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Workshop nr 4:

What conditions are needed for agriculture and rural areas to develop?

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First: We have to acknowledge the important role of agriculture in society, its multifunctionality :

- Producer of enough food of good quality, in a sustainable manner and to guarantee food security.
- Provider of services to society (so called « free public goods »), such as gardener of nature, by keeping a nice landscape and a good ecological environment (important for tourism) and by that improve the quality of life in rural areas and reduce its depopulation.

Second : We need policy measures which enables agriculture (the farmers) to fulfil these tasks :

- Agricultural policy and
- Regional and rural development policies.

The two policies are closely linked.

I. Agricultural policy

Guiding principle : Help farmers to help themselves, give them incentives.

Policy measures :

1. Improve agricultural productivity : Farmers in general want to improve their situation. Needed are a good education, agricultural schools, better inputs, an extension service, information systems etc.
2. Structural adjustments : small farms have the following 3 main options :
 - 2.1 get bigger, either by renting or buying more land, or by an intensification of the production (fruits, vegetables, poultry etc.) or

2.2 seek an additional income by providing services (e.g. agro-tourism, rural handicraft) or by taking an off-farm job, so called pluriactivity or

2.3 give up farming and rent or sell the land to other farmers; this however is only an option if the economy offers sufficient non-farm jobs.

In Switzerland the following structural changes occurred since 1950 :

Number of farms: from 220'000 to 60'000 today

Average size, all farms: from 6 ha to 20 ha today

Average size, fulltime farms: 30 ha today

Farm population: from 20 % to 4 % of total population

About 60 % of all farmers earn a substantial non-farm income.

Farm output (production) has almost doubled.

3. Improvement of infrastructure on farms and in the region : roads for better access, water and energy supply, irrigation, land consolidation, good housing, ... etc.

This require a good farm credit system. In Switzerland, in 1962, the Ministry of Agriculture installed such an agricultural credit bank, which is lending money for good farm infrastructure projects at a very low interest rate ; the repayments are used for new lending.

4. Cooperation among farms on all levels : buying inputs, using machinery, in marketing the produce etc.; setting up of cooperatives.

In Switzerland most of the milk processing and marketing is done by cooperatives.

5. Market and price policy with the following main goals :

- efficient distribution channels and food processing industries
- more direct marketing
- high quality produce, consumer safety
- no overproduction (e.g. milk quota system)
- reduce price fluctuations, in order to have more income stability

- protection against too cheap imports (e.g. by a variable import tariff), in order to guarantee the countries food security
- and others.

6. Direct income payments, decoupled, i.e. not production linked (WTO conform):
- for mountain farmers and
 - in the EU, since the Fischler-reform 2003 (in Switzerland 1992), for all farmers in order to pay them for the above mentioned “free public goods” (e.g. maintenance of landscape and other ecological services). Following the WTO-liberalization (1995) farm prices have gone down.

II. Rural development and regional policy measures

Goals: Diversification of the rural economy, strengthen the non-farm economy, such as tourism, handicraft, small industries and regional services (hospitals, health care, etc.). In the future we will see still more job-combinations: part-time farmers with an additional job.

Means: An important part of regional policy is to strengthen and modernize the infrastructure (roads, public traffic facilities etc.) – and the administration. Much can be achieved in self-help, e.g. by the creation of rural networks, by bringing all responsible people and organisations together. Also NGO's can be very helpful. The EU is giving financial support for good projects. Very important – even essential – is the setting up of a good functioning local and national administration. In regional and rural development as in many other policy fields the principles of subsidiarity and federalism have proved to bring the best results; i.e. give more responsibility and decision making power to local and regional authorities.

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