Distortion or fair market advantage?  Politics of truth' in the negotiation of the Common Agricultural Policy post 2013 in Denmark and Sweden

Rasmus Klocker Larsen, Sofie Joosse

Market regulation in European agriculture: distortion or fair advantage?

In the wake of the Health Check, which was completed in the end of 2008, the first visions for the Common Agricultural Policy (CAP) post 2013, are put forward by interest groups in the EU member states. The recent reform in 2003 and the Health Check stimulated the decoupling of production from direct payments, motivated by an ambition of a greater market orientation in accordance with WTO requirements. Some suggest that this aim to reduce international trade distortions has been implemented in parallel with a growing neo-liberal discourse in the agricultural commission (Erjavec and Erjavec, 2009). Yet, the simultaneous progression in conceptualising agriculture through the changing world views of productivism, via post-productivism, to multifunctionality has supported an increasing state regulation of agricultural practices, particularly with regards to agro-environmental measures (e.g. Björkhaug and Richards, 2007). Arguably, this reflects a dominance of two mainstream political steering instruments, namely the use of the market and the normalization of practices through coercion, respectively, which both rather rely on knowledge prescriptive approaches (Steyart and Jiggins, 2007) than on collective national or local negotiations regarding what comprises desirable rural development.

Still, the transformation of the agricultural policy into a rural development policy, as manifest e.g. through the modulation used to redistribute benefits between recipients in the Member States (LEI and IEEP, 2009), is widening the spectrum of possible stakeholders. This raises the need for multiple types of knowledge through negotiation and reconciling of interest. A foundational premise is here that what in the regulation of CAP is a `market distortion' to some, is a `fair market advantage' to others! Thus, the comparison of resource allocations is framed by divergent perspectives held by different authorities, interest groups and other stakeholders (see also Dwyer et al., 2008). The deliberations over the future of the CAP equally reflect a negotiation of what constitutes desirable forms of `sustainable production' and the `public good'.

The 27 member states of the EU thus have a difficult task ahead in agreeing on a CAP suitable for all regions and apt for the future challenges for the countryside, the agricultural sector and the environment. This challenge is well illustrated by the disagreements between blocks of member states on what constitutes the most desirable degree of regulation in the CAP. For instance, in December 2009, the French government organised a meeting to discuss the CAP post 2013 for which all EU member states were invited except for Sweden, Denmark, the Netherlands, Malta and the United Kingdom. The organisers of the meeting felt that these latter countries were too far removed from the other member states in their ambition of a deregulated CAP. This exclusion was
experienced as particularly unpleasant for Sweden, which then held the presidency of the EU.

A synthesis of perspectives from Sweden and Denmark

In this essay, the Groupe de Brouges (1) has asked us to sketch out some of the main points of debate regarding the future of the European Common Agricultural Policy in Sweden and Denmark, two nations, which are amongst the foremost spokes-countries for a deregulation of the CAP. We have chosen not to do a review of the respective government policies or lobby documents from interest groups; most of these are written in English and accessible online anyway. Rather, with the above as a backdrop, this essay examines a number of ideas and concerns of people working in and 'on' agriculture, seeking to bring out perspectives from 'the front line', as it were. We draw on interviews with more than 20 people who implement or are recipients of the CAP in Sweden and Denmark, as transposed and operationalised under the current regime. As such, we present a qualitative insight into the current debate, which does not aim to be comprehensive. Similarly, the analysis through which we present their perspectives invariably grow from our own preliminary and personal reflections on these insights, positioned within our experience working with agriculture and rural development. Acknowledging these limitations of what can be communicated in this essay, we still hope it does justice to the complexity of the questions at hand and will be of interest to those who will be involved in negotiating the CAP after 2013.

We use a framework which acknowledges that the formulation of visions for CAP post 2013 will now and in the next few years find expression in different forms of discourse regarding the future of agriculture and rural development. With inspiration from Anne-Lise Francois, we hypothesise that many who posit their visions will do so through narratives, which are casting history as necessity and the future as given. Let us illustrate this with an example from the USA, where Francois (2003, p. 44) observes that a covert determinism is evident when Monsanto and other public defenders of genetically modified organisms (GMOs) talk as if there were only one history of agriculture—a direct, unilateral course leading straight from the first seeds saved by humans to Roundup Ready soybeans. Lest we be criticised for taking a dogmatic anti-GMO stance let us bring also Francois's riposte (2003, p. 43) to an environmental movement dreaming of pristine nature: What do genetically modified crops and animals threaten: the given world and the possibility of unprompted movement toward the given, or the illusion that there is anything given at all? And if the latter, should we not be celebrating the chance to be set free of our lingering illusions of nature as an Eden whose bounty freely offers itself up? Below, we view the debate on the CAP as shaped by what Foucault has termed a 'politics of truth' (Barrett, 1991), here meaning the struggle to insert mental frames which determine what is seen as acceptable definitions of for instance the 'public good' in the evaluation of feasible policy options. In particular, we focus on the disagreements and perspectives on what constitutes fairness and distortion in market regulation under the CAP.

Discussion

Compared to many other EU countries, Denmark and Sweden have a strict regulatory approach on pollution from agriculture. In the greater part of both societies there is a widespread national self-conception that their agriculture is leading with regards to innovation and green agricultural practices, including animal welfare. It is thus expected that promotion of these standards under agro-environmental regulations in the EU will give a competitive edge in the market competition, especially with Southern and Central Europe, and also enable the export of green technologies with an increased economic gain (see also Mills and Dwyer, 2009).

Before Sweden entered the European Union in 1995, the country had started to deregulate the agricultural sector, including an abolishment of export subsidies and internal market regulations (Prop. 1997/1998). Instead, the government chose to fund the agricultural sector with direct support for specific public services, such as maintaining a good environment and a diversified cultivation landscape. When Sweden entered the EU, the agricultural sector was re-regulated and many
Swedish people felt this as a move backwards. Many Swedish citizens have reservations about the European Union, and especially the direct support to farmers is relatively often referred to as something costly and unnecessary (2). Ever since entering the EU, the Swedish governments have propagated, not unlike their national policy before, a deregulation of the CAP, a decrease in the CAP-budget and a modulation to rural development and environmental measures.

The Danish government similarly argues for a deregulation of the common policy, specifically a complete abolishment of the support under Pillar 1. Under the Health Check, the Danish line was that these funds should be channeled to agro-environmental measures and steps to avoid renationalization in the member states (3). It is in this line, that the Danish government strategy for 'Green Growth' from 2009 aims to promote a multifunctional agriculture which dually serves environment and production priorities. This shall happen through a merger of sectoral concerns enabled by technological innovation, deepened competitive advantage, and further modernising of agricultural legislation. Legislative changes have now been passed which for the first time permit corporate ownership of land and thus a significant upscaling of production. The Danish and Swedish advocacy for deregulation of the CAP is widely seen to be serving the interests of domestic agriculture rather than being simply an ideological push for market liberalization. In Denmark, this is explained by the fact that compared to the more specialized production in Southern Europe, the production is generally much simpler in character and large scale in the production of, for instance, hogs, wheat and rape in large quantities. The large-scale monoculture has a low value-chain effect but can out-compete the more specialized producers on a deregulated European market. Here, a problem rarely factored into the subsidy discussion is the increasing export of environmental problems through appropriation of land in other European countries, which have less agro-environmental regulation. This also reflects a wider concern regarding hidden environmental and social impacts of liberal agricultural trade policies (Würtenberger et al., 2005). It has been suggested that Sweden's position on deregulation can similarly be explained from domestic interests as a deregulation would benefit its small open economy, highly dependent on trade and therefore traditionally free-trade oriented (Rabinowicz and Hammarlund, 2008).

An alternative discourse to that which is manifest in current government policy making, is embodied by a number of environmental NGOs and labour organizations, who argue that whilst the benefits from export income and employment earlier could legitimate the agricultural 'externalities' on the environment, the environmental impact is now increasingly seen to outweigh these benefits. This is coupled to the claim raised by some civil servants that the discussion on subsidies frequently disregards the costs borne by the public in the form of tax money channelled to subsidize an indebted agricultural sector. In Denmark, this concern of a 'public burden' is connected to what is seen as a 'bubble' in land prices which makes subsidizing agriculture a high-cost business. It was suggested that many farms are technically insolvent, with farmers living off the rising land prices and subsidies. However, it is clear that also conceptions of what constitutes acceptable types of 'nature' are contested: whilst green NGOs argue for a conversion of unproductive land to more pristine ecosystems, many farmers and other citizens are content with their surrounding landscapes. Whilst environmental NGOs air frustration that targets are not reached, farmer organisations argue that nutrient leaching already is below 1950 levels.

In both countries there is a dominant view that the current Single Farm Payment (SFP) represents a significant improvement. A farmer stated that the Single Farm Payment is a sensible measure as it does not steer production, but leaves the farming strategies to the farmer but that it would be beneficial with a small percentage, around 20% of the SFP, for quality support. A support for inspiration and motivation, so that the farmer will undertake targeted actions for the environment and biodiversity. For many of our informants however, goal conflicts between existing payment schemes are a recurrent point of concern. This includes schemes which are seen to support individual farmers to pollute as well as fining/taxing for the same kinds of business. As several farmers in both countries stipulated, whilst the area subsidy is now largely decoupled, it still benefits certain forms of intensive agriculture because of the sheer size of these farms compared to other

http://www.agriregionieuropa.univpm.it
forms of production. This is explained by the fact that the SFP provides such an overriding influence that smaller and more targeted forms of incentives and schemes are frequently rendered impotent. For instance, one farmer stated that it often costs more (in terms of time) to apply for these funds than it will render (in terms of money) and that he therefore is not interested in them. This is also why a researcher working on the rural development program suggested that the SFP should be phased out as soon as possible, as it is so broad that it is of no use, it is too diffuse. He warns however that taking away the SFP may have unforeseen and unwanted consequences. In general, he would like to see a less complex body of rules, but does not believe in just taking away parts from the existing regulations, because the difficulty with the support system is that it is so complex that you do not really know what the effect will be. Especially if you simply change one rule or take away a rule.

The modulation between pillars in the Rural Development Programme allows each Member State to channel 20 % of the agricultural subsidies to rural development schemes. The size of this allocation is a point of much national discussion in which different discourses justify different allocation models. In Denmark, some rural planners suggest that the current limited national modulation largely benefits farmers and environmental priorities over a wider support to livelihoods in rural areas, where local action groups do not receive the support required. For both countries, this debate can be seen in a context where the liberalisation of agricultural trade and production provokes a fragmentisation in the country side, where income and performance gaps have widened between and within regions, with increasing cost of maintaining social cohesion (OECD, 2010). Others find that the modulation could be increased to fund what they see as more ambitious programmes for the development of organic farming or agricultural practices which incorporate climate change mitigation needs.

Conclusions

The European Common Agricultural Policy is, as other regional governance structures, which depend on a negotiation between diverse member states and interest groups, characterized by a high degree of inertia. Thus, it frequently has a hard time keeping pace with the evolution of the different needs and views of those who are parties to it. This is further complicated by the difficulty, raised by many of the interviewees, that decisions on the appropriate form of regulation more frequently owes to political assumptions of decision makers than the experience of civil servants and other implementers and clients of the policy. In this brief essay, we focused on some questions which emerge at this interface between political ambitions and stakeholder realities, and what they may mean for CAP post 2013.

The most significant conclusion, which can be drawn from this brief discussion, is arguably that underlying the national line regarding regulation of agriculture of member states such as Sweden and Denmark is a pallet of perspectives which must be factored in if the future policy regime shall be efficient. This requires that member states enable an inclusive dialogue in which divergent discourses are allowed to meet and negotiate the very differences in definitions of public good and fairness in a liberal market economy. The EU policy post 2013 may also have to provide more space and opportunities for ongoing national adaptation of the community objectives to national context. In Sweden and Denmark, agriculture is, perhaps more than other sectors, characterised by the peculiar situation in which the liberal ideals of free market meets deep rooted values of private ownership and citizen autonomy. This is a main contributing factor to the predominance of so-called voluntary’ measures under agro-environmental schemes in both countries, reflecting an attempt to strike a balance between state intervention and private control. Arguably, a multifunctional agriculture enabled through voluntary policy instruments requires a high degree of concerted action amongst national interest groups. To date, both Sweden and Denmark are struggling in this endeavour. We believe that there is a need for a greater attention to the ‘politics of truth’ as a vital part of the future CAP negotiation. This will require a collective deconstruction of broad notions such ‘market liberalisation’, ‘deregulation’, and ‘distortion’, which will have to be reconstituted in a

http://www.agriregionieuropa.univpm.it
negotiated process.

Note

(1) www.groupedebruges.eu
(2) The country however benefited much from being part of the internal EU-market and export increased in 1994 to 1996 with 40% (Prop. 1997/1998).
(3) See http://cap2020.ieep.eu/member-states/denmark

References

• Rabinowicz, E. and Hammarlund, C. CAP Reform profile Sweden. [link]