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

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Background

• The global economy needs a paradigm shift
  – Ecological overshoot (Bill Rees; Peter Victor; degrowth 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)

Measuring the Cooperative Difference Research Network
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 21st 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