CONSIDERING BASIC INCOME THROUGH THE LENSE OF AGRICULTURE

An innovative food policy measure to support fairer and more sustainable food systems

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Abstract

The idea of basic income is a passionate topic of debate, as it enables to highlight social, economic and political issues of our current societies in a wide range of issues: human rights, social justice, gender equality, actual freedom at work, but also ecological and agrarian issues.

As the current industrial food system is stuck into a structural crisis regarding environmental degradation, health issues and pressures on farmers livelihood, we propose to consider the transformative potential of a basic income as an innovative food policy tool to further the transition towards fairer and more sustainable food systems.

Besides the fact that it would reduce the vulnerability of farmers towards food price volatility and climate hazards, a basic income given individually, unconditionally and automatically to all food producers could considerably enhance the bargaining power of farmers vis-à-vis commodity buyers, food processors and retailers.

This emancipation and resilience tool might also encourage the extension of the role of farming beyond the mere production, e.g. by developing on-farm processing activities, direct selling or adapting the production patterns that better meet consumers expectations.

This basic income might therefore galvanize locally-anchored and small-scale farming systems that are more sustainable and have a virtuous effect on other sectors of the local economy and thus on rural development.

Creating a basic welfare system for farmers would trigger a shift in the current food subsidies system and tend to overcome the productivist agrifood paradigm.

As the Common Agriculture Policy conditions are being re-negotiated for the post-2020 period and pilot-projects are being launched, there are good opportunities to promote this innovative measure within the EU.

Indeed, complementary food policy measures have to be discussed to design a consistent and long-term strategy for the future of agriculture worldwide. That’s why the French movement MFRB and Unconditional Basic Income Europe (UBIE) are looking forward to gathering all stakeholders around the table.
Introduction

Over the last few years, universal basic income (UBI) has grown in interest in public and political debate. Its advocates argue it could be a relevant policy tool to reduce poverty, improve workers negotiation power – especially in the case of hard working and low-income conditions – and stimulate innovation, entrepreneurship and the development of non-market activities, thanks to the basic material security it provides.

Now that the public debate around BI is always more opened, there is also a growing need to bring it further and make a lasting and universal instauration more tangible.

Several “starter models” of BI have been considered until now, based on the assumption that a step-by-step implementation of UBI seems to be the most realistic way to get there. Even if these models do not comply with all the characteristics of the BI, they do have the double merit of opening up the debate around basic income in other spheres that have not been reached yet and of paving the way towards the implementation of a universal basic income. Some proposals tend to argue for a universal implementation with a lower amount, others try to target certain social groups, e.g. children. This paper aims at presenting a sectorial approach of BI namely, applied within the agrarian sector, as a first step of implementation.

Many are the reasons to consider a sectorial implementation of basic income for the agrarian sector.

The first one refers to the major issues concerning the future of agriculture. The agrifood sector is at the crossroads of the most pressing challenges that humanity will be forced to address during the ongoing century: Climate Change, Hunger and Malnutrition, Public Health issues, Environmental crisis etc. Many of these problems are linked specifically with the industrial food system, i.e. the input-intensive crop monocultures and industrial-scale feedlots (IPES, 2016). This has turned into the dominant model and has been highly promoted through the agriculture policies of the last six decades - among which the CAP. According to the world’s foremost experts on food security, agro-ecosystems and nutrition, the industrial agri-food paradigm must be consigned to the past (ibid). A new model of agriculture development based on diversified agroecological farming systems and relying on smallholders happens to be the most promising way to address these challenges.

The second one is the already available financing capacity of such a measure. Indeed, within the European Union, the agrarian sector is already collectively supported through the Common Agricultural Policy (CAP) and represents one of the most relevant budget lines of EU allocating resources for approximately 40% of EU total budget - i.e. 58 billion euros per year for the whole EU.

Considering both the great potential of improvement in this sector and the great room of manoeuvre - the CAP budget -, we will argue that basic income applied on the agrifood sector seems to be an appropriate policy tool in order to trigger a rapid shift towards fairer and more sustainable food systems.

The Agrarian Basic Income (ABI) is to be understood as a right allocated to every food producer, on an individual basis. It is an unconditional cash payment delivered every month automatically to its beneficiaries and can be cumulated with other sources of income, i.e. production gains, other insurance cover and social benefits.
As a first step, we will discuss more in depth some specificities of the agrarian sector and see in which way the basic income discourse could take into account these specificities.

Secondly, after presenting shortly the structural dysfunctions of the CAP, we consider the possible advantages of the ABI in supporting a vertuous agriculture development model for the future.

Third, we will consider the current opportunities and favorable political context as well as the possible actions that can be taken in order to promote this measure.
First Part

Universal and Agrarian Basic Income: same roots, different discourses?

As the UBI is mostly presented as a response to mitigate the rapid and profound transformations in the labour market caused by the numerisation and automation, and a way of simplifying access to public solidarity, we, as Basic Income advocates need to be aware of some specificities of the agrarian sector.

### 1. Some specificities of the farmer’s population

First and foremost, agricultural activities concentrate many of the issues that tend to justify the need for a basic income.

The hourly income of farm workers is between 50 to 60% of the average hourly income in the EU (European Commission, 2017), and it tends to decrease due to market pressure, constraining farmers to diversify their activities (Hill and Bradley, 2015), which reveals the poverty of this social group on average. For instance, in France, one third of the farmers earn less than 350€ per month (Mutuelle de Sécurité Agricole, 2015), whereas the French median income is 1,700€ per month (INSEE, 2015).

Farming activities often imply long hours, limited opportunities for vacation, a very unstable and insecure income due to both the strong susceptibility of the production to e.g. climate conditions and market price variability, and little bargaining power. As a result, many farmers either quit their job or – tragically – commit suicide; the agricultural sector has one the highest suicide rates in France (Bossard et al., 2013).

Besides their primary function of food production, since agriculture represents nearly 45% of the total EU area (Eurostat, 2016), farmers play a major role in the supply of many services such as landscape maintenance, carbon storage in the soil and the produced biomass, soil and biodiversity conservation, ensuring water quality.

These non-market services are seldom a source of income, while, paradoxically, consumers are increasingly concerned about those issues and often hold farmers responsible for the pollutions generated by their activity. Insufficient taxation of negative externalities and payment of ecosystem services (if any) constitute a poor driver for a much needed transition towards more environment-friendly practices, especially when such practices imply significant yield – and income – losses.

In order to ensure their income with subsidies or to get certifications (e.g. organic, regional trademarks), farmers need to undergo many inspections and formalities. For instance, the transition towards certified organic farming requires to adopt organic-compatible practices over a long period of time during which yields may decrease, without significant compensation.

More broadly speaking, poverty remains a mainly rural phenomenon and it is among the small-scale farmers that we find the majority of the hungry (de Schutter, 2009).

It follows that if basic income was capable of (1) providing security regardless of the production or level of income, (2) increasing the farmers’ bargaining power and giving them the possibility to decline repelling sell prices or working conditions, (3) rewarding non-market productions and (4) simplifying the conundrum towards public solidarity, farmers would most strongly benefit from it, thus stopping the ongoing tragedy among their ranks.
First Part

Universal and Agrarian Basic Income: same roots, different discourses?

2. A double-edged relationship to technological changes

There is more and more scientific evidence that in all the economic sectors - in agriculture as well - technological change can destroy more jobs than it creates. According to a recent study from the Oxford University, 47% of the current occupied jobs in the US are susceptible of disappearing because of automation (Frey and Osborne, 2013). If this represents a major threat in the current welfare system based mainly on employment, it can also constitute a great opportunity in the new welfare system that basic income advocates plead for. This opportunity: free people from alienating, low-paid jobs performed under difficult conditions. The point here is to discuss in which way the technological changes impact the agrarian sector, and cannot be understood in quite the same terms as in the other sectors of the economy.

Indeed, the majority of farms are small and medium-size businesses. Despite the industrialisation processes and the so called ‘Green Revolution’, the small scale farming systems are vital stakeholders as they insure the great majority of the world’s food supply (FAO, 2013) and are the most resilient, the most environmentally efficient and the most important creators of jobs.

An increased mechanisation requires heavy investments, which directly implies to get into debt. In France for instance, the debt ratio per farmer amounts an average to 159 700 euros in 2010, whereas it was to 57 900 € in the 1980’s (Source: Agreste, 2012). These high debt ratios are one of the biggest structural problems among the agriculture sector. It implies a headlong rush towards productivism, putting the highly-capitalised holdings in direct concurrence with smallholders, which are threatened to disappear.

Beside the negative outcomes of highly-capitalised and specialised holdings regarding environment, landscape and social issues, these production structures happen to be increasingly difficult to take over by the new generation of farmers, who refuse to enter into the vicious circle of debt, dependence and vulnerability (Confederation Paysanne, 2016).

In short, an increasing mechanism regarding the food production cannot be claimed as a unique possible answer for the future of agriculture. In order to fulfill the food needs under the conditions of a changing climate and the threat of natural resources scarcity, it appears that the agrarian production will probably be more labour intensive than it has been in the last decades. However, these assumptions do not mean that any modernisation process should be rejected in this sector. Indeed, a better access to digitalisation can help farmers climb the value chains and e.g. open up new commercialisation pathways, by connecting them directly to the consumers.

This being said, it seems important to draw attention of BI advocates on the fact that discourses around the future of work might slightly differ when it comes to the agrarian sector.

Whereas Universal Basic Income is mostly presented as a response to mitigate the rapid and profound transformations in the labour market, e.g. jobs destructions, the Agrarian Basic Income is rather thought as a measure to enhance the attractivity of farming and offer economical perspectives in rural areas.
1. The Common Agriculture Policy: Origins and Evolution

Since its beginning, the Common Agricultural Policy (CAP) has remained one of the main EU policy areas. It represents one of the most relevant budget lines of EU, allocating resources for approximately 40% of EU total budget, i.e. 58 billion euros per year for the whole EU.

a. The modernisation era (1960’s–1990’s)

Since post WWII, the European agrarian policies, above all the CAP, have profoundly transformed the agrarian sector by fostering the concentration, the industrialisation and the expansion of farms. The initial goal of such policies was to raise the productivity and thus guarantee food security in response to the post-war shortages and indirectly enable a diversification of the economy, creating a transfer of the labour force towards the industry and service sectors (Renting and Wiskerke, 2010). Major concerns were also to ensure a decent livelihood to producers, stabilise the markets as well as ensuring reasonable prices for the consumers. The two first decades of the CAP “the modernisation era” (ibid.) was characterised by dominant public regulations, i.e. combination of market and price policies and structural development policies. It has been successful in meeting the initial objectives of raising productivity and reaching self-sufficiency.

However, by the end of the 1980’s, this massive support for the industrialisation of food production backfired and the CAP became victim of its own success, provoking a surplus production crisis coupled with raising environmental and landscape degradation, and a loss of biodiversity. Moreover, the price support and protectionism became increasingly criticised by trade negotiation organisations.

b. deregulation and reforms period (1990’s–now)

The 1990’s mark a shift towards new governance mechanisms, dominated this time by market regulations.

In this way, since the reform of 1992, the CAP fosters liberalisation of European food markets, giving priority to imports and exports on global markets. The total budget of the CAP declines as well as the guaranteed prices for producers. In order to mitigate this diminution, the system of direct payments is introduced, which allocates a subsidy proportionally to the farm size.

Since then, the CAP is being reformed every six years. Even if some recent measures tend to support more sustainable production methods, such as the green payments, these represent only piecemeal reforms which are rather here to mitigate the symptoms of a deeper crisis, inherent to the industrialised and liberal food system.

Indeed, the CAP still supports in a much higher proportion the biggest farm and fosters the concentration of land ownership.

In 2011, 1.5% of European farms concentrate 76% of the CAP subsidies and control more than 20% of cultivated lands. Meanwhile, between 2003 and 2013, one smallholder’s farm out of four have disappeared.

(Report Mundubat, 2016)
c. A policy that affect smallholders farming

These recent data show that in the current subsidy system, smallholder agriculture has no chance to compete against industrial agriculture. In addition to this, the CAP facilitates food exports at artificially low prices and thus creates a dumping which undermines smallholders farming not only in Europe, but also in developing countries.

These short-termist calculations and forging ahead competitiveness and productivity ignore completely the scientific evidence concerning food systems and the structures upon which they depend. Industrial food systems undermine ecosystems by provoked soil erosion, water and groundwater pollution, destruction of biodiversity, and thus threaten on the long term the basis on which food systems depend. These negative externalities are not accounted for in the price of the food commodity for the consumers, but still represent significant costs for the taxpayers (health care costs, environmental degradations, etc.).

On the other hand, smallholder farming plays an important role in promoting ecological and socially fair food systems (FAO, 2013). Thanks to their structural diversity, they deliver strong and stable yields, manage efficiently natural resources and provide jobs. That is why there is a growing consensus in the scientific community around food issues and advocates for the right to food arguing that public policies have to massively support these production structures.

This is where the Agrarian Basic Income becomes an interesting tool in order to operate that shift towards a massive investment on smallholder farming.

Whereas the current agricultural subsidies are based on the ownership of productive capital (i.e. land resources), the agrarian basic income would rather support the human capital upon which the sustainable food production and management of natural resources depend. This measure would thus achieve a fairer distribution of funds between large and small farmers.

2. 2020: An opportunity for change

In that matter, the next CAP reform for the 2020-2026 period is an opportunity to promote this new policy measure. The implementation of income compensation on the basis of the work force rather than on the farm size could foster the take over and the installation of young farmers - ‘continuers’ as well as ‘newcomers’ - and would significantly reduce land speculation.

In addition to this, it is necessary to make sure that only active workers benefit from the subsidies* as well as to strengthen and support the transition of farmers towards farming diversification.

For this to happen, it seems that securing farmer’s income is a precondition to ensure the continuity of the farming activity during this transition period, during which the yields may decrease and the farmers might need some more time to learn and design his/her new production and commercialisation route.

*To learn more on this issue, see Eugenio R. Borrallo - Basic Income as a Tool to Dignify the Work of Landless Peasants (Session 31)
Who is going to farm tomorrow?
An urgent need for the generational renewal in the farming sector

Since WWII, the number of farmers in the EU has been steadily decreasing by 2-3% each year. Currently, more than 50% of the farmer’s population is older than 55 and will reach the age of retirement within 10 years. With only 7.5% of European farmers under the age of 35, Europe is facing a major challenge in maintaining its agricultural sector in the future (Source: Eurostat, 2010).

A growing attention has been paid on this issue and new specific measures have been introduced in order to strengthen the support of young farmers since 2013 (Source: European Commission, “Young farmers and the CAP, 2015). In France for instance, there is the so called ‘Young Farmer’s allowance’ disposal reserved for farmers under 40 who comply with several other criterias of formation and business model. If this model have been designed in order to facilitate the access of young people into farming - especially newcomers -, results shows that 60% of the new installation in farming actually do not benefit from this system (Source: CNASEA, “Les agriculteurs non aidés : installation et devenir”, 2006).

The future of agriculture will undoubtedly depend on the policies that will be adopted within the next years.

Firstly, by making agriculture a better socially and economically rewarding activity, we could encourage the generation renewal that is urgently needed in that sector.

Secondly, by adopting incentive food policies that support prior sustainable and fairer farming systems, the access and the availability of such food products will be enhanced for a always greater number of consumers.

Beside this rational approach considering a redistributive measure as the best way to invert in the future of agriculture, an ABI could help moving towards a real social recognition of farming.

Allocating the unconditional right to live decently to those who feed humanity would make a key difference in comparison to the current subsidy system that keep the beneficiaries in a state of passive dependence.
1. A broad-embracing movement claiming for a fairer and more sustainable European Food Policy

The voices claiming for a transformation of agriculture and food policies are getting always more present in the public debate. NGO’s, peasant’s movements, researchers, think-thanks, as well as Member of the European Parliament are proposing a number of new measures for the renegotiation period of the CAP starting this year. Here, we will give a little overview of the key stakeholders working on these issues with which the BI movement can collaborate.

a. Researchers

Among others, the International Panel of Experts on Sustainable Food Systems (IPES-Food) is launching a 3-year process of research, reflexion and citizen engagement aiming at developing a vision of a “Common Food Policy”. This research group argues that the CAP should encompass different policy areas such as health, employment and transport policies and set the direction of travel of this policies on the different government levels in Europe.

b. Members of the European Parliament

In 2016, Eric Andrieu, as MEP and vice-president of the Committee on Agriculture at the EU Parliament delivered a report about the employment in rural zones and its disappearance. It resulted in several recommendations such as securing farmers income as the best way to save jobs and to sustain the agricultural area.

c. European Institutions

In addition to this, the European Commission (EC) is launching several public consultations about food and agrarian issues before the renegotiation period for the CAP period. After having opened a public consultation on the issue of the Modernization and Simplification of the CAP, a new European Public Consultation is currently running, focusing this time on how to make the food supply chain fairer for the producers.

There are also great hopes on the side of both the EC and the Council of Europe, in which the Special Committee on Agriculture (SCA) stands on favor of many propositions standing out of the public consultations. These propositions are reunited into the so called “Omnibus Regulation” and they are aimed at further simplifying the policy with a view to easing the burden on and making life easier for both farmers and national authorities.

In particular, changes are proposed to Rural Development Regulation to provide for a sector specific Income Stabilisation Tool. This will give Member States the possibility to design a tool tailored for a specific sector. The proposal also responds to the need to provide better means to support farmers in times of market crisis and reflects recent difficult experiences in a number of sectors.
d. Farmer’s Union and Peasants movements

In this context of renegotiation of food policies, the European Coordination of La Via Campesina (ECVC) published a press release called “Agriculture and Food Policy serving the needs of the people”.

A special attention should be paid regarding the major claims of peasants organisations, focussing on fair prices for food commodities, which must not be inferior to the production costs. At first sight, an ABI might appear contradictory to this revendication.

As a matter of fact, the ECVC announced the reluctance of peasant’s organisation towards the development of income assurance tools, which according to them would majoritarily benefit the insurance companies without resolving the market volatility, and thus would not be really valuable for farmers.

In our opinion, these two revendications do not seem contradictory it itself. Indeed, the fact of ensuring an income and providing a right for dignity inherent to the profession could significantly enhance the bargaining power of producers and empower the peasants revendications, allowing them a better presence in the public debate.

Moreover we are aware of the fact that the Agrarian Basic Income is not a panacea and that complementary measures - such as providing a better access to land resources, market and capital for smallholders - are necessary in order to clarify the guiding principles of ABI.

Farmer’s union and peasant organisations are interlocutors of prime importance for the ABI project. This is why we need to push forwards deepening the reflexion of these movements around this concrete measure and possibly consider it as a possible transition tool to attain fair and sustainable food policies.

2. Beware the liberalization of food markets

The agrarian basic income should not become a policy tool that legitimate a greater liberalization of the trade of agricultural commodities - which have deleterious effects on smallholders farming in both industrialized and developing countries. Indeed, a greater liberalization and globalization of food markets inherently endangers the right to food, defined as the right of “each person, alone or together with others, [to] either to produce food to satisfy his or her needs or [to have] sufficient purchasing power sufficient to procure food from the markets” (de Schutter, 2011).

(Agrarian) Basic Income advocates need to prevent that risk by thinking of necessary complementary measures in order to comply with the need of building greater equity and resilience in the agrifood system. In order to adopt a consistent a broad embracing approach on food and agriculture policies, it seems relevant to create working groups together with peasants movements, academics and other stakeholders involved on these issues.
The current agricultural policies have failed in fulfilling their initial objectives of ensuring a decent living for producers, improving the sustainability of natural resources management and reach balanced territorial development.

We are now at a crucial moment in order to create new policy frameworks that go beyond competitiveness and rentability of food systems but rather promote a model that ensures the long term well being of producers, consumers and ecosystems.

The agrarian basic income could reaffirm the idea that food is a common good and not a mere commodity. It is a global concern to make the food system profitable for the 7 billion commoners we are on this planet.

Even if complementary measures should also be adopted in order to design a consistent food policy, the agrarian basic income could be the triggering tool to accompany the transition towards more sustainable and fairer food systems.

The agrarian basic income offers a tremendous opportunity to open up new perspectives of analysis of Basic Income. Considering it through the lense of food and agriculture is a way to articulate a wide range of the most urgent issues worldwide. It could also strengthen the analysis around the governance of public goods, and on the major role endorsed by civic society in addressing these challenges.

The time has come now for public policies to shift the center of gravity of power relationships towards civic-society stakeholders, and particularly for farmers, who are already changing the European food systems.

“European democracy can be re-energized by giving people a say in the things they most care about. We can start with what they put on their plates.”
(de Schutter and Petrini, 2017)

The (Agrarian) Basic Income enables to consider the european problems in an integrative manner and see beyond national interests. It could be the common basis of a new broad-encompassing policy framework

Such a reform could be about bringing the human back in the heart of the European mechanisms. The agrarian basic income could help to reduce the social dumping and the competition between EU countries. With a decent living everywhere, involuntary migration due to economic reasons may decrease.

By reorienting partially the CAP budget, an agrarian basic income could be possible at no cost. Experimenting it in different European regions, we could have different positive return on experience which could lead to a better balance between positive evolution in the European Union, member states and the territories.
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