Discussion of the socioeconomic findings of the CAP Fitness Check Study

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One general comment on the study

- Huge literature review, but conclusions affected by the ‘publication bias’ of the scientific literature
  - Scientific publications are written to maximise publication success
  - Some topics are avoided, some methodologies are preferred

- E.g. the impact of CAP subsidies on agricultural productivity
  - Numerous complex technical efficiency studies (with impact often found to be –)
  - But rare publications on simple labour productivity (while impact probably +)

- The CAP needs a specific evaluation, with clear indicators
I agree with one main message of the study...

...That the CAP objectives are multiple and unclear

- Multitude of: overarching objectives, general objectives, specific objectives, priorities
  - No clear target results, no clear evaluation indicators
  - Consequence: interpretation of objectives and choice of evaluation indicators, are subjective
  - Also insufficient data to evaluate, hence choice of indicators is limited

- Example: ‘to increase agricultural productivity [...] by ensuring the optimum utilisation of [...] labour’
  - From the farmer’s point of view? (capital-labour substitution)
  - From the society’s point of view? (to maintain employment)
Another example: objective of income support

1. ‘The individual earnings of persons engaged in agriculture’
   - Most studies focus on farmers (operators)
   - My interpretation: also farm workers although almost never considered (few data, weaker lobbies)

2. ‘A fair standard of living for the agricultural community’
   - Analysts mainly focus on the distributional equity of payments across farms / farm sizes
   - My interpretation: impact of payments should not be assessed in terms of number of recipients, but whether there is a statistical impact (not correlation) of payments on (household) income, which is higher for those most in need
   - (most in need: to be clearly defined)
3. The case of small farms

- Considered unfair that they don’t receive CAP payments; but are still there, so one could ask: do they really need income support?

- Persistence of small farms in Central and Eastern Eur. because:
  - Agriculture is still a social buffer (few profitable alternatives in isolated rural areas)
  - Imperfect land, credit, output markets (prevent increase in size)
  - Psychological aspects (safety net in case a return of difficult times)
  - Demographic reasons (older, less educated farmers)
  - Specific national laws (low retirement pensions; inheritance laws implying land and asset fragmentation)

- Small farms survive with subsistence output, low input costs

- Do they need to be income-supported? Need of sound analysis
Some final question to stimulate the debate:

In terms of socioeconomic aspects, is the CAP still needed?

- Why a sectoral policy? OK if food security is at stake
- But a sound policy should not have diverse objectives (food security, income, environment, territorial development…)
- It may be more effective / efficient / equitable to have no CAP, but rather:
  - A comprehensive EU food policy: production of quality food (labels, food standards), reasonable food price for consumers; the whole value chain should be targeted
  - A EU social / labour policy: high employment rate, minimum income, minimum pension level; not only in agriculture but for all citizens