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### **Multifunctionality of Agriculture Comments, Case Studies and Areas for Further Research\***

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There is a need for a better description and understanding of the multifunctionality of agriculture in modern times and especially in the European context. Contrary to the tendency to focus on a shrinking share of agriculture in the GDP, we observe a phenomenon of the ‘upgrading’ of the role of agriculture in highly developed societies and importance given to the debate on why agriculture matters. Agriculture is still important in several crucial spheres of society and the economy. It is (or should be) a ‘steward’ for the majority of natural resources. It is a source of cultural and natural diversity of contemporary societies and is still the most important factor in shaping the character and uniqueness of rural areas, covering 80-95% of European territory. Agriculture is also a source of the most important product for human life – food.

Multifunctionality of agriculture is often identified or mixed with the multifunctionality of rural areas. In Poland, the multifunctionality of rural areas (or rural development) is a very well-known concept, widely discussed since the 1980s. Multifunctionality of agriculture, however, is a new concept that is neither well described nor sufficiently connected with the measures of agricultural policy. Nevertheless, the concept of multifunctionality in agriculture can be applied to farmers as well as to particular agricultural products (such as apples, honey and horses). A comprehensive description of the multifunctionality of agriculture is a decisive factor in shaping the new legitimisation of public support for agriculture through domestic and EU policies. Further, a better identification and description of multifunctionality in this context (especially for European agriculture) is very important for the next round of WTO negotiations on agricultural support.

It is the task of researchers dealing with agricultural and rural development to deliver well-grounded arguments for protecting agriculture, given its multifunctional role *vis-à-vis* nature, society, culture and the economy. Markets, especially the international

market, should be treated as one basis for evaluating the role of agriculture. Yet there are other bases that are at least equally important for establishing the criteria to assess agriculture’s role in society and the economy.

Agriculture produces many commercial goods, as well as other goods that do not have markets or the markets for those goods function inefficiently. As a result, in agricultural activities there are many spheres of ‘market failures’ that have a positive or negative character. Yet, although agriculture produces a broad scope of commercial, merit and public goods, trade negotiations only deal with commercial goods. Thus a vast area of very important aspects of agricultural development is missing in trade liberalisation talks.

In contemporary societies, the main areas of agricultural multifunctionality (especially in the Polish context) include:

- production of competitive market goods
- protection of biological diversity
- protection of cultural diversity<sup>1</sup>
- land management aimed at fulfilling the ecological, economic, recreational, cultural, residential and other functions of the land<sup>2</sup>
- contribution to the livelihood and cohesion of local communities

<sup>1</sup> During the discussion about this aspect of agriculture, one of our colleagues commented that when we observe traditions linked with a wedding or other important family-life ceremonies in different countries, the origin of varieties between regions and countries in these ceremonies come almost entirely from agricultural and rural traditions. Agricultural roots are still the most important factor in shaping the variety of European culture. We fully agree with this opinion.

<sup>2</sup> In Poland, agricultural activities span across nearly 60% of the nation’s territory.

- a special role in absorbing the social and economic shocks connected with rapid (or systemic) changes in the economic and political order.

Another way to view the role of agricultural multifunctionality in contemporary society is through alternative approaches to modern agriculture, as shown in Table 1.

*Table 1. Alternative models of agriculture and multifunctionality*

Traditional ways of modernising agriculture	Post-industrial model of sustainable agriculture
- Concentration of production and agricultural assets	- Extensive or moderately intensive
- Specialisation	- Knowledge-based
- Intensification	- Multifunctional
- Industrialisation	- Some positive external effects
- Mono-functional agriculture	
- Many negative external effects	

There is a fundamental question about whether we can implement the non-commercial (public) functions of agriculture without agricultural activities. This question is linked with the idea of *jointness* in agricultural production. In many areas and aspects, it is impossible to separate agricultural production from its positive external outcomes. Two examples include:

1. the collapse of agriculture (cattle production and the cultivation of meadows) in some regions of the Biebrza National Park, which has resulted in a reduction of the bird population in these regions; and
2. the drastic reduction of the sheep population in the Tatra mountain region, which is a serious threat to the eco-system of the mountain slopes and to the economic and cultural life of the people in this region.

One very useful source of information about the evolution of agricultural multifunctionality is a series of monographs written about particular villages, which covers, in some cases, a period as long as 100 years. These monographs include information about all the main aspects of agriculture relative to the economic, social and cultural environment. They represent a valuable source of knowledge about how agriculture has responded to changes in the three above-mentioned environments.

Small farms have a special function in non-commercialised agricultural activities. For instance, more people are fed from 1 hectare in the densely populated and relatively poor rural regions of Małopolska than in the richer, commercialised and more developed region of Wielkopolska.

Additionally, the role of agriculture as a ‘shock absorber’ in periods of rapid (revolutionary in some cases) changes in the systemic and macroeconomic conditions of the economy is a particular illustration of its multifunctionality. This role is especially important in countries where a significant part of the population lives in agricultural households, as in the case of Poland. During the post-communism transformation (1989–2004), agricultural households offered a kind of safety net or survival niche for some 2 million unemployed persons (both those registered as unemployed as well as the hidden unemployed). Cases such as this one should be profoundly analysed in connection with the economic, social and cultural aspects of agricultural multifunctionality.

\* This policy brief is based on the conclusions and recommendations from the seminar organised by IRWiR PAN on 25 October 2004

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