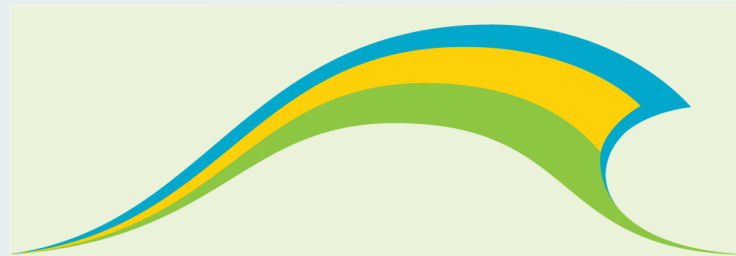


# Multifunctionality in agriculture and rural development: What is the potential policy connection with cooperative development?

Réseau de recherche pour mesurer la  
**DIFFÉRENCE COOPÉRATIVE**



Measuring the Co-operative Difference  
**RESEARCH NETWORK**

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# Background

- The global economy needs a paradigm shift
  - Ecological overshoot (Bill Rees; Peter Victor; de-growth movement)
  - Financial overshoot (John Fullerton; George Soros)

**Our challenge, should we choose to accept it:  
Write a new, more adaptive cultural narrative**

- ❑ The economic policy emphasis must shift from efficiency and growth (merely getting bigger) toward equity and development (qualitative improvement, getting better).
- ❑ The underpinning values of society must shift from competitive individualism, greed, and narrow self-interest, toward community, cooperation, and our collective interest in survival.

Source: Bill Rees

# The role for cooperatives in the paradigm shift

- Not focused on profits
- Guided by the ICA principles and values
- Community owned and governed

# Cooperatives

- Looking for an economic model of co-operative firms
- Co-ops are fulfilling the economic and the social function
  - Seeking to balance the two for a higher quality outcome – embed social in the economic (internalize the externalities)

# Jointness

- The Dual motives theory – ‘ego vs other’
  - A joint production function
- Examples – farmers and land stewardship; recycling
- Agriculture and multifunctionality

- Multifunctionality is characterised by:
  - i) the existence of joint production of commodity and non-commodity outputs and
  - ii) the fact that some of the non-commodity outputs exhibit the characteristics of externalities or public goods (OECD, 2001).
- Non-commodity outputs include
  - the impacts of agriculture on the environment, such as rural landscape, biodiversity and water quality
  - socioeconomic viability of rural areas, food safety, national food security;
  - the welfare of production animals

# Policy objectives

- Competitiveness
  - market oriented instruments
- Other objectives since 2002 (combine profitability with environmental and social goals)
  - Food security
  - Environmental performance
  - Viable rural communities



# Agriculture

- Multifunctionality
- OECD –the ‘jointness’ debate
  - To what extent is rural development (or environmental externalities; food security; self-sufficiency) a joint output of agricultural production?
- Conclusions are weak for rural development and food security (social outcomes)

# Cooperatives and agriculture

- We argue elsewhere that multifunctionality is an inherent feature in co-operatives
  - Locally governed; jointly owned;
  - Deliberately address social goals
- Is there a potential for co-operative development in rural areas as an indirect policy that would produce more effective non-market solutions to multiple 'productions'

# Policy

- Cooperative development
  - Reduce transactions costs for agricultural producers
  - Scale economies
  - Growth through networks - a growth model for the 21<sup>st</sup> century
- Policy for coop development
  - Monitor delivery of non commodity outputs
  - Cooperative indicators to include social and environmental impacts
  - Service to agriculture – expertise in environmental impacts and standards