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Group Farming: The GAEC

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French Experience With Group Farming: The GAEC

Philip M. Raup*

Among modern states and developed economies the commitment of French farmers to the principle of private property is legendary. The Code Napoleon provided one of the strongest legal bases for the protection of these private rights that exists in any nation. The overt dedication in France to the support of peasant-type family farming has persisted into the industrial era longer than in any comparably developed land. It is perhaps because of this persistence, and not in spite of it, that France has also been the first country in the western world to develop an explicitly defined legal basis for the promotion of group farming. This is provided by Law No. 62-917 of 8 August 1962 relative to the formation of "Groupements Agricoles d'Exploitation en Commun" or Agricultural Groups for Farming in Common, hereafter abbreviated GAEC.^{1/}

Efforts to promote group activities in agriculture are not new in France, where they have had a long history. What was new in 1962, in the French context, was the clear cut determination to give these efforts a distinctive foundation in law, with the intention of creating a new structural form in agriculture. The direct roots of this determination trace from the disorganized condition in which French agriculture

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¹ The text of the law, and subsequent implementing regulations have been consolidated in Groupements agricoles d'exploitation en commun, législation, réglementation, statuts-types, Journal Officiel de la République Française, No. 1288, Paris, 1966. All references to the law and its implementing regulations will be to this source.

emerged from the Second World War. Scattered and small scale efforts at group farming and mutual assistance had emerged spontaneously in the immediate post war years. The first attempt at systematic coordination dates from 1948 with the establishment of a coordinating body which was the predecessor of the organization now known as the Union des groupements pour l'exploitation agricole, abbreviated UGEA. The preeminent goal of this union was to promote an agricultural structure that would facilitate the enlargement and modernization of farms and their full participation in a market economy while preserving the social values of the family farm unit, the principle of private property, and at the same time enable farmers to participate in the rewards of communal activity. This approach derived much of its original momentum from leaders of the movement within the Catholic church in France that sought to develop a "social catholicism" or an economy for the service of man. A vigorous exponent of this point of view was René Colson whose book Motorisation et Avenir Rural (Mechanization and the Rural Future)^{2/} proposed that small and medium sized peasant farmers group themselves together to enable the use of new machines. This proposal was urgently advanced as an alternative to a feared massive take-over of peasant-type farms by large scale commercial mechanized units that in France were identified with capitalistic agriculture, and were anathema to the Catholic left. This early effort was directed as much to the task of persuading French farmers to accept the tractor and its revolutionizing implications for French

^{2/} Paris, Centre National d'Etudes Rurales, 1950.

agriculture as it was to the task of devising a new form of organization for farm management.

These efforts were strongly supported by the Young Catholic Farmers Association or Jeunesse agricole chrétienne (JAC), guided by the conviction that a "third road" was needed between what were regarded as the abuses of capitalism and the excesses of Marxian collectivism. These convictions played a major role in the transformation in 1956-57 of the former youth group of the staid French syndicalist farmer's association (FNSEA) into a reinvigorated Centre National des jeunes Agriculteurs or National Confederation of Young Farmers, abbreviated CNJA. It was the political strength of this group, strongly influenced by Catholic social policy, that led to agricultural reform legislation focused on structural policy in 1960 (the Loi d'Orientation Agricole) and 1962 (the Loi Complémentaire), identified with the name of M. Pisani, the French Minister of Agriculture under whose regime it was developed. The legislation supporting group farming activity is a key part of that body of structural reform law.

Although enacted in August 1962 the law was not effective until adoption of implementing decrees (décrets d'application) by the Council of State on 3 December 1964. After six years of legislative drafting and nine months of parliamentary debate, a framework was created for the formal recognition of group farming. It is significant that in the final debate on the law the senators and deputies insisted that its application be restricted to small and medium sized peasant farms to insure that it would not become a vehicle for the subsequent creation of kolkhozes, or "production cooperatives" of the style that had emerged in eastern Europe following the

Second World War. Group farming was explicitly not designed to be an evolutionary step toward the proletarianization or collectivization of French agriculture.

In broad outlines, the purpose of the law creating the GAEC was to make possible the common management of farms under conditions that are as comparable as possible to those that prevail in conventional family-type farms.

This group effort, it was hoped, would result in a reduced individual labor input, greater productivity, and improved security in both economic and social terms, while retaining the incentive for individual responsibility and the sense of ownership of property and products that had characterized peasant farms in the past.

To implement this purpose, the GAEC was created with the legal status of a corporate body under private law, but of a special type (société civile particulière). Its most distinctive feature concerns the manner of its creation and subsequent supervision by the state. Before a GAEC can exist it must be approved by a Committee of Review and Approval (comité d'Agrément) to be created in each Department, comprising the prefect and eight members (4 officials, 3 farmers, and a Notary). These are responsible to a national committee in Paris, comprising three representatives from the Ministry of Agriculture, one each from the Ministry of Finance and the Ministry of the Interior, plus farmers and representatives of farm organizations. The national committee acts as a policy making and appeals body, with primary responsibility for implementation delegated to the Departement committees.

A GAEC is largely exempt from the customary fees and charges levied upon the creation of a conventional corporation, with the exception of a single "Recognition Fee" of 50 francs.

Unless there are specific provisions to the contrary in the GAEC agreement, the liability of an individual member is limited to twice the value of his original contribution of capital. In practice, this limitation is frequently modified by the credit requirements of the firm.

Tenants and leaseholders can be members of a GAEC, regardless of whether or not they turn over their leased land in whole or in part to the GAEC. If the tenant elects to turn over his leased land to the GAEC for cultivation in common, he retains his individual liability to his landlord for performance of his rental contract and need only notify the landlord by registered letter of the action he has taken. The permission of the landlord is explicitly not required.

In contrast, if the rental arrangement is a share-cropping agreement (*métayage*), permission of the landlord must first be obtained.

Members of a GAEC must be primarily engaged in farming as an occupation, and must be natural persons. Juridical persons or corporations cannot be members. Spouses or minor children can be members but cannot qualify for the several forms of public subsidy or financial assistance available to GAEC members unless they have been active for at least three years as independent farmers or GAEC members. A GAEC cannot be formed by husband and wife only.

A principle repeatedly stressed in the law authorizing the formation of GAECs is that membership shall in no way impair the rights of an individual member to land, to the products of the land, or to any entitlement he would have had as an independent farmer to participate in governmental programs of agricultural or social assistance. Under French law, for example, the minimum term for the lease of farm land is nine years. A tenant or leaseholder who has held land under lease for a minimum of five years has a right of preemptive purchase, in case the landowner decides to sell the land. If the tenant pools his leased land with other land, in the formation of a GAEC, he retains this right of preemption.

If crops or livestock produced by a GAEC are commingled for marketing or processing, the individual members retain a legal title to their proportionate share. As taxpayers, the obligation of members is individual and personal and is not assumed by the GAEC. In computing the entitlement of a GAEC to any governmental subventions or financial aids, the sum is computed by adding together the individual entitlements of the separate members. In the explicit language of Article 7 of the basic law, participation in a GAEC cannot result in an economic, social or fiscal status for a member or his family that is in any way inferior to the status of other farmers or the families of farmers.

The law is equally explicit with regard to the obligation of each member to participate actively in the work of the GAEC. There can be no silent partners. Each member must be a working member, excepting only the ill, the infirm or the aged. Article 1 of the law emphasizes that the purpose is to permit work in common "under conditions comparable to those existing in family farms". To this end, the article goes on

to specify that the size of a GAEC cannot exceed ten times the size of an individual family-type farm, and cannot include more than ten members.

The lack of precision in this limitation on areal size has never been resolved. The size of a family farm is a relative concept, subject to wide variations, geographically and over time. In approving GAEC applications, the Departmental Committees of Review and Approval in practice have held to the maximum of ten members as the principal limit on size, leaving open the question of maximum permissible area.^{3/}

Additional evidence of legislative intent that the GAEC shall approach as closely as possible to the structure and function of a family farm is the specification that a GAEC can engage in the marketing or processing of agricultural products but this activity cannot become the principal function of the association.

The foundation capital (apport au capital social) must be at least 10,000 francs, and cannot fall below this amount. It may be contributed in money or in kind (land, livestock, buildings). A member can also qualify by contributing only labor (apport en industrie) although this is relatively rare, or by contributing intangible rights (biens mis à disposition), for example, a leasehold. In practice, the foundation capital has been contributed primarily in the form of money or livestock, or rented land. Owned land or buildings have typically not been contributed outright to the GAEC but have been leased to it.

^{3/}

H. Nallet, C. Roger, and M.C. Al Hamchari, Les Groupements Agricoles d'Exploitation en Commun (GAEC), Tome 1: Les caractéristiques structurelles des GAEC, Paris, Institut National de la Recherche Agronomique, Série Travaux de Recherche, No. 7, Janvier 1971, p. 22.

The law recognizes two types of GAEC, partial and total. The partial GAEC are designed to permit the pooling of capital and labor for a specific branch of farming activity, typically some form of animal or poultry husbandry. These partial GAECs are very much in the minority, and in practice the dominant form has been the full GAEC or GAEC total.

It is important to stress the fact that a GAEC is not a cooperative. It involves cooperation, in the fullest sense of the term, and the evolution of the GAEC idea owes much to the historical strength of the cooperative movement, in France and in other countries. But French law regulating conventional agricultural cooperatives is relatively rigid and confining, and was not considered flexible enough to provide a basis for the goal of a "cooperative of labor" that was predominant in the minds of the originators of the GAEC approach.

Although possessing many characteristics of a corporate body, it is equally important to stress the fact that a GAEC is not a corporation in the usual sense of the term. The strongest evidence of this distinction is provided by the degree of supervision by the state. Creation of a GAEC involves approval by the Departmental Review and Approval Committee (Comité d'Agrement) of a charter specifying the following details, among others:

- 1) The number of members and their contributions and responsibilities to the GAEC.
- 2) The amount and nature of contributed capital.
- 3) The liabilities or obligations that members bring with them into the GAEC, or assume as members.

- 4) The method of payment for labor and any special arrangements regarding the division of labor among members.
- 5) Provisions regarding the division of profit and loss.
- 6) Procedures to be followed in any transfer of members' rights by inheritance.
- 7) Procedures to be followed in case the GAEC is dissolved.

No hard and fast rules are laid down in the GAEC law or implementing decrees for the determination of rates of remuneration for labor or capital. In principle, locally customary rates are used. Any real estate owned by members but leased to the GAEC is paid for at a rental rate that is customary for that region. A "normal" interest is paid on contributed capital. Labor is paid at a wage rate that is in principle to be adjusted annually in accordance with farm wage rates in the community. The basic law of 8 August 1962 specifies (Article 4) that the remuneration of members for their work in the GAEC constitutes a charge sociale. This places the labor income of GAEC members on a par with the wages of workers in a conventional business corporation, in case of bankruptcy. The payments to members for their labor are a prior claim upon the assets of the group and cannot be appropriated by creditors.

In computing the payment for use of any buildings that are not included in the foundation capital contributed by members but that are used by the GAEC, the use value is taken as the basis for valuation rather than market price. The guiding rule is that work shall determine rewards. The goal is to avoid any situation in which relations among members begin to resemble those among employer and employee, capitalist and worker, or stockholder and manager.

Upon approval by the Departmental Comité d'Agrément, the GAEC charter must be published in two newspapers with a circulation in the region, stating the date of activation of the group. The charter becomes an item of public record, available to all, and a copy must be maintained at the headquarters of the group, available to all members.

Attempts had been made before 1962 to supplement existing French cooperative law in order to encourage communal farming efforts. In terms of its subsequent importance in the evolution of the GAEC idea, the most widespread of these earlier efforts involved the common ownership of farm machinery. With the support of Pierre Tanguy-Prigent, Minister of Agriculture (1944-47) in de Gaulle's first post-war cabinet, peasant groups were created for the collective purchase and use of farm equipment. These farm machinery cooperatives, or Coopératives d'utilisation du matériel agricole (abbreviated CUMA), had priority in the purchase of scarce farm equipment in the immediate post-war years. Gordon Wright has succinctly summarized this phase:

"CUMAs sprouted at once like mushrooms after a rain; by 1948, more than 12,000 of them had been organized. During the next two or three years, however, many CUMAs disappeared, and it became clear that the movement had been partly artificial in character. While tractors were severely rationed and CUMAs enjoyed a purchase priority, well-to-do farmers had organized false CUMAs in order to get a machine without delay. The facade fell away as soon as rationing ended. Some genuine CUMAs did survive, however, in spite of the tensions they often generated among the co-owners, and by the mid-1950's, their number began to mount steadily once more."^{4/}

^{4/}

Gordon Wright, Rural Revolution in France, The Peasantry in the Twentieth Century, Stanford University Press, 1964, pp. 110-111.

This brief outline of some of the antecedents and characteristics of GAECs can be brought to life by reference to several case histories.^{5/} One in question was organized in 1968 in the Burgundy region by two pairs of brothers, with the strong encouragement of the local Catholic priest. The brothers had been working together in various ways for over ten years. Their first communal effort was in 1957, when they purchased a hay-baler with money furnished by their parents. In 1962 they formed a CUMA (see above), primarily because they could secure a price advantage in purchasing equipment. Throughout the 1950's a 10 percent discount or rebate on the dealer price of farm machinery had been available to all farmers, as a form of state subsidy. This was limited, however, by a ceiling of 150,000 old francs, if the buyer was acting as an individual. For a CUMA, there was no upper limit to the subsidy.

The experience with the machine cooperative encouraged them to consider a GAEC. When they completed the organization in 1968, the four members were farming 60, 69, 92 and 55 hectares, respectively, or a total of 276 hectares (682 acres). Of this, 73 hectares were owned land, and 203 were rented. All four had some rented land, but 59 of the 73 hectares of owned land were held by one individual. Among the four, they rented from 46 different landlords.

Coincident with the formation of the GAEC they bought an additional 200 partly forested hectares, giving them a combined

^{5/}

Drawn from field studies in 1967, 1969, 1970, and 1972. I am especially indebted to Denis Bergmann, Jacques Brossier, André Brun and Michel Petit for encouragement and aid in arranging interviews and interpreting results.

area of about 400 hectares (988 acres) of agriculturally usable land. The purchased land was essential to the creation of the GAEC, since much of their 203 hectares of rented land was in pasture. In the Charolais region, laws of the commune typically prohibit the plowing of pasture land. Rental rates for grassland in this area are set in terms of the average price of a given number of kilograms of meat on the Paris market in the preceding year. In 1970, for example, the range in rental rates for pasture land was from the monetary equivalent of 40 to 100 kg. of meat-value per hectare, in the commune in question. Assuming an average rental of 60 kg. of meat at a price of 6.15 new francs per kg., the rent for pasture land was approximately 370 new francs or roughly \$75.00 per hectare in the early 1970's. In contrast, rents for crop land are set conventionally in terms of the value of a given number of quintals of the crop per hectare, and in this region seldom exceeded 4 to 5 quintal per ha. At 1970 prices, cropland rentals rarely exceeded 200 to 250 new francs or \$40 to \$50 per hectare. No landlord would willingly permit pasture land to be converted to crop land, because of these rent differentials.

The GAEC provided an escape from this limitation on the conversion of pasture land to crop land. With financial assistance from the Crédit Agricole to enable them to purchase additional land and by pooling their rented and owned land in a GAEC, the brothers emerged with approximately two hundred hectares of crop land to balance their two hundred hectares of pasture land.

It is also probable that an additional incentive for creation of this GAEC was to escape statutory limitations on farm enlargement. One of the first successes of the National Confederation of Young Farmers (CNJA) had been enactment of a law in 1958 (the Réglementation des Cumuls d'Exploitations) that set minimum size limits on farm subdivision, and maximum upper limits on farm enlargement. These upper and lower limits vary by Departments and region, ranging from minima of 6 to 20 ha. and averaging 10 ha., to maxima of 30 to 100 ha. with an average of 50 ha.^{6/} Although exceptions were possible and enforcement was not uniform, the existence of these limits had been a barrier to farm size expansion, especially if financial help was desired from the Crédit Agricole. If a GAEC was formed, it was much easier to secure approval of farm size expansion. In practice, this has been a supporting argument for the establishment of GAECs in some regions.

The principal crops on this GAEC are wheat, barley, and rape, in about equal proportions of 60 to 65 ha. each. The division of labor is by function. One man does all the accounting and operates the combine; one does all the plowing and field cultivation. One does all the seeding, and cares for a sheep herd of some 80 ewes. The fourth is the cattle man, caring for a total of some 300 head, scattered among about 50 pastures. Some pastures have no water supply, and water must

^{6/} OECD, Structural Reform Measures in Agriculture, Paris, 1972, p. 140.

be hauled for the cattle, a very laborious task. They employed one full-time worker, paid 800 francs net per month, plus board, the use of a house owned by the GAEC, and payment by the GAEC of the employee's share of social security.

Each of the four families drew 700 francs per month as a provisional salary in 1969, the first full year of operation. The total distribution of profits at the end of the year averaged an additional 700 francs per month, for a total family labor income of about 17,000 francs for the year. Each member also received an income on contributed capital, ranging from 2,200 to 4,800 francs. Total annual family income thus ranged from roughly 19,200 to 21,800 francs or approximately \$3,840 to \$4,360 at then-current rates of exchange. This was by no means a handsome income, but the members regarded it as satisfactory in view of the heavy start-up costs of the new organization. In effect, organization of the GAEC enabled them to shift a part of their labor from the intensive care of animals (cattle, sheep, some dairying), for which the rates of return per man hour were low, to field crops with associated heavier use of machinery, and higher rates of return to labor. Capital intensity of the firm increased, labor intensity declined, and returns per man-hour improved.

A second GAEC case study involved an intensive dairy farm in north central France, organized by a father and his two sons. With a relatively large dairy herd of over 50 cows, the motive here was three-fold: to insure a labor supply for the milking task, to qualify for a construction grant from the Ministry of Agriculture for a new dairy barn, and to qualify for a highly subsidized loan at 4% interest from the Crédit Agricole, to buy more land. Under rules current in 1972, the Ministry of Agriculture would grant a subsidy of up to 400 francs per head of dairy cows housed ("per stanchion"), toward the construction of a new barn. By contributing as much of the construction labor as possible, the three GAEC members reckoned that this subsidy would cover roughly one-fourth of the cash cost of the barn. If organized as a GAEC, they stood a much better chance of securing approval of a modernization subsidy of this magnitude.

An even more important subsidy was available in the form of a long-term loan from the Crédit Agricole, to buy land. Before organizing the GAEC, the father was engaged in beef cattle production. With the aid of the 4% loan which was only available to the family if it organized a GAEC, he sold his beef herd of Charolais cattle, bought a dairy herd, and also bought more land. In effect, the family now has two farms, one that the father considers "his", and one about 2 kilometers away that is in the name of the oldest son. Both the father and the son retain title to the land in their respective names, and "rent it out" to the GAEC.

In this case the GAEC had permitted an expansion in the scale of the business, with more land and better buildings, and had created

a financial basis for a shift from beef to dairying. There is a touch of irony in this fact, since French agricultural policy for the past decade has stressed the need to reduce milk output and increase beef production. For the family involved in this GAEC, the relative prices of milk and meat, and the relative capacity of beef production and dairy farming to absorb and reward three man-years of labor input, led to a reverse shift from beef to milk.

Adding more land and shifting to dairying offered the prospect of keeping his sons "on the farm". This was the real stimulus for the formation of the GAEC, from the father's point of view. For the two sons, a very attractive feature of the GAEC was the prospect of occasional vacations and some opportunities for a "day off" in spite of the demanding labor requirements of a 50-cow dairy herd. For the women in the three families, an overriding stimulus for communal organization of a dairy GAEC was the prospect that they could be relieved of much of the heavy milking chore which had traditionally fallen to them.

This GAEC involved no significant shift in land use, or intensity of cultivation. The primary consequence was more land and a better barn, hence an increase in capital intensity, a stabilized labor supply, and a redistribution of labor among the family members. For the two sons in the group, the social value of having some help with the milking and of not being "chained to a dairy cow" was clearly a most attractive feature.

The first GAECs were organized during the winter of 1964-65, immediately following the issuance of implementing decrees No. 64-1193

and 64-1194 of 3 Dec. 1964 (see note 1 above). Initial growth was slow, with some 30 GAECs authorized in 1965. The number of approved GAEC total increased to 340 in 1966 and additions ranged from approximately 300 to 450 in each year from 1966 through 1972, as shown in Table 1.

In addition to the 2753 full GAECs at the end of 1972, approval had also been given for 239 partial GAECs, for a grand total of 2992 GAECs of all types (Table 2). The proportion of partial GAECs has declined slowly from 12 percent of all GAECs in 1967 to 8 percent in 1972, and 7 percent at the end of 1973. Through 1972, approval had been denied in 260 cases, and 144 GAECs had been dissolved. The rate of attrition is small but increasing. The number of dissolved GAECs was estimated at 12 in 1969, and 50 in 1970.

Summary data for 1973 show a continuation of the growth trend, with a total of 3,500 GAECs of all types as of 10 December 1973. These involved approximately 9,100 members, and a total area of 316,000 hectares, or just under 1 percent of the area of agricultural land in France.^{7/}

The typical GAEC is predominantly a family affair, as the data in Table 2 make clear. In 1967, GAECs involving parents and children or brothers and sisters were 58 percent of the total; by 1972 this had increased to 68 percent (2039 out of a total of 2992). They are also increasingly two-man farms. GAECs comprising two members only were 46 percent of the total in 1967 and 55 percent in 1972. In contrast, GAECs with 5 or more members fell from 10 percent of the total in 1967 to 5.6 percent in 1972.

^{7/}

Placide Rambaud, Les Coopératives de Travail Agraire en France, Ecole Pratique des Hautes Etudes VI, Centre de Sociologie Rurale, Paris, 1974, p. 160

Table 1: Growth in the Number of GAEC Total
by Year of Authorization^{a/}

Date	Annual Approval	Cumulative
Exact Date Unknown	7	--
1965	29	--
1966	340	376
1967	427	803
1968	317	1120
1969	456	1576
1970	404	1980
1971	342	2322
1972	431	2753

^{a/}

Source: Through 1968, H. Nallet, et al, op. cit., pp. 82-84; for 1969-72, provisional estimates by The Union des Groupements pour l'Exploitation Agricole (UGEA), Paris.

One of the most interesting trends revealed by the figures in Table 2 relates to size in hectares. The average GAEC reached its peak of 105 ha. in 1969, and declined 13 percent to 91 ha. (255 acres) by December 1972. With GAECs involving only two persons in 55 percent of the cases, comprising family members in 68 percent of the cases, and averaging 91 ha. in size, the "representative firm" among GAECs looks very much like a consolidation of two medium-sized family farms. As we shall see, this impression will be borne out in a number of significant details.

A second revealing trend concerns the increase in the proportion of GAEC land that is operated under lease. In 1967 leased land was 55 percent of the total area in GAECs; by 1972 this had increased to 62 percent. Almost all of the leased or owned land is held in the name of one of the members of the GAEC. In a detailed study of the land tenure status of 950 GAECs as of 1 June 1968, Nallet et al. found that land owned in the name of the GAEC was less than 4 percent of the total area, and land rented in the name of the GAEC from non-member landowners (instead of from one of its members) was only about 2 percent of the total area operated.^{8/} The GAEC device has been used to pool use-rights in land but it has clearly not been used to create an alternate holder of proprietary rights. The GAEC is definitely the creature of its members, resembling in many ways a personal (or two-person) holding company.

^{8/}

Nallet, et. al., op. cit., p. 42.

Table 2. Trends in Growth of GAECs in France, 1967-1972^{a/}

Characteristic	Status As Of December			
	1967	1969	1970	1972
I. <u>GAEC Numbers</u>				
Approved GAECs	910	1,734	2,190	2,992
Of which: GAEC <u>total</u>	800	1,576	1,980	2,753
GAEC <u>partiel</u>	110	158	210	239
No. of GAEC dissolved	?	ca. 12	ca. 50	144
No. of GAEC applications rejected	77	178	209	260
II. <u>GAEC Membership</u>				
Among parents and children	250	530	631	944
Among brothers and sisters	280	586	775	1,095
Among non-relatives	380	618	784	953
Two members only	420	881	1,228	1,645
3 to 4 members	399	727	919	1,178
5 or more members	91	126	143	169
With no hired laborers	415	916	1,235	1,793
With 1-2 hired laborers	330	586	728	923
Over 2 hired laborers	165	232	227	276
III. <u>GAEC Area</u> ^{b/}				
Total area in GAEC farms (ha.)	90,700	181,900	220,656	273,237
Of which: owned land (ha.)	40,300	82,900	88,021	104,710
leased land (ha.)	50,400	99,000	132,635	168,527
Average farm area per GAEC (ha.)	98	105	100	91

^{a/}

Assembled from reports of the Ministry of Agriculture and the Union des Groupements pour l'Exploitation Agricole, Paris, by Erich Schuler, "Steigende Zahl aber abnehmende Betriebsgrößen der französischen Gruppenlandwirtschaften", Innere Kolonisation, Vol. XXII, No. 5, May 1973, p. 130.

^{b/}

Includes both GAEC total and GAEC partiel.

The regional distribution of GAECs is sharply differentiated. As shown in Table 3 and Figure 1, just under half (46 percent) of all GAECs in 1970 were situated in five of the twenty-two regions. These formed two areas of concentration, one comprising Champagne, Bourgogne, and Rhone-Alpes, and the other Bretagne and the Pays de la Loire. With the exception of hill-farming areas of Rhone-Alpes and parts of Bretagne, these are all regions in which medium-sized peasant type farms are quite common.

In contrast, the five regions with the fewest GAECs accounted for only 8 percent of the total. These include the Paris region and Provence Cote d'Azur in which large peasant-type and commercial farms prevail, and Languedoc and Alsace with disproportionately large numbers of small farms.

These regional differences point up a major characteristic of the distribution of GAECs. They tend to be concentrated in areas with a preponderance of farms of medium size. They are relatively rare in areas in which the farm size structure is dominated by farms that are either very large or very small.

This is in part a reflection of official policy. Supporters of the GAEC legislation saw quite clearly that there would be little value in encouraging farming in common by pooling farms that were too small to provide a tolerable level of living for their numerous members. One striking fact that is shown in Table 3 is that in the five regions with the heaviest concentration of GAECs the number of members averaged under 2.5 per GAEC. In the five regions with the lowest frequency, the number of members averaged 3.3 per GAEC. It is clear that growth has been greatest in areas where two- and three man GAECs prevail.

Table 3. Regional Distribution of GAEC in France, as of 10 December 1970^{a/}

Region	Number	% Of Total	Agr. Used Land Per GAEC ^{b/}	Agr. Used Land Per Member ^{b/}	Ave. No. Of GAEC Members Per GAEC
	No.	%	Ha.	Ha.	Ha.
Rhône-Alpes	250	11.4	78	28.5	2.7
Champagne	231	10.5	160	66	2.4
Pays de la Loire	196	8.9	71	28	2.5
Bourgogne	173	7.9	140	61	2.3
Bretagne	157	7.1	59	25.5	2.3
Lorraine	130	5.9	123	50.5	2.4
Midi-Pyrénées	127	5.8	113	45	2.5
Aquitaine	112	5.1	94	27.5	3.4
Franche Comté	110	5.0	78	32	2.4
Poitou Charentes	106	4.8	107	44	2.4
Centre	105	4.8	130	55.5	2.3
Auvergne	80	3.6	115	43	2.7
Picardie	74	3.3	148	47	3.1
Basse Normandie	57	2.6	88	27	3.3
Haute Normandie	52	2.3	98	42	2.3
Provence Côte d'Azur	52	2.3	137	41.5	3.3
Limousin	48	2.2	100	27	3.7
Nord	45	2.0	74	24	3.1
Languedoc	37	1.6	98	30	3.3
Alsace	34	1.5	64	24	2.7
Region Parisienne	14	0.6	161	43.5	3.7
Total or Average	2,190	100.0	106	40.1	2.8

a/

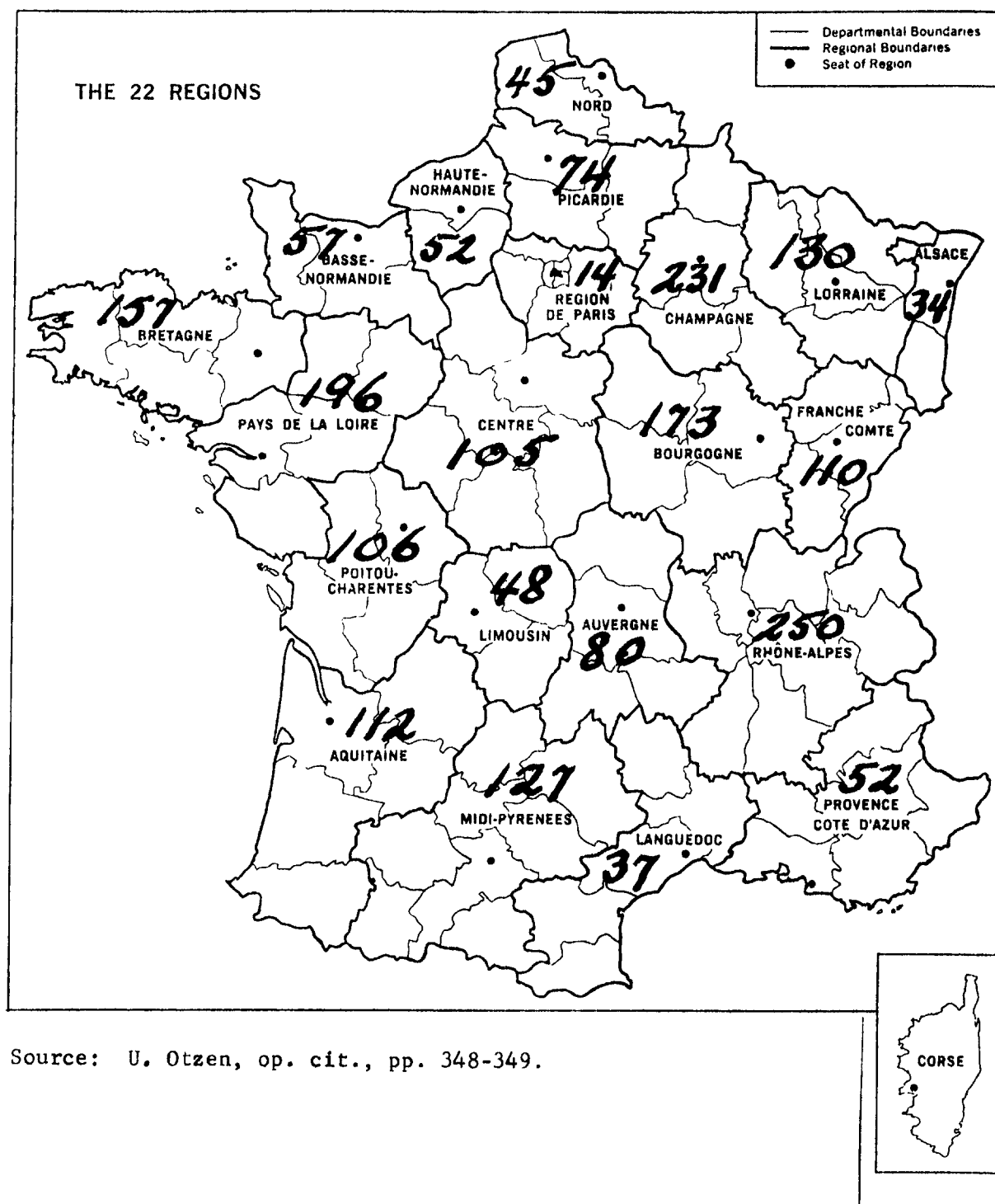
Including 1980 full GAECs (90.5%) and 210 partial GAECs (9.5%).

b/

As of 31 December 1969.

Source: Ministry of Agriculture, and UGEA, as consolidated in U. Otzen, "Entwicklungen und Auswirkungen von Betriebsfusionen, Dargestellt am Beispiel der französischen Gruppenlandwirtschaft", Agrarwirtschaft, Vol. 21, No. 10, October 1972, p. 348.

Figure 1: Number of GAECs, Total and Partiel,
By Regions, France, December 1970



Source: U. Otzen, op. cit., pp. 348-349.

Two other characteristics of areas in which the increase in the number of GAECs has been greatest call for particular emphasis. One is the close association between communal farming efforts of all kinds (GAECs, CUMAs, Producer Groups and CETAs^{9/}) and the execution of governmentally sponsored programs of strip farm consolidation (remembrement). The second is the strong influence of newspapers and journals that promote group farming. Rambaud grouped the Departments in three classes, those in which communal farming activity was strong, moderate, or weak, and compared them in terms of a series of indicators, including gross farm revenue, the degree to which consolidation of strip parcels had been carried out, security of tenure, professional education, extent of systematic farm book-keeping activity, use of cooperative marketing agencies, and subscriptions to journals devoted to cooperative and communal farming.

The strongest relationship was with strip farm consolidation. In Departments in which communal farming activity was weak, only 10 percent of the farm land had been consolidated. In the "strong" cooperative farming Departments, consolidation had been carried out on 40 percent of the land. A similar but less pronounced differentiation was found with regard to subscriptions to farm cooperative journals. In the weak Departments, 17 percent of the farmers subscribed to one or more journals, in the strong Departments, over 25 percent. Rambaud stresses in this connection the pervasive

^{9/}

CETAs are centres d'étude techniques agricole, or small groups of farmers organized cooperatively to promote extension-type self-education, under the guidance of a technically trained agriculturalist.

influence exercised by the journals of the Catholic Action movement, and especially the JAC or Jeunesse agricole chrétienne. A study in 1956 showed that these journals reached 19.4 percent of all farm households. In the Departments where communal farming activity is strong today, the rate of penetration of the Catholic Action journals was much above the national average, reaching 36 percent of all farms in twelve Departments of France de l'Est. In contrast, in eight Departments of the Mediterranean basin where group farming activity today is very **weak**, the Catholic Action press reached only 7.3 percent of the farms in 1956.^{10/}

Although the average size of GAEC farms has declined since 1969-70, they are still quite large by French standards. For all France, the average farm size in 1972 **was** 20 hectares. The average for all GAECs in 1972 was 91 hectares, and for the GAEC total, 99 hectares, or almost five times the national average. The size distribution of GAEC farms is also highly skewed. In 1969, ten percent of the number of GAEC total had 40 percent of the total area; 20 percent accounted for two-thirds of all land in GAECs. In terms of the value of foundation capital (capital social) the concentration is also **great**, though less sharply skewed, with 12 percent of the GAECs accounting for 40 percent of the basic capital, and 28 percent controlling 60 percent of the total.^{11/}

^{10/} Placide Rambaud, op. cit., pp. 84-87.

^{11/} Nallet, et al, op. cit., pp. 40, 44.

In terms of intellectual capital, the superior position of the GAECS is also noteworthy. GAECS members are better educated than the typical French farmer. In 27 percent of the GAECS all of the members have had some form of professional education. In an additional 37 percent, at least one of the members has had professional schooling. As a result, just under two-thirds of the GAECS have benefitted from access to formal professional training in agriculture. For French farmers as a whole, only eight percent have had this advantage.^{12/}

If we review the major characteristics of the GAECS that have been established to date in France, we are impressed with several facts. Perhaps most important is the relatively large scale of operation, given the strong role that perpetuation of the traditional French family farm played in the adoption of the original authorizing legislation in 1962. We are impressed as well with the strong role played by ideology in the organization and distribution of GAECS. They have been heavily influenced by the economic action programs of the Catholic church, and can fairly be regarded as an embodiment of Catholic rural policy in France.

On the economic front they have unquestionably created a better base for credit and, perhaps most significantly, have provided a better platform for the procurement of various types of French governmental subsidies available to agriculture. In this regard, they have

^{12/}

Rambaud, op. cit., p. 29.

reduced the total overhead cost of qualifying for various types of agricultural subsidy payments. They can be regarded as a rural institutional response to the development of a "grants economy" in French agriculture. The front-loaded cost of preparing requests for grants and financial aids are a burden on any organizational structure. These preparatory costs of qualifying for the distribution of public funds fall especially heavily on individuals at the lower end of the income scale. There are definite economies of size associated with the creation of the GAECs. One of the most important concerns the greater efficiency that is thus made possible in justifying requests for public subsidies, and satisfying public agencies distributing the funds that expenditure qualifications have been met.

In several important regions of France the GAECs have confronted a dilemma in the internal organization of their activities. Shifts in the domestic terms of trade among agricultural products in France since the formation of the European Common Market have tended to favor grain producers (and sugar beet growers) at the expense of producers of livestock products. The harmonization of internal common market agricultural prices began formally for grains on July 1, 1967 and thus coincides approximately with the beginning of the development period for GAECs in France. The relative increase in grain prices that followed full implementation of the common agricultural policy of the European economic community had the effect of making grain farming more attractive than the conversion of crops through livestock. The one exception concerns milk prices which were kept high on social grounds because of the widespread distribution

of dairy cows among small farms. The milk price became a proxy for a welfare program for low income and small scale farmers. The resulting periodic milk surpluses have dampened significant rises in the milk prices, whereas the sharp rise in world grain prices following the large purchases by the USSR in the summer of 1972 added a buoyancy to grain prices that has been lacking in the livestock sector. As a result, economic trends over the entire period in which GAECs have developed in France have tended to favor field crops over livestock.

The development of specialized farms concentrating on grain production can result in highly seasonal labor demands, and is successful only if high levels of mechanization can be achieved. The care of livestock has one overriding advantage in that it fills in the valleys between peaks in seasonal labor demand. Livestock provide a wide range of opportunities for the investment of family labor in **economically rewarding** enterprises on the farm, at a more or less steady rate over time. Returns per hour may be low, but the "security of employment" is high. Livestock enterprises are thus ideally suited to the type of family farms that the GAEC legislation seeks to support. And in fact, the growth of GAECs has been prominent in areas in which livestock play an important part in the mixed enterprises that characterize the medium sized family farms of the regions.

Economic trends have thus pointed to specialization in field crop production as the most rewarding way to modernize French agriculture in the past ten years. Social considerations and the need for steady employment opportunities point, in contrast, to farms combining a mix of enterprises with heavy emphasis on livestock as

most likely to succeed under conditions of group farming in which a major goal is to provide productive work opportunities for all members of the group. This dichotomy has plagued the GAEC movement from the beginning. There have been, in fact, relatively few GAECs in the principal cereal grain producing regions of France. The majority of GAECs are focused on a few principal livestock products or are engaged in a variety of enterprises in which animal conversion of pasture and field crops plays an important role.

The picture that emerges is that of GAECs torn between two conflicting goals: One is a desire to increase labor efficiency and labor income by mechanized field crop production. The other is a compulsion to include a high proportion of animal conversion activities in the firm in order to provide stability of employment and opportunity for the utilization of available labor.

Another dilemma concerns the structure of decision-making within the GAEC firm. Perhaps the most important goal in the minds of the originators of the GAEC idea was the achievement of full equality among all cooperating members. We have noted the repeated emphasis placed on this goal in the basic legislation. The ideological leaders of the GAEC movement have stressed the fundamental importance of the development of a communal work ethic, in which no member is dominant. They have seen this as most likely to emerge in full GAECs that involve non-relatives. Rambaud points out that 73 percent of all articles published in Agriculture de Group, the journal of the Union des Groupements pour l'Exploitation Agricole (UGEA) between 1960 and 1972 concerned GAECs total, and non-related members.^{13/}

^{13/}

Rambaud, op. cit., p. 36.

In spite of this strong promotional effort, we have seen in Table 2 above that 68 percent of all GAECs in 1972 were among relatives. For full GAECs, the percentage was 75. Approximately half of these involve a parent, almost always the father. In the traditional French rural family, as Mendras points out, "the sons of farmers have no independent social existence as long as their fathers are alive".^{14/} Traditions as deeply rooted as this have been slow to respond to social and economic change. The family tie has been perhaps the most powerful bond that has held GAECs together, yet it was a desire to break out of this rigid mould that led to the revolt of the young farmers in 1958 and the political pressure that resulted (among other things) in the GAEC legislation.

The question of communal decision making in GAECs involving only brothers is in many cases even more difficult to resolve. When a parent is involved, there is at least a traditional answer to the question: Who is in command? When relatives but no parent are involved, there is a strong tendency for the division of labor to be decided along craft or enterprise lines, as we have seen in one of the case studies above. The problem of communal decision making tends to be resolved by the creation of several "one man mini-firms", within the GAEC framework. Over time, it is not difficult to imagine that this could lead to the kinds of problems that have beset craft unions

^{14/}

Henri Mendras, The Vanishing Peasant, Innovation and Change in French Agriculture, Cambridge, Massachusetts, MIT Press, 1970, p. 213.

and guilds in the past. A jurisdictional problem in miniature could emerge in the GAECs.

Looking to the future, there are two additional problems that seem likely to increase in importance. One concerns the question of inheritance. Since title to land and buildings is retained in almost all cases by the individual members, difficult problems of valuation and compensation will arise if the children of present members decide they do not want to farm. If they offer to sell out, the remaining members of the GAEC may be unwilling to pay market prices for the real estate. If a concessional price is paid, the heirs of the former GAEC member can easily be persuaded that they have been cheated out of a part of their inheritance. The question of capital gains seems certain to plague the GAECs with the passage of time.

A related problem concerns part-time farming and off-farm work. A total commitment to farming is fundamental to the GAEC idea. This runs counter to one of the major trends of our time in developed economies that combine strong industrial and agricultural sectors. In the larger group farming experiments in Israel, and increasingly in Eastern Europe, a solution has been to bring the "off-farm work" to the farm, in the form of supplemental non-farming enterprises. These have involved agricultural processing plants, furniture making, small metal-working or plastic manufacturing activities, or the organization of teams to perform construction work under contract during periods of low seasonal labor demands on the farm. This has been the communal farming solution to the desire for increased income from non-farm work.

The GAECs are too small to permit this solution. It seems predictable that the GAECs will come under increasing strain with the realization that the rule that every member must work can be interpreted to mean that every member must work on the farm all the time. A greater flexibility will be required than is apparently provided by the existing GAEC framework.

In one dimension, GAEC members have been participating actively in "off-farm work", through their leadership activities in farm organizations. A certain pioneering spirit has been required in order to establish a GAEC. The members are much better educated than the average French farmer. They have been called an "agricultral elite", and the appellation seems deserved. In a sample study of 179 GAECs with 518 members, Nallet and associates found that 56 percent of the members held at least one position in a farm organization (syndicate, cooperative, CUMA, CETA, etc.). These were often leadership roles, with 19 percent of the GAEC members sitting on governing bodies, and 14 percent serving as President of their organization. In 12 Departments of the west of France, a separate study showed that GAEC members represented 0.3 percent of the number of farms but held 7 percent of the leadership posts in the farm organizations of the region.^{15/}

Some interesting parallels can be drawn between the GAECs in France and the family-farm corporations that have evolved since the 1950's in the United States. In both cases, the resulting firms

^{15/}

Nallet, et al, op. cit., Tome II, Novembre 1973, p. 38.

resemble large family farms rather than the new forms of farm business organization they seemed to promise. Both are relatively new institutions, have yet to meet the test of a severe agricultural depression, and have not resolved the problem of the "locked-in" member who wants out.

In economic terms, the financial results of the GAEC have not been better than those achieved on comparably large individual farms. They exhibit a tendency toward over capitalization and above-average indebtedness for farms of their size and type, but this is a generalization that can also be made about the larger family-type farms in many countries.

In concluding the most thorough available study of GAECs, Nallet and associates observe that the major advantage of the GAEC lies in the social sphere, and particularly in the opportunities they provide for members to have a regular "day-off", take vacations, and participate more actively in the social, professional and political life of their communities.^{16/} If they have not succeeded in creating a new work ethic, if they have not achieved financial results superior to those of individual family farms, these are still encouraging achievements.

^{16/}

Nallet, et al, op. cit., Tome II, p. 86.

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