisting the adaptation and redevelopment of rural areas (a rare example within the RDR of mechanism not directed at farmers and land owners) there are provisions for improving the infrastructure connected with agriculture, which presumably would also benefit the broader society. The evaluation questions applied at the mid-term stage (2003) require responses on the ways that the RDP has contributed to stabilising the rural population, enhanced incomes in the rural community (including those of non-farmers) and assisted in the protection of the environment and landscape.

Despite the flimsiness of the evidence base on its effectiveness, income support for hill farmers to (partly) compensate for the physical handicaps they face is intended to deliver environmental benefits in Less Favoured Areas and to help maintain the social fabric by, for example, stabilising the population<sup>2</sup>.

Rural Development Programmes have national aims in addition to those set out in EU legislation. For example, the mid-term evaluation of the RDP for Wales was required to consider how it had contributed to the development of social capital in rural areas (AgraCEAS, 2003). It also became evident in the evaluation that a significant factor in the rationale of the Welsh Assembly Government for providing support to hill farmers was the aim of preserving and promoting the Welsh language, which is spoken by a particularly high proportion of farm families in upland areas. The motive for this was both cultural and political.

Expenditure on rural development is small in relation to total support for agriculture. Spending on agri-environment schemes and payments to farmers in hill areas are included under the RDPs. If this is taken out there is very little expenditure that relates to employment or community development (as opposed to conservation and protection). According to figures published in *Agriculture in the United Kingdom* Table 13.1 (Defra, 2004), total public spending on agriculture (UK) was forecast as £3,117m in the accounting year 2002/3. Of this, £2,622m (84%) was direct subsidies on agricultural products (mainly arable area payments and livestock subsidies) and other market support, all of it 100% funded by the EU budget. Of the remaining £495m (16%), most was spent on agri-environment and conservation schemes (£265m) and on payments to farmers in less favoured (hill and mountain) areas (£188m), leaving only minimal sums for other rural schemes (£10m) and diversification and capital grants (£10m). The last two points taken together help explain the comments of the 2003 evaluators that, even in terms of its own objectives, the RDP for England was generally more effective at addressing its environmental aim than that of creating a productive and sustainable rural economy (ADAS/SQW 2003). The introduction of the Single Farm Payment in 2005, though changing the form in which support is given does not alter the dominance of agriculture in the public money directed at the countryside.

If there is little specific in main-line agricultural policy to promote the supposed non-environmental social attributes of agriculture, one must search elsewhere. Some examples include the following:

- ◆ *Taxation policy*: Taxation on transfers of property in many countries gives special treatment to passing agricultural real estate between generations of the same family

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<sup>2</sup> The objectives of the relevant chapter of the England Rural Development Programme (taken from the Regulation) are : *to help preserve the farmed upland environment by ensuring that land in the Less Favoured Areas (LFAs) is managed sustainably; and to contribute the maintenance of the social fabric in upland communities, through support for continued agricultural land use.*

(OECD, 2004). Though the motives for this are mixed, one argument could be the value of continuity of ownership to the conservation of historical and scientifically interesting features in the countryside – enhancing the feeling of “stewardship” that is commonly claimed by farmers and landowners.

- ◆ *Designation of environmentally-important sites.* Various EU and national legislation enables the designation of sites that are of environmental or scientific importance. Some of the weaker forms serve largely to make land occupiers and owners aware of the effects of their activities, in the hope that this will lead to voluntary constraints on land-use changes that might endanger the valued feature. Similar systems may exist for listing historically important buildings, walls or trees etc. that help define the landscape.
- ◆ *Special assistance to crofting in Scotland.* A variety of special assistance measures has been available for crofters, including financial support for building dwellings on crofts.
- ◆ *Support to young farmers.* Although Wales does not operate a specific scheme as part of its RDP to provide financial assistance to young farmers, additional funding is made available through preferential treatment in other schemes. Also, public funds are used to help run voluntary young farmers’ clubs.

### **Towards a more efficient policy for the supply of social attributes**

A cynic might conclude that the non-environmental social attributes claimed for agriculture and farm families is largely an exercise in rent-protection. The shift to a more transparent system of agricultural support since the 1992 MacSharry reforms onwards has exposed the magnitude of direct payments (including the Single Farm Payment) to farmers and made them politically vulnerable. Their justification as compensation for historical changes in policy can be increasingly challenged. Their truer nature as straight income support has been acknowledged by the European Commission: “they have lost part of their compensatory character after ten years of implementation and have instead become direct income payments” (European Commission, 2002). They are more likely to survive if they can be transformed into payments for providing some type of service. Already in the UK the ground seems to be being prepared for extending the range of payment for environmental aspects (an Environmental Stewardship system was introduced in 2005 to replace former agri-environmental schemes) so that farmers can achieve rewards for conforming to some not very demanding environmental practices, at least some of which they might be willing to undertake without financial reward. Above this entry-level scheme there are higher tiers where payments are linked to more onerous land management options.

Changes seen in agri-environment schemes (within the RDPs, cross-compliance etc.) have marked a systematising and internalisation of the environment aspects of multifunctionality. This has the potential for achieving the delivery of environmental services by farming that society values in ways that are more efficient than through the simple support of commodity production.

The question remains whether a similar approach is possible for other aspects, such as the social attributes that agriculture is supposed to deliver. The case for support for the “traditional” role as a generator of income and employment is widely acknowledged as defunct, except in very special circumstances. The need to counter population loss from rural regions is not an issue in the EU15; between 1990 and 2000 population growth of 2.2% took place in “predominantly rural” regions and 4.6% in “significantly rural” regions (European Commission, undated). This is a problem in some extremely remote areas, but if the continuation of farming is seen as the only feasible way of sustaining populations there, one might question whether land abandonment might not be more efficient. A stronger case might be made for support for farmers and their households to act as an entrepreneurial resource to stimulate diversification and new businesses in the countryside. However, in England at least, in rural areas farmers are outnumbered by other self-employed people by

ten-to-one (White and Kempson, 2001). It is unlikely that farmers would be the main driver of economic development. Though diversification by the farm household-firm (on or off the holding) can contribute to maintaining jobs and incomes in rural areas, the general support of agriculture by direct income payments and market intervention is unlikely to be an efficient way of promoting this. Even schemes that are specifically aimed at encouraging farm households in these directions cannot be expected to make any detectable impact on the wider rural economy (guidelines for the mid-term evaluation of the England Rural Development Programme were explicit on this issue).

In such circumstances, attention on the social attributes that agriculture is supposed to bring to rural areas is likely to focus on the less “traditional” ones, including those characteristics popularly associated with things rural (community vibrancy, continuity, culture, physical heritage etc.). A necessary first stage is to identify more precisely what these attributes are. A wide variation between rural areas in these characteristics is to be expected; though there are likely to be common factors. Experience in the United Kingdom provides examples.

For England the Countryside Agency has developed a series of indicators for monitoring change in rural areas, grouped into themes that cover environmental and social conditions, such as services, housing, and incomes etc. (Countryside Agency, 2004a). While some measures are quite straightforward (demographic change) others can only be approached by proxies (community vibrancy is registered by the presence of a local pub, village hall, shop, primary school or church). On balance, according to these indicators, rural areas in England do rather well when compared with most urban areas (lower crime, higher average incomes, faster employment growth etc.).

Perhaps more important in the present context, the Countryside Agency identified in 2004 those aspects of living in a rural area that residents most value (which may not necessarily correspond with the perceptions of politicians, administrators or academics). This was achieved using a national omnibus survey that incorporated settlements of up to 10,000 as rural (MORI, quoted in Countryside Agency, 2004a). The emphasis was on the socio-economic aspects of countryside issues. When asked to choose among 22 factors that made their local area a “good place to live”, the great majority of people (70%) indicated freedom from crime to be a top priority, with equal strength of feeling among people from rural and urban areas (Table 2). Similar high values were attributed to the presence of health services (61% rural/59% urban) and affordable housing (63%/58%). Eight other characteristics scored highly – a broad mix of socio-economic and environmental features, including transport, job prospects, clean streets and unpolluted surroundings, and access to nature and the countryside (something that was rated only slightly lower in importance by people in urban areas as those in rural ones (54%/48%). In contrast, with commonly expressed views, community activities and events were given relatively little prominence by respondents. The conclusion is that the perceptions of rural residents on what determines the quality of their lives are demonstrably similar to those of the population in general.

Light is thrown on priorities for policy action by questions in the MORI survey about quality of life factors that were most in need of improvement (Table 3). The most wanted features, shared equally by rural and urban communities, were social facilities for teenagers, affordable housing, public transport and highway maintenance, with job prospects lower down the ranking. Compared with urban residents, rural residents saw more need to improve public transport (a particular problem in the most rural areas), and facilities for shopping and leisure. In contrast, rural residents saw a smaller needs in terms of crime reduction, education services, a range of social features that reflected the general vibrant nature of rural communities (such as community activities and events), and environmental features that are associated with lower-density living (less need for easing traffic congestion or improving access to the countryside).

**Table 2. Factors that contribute to making somewhere in England a good place to live, 2004. % of respondents**

Factors in a good place to live	Settlement size (%)					All England %
	<3k	3-10k	All rural	>250k	All urban	
Low level of crime	68	74	<b>71</b>	69	70	<b>70</b>
Health services	61	61	<b>61</b>	56	59	<b>59</b>
Affordable decent housing	61	65	<b>63</b>	53	58	<b>58</b>
Educational services	66	49	<b>55</b>	52	53	<b>53</b>
Public transport	58	49	<b>52</b>	52	52	<b>52</b>
Clean streets	36	49	<b>44</b>	52	52	<b>51</b>
Shopping facilities	53	53	<b>53</b>	50	50	<b>51</b>
Job prospects	55	46	<b>49</b>	49	50	<b>50</b>
Access to nature/ the countryside	55	54	<b>54</b>	42	48	<b>49</b>
Low level of pollution	42	50	<b>47</b>	46	48	<b>48</b>
Good neighbours	42	52	<b>49</b>	47	46	<b>47</b>
Open spaces and parks	44	47	<b>46</b>	40	42	<b>42</b>
Low level of traffic congestion	36	39	<b>38</b>	39	41	<b>40</b>
Facilities for young children	38	39	<b>39</b>	41	40	<b>39</b>
Activities/facilities for teenagers	42	33	<b>36</b>	37	38	<b>38</b>
Wage levels	38	36	<b>36</b>	35	38	<b>37</b>
Road safety	36	35	<b>36</b>	37	37	<b>37</b>
Sports and leisure facilities	41	40	<b>40</b>	33	35	<b>36</b>
Community activities and events	30	26	<b>27</b>	29	30	<b>29</b>
Road/pavement maintenance	29	32	<b>31</b>	27	28	<b>29</b>
Access to culture	28	28	<b>28</b>	30	29	<b>28</b>
Race relations	28	28	<b>28</b>	29	27	<b>28</b>
Other/don't know		0		4		<b>2</b>

Multiple answers do not sum to 100%

*Source:* MORI, in Countryside Agency (2004a)

The ability of farming to contribute to the items listed in Tables 2 and 3 is quite limited. Access to nature and the countryside is only a middle-ranking concern, even among rural dwellers, and fewer than half of the respondents cited open spaces (and parks) as contributing to a good place to live. The link between farming and the other valued characteristics, such as economic and social conditions in the countryside, if any such links exist, may be highly complex and far more difficult to establish than environmental effects. At the very least these linkages may vary between types of farmer (ages, household composition, educational capital, size of farm business, type of farming system, location etc.). It is possible that some of the assumed links (for example, with having good neighbours) may be illusionary.

If policy intervention is feasible and justifiable, it almost certainly comes in the form of general community programmes rather than sectoral policy. These could be territorially determined, such as to encourage economic development in regions or to regenerate localities facing particular difficulties, or special treatment of rural areas within national policies, such as the attempt by the UK government to “rural proof” policies on education, health and other issues on which there may be oversight of the special impact on rural areas of decisions taken at national level (Countryside Agency, 2004b).

**Table 3. Things in the local area which most need improving. % of respondents**

Improvement needed	Settlement size (%)					All England %
	<3k	3-10k	All rural	>250k	All urban	
Low level of crime	14	17	<b>16</b>	37	34	31
Health services	9	10	<b>10</b>	14	15	14
Affordable decent housing	30	27	<b>27</b>	26	27	27
Education services	7	5	<b>6</b>	14	13	11
Public transport	42	30	<b>34</b>	21	25	27
Clean streets	13	11	<b>11</b>	32	20	25
Shopping facilities	17	19	<b>18</b>	10	12	13
Job prospects	21	17	<b>18</b>	20	21	21
Access to nature/the countryside	3	1	<b>2</b>	7	6	5
Low level of pollution	8	4	<b>6</b>	14	13	11
Good neighbours	3	2	<b>3</b>	8	6	6
Open spaces and parks	5	2	<b>3</b>	12	11	10
Traffic congestion	12	15	<b>14</b>	23	24	22
Facilities for young children	17	15	<b>16</b>	23	22	21
Activities/facilities for teenagers	35	35	<b>36</b>	31	35	34
Wage levels	11	12	<b>12</b>	9	13	13
Road safety	14	12	<b>12</b>	17	14	14
Sports and leisure facilities	23	14	<b>17</b>	14	13	14
Community activities/events	8	5	<b>4</b>	12	12	11
Road/pavement maintenance	36	27	<b>30</b>	27	29	29
Access to culture	4	5	<b>3</b>	8	7	7
Race relations	6	4	<b>5</b>	11	8	8
Other/don't know	1/3	0/8	<b>1/3</b>	2/5	3/6	1/4

Multiple answers do not sum to 100%

Source: MORI, quoted in Countryside Agency (2004a).

### **In conclusion**

The purpose of this paper is to examine the relationship between structural change in EU agriculture and the supply of social attributes. Among the “traditional” contributions of providing income and jobs, our conclusion is that the direct effect on the broader economy of any restructuring in agricultural production is likely to be small, since farming is increasingly a minor activity even in rural areas. There will be additional impacts in upstream and downstream industries, but many of these are not located in rural areas. Restructuring may have environmental or landscape impacts, but these are complex, some types of agriculture may become more intensive while others will use their land less intensively. Nevertheless there may impact on economic activity though affecting other sectors for which the countryside is important (especially tourism).

Sometimes there is a lack of clarity in the causal link between agriculture and environmental/landscape characteristics; is the crucial factor the nature of the farming system rather than the size and business structure of the farm that carries it out? If this is the case, it should be possible to deliver the required countryside characteristics with a smaller number of independent farm operators and in more cost-effective ways. Both of the economic and environmental aspects continue to receive considerable attention from researchers. Policies are being developed to deliver benefits in an efficient manner.

Far less studied are the “non-traditional” social attributes, such as the influence that the existing farm structure is believed to have on the social fabric in rural areas, its vitality, cohesion, and stability. These form part of the rhetoric of “multifunctionalism” and the “European model of agriculture”. With support mechanisms for agriculture in the EU

becoming more transparent and the rationale for their continuation subject to greater scrutiny, advocates of the present level of transfers to farm operators are likely to turn increasingly to these other, rather poorly defined attributes. Taking a broad view, our conclusion is that evidence on many of the social attributes that agriculture is believed to bring, particularly to life in rural areas, is not strong.

Though there are information gaps, it seems unlikely that further restructuring of agriculture, accelerated as it may be by policy reform, will have much impact on the nature of rural society. Where economic and social problems exist in rural areas, support to agriculture in an attempt to prevent or slow structural change is not an appropriate response. Rather, solutions lie more in the province of community regeneration and development policies or in adapting general policies (such as health care, housing and education) to the particular conditions in rural areas. Inevitably this means making more funds available for alternative ways to achieve the social attributes that the political system deems to be desirable. In particular, this would require a shift away from the present agri-centric allocation of expenditure. Agricultural policy reform can contribute to this rebalancing by the release of funds from sectoral uses that are increasingly recognised as being inefficient.

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