Multifunctionality of agriculture in the European Union: Is there substance behind the discourse's smoke?

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Multifunctionality of agriculture has been a question debated at international level for more than two decades and yet is not a generally accepted notion. The idea has been essentially promoted by the European Union in the context of trade negotiations and has been considered as a device, a smokescreen, manipulated in the service of continuing subsidize agriculture and protect it from international competition. The commonly held view is that this is a tactical position deprived of real substantive considerations. If some understanding for the position is acknowledged, a distinction is made between the recognition that agriculture fulfills other functions than food or commodities production and the denial that this justifies specific policies or treatment in domestic and international policy making.

Turning to the specific case of Europe, since the debate on multifunctionality emerged ie in the late-1980’s, Europe has undertaken deep policy changes of its agriculture policy. Often opposed by the agricultural constituency, the reforms were expected by a majority of the citizens and essentially driven by external constraints due to the domestic European agenda (budget, enlargement) or to the international agenda (GATT). Despite the controversies surrounding these reforms, a remarkable consistency in the successive moves can be noticed. This does not mean that the retrospectively clear doctrine was always apparent to the actors or witnesses of the debate. On the contrary, internal consistency was not accompanied by an easy-to-read political discourse.

This apparent paradox - consistency in substance and complexity in message – may explain why the European Union felt the need to embody the policy changes that had occurred - and were still to be implemented - in one single concept. This concept is “multifunctionality”. A much debated issue in itself, this concept seems to now have become a social – if not economic or political – reality. Seen as a smokescreen in international discussions, it seems to have evolved into a central organizing domestic political concept for the purpose of conducting reforms.

The purpose of this paper is to research the origins of the notion of multifunctionality in order to assess its nature and its function(s). It is argued that the multifunctionality concept is of a normative/discursive nature. Contrary to previous experiences of policy change, the conceptualisation process does not stem from academic or experts arena. The concept belongs to the process of policy exchange and change where it finds its roots and there is a sharp contrast between academic and expert work and the depth of societal debate over agriculture.

In exploring these origins, the analysis has to be conducted at different levels of policy making. Patterson (1997) has shown that agricultural policy reform in the European Community is a three-level game in which debates and decisions take place at national, European and international level. Negotiations and debates are not linear, they occur simultaneously at all levels and reverberate at each other. In the case of multifunctionality, the various debates are

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1 The views expressed here are personal and do not necessarily reflect the Institution’s positions.
inter-related and inter-connected. These articulations are decisive elements to assess the functions fulfilled by the political discourse. This does not only illustrate the process of consensus formation in the European policy making system. It also exemplifies the role of discourse in policy making: discourse can be used for various purposes and reasons and it is sensitive to timing and context.

Transformations of public policies can be analysed through different approaches which try to classify the complexity of reality. Our approach has consequences that will not be examined in detail. First, does this particular public exchange have roots in the transformation of technical and economic agricultural structures of production in Europe? How is it related to the economic assessment of i.a. the concentration of farms, diversification of on-farm activities, new relationships between farmers and distribution on the one hand and farmers and society on the other? Second, policy discourse used in the transformation phase can help change perceptions of the problems and trigger acceptance of the solution proposed. Once changes have been agreed upon, how far will the institutions in charge of implementing the changes (institutional arrangements, legal requirements, administrative measures on the ground, etc) really adapt to the new direction? The effectiveness of the intrinsic transformation of the common agricultural policy’s tools in favour of multifunctionality will not be examined here.

Section 1 starts with a broad overview of the attempts made at defining multifunctionality in the academic research and the international organizations. In conformity with the essentially political nature of the concept, we show that academic research has been influenced by political discourse rather than influenced it and that the approach taken by international organizations tends to evacuate the very reasons of the emergence of the multifunctionality concept.

In section 2, we turn to these reasons, ie the debates over agricultural policy in Europe which consistently intensified over the last two decades. We argue that multifunctionality is a discursive response to a legitimacy crisis involving long-standing and new values that explain the intensity and the specificity of the debate.

Section 3 examines the chronology of the emergence of the multifunctionality concept and discourse at all three levels of decisions making and tries to identify the timing sequence and to clarify how each level of the policy debate was involved. It appears that the European birth of the multifunctionality concept helps synthesize the diversity of national views, is part of the policy change process at European level and has deep roots in the history of the common agricultural reforms, but was primarily used in an international context at a moment where various processes of policy change were colliding.

In section 4, we identify more precisely the functions of this discourse and find that it tried to address different objectives at the same time: justifying public intervention, driving change and explaining new priorities.

We conclude by using recent contributions on the role of discourse in policy change and by applying them to the case of multifunctionality. The use of multifunctionality has evolved over time in connection with the necessities at the different levels of decision making. As political discourse can be used for presentational or communicative purposes, multifunctionality is a coordinative effort of the European institutions to propose a consensual view on agricultural policy as well as a communicative effort addressed to citizens and the rest of the world to explain this policy and its changes. The discourse is also sensitive to the context and has been used both to argue for reform domestically and to bargain minimal changes internationally.

1. What is multifunctionality?

Multifunctionality is not a European invention. It has first been recognised at international level in the Rio declaration on sustainable development in 1992 and later by the FAO at its World Summit in 1996. Born as a political concept, it has since then been a much debated and researched topic. Defining multifunctionality in scientific terms is a challenging task however. Literature is dispersed and an influential international organization (OECD) influenced in many ways the discussion by giving its own understanding.

1.1. Research follows politics

Extensive literature, essentially economic, has been devoted to multifunctionality or agriculture. They largely agree that multifunctionality of agriculture is the characteristics of producing both commodities and non commodities. Beyond that, however, economists have until recently considered multifunctionality a weak concept that deserved little theoretical significance (Barthélémy and Nieddu, 2004) or raised suspicions (Mollard, 2003). But because it became a central concept in the agricultural policy debate and an objective recognized internationally, researchers have recently given it more attention. The international controversies within the trade forum played a major role in this process. It is notable therefore that publications followed the policy debate rather than influenced it.
Research basically took note of the political reality and many recognize that multifunctionality is a political concept which has become a social reality (Petit 2002, Hervieu 2002, Potter and Burney 2002, Perraud 2003a). Given the exogenous character of the concept’s origin, research programmes seem to have been re-oriented to varying degrees. Laurent (2004) shows that some core issues or working hypothesis may be questioned by multifunctionality (for example the concept of activity/work/labour, the reference population, the approach and definition of a farm). Faced with these questions, attitudes vary from ignorance or denial, to ad-hoc hypothesis which limit themselves to the formal logic of the model, or to effective rectifications sometimes based on empirical analysis. Indeed, few attempts (Mahé 2001) have been made to theorize the concept of multifunctionality and most of the economic literature focuses on specific aspects of it. A tentative and rough classification of the literature – which is essentially European but significantly compartmentalized according to specialities and national/cultural horizons – shows three broad areas of interest.

A first segment, by far the most numerous, draws from the consensus on the theoretical framework of welfare economics ie externalities and their internalisation, and concentrates on each of its main categories of analysis. Many examine the issue of jointness of production and farm level interpretation. One of the most discussed questions is valuation of amenities’ supply, with a strong focus on environmental amenities (see for example Randall 2002, Aznar and Perrier-Cornet 2002, Lankoski and Ollikainen 2003, Mollard 2003, Ferrari 2004). Much effort is also put on the valuation of social demand (see for example Gomez-Limon and Atance 2004, Rambonilaza 2004). Another issue is market failure, which has long been acknowledged and seems to currently attract the attention of institutionalist approaches (Hagedorn, Barthélémé and Nieddu 2004, Slangen, Jongermeel and Polman 2004) who attempt to define institutional concepts to make multifunctionality work. This concerns notably property rights and governance structures. The last main area of discussion is the issue of private and public goods and the conditions for public intervention. Research here tends to focus on the definition of the appropriate policies and on recommendations for re-orientation of existing policies (Mahé and Ortolo-Magné 1999, Mollard 2003, Dobbs and Pretty 2004).

A second important focus of attention is the international impacts of multifunctionality. Interest for this area of discussion comes directly from the positions taken by the European Union in the WTO. It mainly discusses the conditions under which European positions could be made acceptable under current or new WTO rules (Blandford and Fulponi 1999, Swinbank 2001, Paarlberg, Bredahl and Lee, Petit 2002, Potter and Burney 2002) and rarely seems to attempt modelisation (Vatn 2002).

Finally, a minority of the research extends its interest onto rural economy and rural policy. It attempts to integrate multifunctionality of agriculture into a territorial approach of economic development (Gatto, Henke and Velazquez 2002, Mollard 2003, Van Huylenbroek and Durand 2003) and sometimes goes as far as applying multifunctionality to rural economy as a whole (Rodriguez, Galdeano and Cespedes 2004).

Issues of interest in the literature are diverse. It is difficult to draw a clear definition of multifunctionality. A first approximation could say that there is a consensus on the contributions of agricultural to economic and social development considered in its unity and that its official recognition reflects the will that these contributions be consistently and persistently associated and implemented in a satisfactory manner for the citizen (Laurent 2004). Some add: and in a satisfactory manner for third countries. There are, however, little attempts to draw general policy recommendations on the adjustment of policy tools to these broad objectives. This contrasts sharply with the academic input and the role of ideas in the 1980’s that led to major paradigm shifts both in academic thinking and policy designs in the 1990’s (Fouilleux, 2003).

1.2. The OECD framework of analysis

The most extensive attempt to give definition of multifunctionality is the work conducted by the OECD. This is the result of the 1998 Ministerial declaration which expressed shared goals: the recognition of multifunctionality of agriculture and the wish to ensure responsiveness to market signals (OECD 1998). From the outset, the OECD understanding of multifunctionality is placed in the international context of policy reform and trade liberalization. As to the analytical work, far from innovating it is based on previous work on non-commodity outputs of agriculture and follows closely the classic framework of analysis of externalities.

However, due to the difficulty of reaching an agreement within the organization, only a working definition is proposed. Multifunctionality is defined as a characteristics of an activity which produces multiple and interconnected results and effects; these effects may be positive or negative, intentional or unintentional, synergetic or conflictive,
and may have a value on the market or not (OECD 2001). Combined with a minimalist revision of previous research, the limitations of this definition appear in the classifications proposed.

The first distinction opposes sustainability to multifunctionality. Sustainability is defined as a resource-oriented, long-term, goal-oriented global concept. Multifunctionality is proposed as being an activity-oriented concept describing the characteristics of a particular sector. The policy consequence drawn from this distinction is that “if an economic activity is not compatible with sustainable resource use, there is a problem that needs to be addressed. By comparison, if an activity is not multifunctional, there is no imperative to make it multifunctional”. This is obviously a value judgement that can be discussed. Beyond that, sustainability and multifunctionality, albeit distinct, need not be incompatible. Indeed, once sustainability becomes a hierarchical policy goal, the various functions of an activity can and should contribute to sustainable development. The OECD report recognizes itself that the distinction is artificial.

A second working definition is the specific character of multifunctionality. The OECD argues that multifunctionality is not specific to agriculture. This again can be questioned. Not only examples of other activities – fisheries, forestry – are very similar in nature. But this position ignores what makes primary production specific: it is the use of natural resources and land, which are considered as public goods, and the jointness of production of non-commodity goods. It also minimizes the intrinsic characteristics of agricultural production, ie a strong market instability due to uncertainty of supply (climatic conditions) and rigidity of demand (constant food needs) which may question another public good, food security. In particular, there is a contradiction in acknowledging jointness and public goods in the production process and denying the specific character of agricultural multifunctionality without further identifying what other activities beyond primary production produce public goods and to what degree of jointness. Here again, OECD acknowledges discreetly that “there are also a number of questions that need to be addressed in agriculture which may not be of equal importance in other sectors”. It therefore implicitly recognizes that the issue may be that the degree of jointness of public goods production is so particularly high for agriculture that it makes its multifunctionality specific, or that multifunctionality is tightly linked to the specificities of the functioning of agricultural markets.

A third distinction proposed by OECD is between a characteristics and an objective, ie whether one considers that multifunctionality is a fact or a role assigned to agriculture. In other words, whether one takes a positive or a normative approach to multifunctionality. The report takes the positive approach, which is in part a consequence of the denial of the specific character of multifunctionality and of the choice made of minimally changing previous research on externalities. The attitude consists in avoiding what seems to be the origin of the discussion because “by placing multifunctionality in a “normative” context, the focus of the discussion would shift towards the societal objectives associated with agriculture in the various countries”.

Indeed, a positive approach based on a “non specificity” assumption will tend to try and assess the supply and demand of traded and non-traded goods in order to define social demand and to reduce the degree of jointness in order to limit public intervention to pure public goods (Perraud 2003a). This largely evacuates political and policy considerations until the valuation of public amenities becomes impossible and equity criteria must be used. On the contrary, the normative approach discusses the functions and objectives assigned to agriculture by society and enlarges the discussion to policy choices like equity issues (inequalities in the production process and impact on social values), property rights (discussion on private and public domain) or levels of reference (what are the minimal requirements and how to sanction non-compliance) (Delorme 2003c). This is indeed the core of the European debate on multifunctionality.

2. Why such an intense debate around multifunctionality in Europe?

Any public policy debate has deep roots. Limiting the analysis of agricultural multifunctionality to the valuation of non commodity outputs misses the starting point: multifunctionality in Europe is inserted in the wider public policy exchange. This is the deep legitimacy crisis of the European common agricultural policy. The depth and density of this policy exchange has to be measured against the stakes as they are perceived by society.

2.1. The legitimacy crisis of agricultural policy

Schmidt and Radaelli (2004) argue that European policy changes can be explained by five factors: the policy problems that establish the need for change; the policy legacies which may or may not be compatible with the proposed solutions; the policy preferences that may or may not change in the light of the problems and the proposed solutions; the capacity of the actors to respond to the problems through new policy initiatives; and the discourse that serves to alter perceptions of problems and legacies and therefore to influence preferences.
This approach applies particularly well to the case of the common agricultural policy. The policy problems have succeeded one another since the late 1980’s. The need to solve a major budgetary crisis and the risk of failure of a critical international negotiation (GATT) presided over the 1993 reform. It marked a turning point by deciding sharp decreases in guaranteed prices and by introducing compensatory direct payments to farmers. The looming budgetary crisis and the necessity to prepare for an historical enlargement of the European Union helped consolidating and deepening the previous reform in 1999. That meant the continuation and the extension of price cuts and a new approach to structural development more focused on the rural fabric and environment protection. The deep consumer confidence crisis following various food scares and the unfinished business of preparing for enlargement motivated the last reformative step in 2003. The EU took then the unprecedented step to de-link direct support from production and to condition it to environmental and food safety performance while attempting to distribute funding more equitably among farmers and regions.

Inevitably this iterative process left behind strong political legacies: on the one end, its mere existence was a demonstration that European most sophisticated policies were able to adapt and respond to an evolving environment; on the other end, the compromises necessary to reach an agreement within an inter-governmental framework were seeds of frustration and demands for further changes.

Since the late 1980’s, the legitimacy of the common agricultural policy is at stake, both domestically and internationally. The direct motives may have evolved over time but they revolve around one single issue: citizens, consumers or third countries question the legitimacy, both in terms of efficiency and equity, of a European policy whose original purpose was to serve the well being of a minority portion of the economic agents by increasing their production capacities and must now justify the many negative impacts on other agents (consumers, environment, third countries) of a highly visible and transparent budget. The justification and pedagogy have increasingly been difficult as the controversies were no longer restricted to professional circles and more and more held in the open. Consequently, the feeling of frustration augmented in parallel to the less-than-perfect compromises that heads of states or ministers eventually made to reach a final decision. The reality of the policy problems and the legacies of each previous policy change were, in short, at the origin of a deep legitimacy crisis of the common agricultural policy.

Despite the apparent permanency of positions, policy changes occurred because policy preferences of various actors did change over time. They allowed major breakthroughs (the European Commission initiatives in 1992 and 2002 to propose unexpectedly deep reforms) or innovations in policy solutions (France in 1998 and Germany in 2003 for example\(^2\)). However, the main characteristics of the two decades of agricultural reforms is the coherence of the reform doctrine: a European-wide agreement in favour of the liberalization of agricultural markets both at domestic and at international level; a similar consciousness, albeit varying according to Member countries, that public policies are necessary to support farmers’ income given the natural market disequilibrium; and an increasing awareness that a second reason for supporting agriculture is its non-sectoral outputs, which are highly valued by society (Perraud, 2004).

However this sophisticated reasoning alone would not have been sufficient for sustaining successive policy changes. The policy response had to be embodied in a policy discourse able to address at least four dimensions: explain the “world vision” of policy makers when applied to a decreasingly important sector of the economy; re-gain the citizens’ agreement that public funding should still continue to be allocated to such sector while providing benefits to society as a whole; maintain farmers’ acceptance of the sometimes drastic changes by balancing their private economic interests with public goods; assume the responsibilities of a world economic and political power by making the policy and its evolutions acceptable to third countries. The multi-dimensional character of the debate took time to find its discourse. The multi-level use of the concept – addressed both to a European audience as well as to trading partners – complicated the process. It is argued that multifunctionality was to fulfil this function of policy discourse.

2.2. The specificity of the issue

The fact that the multifunctionality concept is part of a difficult reform process of a policy as a whole is probably not sufficient to explain the intensity of the controversies surrounding it. It has something to do with the subject matter itself. Multifunctionality came at a time where the political environment had changed. There are four main explanations of the specific character of the issue of multifunctionality in the European context. Each of them is connected to the emergence of new actors in the public policy debate.

\(^2\) See Section 3.1.
The first is the intrinsic link with the use of natural resources and land. These are increasingly scarce resources that European societies value more and more for ecological, land management and territorial development reasons. While agriculture was increasingly requested to fulfill other functions than food production, the European Union was debating on the means to promote economic and social cohesion on a regional level and sustainable development on a European level, and developed various policies to this end. The debate on multifunctionality, actively supported by environmental non-governmental organizations as well as local and regional authorities, is intimately linked to the search of public policies aiming at a balanced and sustainable development in Europe.

The second dimension is the relation to food. Here, following dramatic food scares in the late 1990’s and early 2000’s, consumer organizations have questioned the inability of public policies to ensure that safe food is brought on the market by food producers. They contrasted this situation with the situation of self-sufficiency of the European market: in their view, policies should no longer be concerned with the quantitative aspects of food production, which had been the primary objective of the common agricultural policy since its inception, and should turn to new regulating functions ensuring food safety and consumer information. This augmented the scepticism about traditional farmers’ support through high prices or income support.

Thirdly, the debate on the globalization of the world economy penetrated the agricultural public policy forum by contrasting local production of food with global markets of basic commodities. Groups from the anti-globalization side of the debate, joined by some farmers’ organizations, highlighted the necessity to take account that most food products are produced locally for regional markets and bear strong identity markers that should be retained and protected by public policies. They emphasised that the market tends to favour standardized commodities and products and fails to remunerate such externalities as traditional food processes.

Finally, the issue met with the inequalities in food security and poverty in the world. The new sensitivity to development issues, largely due to the active engagement of development-oriented non-governmental organizations, brought agriculture under a new light. The debate was no longer only about how reducing trade distorting effects of domestic policies that were detrimental to other competitive exporters. It brought about a new awareness that domestic policies were needed in developing countries for food security and poverty alleviation purposes and that one’s legitimate policies needed not to contradict other countries’ legitimate policies. This was a strong motivation for a search of convergence between European and developing countries’ concerns and influenced more generally the re-orientation of European trade policy towards a more development-friendly attitude (Van Den Hoven, 2004).

The discussion over multifunctionality is part of the policy reform process which Europe underwent. It has become controversial and publicised as it penetrated new areas of concerns for society. The process by which the issue was brought to the forefront should now be examined more closely.

3. **How did the multifunctionality discourse appear... and disappear?**

The method chosen here is to trace back the origin of the multifunctionality discourse in the area of political decision. We are here concerned with the development of the concept and its functions in the process of policy change in order to answer our main question : was it built in response to genuine substantial concerns or conveniently used to protect some tactical positions and interests? The development of the multifunctionality concept can be traced at all three levels of policy making in Europe – national, European and international - since they were all concerned by the reform process. An important question is therefore also how the different levels of debate and decision were articulated. The diversity of views across Member States must be highlighted for it had direct consequences on the European birth of the multifunctionality concept. As regards the European level, given the essentially European nature of the common agricultural policy, the main sources are European institutions’ statements for which detailed comparative reading reveals the semantic evolution of the discourse on multifunctionality. In addressing each level of political decision, our interrogation will be twofold : identify the timing sequence and clarify how each level of the policy debate was involved and reverberated on others.

3.1. Diversity of views across Europe

Member States are concerned in very different ways and to varying degrees with agriculture and with the common agriculture policy. Their influence on the European political debates depends largely on their share of the agricultural

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See Section 3.2.
output and of the European programmes. This is why the examination of the national debates tends to be restricted to some Member States and will be limited here to four of them.

Agriculture policy in the United Kingdom has benefited from a long standing consensus dating back to the 1980’s (Delorme, 2004a). This consensus gives priority to the free functioning of the market, which plays in favour of the comparative advantages of British agriculture, while it recognises market failure at valorising externalities. These externalities were initially understood as environmental externalities but are now given a broad interpretation encompassing rural development as a whole (the “countryside”). This approach is influenced by British production structures and based on a dualist approach to agriculture, which has been institutionalized in a long-term strategy by the Labour government in the years 1999-2000. On the one hand, policies should acknowledge the concentration process of farms in two categories of large and small businesses with medium-sized farms disappearing progressively. On the other hand, rural areas are composed of many diversified economic activities of which agriculture is only a small portion. However, as in urban areas, rural areas suffer from natural, economic or social handicaps, including small farms, and these must be corrected by appropriate policies.

Consequently, the dominant vision is a policy where large competitive, commercial farming should not receive public support while multi-produce small farms should receive a targeted support as part of the wider support to rural areas (Delorme, 2004a). This approach to agricultural policy does not envision agriculture as fulfilling various functions of which some are valuable to society. It was therefore initially at odds with the “continental” vision of multifunctionality. It was suspicious about its motivations – defending traditional support to agriculture ? – and could at most see it as accompanying the movement towards a dual type of agriculture. In other words, to be acceptable to British policy makers, multifunctionality ought to be focused on environmental outputs and used as a discourse explaining a transition process.

In Germany, by contrast, the situation has never been consensual. This is the direct result of the division of agricultural production structures. Their heterogeneity increased following re-unification to the East and is now reflected in the heterogeneity of the regional agricultural policies4 (Perraud, 2004b). In the South of the country, the predominant small and fragile family farms are considered as an essential part of the territorial and social balance. The wealthy Southern States have been able to replace the decreasing federal funding in the 1990’s and to subsidize farms through environmental programmes aimed at sustaining production. In the North-West, agriculture is competitive and States have disengaged from agricultural policy (especially income support) and target their action on environmental programmes reserved to fragile ecological areas. In the new Eastern States, agriculture is potentially competitive but is still in a process of deep restructuring, which is given priority attention. Given the relative poverty of these States, there is a strong dependency on federal spending that goes largely to direct income support (arable crops production), while regionally financed environmental programmes receive low funding.

This dispersion of structures and policies has had direct consequences on the views regarding the role and missions of agriculture. The German debate during the 1990’s has in many ways condensed the heterogeneity of views in Europe (Perraud, 2004b). As regards multifunctionality, the situation has been fairly chaotic. Until 2000, the political discourse at national level was slowly disengaging from the traditional protective attitude in favour of the Southern small farming. The new discourse, which the conservative government engaged and the social-democrats followed, was pointing at the need to increase competitiveness, accept concentration and stimulate diversification where farming was not economically sustainable. That triggered strong suspicions in the South, where multifunctionality was introduced in the discourse on agriculture. However, the concept of multifunctionality was not understood as responding to specific functions of agriculture and to societal concerns but aimed at defending new policies (environmental measures, support to agro-tourism, etc) compensating income differences where farming is not economically viable.

This debate was further complicated by the BSE crisis in 2000 and the apparent radical shift undertaken by the German agricultural policy. Led by a new Green farm minister, the reaction to the food scare was violent, society abandoned its idyllic vision of agriculture to turn it into a massive rejection, and policy makers put into question all previous policies. The means devised to respond to the crisis were essentially of a normative nature. The process of food production in its entirety became the priority, hence the imposition of new environmental, health, animal welfare norms and the accent on alternative ways of production (organic, etc). This new vision of agriculture’s role in society, driven by a regulatory approach, does not aim at devising policies according to agriculture’s different functions. It fits with the previous approach of encouraging the transformation of production structures towards a

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4 Agriculture is a highly decentralised competence in Germany.
more competitive concentration, but gives precedence to rules over financial incentives to achieve this goal (Perraud, 2004b). This development had a strong impact on the development of the multifunctionality concept at European level. In order to be acceptable to the new German majority view, the concept had to include a strong regulatory component in the food safety and environmental fields. On the other hand, the Southern vision of multifunctionality was considered as a minority and conservative approach in Germany.

Spain is yet another case. The diversity of production systems is wider than in Germany, but the consensus on agricultural policy has been relatively stable since Spain’s accession to the European Community. Since then, the CAP has been considered as providing the financial and regulatory means to modernize production structures and liberalize agriculture (Rueda Catry, 2004). This concern about competitiveness had however to face two challenges: the inequity of CAP allocations between Member States which was unfavourable to Mediterranean productions and the dropping number of farmers in rural areas with economic and social backward development. This concerned a large part of the Spanish territory, in particular the Central and Southern regions.

The strong and rapid structural change in agriculture and its impact on rural economy explain why the Spanish concern since the 1980’s has been economic and social cohesion in rural areas. With unemployment being the main problem, the consensus has been that rural development should be supported through a global approach including not only agriculture but all factors of rural development. European and national rural policy should therefore give priority attention to development of all sectors. As far as agriculture is concerned, environmental protection and support to the functions of agriculture which are not remunerated by the market was the priority of rural policy. This territorial approach and the implicit acceptance that agriculture had to be re-oriented mainly towards commodities where Spain had comparative advantages did not leave much space for a strong thinking over the functions of agriculture. The paradigm was rather economic and social cohesion and the debate over distribution of European and national funding (Rueda Catry, 2004).

When the European debate on multifunctionality did enter the Spanish policy exchange, the main actors essentially brought it into their pre-established framework. Hence the rightist political party, who has traditionally very close ties with the main farmers’ organization, held the view that policies implementing the multifunctionality concept should give priority to the traded goods and serve mainly to maintain farmers’ income. The leftist parties were more divided between some who supported this view and some, close to small farming, who saw multifunctionality as an opportunity to re-orient public support towards alternative production models, in particular family farming, in order to sustain agricultural employment and social cohesion (Rueda Catry, 2004). This generally distanced position on multifunctionality was going to have a bearing on the construction of the European concept. In order to be understandable to Spanish ears, it had to contain a strong territorial dimension and have direct consequences on the way in which European schemes would be distributed among Member States and regions.

By contrast, France was certainly the country where the soul searching about agriculture’s functions was the most wide-ranging. Like in the United Kingdom, a public debate was organized in the years 1998-1999 and asked about the functions of agriculture. The common understanding was that agriculture was an important economic sector that warranted public policies but whose role was being questioned by society (see for example Bouët 2001, Hervieu 2002). And like in Germany, following food scares, the reaction was a call for a strong re-orientation of agricultural policy towards less production and more attention to environment, food safety and animal welfare. This led the socialist government to propose in 1998 a new omnibus law on agriculture whose cornerstone was multifunctionality. The law assigned three functions to agriculture, an economic, a social and a territorial/environmental function. There was a clear departure from the traditional predominant view that agriculture policy should help France increase its production and its export potential. The concern was to privilege quality products and the European market because there was also a clear sense that new international trade negotiations would put pressure on export subsidies and on domestic market opening. In addition, the inequity in the distribution of direct aids within France itself was weakening general support to agriculture policy, including within farmers’ organizations (Delorme, 2004b).

Multifunctionality was clearly used as a transformative concept to adjust agricultural policy to new social demands and therefore restore its legitimacy. It justified the introduction of new conditionality of direct payments according to economic, social and environmental criteria. This was a way to re-distribute direct payments among French farmers. However, the exercise could only have limited impact without a European decision changing the general rules governing direct payments. New discussions on the reform of the common agricultural policy coincided with the French agenda and were used by the French government to introduce a “modulation” mechanism in the name of the social and environmental dimensions of multifunctionality (Delorme, 2004b). Since then, despite the inevitable rent-
seeking reactions which limited the extent to which reality was changed, the concept of multifunctionality has become a new social consensus accepted in 2002 by a new conservative government. By its ambitions of using multifunctionality as a new paradigm for agricultural policy, the French debate was going to be the most influential on the European discussion. Not only did it bring theoretical and political justifications to change policy at European level while preserving a public policy to counteract market failures, but it also was necessary to the national government to allow him to change its own domestic policy instruments.

More generally, we have shown that the European birth of the multifunctionality concept is deeply rooted in the national debates on the place of agriculture and on the role of agricultural policy. This diversity reflects largely the diversity of the national political contexts and production structures. It is to be noted that the national debate is the most sensitive to the evolution of the economic situation of the sector. In a period of policy change, this diversity within Europe and the uncertainty it generates created the need not only for doctrinal coherence but also for a policy discourse providing policy makers with common policy narratives and frames of reference.

Diversity also explains to a large extent the hesitations and the ambiguities of the European concept. Over the years, it became clear that a common emphasis was put on environmental protection, territorial/rural development and production methods. This was going to be directly expressed in European positions. However, the concern for social equity or the unspoken objective to maintain subsidies levels through multifunctionality are ideas which are much less shared across Member States. This largely explains ambiguities in the European discourse and the difficulty encountered to change policies in these areas. Similarly, in all countries the policy exchange on agriculture “adopted” the discussion on multifunctionality albeit to varying degrees. However, its function in the policy change remains ambiguous (Perraud, 2004a). It seems that two different functions are given to multifunctionality: one uses it as accompanying the transition to a reduced role of agriculture; the other uses it as a new paradigm to maintain some place to agriculture in a new economic and political environment. None seems to have decisively been adopted at European level.

3.2. Flashback on CAP reforms

The diversity of views within Europe only partly explains the need for a concept expressing a consensus on the role of agriculture and the future of the CAP. The emergence of the multifunctionality concept has also its own dynamic. One has to go back as far as the 1993 reform and its preparatory documents to find the first traces of the concept of multifunctionality at European level. When presenting its motivations for a deep reform of the common agricultural policy, the European Commission was essentially motivated by economic efficiency concerns. The six main reasons for reform were clearly spelled out: an uncontrolled increase of production going beyond consumption; raising stocks and exports of surplus creating tensions with trading partners; an in-built stimulation of intensive practices which had negative environmental results; unjustified inequalities in farmers’ income support; no improvement in farming income; a European budget crisis. The objectives of the reform were also clearly identified. For the first time, a link between agricultural production and land occupation was made and the multiplicity of functions of agriculture was underscored:

“Sufficient numbers of farmers must be kept on the land. There is no other way to preserve the natural environment, traditional landscapes and the model of agriculture based on the family farm as favoured by society generally. (...) It implies a recognition that the farmer fulfils, or at least could and should fulfil, two functions, namely those of producing and of protecting the environment in the context of rural development (...) Concern for the environment means that we should support the farmer also as an environment manager through use of less intensive techniques and the implementation of environmentally friendly measures”. (European Commission, 1991).

If the germ of multifunctionality was clearly present, its components were not yet defined. Although it was considered that

“farmers undertake, for the society as a whole, a wide range of tasks which would be difficult to perform without the intervention by the Community authorities, given the special nature of agriculture” (European Commission, 1992),

the concept was relatively narrow. First, the number of functions clearly identified is was low as two, economic production and protection of the environment, although it already contains a distinctive character of the discourse on multifunctionality, which is to consider it as a factual characteristics of this activity as much as a public policy objective (“at least could and should fulfil”). Public authorities were indeed convinced of the existence of
externalities but had to emphasize the failure of previous policies at ensuring a positive relation between agricultural production and environmental quality. Second, the need for justifying the existence of a common agricultural policy was already being strongly felt, but the discourse was a mix of long standing justifications based on the notion of the “specificity of agriculture” (security of supply, stability of prices) and new concerns reflecting society’s values and views on economic development (environmental protection, adjustment of production structures to new competition patterns, link with the rest of the economy in rural areas). These new concerns were the origins of two of the main innovations of the reform: agri-environmental measures and direct aid to farmers as a compensatory measure for loss of income due to price cut.

The 1993 CAP reform was accompanied by policy changes in other areas, notably a new emphasis on territorial development in the form of a rural dimension to the increasingly important regional and cohesion policy. This was going to have profound consequences in the way rural local actors were going to perceive agriculture. A first step was taken with the first European Conference on rural development in 1996 in Cork. Gathering under the auspices of the European Commission all types of economic actors, public authorities and non-governmental stakeholders involved in the development of rural areas in Europe, the event was decisive in forging a consensus on what should be the new objectives of the common agricultural policy. Emphasizing diversity of the European rural areas and the need to ensure public acceptance of agricultural policy, the Cork declaration situated agriculture as one only among many activities in rural areas and considered agricultural policy as a continuous process of reform:

“Agriculture is and must remain a major interface between people and the environment and the farmers have a duty as stewards of any of the natural resources of the countryside”. But the common agricultural policy “will have to adapt (…) in terms of consumer demand and preferences, international trade developments and the EU’s next enlargement”. “Shift from price support to direct support will continue”, “farmers must be helped in the adjustment process”, “justification for the compensatory payments of the 1992 CAP reforms will be increasingly challenged”. The consequence for rural development policy was that “public financial support for rural development, harmonised with the appropriate management of natural resources, is increasingly gaining acceptance”. (European Conference on Rural Development, 1996)

The policy conclusions drawn from this analysis were both substantial and methodological. First, the main objective should be sustainable development in all its social, economic and ecological dimensions, and therefore an increase of resources for rural development and environmental objectives was necessary. Policies in favour of the latter should sustain the amenities of rural landscapes (natural resources, biodiversity and cultural identity). Second, rural development policy should be designed in an integrated, multi-disciplinary and multi-sectoral way “encompassing agricultural adjustment and development, economic diversification, management of natural resources, enhancement of environmental functions, promotion of culture, tourism and recreation”. Finally, there was a call for policy makers “to play an active role in promoting sustainable rural development in an international context” (European Conference on Rural Development, 1996).

These conclusions were going to be at the direct origin of the creation of the “second pillar” of the common agricultural policy. They were strongly influenced by the new European context which was giving more and more emphasis to the notion of sustainable development as a guiding principle of European policies. The notion that agriculture, as any other sector, should contribute to the various dimensions of sustainable development was not explicitly spelled out but was clearly the basis of the call for change. This did not, however, extend to a description

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5 The notion that agriculture had to be treated differently from other sectors was directly imported from the position held in the GATT negotiations which were taking place at the same time.

6 “No one-sided and therefore potentially dangerous dependence on other countries”; “the CAP must protect the internal market against cheap imports and any excessive fluctuations on the world market (…) In case where no such external protection is possible, subsidies are paid to make the prices of the Community products competitive with those imported goods”; “one of the tasks of agricultural policy is to regulate markets, thereby ensuring the stability desired by all concerned”. (European Commission, 1992)

7 “In many areas modern farming is approaching its ecological limits (…) It will become an increasingly important task of the CAP to maintain a sensible balance between economy and ecology and between environmental and agricultural requirements”; “Obviously, the solution cannot be to force thousands farmers into unemployment. If agriculture is to have a real chance of developing and is to perform its many and varied functions within society as a whole, agricultural policy must promote structural change and enable farmers and farm-workers to benefit from general prosperity and development”; “In many rural areas agriculture and related sectors are still the determining factors in the economy. Agricultural policy, therefore, has a decisive influence on general economic policy and on regional policy”. (European Commission, 1992)
of its functions. The participants to the conference were also acutely aware of the international dimension. Coming from essentially non-agricultural sectors, they did not perceive it as an external threat on domestic policy choices but rather as a given to use positively in the process of change and to promote the European way.

The European Commission’s interpretation of the Cork declaration was faithful to much of its philosophy but also introduced important new dimensions to the policy discourse. In July 1997, it proposed its guidelines for what was called the “Agenda 2000” reforms (European Commission, 1997a). Strikingly, the call for continuing the reform process was not based on a sense of economic urgency or efficiency as was the case in 1991-1992. The first years of implementation of this reform were bearing fruits but new issues were looming. The Commission put the emphasis on these long-term issues, amongst which the forthcoming new international trade negotiations, the future enlargement to the Eastern countries, new consumers concerns, the growing society’s understanding for environment. The concern of justifying continued public support to agriculture was spelled out but the message was reassuring: public support for the protection of natural resources was better understood. The hint at what would become one of the main arguments in favour of multifunctionality was there: agricultural policy was also about supporting public goods going beyond the sole agricultural sector. In other words, the driving force for the proposed solution was the search for sustainable development in its three dimensions: competitiveness of the European agriculture providing food safety and quality; income stability for farmers, which helped to continue justifying direct support as a compensation for price decrease; environmental protection.

While the main concept was sustainable development, the idea of multifunctionality was not entirely stabilized. It appeared indirectly, in a vague manner and in very particular context. First, agriculture was assigned new missions, environment protection and rural development. The old idea that agricultural policy was about security of supply had gone away! Second, the concept of multifunctionality applied indifferently to agriculture as well as to rural areas. A new CAP dimension was warranted to sustain income and job creation through activities diversification because “Rural areas are multifunctional”. Finally, the European Commission felt the need to define the “European model of agriculture” as the main conceptual background for the new directions. Policy makers were in search for one single concept that would capture all dimensions of agriculture and agriculture policy. The characteristics of the European model were presented by repeating the motivations for reform: competitiveness without “excessive” subsidies, production of commodities but also preservation of the landscapes’ diversity, safe and environmentally respectful production, diversity of structures and traditions, expenditure justified because they fulfil functions that society expects from farmers. But most interestingly, these characteristics were presented in contrasting Europe with the rest of the world. Only then the identity between the “European model of agriculture” and multifunctionality appeared clearly:

“This model is not the one of our main competitors”; “agriculture has fulfilled for many centuries multiple economic, environmental, social and territorial functions and missions. This is why it is essential that multifunctional agriculture be spread over the whole European territory, including regions with specific problems”. (European Commission, 1997a)

The political discourse was clearly in need of a single concept to explain and convince about the proposed reform. While the objective of the policy change was identified - sustainable development -, the rationale for the solutions proposed had to be found in opposing European identity to the rest of the world. This was done in direct relation to the prospects of new trade negotiations.

The political and discursive nature of the first appearance of the notion of multifunctionality is confirmed in two instances. The first is the technical document which supported the main communication (European Commission, 1997b). In listing the challenges facing rural areas and agriculture, the Commission services used the standard arguments of welfare economics to explain how public policy should intervene in the provision of environmental amenities by private agricultural agents. They did not, however, go beyond and try to conceptualise the functions played by or expected from agriculture. The second instance is found in the conclusions of the Berlin European Council in March 1999 who sealed the agreement on the CAP reform and the wider Agenda 2000 package. In a rather unusually clear statement of intent, the heads of state and government confirmed that multifunctionality together with sustainability was the objective of the reforms. The discursive role of multifunctionality could not be more clearly inscribed within the policy change process:

“20. The European Council welcomes the agreement reached by the Agriculture Council at its March session on an equitable and worthwhile reform of the Common Agricultural Policy. The content of this reform will ensure that agriculture is multifunctional, sustainable, competitive and spread throughout
Europe, including regions with specific problems, that it is capable of maintaining the countryside, conserving nature and making a key contribution to the vitality of rural life, and that it responds to consumer concerns and demands as regards food quality and safety, environmental protection and the safeguarding of animal welfare.” (European Council, 1999)

But was multifunctionality really so central in conceptualizing and explaining the reform process? 1999 contrasts with the discourse used in the years 2001 to 2003 during the next round of policy changes. The contrast goes in three directions. The first is the decision taken by the European Union at the European Council of Gothenburg in June 2001 to submit all its policies to a “sustainability test”. The three dimensions of sustainability were made explicit and the common agriculture policy was singled out among the new priority to “manage natural resources more responsibly”:

“19. Sustainable development (...) requires dealing with economic, social and environmental policies in a mutually reinforcing way”; “the CAP should, among its objectives, contribute to achieve sustainable development” in a precise number of areas of action (production methods, renewable raw materials, biodiversity). (European Council, 2001)

The European Commission immediately translated these broad orientations into new directions for the common agricultural policy. Following the BSE crisis in the recent years, Commissioner Fischler emphasised food safety and precaution, environment and methods of production as priority concerns to be addressed in order to redress the prevailing negative image of agriculture. On the one hand, one should “reorient support from the CAP to reward healthy, high-quality products and practices rather than quantity”. On the other hand, the goal should be “in the mid-term review of the CAP, (to) improve the agri-environmental measures so that they provide a transparent system of direct payments for environmental services” (European Commission, 2001). In a direct response to German concerns and approach, a cross-compliance scheme (eco-conditionality) was proposed. These orientations were going one step further in connecting directly the policy change to the broad and common concept of sustainable development. This step was later explicitly taken by the European Commission in its guidelines for the 2003 reform (European Commission, 2002).

The second contrast between the two last rounds of reform resides in the attitude towards direct support to farmers. The European Commission made it clear that they were no longer justified as compensation of price cuts that took place years ago and had to answer criticisms made against their impact on the environment or their unfair distribution. In an unspoken shift of philosophy, the Commission characterized them as income support justified by the nature of agricultural markets (prices instability). This was instrumental to the idea that such payments should be totally de-linked from production, more fairly distributed amongst farmers and supportive of public goods objectives like environment. In a response to French and Spanish concerns, the European Commission proposed mandatory mechanisms to re-allocate direct aids between farmers and to poorer and more agricultural regions under the rural development scheme (the so-called « modulation »). In a persistent will to make agricultural policy more acceptable to citizens, the paradigm of sustainable development was therefore directly used to bring to the fore social equity issues and new means to increase environmental constraints on agriculture.

The last contrast flows from the previous considerations. Multifunctionality had disappeared from the language used to explain the reform. In a similar manner, external factors were less prominently mentioned than in previous rounds and considered as one of the constraints that the Commission had considered in devising the proposals. As WTO negotiations became more active early 2003, trade was mentioned but first in a less defensive manner than in the past and then was even used as an offensive tactical argument. The argument was, however, about specific issues within the WTO negotiations and no longer about a general principle position on multifunctionality (European Commission, 2003). The change in tone and in referential was confirmed by the Agriculture Council who approved the reform in June 2003:

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8 See presentations at two Commission seminars in April 2001 and April 2002 (http://europa.eu.int/comm/agriculture/capreform/archive/index_en.htm)
9 “Although the Commission’s objective are to fulful domestic needs and expectations, these modifications will also allow the European Union to adjust to external challenges”, ie enlargement, sustainable development and developing countries concerns, and reduction of trade distortions (European Commission, 2002).
10 In a direct allusion to US policies, the reduction of trade distorting practices would be effective only if other trading partners would also reform their domestic policies.
“The Council recalls that farming in the EU is not only about producing food and fibre. A sustainable agricultural model requires a policy spread throughout the European territory, economically and socially sustainable and environmentally friendly, market-oriented and simpler”.

The reform “constitutes the limits of the Commission’s brief in the WTO round”; “the margin of manoeuvre provided by this reform in the DDA can only be used on condition of equivalent agricultural concessions from our WTO partners”. The EU “does not intend to, and will not pay twice in order to conclude the round. Europe has done its part. It is now up to others to do theirs”. (Council of the European Union, 2003)

It has been much publicised that the timing and the content of the 2003 reform had been influenced by the WTO agenda and that the European Union used this domestic opportunity to improve its negotiating position, in particular by isolating the United States (Fouilleux, 2004). However, much less notice has been made of the words chosen to produce and then explain this reform. Why was the notion of a European model of agriculture still present but no longer identified with multifunctionality, rather aligned on sustainability? Why was multifunctionality implicitly referred to in 2003 while it seemed to have become the main discursive concept in previous years?

3.3. The real issue: WTO negotiations?

These interrogations bring us to the third level of analysis, the international game within the GATT and the WTO negotiations on agriculture. The reason is not only linked to the analytical method. It is also a necessary step due to the nature of the subject. Multifunctionality has indeed been an idea launched and promoted by the European Union within the world trade system. It provoked intense controversies on its nature and objectives, to the point that it has mainly been understood as smokescreen, a pretext used to continue subsidizing agriculture without accepting new constraints on domestic policies (Swinbank, 2001). The positions taken by the European Union may shed some light on what was the real issue.

While the concept of multifunctionality can be traced back in 1991 in the domestic European debate on agriculture, the first official document on this subject submitted by the European Community to the WTO dates 1998. It is important to note that this is the only comprehensive attempt made by European policy makers to define multifunctionality. This was done in an international context. The timing corresponds also to the work undertaken internally in the framework of the Agenda 2000 reform. It is no coincidence that Europe was then able to explain what the idea was about since it was in the middle of a domestic reform process. It is also significant that the submission was made before the launch of any real WTO negotiations. The prospect of such negotiations was however sufficiently certain11 to already raise deep concerns in Europe, particularly as concerned domestic subsidies for which Europeans feared they had vulnerabilities.

The submission emphasized the specific character of agriculture and the European preferences while taking some distance with the classic analysis of externalities:

“The role of agriculture is not only to produce agricultural goods at the lowest possible cost”; “Agriculture provides services which are linked to the land and are mainly of a public good character”. The functions are “preservation, management and enhancement of the rural landscape, protection of the environment, a contribution to the viability of rural areas”; “These functions are not simply externalities of the agricultural production function (...)

“It is a fact that the European society does care about the multiple functions of agriculture and therefore policies to ensure their support have been established”; “In order to be sure that the functions of agriculture will be undertaken, public intervention is necessary”. (European Community, 1998)

This position followed a rather classical line of argument in the European context. In an international forum, it was obviously weakened by two factors. The first was the absence of a convincing reality check since the second reform of the common agricultural policy was being debated and had not yet been adopted. The emphasis on environmental and rural development measures was therefore at odds with the CAP as it had been developed since 1993. The second weakness was in the argumentation. It could be understood that multifunctionality served to defend all kinds of subsidies without taking account of their impact on trade:

11 Either as part of a European effort to launch a new global round of negotiations or as the follow-up to the mandate given by the Uruguay Round agreement.
“Given the interdependence between the various functions of agriculture, supporting the other functions of agriculture cannot be seen as completely separate from its production function ... (This) requires policies encompassing agriculture as a whole”. (European Community, 1998)

The ambiguity was going to be reinforced by the position taken in preparation of the new round of negotiations, particularly before the Seattle Ministerial Conference in 1999. Orientations were first given by the European Council in March 1999 and made a clear link between the newly adopted Agenda 2000 reform and the WTO:

“The European Council acknowledges the scale of the efforts being made to curb the budget and exercise rigour in implementing the Common Agricultural Policy decided within the framework of Agenda 2000. The efforts made, notably in terms of reducing support prices, represent an essential contribution by the European Community in stabilising the world’s agricultural markets. The European Council considers that the decisions adopted regarding the reform of the CAP within the framework of Agenda 2000 will constitute essential elements in defining the Commission’s negotiating mandate for the future multilateral trade negotiations at the WTO.” (European Council, 1999)

Later, the Agriculture Council made an explicit link between multifunctionality as a feature of the European agricultural model and the objectives of the European Union for the new negotiations. The approach was essentially defensive (“safeguarding the future”) in contrast with the more confident message sent by the Berlin conclusions some months ago. The concept of multifunctionality was clearly used as a shield against what was perceived a threat to the newly reformed agricultural policy. In addition, the position contained again two important ambiguities. The first was a reiteration of a - defensive - descriptive approach of agriculture’s functions mixed with what Europe expects from agriculture:

“Safeguarding the future of the European Model of agriculture as an economic sector and as a basis for sustainable development is of fundamental importance because of the multifunctional nature of Europe’s agriculture”. “European agriculture as an economic sector must be versatile12, sustainable, competitive and spread throughout Europe”. (Council of the European Union, 1999)

The second ambiguity was in the relationship established between multifunctionality and the various chapters of the negotiations:

“Direct aids can contribute to some of the missions of multifunctional agriculture particularly in the field of rural development”. “An appropriate balance has to be struck in the outcome of the negotiations between trade and non trade concerns, most of which result from the multifunctional role of agriculture or are intended to answer legitimate concerns of the rural world and of consumers. This applies in particular to the multifunctional role of agriculture including environmental protection, safety and quality of food and animal welfare”. (Council of the European Union, 1999)

By associating multifunctionality to the trade distorting “blue box” subsidies as much as to the less contentious non trade distorting “green box subsidies” or non trade concerns, the clarity of the argument was weakened and raised strong suspicions on the real intentions of the European Union. However, it should not be surprising that institutions could only promote and defend what existed at that time. Given that the newly reformed CAP was still strongly based on direct payments classified as blue box, they had to defend the blue box. As only a tiny part of these direct payments were directly linked to multifunctionality purposes (least favoured areas payments, beef cattle premiums in remote areas), it may in retrospect appear as a tactical mistake to associate these payments with the main European flagship in the negotiations. This position immediately triggered a strong reaction by trading partners against the concept of multifunctionality, who took it as a smokescreen protecting the status quo. The intense controversy that followed had its part in the failure of the Seattle meeting.

The controversy reverberated in the subsequent position taken by the European Union in 2000. Faced with strong opposition within the WTO but also outside in the form of anti-globalization protests, emphasis evolved in three ways. Multifunctionality was presented less as a characteristics of the agricultural production process than as a condition to secure public support to trade liberalisation:

“The EC believe that in order to achieve [the negotiations] goals, it is vital to muster strong public support, which can only be achieved if other concerns are met, in particular the multifunctional role of agriculture,

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12 In French : “multifonctionnel”.
which covers the protection of the environment and the sustained viability of rural communities, food safety and other consumer concerns including animal welfare”. (European Community, 2000)

Faced with the accusation that the concept was so broad and vague that it may justify any public subsidy or protectionist trade measure, the position tried to be more precise. Moreover, concerned with the rejection of developing countries, it signalled that the concept encompassed developing countries concerns:

“The specific role of agriculture as a provider of public goods should be recognised. This is all the more important in order to muster public support to the process of further liberalisation of trade in agriculture. In this context, the multifunctional role of agriculture, which, in both developed and developing countries, includes its contribution to sustainable development, the protection of the environment, the sustained viability of rural areas and poverty alleviation should be recognized”. (European Community, 2000)

The position could not, however, overcome previous ambiguities relating to direct support. The reason was still the need to defend existing policies in the absence of a clear framework for the WTO negotiations, but more precision was provided:

“Direct aids can contribute to some of the missions of multifunctional agriculture, namely protecting the environment and contributing to the sustained viability of rural areas and poverty alleviation”. (European Community, 2000)

The evolution of the position was further confirmed by the European proposals for modalities in the agricultural negotiations early 2003. The timing of these proposals is decisive. The WTO new round of negotiations had now been officially launched after the agreement on a work programme in Doha in late 2001. This agreement had secured the main strategic European objectives in respect of domestic policies: it included the continuation of the blue box, it recognized the need to review the green box and acknowledged the necessity to take account of non-trade concerns. Therefore, the discourse did no longer require the same emphasis on multifunctionality as before. In addition, in mid-2002 the European Commission had made its proposals for a new reform of the CAP. Although the debate and controversies were going on, these proposals had already enhanced European efforts’ credibility in reforming domestic policies. As they had the intended effect to give more negotiating room of manoeuvre, the reform proposals also allowed some relaxation of the multifunctionality discourse in the WTO.

This context directly explains the characteristics of this contribution. It no longer referred to multifunctionality, emphasized the right of countries to pursue their own course without giving precedence to the European model and listed the components of multifunctionality with a targeted vocabulary. Moreover, as the perspective of a strong decoupling of direct support had been proposed and the need of blue box-type payments therefore decreased, the language on the blue box referred non longer to general principles but to its very original utilitarian function i.e. serving as a temporary measure accompanying reform:

The EU objectives were “further substantial liberalisation on a fair and equitable basis and the right to maintain a model of agriculture which addresses the need to ensure environmental protection, rural development, food safety and other consumer concerns”. The blue box “has been an essential element for reducing the most trade distorting support”. (European Community, 2003)

The defensive role played by the multifunctionality concept in the negotiating discourse at international level could not be made clearer when it disappeared once strategic objectives had been secured. As we have seen, this does not mean that the label did not have deep roots in the process of policy change undertaken over the years.

* This section has shown that the European, national and international levels of policy making closely reverberate on each other (Patterson, 1997). These policy exchanges are stimulated by timing coincidence. The period 1998-1999 was particularly conducive to strong policy debates and to the need for a policy discourse. Indeed, three processes were going on at the same time: at national level, two influential Member States were engaged into a public questioning over the role of agricultural policy; at European level, the second CAP reform was being discussed and innovated with a new emphasis on rural development; at international level, Europeans knew that they had to prepare for difficult new trade negotiations. This period represents a peak in the use of the concept of multifunctionality. Since then, while the understanding of its components seems stabilized and helped devise new reforms under the influence of new national and international debates, the label is no longer so prominently used. In fact, Europe seems to be hesitating between multifunctionality – with its emphasis on the functions of agriculture - and sustainable development – and its emphasis on policy goals.
It is however clear that the national and the international levels are decisive in explaining the formation of the concept of multifunctionality at European level. On the one hand, the concept itself stems from the concern of one particular Member State (France) and has served to convince another Member State (United Kingdom) in their efforts to adjust agricultural policies to new society’s concerns. On the other hand, the discourse has been used as a bargaining argument in the WTO before any real negotiation took place. This explains that once the negotiations were launched to the satisfaction of European objectives, tactics advised not to insist on the concept any longer.

Finally, one should note from the comparison of the successive discourses accompanying reform rounds that multifunctionality helped explain the two last rounds without being based on an economic analysis as the 1993 reform was. In other words, while the first reform was essentially based on economic efficiency concerns and used public goods as a side argument, the following reforms were primarily politically motivated, hence the need for a political concept.

4. The many functions of the European multifunctionality concept

The multifunctionality concept is the product of a political questioning on the role of agriculture in today’s society. This results on the one hand from the evolutions of agricultural practices and their impact on the environment and on the other hand from the regression of agricultural employment and therefore of its contribution to economic and social cohesion (Perraud 2003a). Going back to the OECD terminology, it is clear that the European approach is a normative one. The understanding is also of the specific character of agricultural multifunctionality. The existence of a unique policy among other European Union policies is a witness of this European understanding.

Being a normative concept, multifunctionality fulfills specific functions. It is possible to identify three intertwined functions to it. It justifies the existence of agricultural policy, the need for change and the necessity to underscore environmental and rural development concerns.

4.1. Justifying public intervention

Our chronological analysis at national and European level has shown that multifunctionality is above all a political concept constructed to continue justifying support to agriculture by public policies. Fouilleux (2003) argues that a crisis occurs when the compromise governing a policy can no longer be renewed. Various factors can be at the origin of the crisis. In the case of agricultural policy and multifunctionality, we saw in section 2.2. that the entry of new actors was a powerful drive for change. This was particularly the case in France and in Germany where both countries significantly renewed policy discourse and instruments following an intense public debate. The same process operated at European level. In addition, because the European political system is still a fragile one, another factor identified by Fouilleux was at work : the crisis can endanger, or can be perceived as endangering, the legitimacy of those responsible for perpetuating the compromise. At European level, the first body concerned was the European Commission. From all its positions, it is apparent that the efforts put into the justification of the much contested common agricultural policy were ultimately explicable by the concern to perpetuate the political compromise over European institutions.

Doing so and addressing the diversity of views within Europe was a difficult task. As we have seen in section 3.1., national attitudes towards agriculture depend on cultural and political contexts as much as on agricultural production structures. A linear discourse explaining in a rational manner the complexity of agriculture policy could not meet with the variety of understandings and expectations in Europe, nor with the intensity of the legitimacy crisis. There had to be one single easy-to-understand political discourse. The concept of multifunctionality was the best synthesis found by European policy makers to respond to the urgency to find a renewed legitimacy of agricultural policy.

But why was there ultimately a need to legitimize a public policy that had been there for the last three decades ? We tried to identify in section 2 the main factors which brought the debate over multifunctionality to the fore. They are proximate answers to the main question : why do citizens no longer consider that an agricultural policy is warranted ? Slangen, Jongeneel and Polman (2004) offer a valuable ultimate explanation : the public has been used to consider the amenities provided by agriculture as ordinary externalities of agriculture production because they were provided for free in the past. They were “normal” deliverables in the implicit social contract between society and agriculture. As the German example so vividly illustrates, the discovery that the deliverables may be destructive for the environment or public health or that society may have to pay to enjoy the private delivery of public amenities was a violent wake-up call. The debate then turns to the price society is ready to pay to benefit from the functions expected from agriculture. In other words, to the discussion over a new social contract.
The political justification did not only take place at European level. Multifunctionality was used by the European Union primarily as a bargaining argument in trade negotiations to defend the right of countries to conduct domestic policies aiming at non trade objectives. The same process that conducted to a domestic legitimizing exercise took place at international level. New actors – developing countries – renewed the debate and obliged European policy makers to argue their case differently. In addition, the debate on development was so intense that it put into question the consistency of European development, trade and agricultural policies and ultimately, the social compromise over European external economic policies. Not only did this debate lead to a modification of the trade policy and its discourse into a “pro-development” policy (Van den Hoven, 2004), but as regards agriculture, it led to an extension of the multifunctionality concept into specific concerns of developing countries13. Before coming to terms with the external pressure, we saw that the multifunctionality concept was loaded with ambiguities, for it initially was used as a shield against external pressures for reform. That was the main original sin of the concept : it was partly used and therefore understood as defending the status quo.

4.2. Driving change

This brings us to the second function of multifunctionality in the European policy discourse. Multifunctionality is not only a static concept used in a defensive way. It is also a dynamic orientating principle used in the policy change process to reform agriculture policy and to explain this change. From the successive motivations of policy reforms, we saw in section 3.2. that a European-wide synthetic orientating principle was necessary to explain and justify the proposed changes. We also noticed that the activity-based concept, to use OECD classifications, was more and more closely connected to the resource-oriented concept of sustainable development. This should not surprise us as agriculture is an intensive user of natural resources and therefore a potential important contributor to the improvement or the degradation of sustainability.

As the European policy for sustainable development evolved and became more precise and sophisticated, so was the multifunctionality discourse. Three dimensions have clearly emerged to guide the reform process, responding to the three main functions usually attributed to multifunctionality and echoing the three dimensions of sustainability. The economic side of the argument maintains the traditional view that agricultural policy should increase the economic efficiency, hence competitiveness, of the agricultural sector. In other words, multifunctionality fits the liberalization agenda pursued since the early 1990’s. By comparison, the social aspect is newest. It is based on the assumption that agricultural employment remains a strong factor of social cohesion in many rural areas, even if maintained in economically non-viable farms. It also involves the assumption that agricultural policy should be distributed fairly across farmers and regions. The social argument has therefore come to question the equity of agricultural policy. This aspect could not have surfaced in the public debate if economically driven reforms had not made direct support to farmers more transparent. Finally, the environmental aspect entails the many functions that were initially underscored as the non-traded outputs of agriculture. Today, the approach encompasses both a concern for reducing negative externalities and for increasing positive externalities. After having long been translated into incentives involving increase in funding, it is now also increasing obligations upon farmers by using regulations and putting conditions on the granting of aid.

These three aspects developed over time and were not all present to the same extent in the policy debate. As we have seen in section 3, it is paradoxically when the concept seems stabilized and the reforms are the most wide-ranging that the word multifunctionality no longer prominently figures in the policy discourse. We saw that without the international policy dimension, this would not be explainable.

4.3. Explaining new priorities

One constant feature however is the accent over environment and rural development. This is the third function of the concept of multifunctionality. The explanation certainly lies in the origins of the first reform in the early 1990’s which justified an overhaul in traditional market support not only on economic efficiency grounds but also on ecological considerations, ie the environmentally destructive impact of intensive agriculture generated by the support system as a whole. Nowadays, environmental and rural development considerations are the most strongly related to the legitimacy crisis of European agricultural policy. They are the main argument used to explain to different audiences both the need to maintain and the need to change income support to farmers. As in the case of the equity issue, the progressive transformation of the main policy instruments, which was based on economic efficiency grounds, now puts the burden of proof on the environmental side of the argument.

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13 We don’t discuss here the role played by international pressure in the reforms of the agricultural policy.
The legitimizing discourse is addressed to consumers, citizens and farmers. To consumers, the multifunctionality principle continue to bring the search for low prices through the increase of competition brought by liberalization, but it also has developed into a quality insurance in the form of regulations and incentives to farmers. As to citizens, multifunctionality serves to explain the continuation of the same level of budgetary expenditure in direction of agriculture, but distributed in a more equitable way and most importantly, in a manner which allows redistribution in favour of public goods valued by citizens. Finally, multifunctionality and its policy implications are also addressed to the most concerned, the farmers. Although they are asked to adjust to liberalized markets, they are also remunerated for the private provision of public goods.

Conclusion

Defining the purpose and effect of ideas and concepts on policy design is a difficult task. We tried to examine the concept of multifunctionality in situating it in the context of policy change on Europe. In doing so, we took the view that policy discourse matters on certain instances and when it does, it exerts a causal influence on policy change. Policy discourse “helps create an opening to policy change by altering actors’ perceptions of the policy problem, policy legacies and “fit”, influencing their preferences, and, thereby, enhancing their political institutional capacity to change”. Discourse can more precisely be described as “representing both the policy ideas that speak to the soundness and appropriateness of policy programmes and the interactive processes of policy formulation and communication that serve to generate and disseminate those policy areas” (Schmidt and Rafaelli, 2004).

Multifunctionality is a political concept fulfilling the role of policy discourse in the process of reforms of the European common agricultural policy. The multifunctionality discourse appeared after the first policy changes had already generated an active public policy debate and when more profound policy changes became inevitable for efficiency, equity and legitimacy reasons, and institutional capacity to make these changes acceptable and understandable, both at European and national levels, had to be increased. Indeed, the timing dimension is particularly important. The concept appeared at a critical moment when the three levels of European policy making where subject to intense questioning and debate over agricultural policy. This was the convergence of, in the years 1998-1999, national debates in two important Member States, a European negotiation over the reform of the common agricultural policy and the anticipation by all actors of forthcoming international trade negotiations.

Multifunctionality contains the two dimensions of the Schmidt and Rafaelli’s definition: it served to present the problems, values and solutions surrounding European agriculture, and it aimed at communicating this ideational dimension to the public. The concept was a discursive response to a deeply rooted social and political debate over the place and roles of agriculture in a modern society. In other words, multifunctionality was part of the solutions found by European policy makers to renew the social contract over agriculture. In particular, it is closely connected to the European efforts to make sustainability an overarching principle of public policies and promotes the idea that a natural resources based activity can contribute to the global objective of sustainable development. This does not mean that the concept reflects a clear consensus on the evolution of agriculture in Europe. On the contrary, it is not deprived of any ambiguity as to the ultimate objective assigned to agriculture policy: accompanying the transition to a marginal economic and social role of a dualistic agriculture or becoming the new paradigm that will slow down the impacts for society of the structural economic adjustment and maintain diversity in production structures?

For any policy change, context is important. In the case of multifunctionality, this applies in two instances. First, the arena in which the debate took place. According to the arena, discourse can be used in broadly two different ways: to bargain or to argue (Schmidt and Rafaelli, 2004). In the case of multifunctionality, discourse was essentially used as a bargaining tool in the international context and as an arguing tool in the European context. This obviously created some schizophrenia for the European institutions (Fouilleux, 2004). The world itself was primarily created to place and roles of agriculture in a modern society. In other words, multifunctionality was part of the solutions found by European policy makers to renew the social contract over agriculture. In particular, it is closely connected to the European efforts to make sustainability an overarching principle of public policies and promotes the idea that a natural resources based activity can contribute to the global objective of sustainable development. This does not mean that the concept reflects a clear consensus on the evolution of agriculture in Europe. On the contrary, it is not deprived of any ambiguity as to the ultimate objective assigned to agriculture policy: accompanying the transition to a marginal economic and social role of a dualistic agriculture or becoming the new paradigm that will slow down the impacts for society of the structural economic adjustment and maintain diversity in production structures?

Here is illustrated the real power of ideas and discourse. According to Schmidt and Rafaelli (2004), “discourse does better if it contains cognitive arguments that demonstrate the policy programme’s relevance, applicability and coherence, and normative arguments that resonate with long-standing or newly emerging values and that

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14 Beyond discourse, this translates directly into the fact that the majority of measures under « rural development » are designed to remain within the agricultural sector.
complement rather than contradict the cognitive arguments”. In a WTO context, defending multifunctionality before domestic reforms had taken place was too big a disconnect between the discourse and the policy programme to be credibly acceptable to other negotiators. It became so once a next reformative step was taken. By contrast, in its argumentative function domestically, multifunctionality was quite effective in connecting policy responses to long-standing as much as to new societal concerns. This is illustrated by academic research who considers it today as a social fact and concentrates on studying its implications rather than debating its principle.

Context is also important as far as the institutional setting is concerned. Institutions largely influence the coordinative or communicative nature of the discourse. Schmidt and Rafaelli (2004) argue that countries in which power is concentrated in the executive are most likely to have an elaborate communicative discourse focused on persuading the general public of the necessity and appropriateness of policies, and this with little outside inputs. By contrast, countries in which power is more dispersed either across political institutions or social organizations are more likely to have an elaborate coordinative discourse. In the case of the European Union, governance structures and processes are of a federal or associative nature and are pluralist, by opposition to unitary structures and statist processes. This generates a most elaborate coordinative discourse by European institutions, in particular the European Commission, while the communicative discourse is rather thin. In our case, this largely explains the difficulty that the European Union has had to redress the ambiguities created by the multifunctionality concept in the WTO. However, under increasing attacks of illegitimacy both of European policies and of European institutions, the European Commission has been building a communicative component into its coordinative pronouncements (Fouilleux, 2004). It is noticeable that this has happened in policy areas, international trade and agricultural policy, where the European Union has developed strongly integrated institutions.
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