

# STRATEGIES FOR EMPLOYMENT INCENTIVES IN THE COMMON AGRICULTURAL POLICY

Results and high priority areas



The reader at hand is a result of the one-year project “strategies for employment incentives in the Common Agricultural Policy”. The project was funded by the European Commission and the Directorate-General for Employment, Social Affairs and Equal Opportunities within the PROGRESS framework.

The project's executing organisation was IG Bauen-Agrar-Umwelt, while PECO-Institut and Kasseler Institut were responsible for execution. Further project partners were

- EFFAT, Europe
- Agrostar, Romania
- Forum Social Innovation, France
- ProGe, Austria
- OSPZV/ASO, Czech Republic
- FGA/CFDT, France.

Numerous dedicated unionists, employer- and farmer representatives, scientists and other interested individuals provided further support.

We would like to thank all partners and participants of the project for their active contribution.

Project Team

Berlin, November 2011

**Editor:**

IG Bauen-Agrar-Umwelt; Department of agriculture and environment  
Holger Bartels, Luisenstraße 38, 10117 Berlin

**Editing:**

PECO Institut e.V.  
Inge Bieler

**Photos:**

PECO-Institut e.V.  
Michael Busch

**Layout:**

Carsten Stoof

The content of the reader at hand does not necessarily reflect the opinion or attitude of the European Commission.

3	Preface
4	Timeline EU agricultural policy – From increase in productivity to promotion of employment?
7	Strategies for employment incentives in the Common Agricultural Policy – Results from the project
13	Labour in European agriculture – Open questions and domains requiring further research
15	Strategies for employment incentives in the Common Agricultural Policy – Main acting fields of labour unions



# Preface

Holger Bartels, *Industriegewerkschaft Bauen Agrar Umwelt*



Since the beginning of European agricultural policy, the Industriegewerkschaft Bauen-Agrar-Umwelt – as lobbyist of employees in German agriculture – participates in the political discussion. Agricultural employees were affected by decisions from Brussels from the very beginning – mainly by losses of jobs due to agricultural structural change up until a few years ago. Meanwhile, conditions change in many regions, resulting in completely new structures. More and more small farmers vanish from the sector and farms become larger while new workers are hired.

Increasing significance of employees in the primary sector is reflected in politics, too. It is manifested with the EU commission's proposals for future Common Agricultural Policy (CAP). By considering wage costs at the issue of capping of subsidies in the first pillar, employees are considered in the first pillar for the first time. Two aims are integrated into the second pillar which were on the demand list of European agricultural workers' unions for years:

- Knowledge transfer with the call for live-long learning in agriculture and forestry
- Fighting poverty in rural areas.

European agricultural unions have taken positions and gathered substantial knowledge regarding these topics for years.

The project "Strategies for employment incentives in the Common Agricultural Policy" results from a national discussion in Germany about increasing significance of employment in agriculture. Foundations of the project were, on one hand, different concepts for employment promotion in the direct payment framework and, on the other hand, implementation of ideas regarding "good work" as well as compliance with social standards. The question on how these national ideas could be integrated into an European context was an aim of this project. Project results show chances and possibilities for more jobs via an employment-orientated agricultural poli-

cy as well as deficits in European agricultural research.

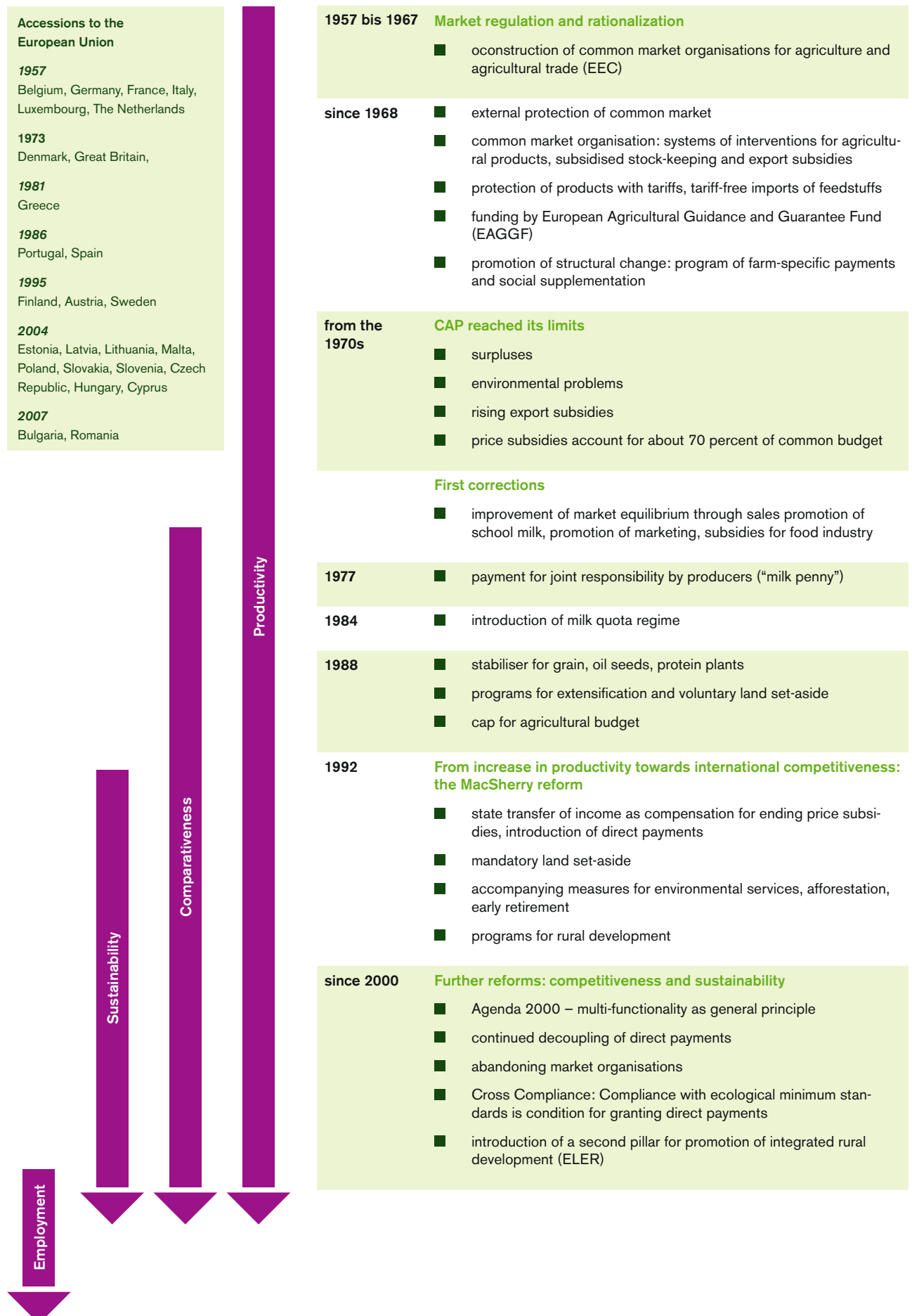
Thus, actual approaches arise for European unions regarding how they can reach improvements for employees in the next funding period. Employee representative bodies which are combined in the European Federation of Trade Unions in the Food, Agriculture and Tourism sectors (EFFAT) have used the last years to place their topics. We have succeeded in building a comprehensive network on the European level. We will use this network to further develop topics we consider important.

The next years will show how we handle, answer and cope with areas which are important for employees, e.g. health and safety, life-long learning, compliance with and development of social standards, as well as future issues in the context of climate change and demographic change.

We expect support for our efforts on the way towards the future-proof agriculture from the Common Agricultural Policy after 2013!

# Timeline EU agricultural policy – From increase in productivity to promotion of employment?

Dr. Frieder Thomas, Kasseler Institut für ländliche Entwicklung e.V.



## Labour and employment in the European Union



In autumn 2011 the EU commission has provided proposals for designing Common Agricultural Policy (CAP) after 2013. Since there is a CAP, employment issue gained a certain significance with these proposals. Currently, European subsidies for agriculture are mostly related to farm acreage. In the future there is supposed to be a limit which is paid to each farm (“capping”). However, affected farms can account for wage costs. With the current proposal (editorial deadline: 15/11/11), the limit is increased by one Euro for every Euro in wage costs.

Thus, significance of wage work as an impact factor is marginal in the reality of agricultural policy. It is limited on few farms which are affected by the limit. It should not be underestimated that the factor “wage work” is mentioned for the first time. It could hence mean a reorientation in the history of the Common Agricultural Policy. In the past CAP was more geared towards prices, products, margins, and farmed acreage.

## Agriculture: the first common European policy area

CAP's history starts as early as the founding of the European Economic Community (EEC) in 1957. The EEC intended to strengthen agriculture and food industry – which were both weakened by the World War II – in order to provide the population with sufficient amounts of inexpensive food. Thus, agricultural policy belonged to one of the first areas in which a truly common and unified policy was realised within the framework of the European Union (EEC at that time).

## Productivity increase

In the first two decades, common market and price policy for agricultural products and structural instruments for increasing productivity received priority. Price policy meant: Introduction of a system which guaranteed a relative high

and stable producer price level compared to the world market. This system successfully encouraged investments and productivity increase. However, the share of people employed in agriculture decreased dramatically at the same time. Consequences of this policy could be observed in the course of the 1970s: Due to productivity increase and intensification of agricultural production, four problems arose:

Deficiencies were eliminated but for the price of having surpluses. European price level was so high – due to the CAP system – that the surpluses could not be sold on the world market. There was talk about grain mountains and milk lakes.

At the same time it became obvious that intensification of productions had caused environmental problems.

Loosing jobs in agriculture was at first not being seen as a fundamental problem. On the contrary, it was a consequent outcome of the transformation from an agricultural to an industrial society. The topics of agriculture and employment gained significance in so-called structural weak regions in which there were no alternatives – e.g. in the areas of industry or services – and which were left by many people. CAP was not geared towards stabilising employment in agriculture but featured the promotion of diversification (tourism, direct marketing etc.) and creating non-agricultural jobs.

If nothing else, this policy was expensive. Sustaining of a comparatively high producer price level, stock-keeping for surpluses, and subsidising of export cost lots of money. Agricultural budget accounted for about 70 percent of the whole common budget in 1979.

## Competitiveness

Production limits were introduced in order to cope with the surplus problem, e.g. milk quota and later land set-aside.

Especially, international competitiveness became a new goal. Here, the food industry which has a high economic significance in Europe was most notably concerned. Agriculture as such had to deliver inexpensive products. This made a drastic policy change necessary. The EU stopped subsidising agricultural prices and withdrew completely from price subsidising. So-called price compensation payments from the agricultural budget were employed in order to avoid a drastic structural breach. This should compensate for losses which were caused by the drastic price decreases. Because these compensation payments go directly to the farms, they are called direct payments.

Initially, the direct payments were coupled to certain products (e.g. grain, beef, later milk; no compensation payments for pork or potatoes). However, this system contradicted very fundamental rules of the World Trade Organization (WTO). According to these, individual products may not be subsidised. Hence, these direct payments are decoupled by now (to a different degree in the EU member states). Main calculation basis is now the farmed acreage, regardless of the fact what is actually grown.

Labour and employment do not play a roll in these issues.

## Sustainability

Environmental problems due to agricultural intensification became mainly a topic in the 1980s. The first agricultural environment programs were thus introduced at the transition from price subsidies towards competitiveness. These so-called accompanying measures had amount reducing effects, too, and contributed to reducing the surplus problem. Thus, these problems were also accepted by stake holders who did not deem the environmental problems grave.

With the agricultural reform of 2000, all instruments which contributed to sustainability in agriculture were integrated into one program (ELER, so-called second pillar). Here we can find investment promotion (aim: competitiveness), agricultural environment programs as well as promotion programs for rural renewal or for diversification of companies in rural areas.

Labour and employment have different significance here. Investment promotion strengthens the investing company, simultaneously firing up structural change which results in job losses in agriculture. Agricultural environment programs pro-



vide payment for additional effort which is necessary due to a more environmentally friendly production. Promotion of rural development supports founding of small and medium-sized companies beyond agriculture in rural areas – especially in less favoured areas.



# Strategies for employment incentives in the Common Agricultural Policy – Results from the project

Dr. Karin Jürgens, Kasseler Institut für ländliche Entwicklung e.V.

The strong reduction of the European agricultural policy towards acreage subsidy results in social and economic imbalances. Up until now, strategies concerning a socially justified and employment related policy design are missing.

The project "Strategies for employment incentives in the Common Agricultural Policy" is carried out within the EU programme "Progress" over a term of one year. The project's goals originate from a very current event: CAP reform is up for 2013. The current propositions by the European Commission emphasise the promotion of employment in rural areas and the implementation of social standards. The requirement is directly connected to a fair distribution of direct payment among different types of farms

How agricultural subsidies can be advanced thereupon was discussed and analysed by union social partners from

## Put to the test: Coupling direct payments to labour

Direct payments within the first pillar of CAP have a high share on EU agricultural budget. Payment to farms is directly connected to the farm's acreage – per hectare as farm-specific direct payment. Thus, a few large farms receive a very high share of agricultural subsidies. In 2009, 82% of all farms in EU-27 received up to 5,000 Euro direct payments per farm. This amount only constitutes 15% of the subsidies. In contrast, 1,6% of all farms have a claim of more than 50,000 Euro direct payments per farm. These 1,6% received 32% of all direct payments. On average, farms with a claim of up to 5.000 Euro received 902 Euro per farm and year while farms with a claim of more than 50,000 Euro received 100,230 Euro per farm and year. <sup>1</sup>

## Coupling direct payments to acreage causes problems

This system is often criticised because it causes economic imbalances between farms. In the face of future challenges in European agriculture, the question arises if there are more reasonable possibilities for the distribution of tax money other than acreage-related direct payments. This implies the question whether a fundamental readjustment is necessary with a distribution coupled to labour instead of acreage

### Acreage-related direct payments

- favour labour-extensive, large farms relative to labour-intensive farms and disadvantage farms with animal husbandry relative to crop farms,
- promote a further rationalisation of large crop farms,

## Tudor Dorobantu / Agrostar

The workers – especially the day labourers – have huge problems in Romania. Illegal employment is increasing. We need an agricultural policy which is more geared towards social problems.



five European countries in cooperation with farmers, representatives of agricultural organisations and scientists in four regional workshops and one final conference.

Results of the intensive analyses und discussions are documented in the following part. As a foundation for this discussion, Kasseler Institut has calculated the redistribution of direct payments as shown with three alternative reform approaches that feature a coupling of direct payments to labour.

<sup>1</sup> Gerhard Horvoka (2011), Arbeit statt Hektar fördern – Standardarbeitszeitmodell für Direktzahlungen, In: Kritischer Agrarbericht 2012, Hg.: Agrarbündnis, in print).

- and do not provide satisfactory solutions for “new challenges” of EU agriculture (climate- und environment protection, conservation of biodiversity)

**Barbara Bindner / FGA / CFDT**

This project is a good example how European collaboration can be designed. Information is exchanged, different approaches are discussed, and common contents and proposals are developed



Additionally, current system of direct payments is characterised by:

- high costs and bureaucratic effort
- very high share of farmer's income from direct payments (52% of average income in Germany in 2010)
- lack of strategies to develop the CAP towards a policy for all people engaged in agriculture, thus creating social sustainability
- lack of instruments within CAP's first pillar for improvement of work quality (e.g. promotion of legal employment and promotion of occupational safety).

**Coupling direct payments to actor labour?**

Three basic approaches of coupling direct payment to employment exist in Germany.

**I. Correction**

Corrections of current acreage-related payments, stepwise cutbacks

**II. Indicator labour cost**

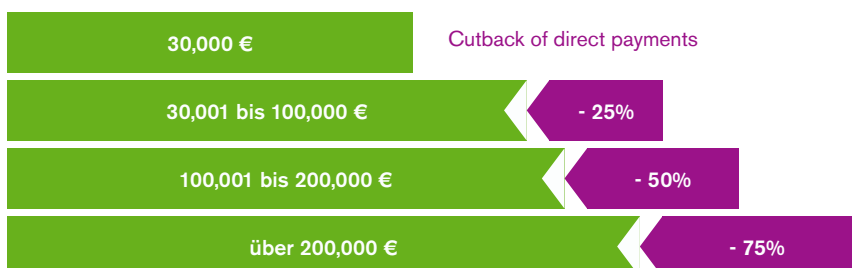
abandoning of acreage-related payments, direct payments for employment incentives, additionally: coupling direct payments to farm's contribution to national social insurance as indicator of labour costs

**III. Standard labour times**

abandoning of acreage-related payments, coupling direct payments to standardised labour demand

The correction model (1) was a proposal of Arbeitsgemeinschaft bäuerliche Landwirtschaft from the 1990s. Generally, it is geared towards the same direction as the proposals of the EU Commission from October 2011. However, the correction model is more restrictive: Direct payments are still calculated on the basis of farmed acreage. Payments are gradually cut, beginning at a level of 30,000 Euro:

- 25% cutback from 30,000 to 100,000 Euro
- 50% cutback from 100,000 to 200,000 Euro
- 75% cutback above 200,000 Euro



Farms affected by this grading can credit their actual wage cost against these cutbacks.

- Proposal aims for a consideration of higher labour demands among labour-intensive, diversified farms.
- In Germany standardised labour demand is used by the Berufsgenossenschaften (Accident Prevention & Insurance Associations) for calculation of their contribution.
- Agricultural stake holder groups approve these means of calculations.

### Bohumir Dufek / OSPZV-ASO

Inequalities between old and new EU member states concerning agricultural subsidies have to end after 20 years of the European unification. Without equal treatment, the social coherence in rural areas is endangered in many new member states.



This proposal aims for a fairer distribution and for balancing competitive disadvantages of labour-intensive farms. Furthermore, it is assumed that the willingness of larger farms towards environment-friendly production is promoted.

### Direct payments on the basis of indicators for labour cost or standardised labour demand (II + III)

Both models dismiss a calculation of direct payments depending on acreage. In the first model (II), foundation of calculation is the farm's contribution to national social insurance.

- contributions to national social insurance constitute a proportionally calculated share on labour costs of farms
- serve as reflection of labour of self-employed farmers and employees
- thus, labour costs can be reduced and employment can be promoted systematically

Model III features a calculation on the basis of standardised labour demand. It is calculated according to imputed labour input of farms for different production techniques (e.g. dairy cows, poultry, harvesting, sugar beets, grassland etc.).

There are such standardised data collections and calculations for labour demand in different versions among the European member states (e.g. Germany, Austria, Netherlands, Belgium, France, Czech Republic, Romania).

Both models (II + III) aim towards economic stability, safeguarding of income, and work relaxation among farms. Additionally, positive effects with respect to rural areas, environment, and diversified farming can be expected.

### What is the models' impact? Survey of farms and conversion factors

Within the project, redistribution of direct payments is calculated using the example of farms which can be considered typical for German agricultural structure. These farms could be either corporate bodies or individual enterprises (both full and part time) and consisted of the following farm types: mixed farms, specialised crop farm, specialised dairy farms, and farms with fattening. Necessary data originate from a survey among 80 farms. In this survey, farm-specific data from the fiscal year 2006/2007 were collected: amount of subsidy claims, contribution to national social insurance, as well as land use and animal husbandry for the calculation of the standardised labour demand etc.

Conversion factors had to be determined for the redistribution of direct payments according to the indicator labour cost (II) and standard labour times (III). For this purpose, we put the total value of claim-for-payments in Germany in 2006 (source: Statistical Yearbook 2009) in relation to the total amount of

- imputed labour hours and
- German farms' contribution to national social insurance.



2. Mixed farm, 1,400 ha acreage, grassland 285 ha, additionally 300 dairy cows and followers, 1000 fattening pigs, mother cows

<b>Total value of claim-for-payments in Germany within the framework of direct payments (5.5 billion Euro in 2006)</b>	
relative to	
$\Sigma$ standardised labour time	$\Sigma$ contribution to national social insurance
6 Euro direct payments per one imputed labour hour	2.2 Euro direct payments per 1 Euro contribution to national social insurance

The correction model has no effect on this farm. It would still receive its payment claim from 2013 (494,000 €). The farm can fully compensate the cutting by accounting for its wage costs. In contrast, calculation according to the social contribution model results in a much higher amount of 603,000 €. It becomes apparent that this multi-sided farm with wage-workers would be favoured. However, applying the model of standardised labour time, the farm's payment claim would decrease significantly to 208,000 €. Calculation according to standardised labour time assumes very high rationalisation advantages among large farms. In the case of this farm, this leads to disadvantages.

Conversion factors of 6 Euro direct payments per imputed labour hour and 2.2 Euro direct payments per 1 Euro contribution to national social insurance were computed.

### Examples of redistribution of direct payments

1. Specialised crop farm 1,470 ha acreage, grassland 138 ha, additionally 17.268 broilers per year and 738 fattening pigs

Applying the correction model, this farm would still receive 409,000 €. Its direct payments would be cut by 56,000 €, relative to its direct payment claim from 2013 (465,000 €). The farm can compensate a high share of the cutting by accounting for its actual wage costs. Applying the model of contribution to national social insurance, the farm would have a claim of 364,000 € due to utilising wage-workers. Using standard labour time as calculation basis, there would be a very strong cutting by 401,000 to 148,000 € which is caused by the farm's small labour demand.

3. Mixed farm, 99 ha acreage, grassland 21 ha, additionally root crop and vegetables, 30 dairy cows, calf fattening, fattening pigs

In contrast to the large mixed farm (No. 2) with 300 milk cows, this farm could expect an increase of 4,600 € relative to the payment claim of 2013 (38,900 €). Applying the model of social contribution results in a decrease of claims by nearly one third to 26,200 €. This family farm could compensate this disadvantage by hiring a worker because – according to our calculations for Germany – it would receive 2.2 € direct payment for every Euro spent on contribution to social security.

Among the mixed farms as well as the fattening farms within the scale around 100 ha acreage, the impacts of the models were similar.

4. Dairy farm, 23 cows and followers, 20 ha acreage, 18 ha grassland

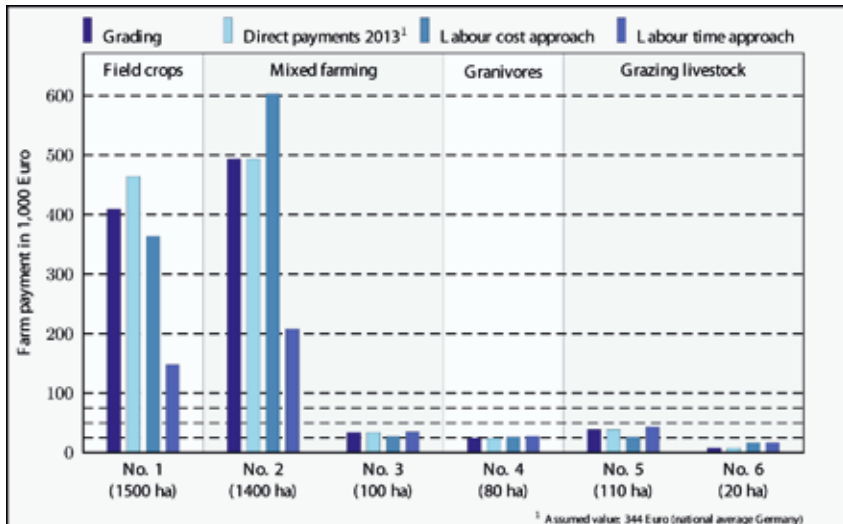
With this farm as an example, it becomes apparent that both a calculation according to standardised labour time as well as according to social contribution would strengthen small, labour-intensive farms. Applying both models would yield in doubling direct payments from 7,900 € to over 16,000 €. Compared with farm No. 3, these family farms have to pay relatively high contributions to social security. A similar small, but labour-extensive crop farm would have to face significant cuttings of direct payment in case standardised labour time is applied.



**Significant redistribution by dismissing acreage coupling**

Coupling direct payments to labour costs supports larger family farms under the condition that they readjust and employ (more) workers. This model promotes farms which have necessarily a high labour demand. Here, direct payments are redirected to large private companies with animal husbandry and respective wage labour (No. 2) – but also small and medium-sized family farms (full time and part time) because their basic contribution into national social security is relatively high.

One can observe the highest degree of redistribution with the model that relies on standardised labour time. Here, especially labour-intensive parts of farms benefit. High labour demand in family-run, labour-intensive dairy farms is valued highly in this model. This would contribute to safeguarding their income and economic stability. However, not only labour-extensive, heavily rationalised crop farms (No. 1) would lose but also large mixed farms with a high degree of animal husbandry (No. 2) due to an assumed high rationalisation advantage (degression).



**In comparison: strengths and weaknesses of the models**

In case the correction model – which was used in our study – is implemented, there would be hardly any redistribution of direct payments. The direct payments would be cut among few, labour-extensive crop farms. Labour-intensive, larger farms with disadvantages regarding rationalisation of their production would at least not be affected by cuttings and would thus be economically stabilised. Farming on all other farms would stay the same. However, there is an incentive for farm splitting in the model which again could result in a further separation of farm activities and their rationalisation. Furthermore, subsidies are withdrawn from areas with labour-extensive structures (e.g. Czech Republic).

Both models feature the following advantages:

- Economic stabilisation of labour-intensive farms counteract structural change
- Promotion of diversification of farming has positive impacts on environment (e.g. biodiversity) and regional economy
- Promotion of labour prepares agriculture for expected high energy costs (diesel, nitrogen fertiliser)
- Especially coupling to social contribution promotes direct employment in agriculture and thus counteracts illegal labour

However, some questions remain open. In the case of coupling direct payments to contribution to national social security, it must be clarified which activities can be seen as part of farming (biogas, farm shop). There is a lack of knowledge about how the model would react to regionally different and changing wage levels. The demand to promote job types in agriculture which are innovative and of a high quality cannot be guaranteed here. Furthermore, foundations of calculation with respect to contribution to social security are organised very differently in the member states.

Regarding the model of standard labour time, the non-specific approach concerning elicitation of standardised labour time and the danger of further rationa-



#### Arnd Spahn / EFFAT

The project showed how different the state of knowledge about employment is in each member state. We need more information about work conditions in agriculture in order to develop and implement effective concepts for the improvement of work quality and the prevention of poverty in rural areas.

lisation is criticised. This model does not promote secure employments but provides employment incentives rather indirectly via labour requirements. This could make a respective proof necessary

Conclusion: If labour gains a more prominent role in the Common Agricultural Policy, there are significant redistributions of direct payments among all farm sizes! Generally, "new challenges" of EU agricultural policy can be better strengthened with a promotion of labour than with a promotion of acreage.

# Labour in European agriculture – Open questions and domains requiring further research

Prof. Dr. Theodor Fock,  
Neubrandenburg University of  
Applied Sciences

## Agriculture once again focus of public talk

Agriculture and questions concerning agricultural methods of production are more spotlighted within public arguments than several years back – especially wishes originating in society concerning methods of production (environmentally sound production and ethical husbandry) as well as potential conflicts between food and energy production and the advancement of worldwide nutrition play a decisive role. Contrary to that, questions concerning working conditions and profound chan-

workers, seasonal workers – as well as for each member state. Different trends cannot be compassed by official statistics. Not legally employed seasonal workers are not included and same applies to increasing division of labour and specialisation whereby work processes are relocated out of the agricultural sector. In Germany, for instance, commercial agricultural contractors gain in importance. New fields of work like energy production or communal services and services in relation to the environment are often performed outside the agricultural sector due to tax law considerations.

## Structural change governed by many parameters

In the long term several different parameters influence the quantitative and qualitative development of labour and labour organisation in agriculture. Those are technological progression, demographical and societal change, aspects of labour organisation as well as influences from markets, international competition and agricultural policy (latter will not be examined at this point). Technological change and especially the impact of the rapid entrance of information technology in agricultural processes are insufficiently researched up to now. Societal change, shifting values of society and ways of living find their ways into rural societies – even though, according to experience, with some delay. Primarily within family owned farms, corresponding effects become visible and can be observed: higher rate of divorces, larger professional independence of women and ways of living that are focussing on self-fulfilment can contest the traditional model of family owned farms – in fact irrespectively of economical perspectives. Demographic change also seriously impacts the factor labour within agriculture: Due to “missing” children, farm succession can be endangered and generally, not only concerning family labour, the emerging skill shortage within agriculture is intensified by the current demographic development. Rural and agricultural labour markets in Europe are very much shaped by regulations in social and labour legislation as well



ges in traditional rural societies enjoy much less attention in public. The traditional perception is also mirrored in the emphases of academic analyses.

In 2007 more than 26 million people worked within the European agriculture (EU-27) (excluding seasonal workers), thereof above 24 million were family labour and just under 2 million were regularly employed wage-workers. These figures equal 11.7 million full-time employees and an annual decline between 400,000 and 450,000 is recorded. The seemingly explicit statistical trend – a continuative decline of agricultural employment – reveals a differentiated development upon closer examination.

This development takes a different course for each employee group – family labour, regularly employed wage-

as national or regional traditions. Therefore, processes of development occur in different surrounding conditions. A comparative, European scientific analysis happens rarely and the studies are usually restricted to the respective national labour market.

### Agricultural social research with shortcomings

During the last 30 years certain emphases were established in scientific analysis concerning agricultural labour. In this process diverse scientific disciplines attend to the topic with their subject-specific point of view. These are partial disciplines within agricultural economics in particular, as well as ru-

change are European phenomena as well. Labour markets are not protected by national borders any more and with seasonal work cross-border migration is of decisive importance for quite a while. However, at the same time there are migrations of agricultural entrepreneurs (e.g. Dutch or Danish farmer in middle and east Europe) and recently an increased interest of non-traditional investors can be observed. These are phenomena which were only little analysed. Thus, it would be overall desirable, if different questions of agricultural labour markets were to be researched within their European dimension. The agricultural sector will only be able to fulfil its functions in food production and beyond in a fashion corresponding to social demands and wishes if employees in agriculture, family and wage-workers, are active in a sufficient number and able to work motivated and dedicated within good working conditions.

#### Alois Karner / ProGe

We were able to discuss the project's theoretical approaches with the practitioners in firm visits. Collaboration with scientist, chambers, and educational institutions revealed the importance of a transnational, interdisciplinary work.



ral sociology, and regional economical and developmental domains. During the 1980s a renaissance of research concerning the agricultural family farm could be observed. In the 1990s the focus was put on questions concerning transformation research and different organisation models in agriculture. Parallel and subsequently issues regarding rural development, especially endogenous development, gained in importance. Naming the currently domineering question would be difficult. During this period of time the subject "rural and agricultural working environments" could only claim a minor or rather marginal position within the above mentioned special branches of science. Effects of technological, social or demographical change are, if at all, analysed in individual studies.

The European dimension of such scientific studies is missing to the greatest extent. Although national conditions are still a big issue, agricultural labour is Europeanised and parameters like technological, social or demographical



# Employment incentives in the Common Agricultural Policy – Main acting fields of labour unions

Thomas Hentschel,  
PECO Institut e.V.

In the next years, employment will become a central problem in the economic development of Europe – especially in rural areas.<sup>2</sup> Poverty is predicted in a study of the European Commission “Poverty and social exclusion in rural areas”. Jobs in agriculture and forestry are of special significance in this context. Although agriculture and forestry have only a small percentage share on employment and value creation in rural areas, impacts on employment in up- and downstream industries are undoubtedly high. A job in agriculture creates five more jobs in up- and downstream areas.

In case agriculture is not able to sustain its competitive ability, there are immediate impacts on other jobs and thus on rural areas as a whole. Problems like demographic changes, competition for



workers with other attractive sectors, and a predicted shortage of skilled labour are increasingly recognised and discussed. While seasonal workers for manual and easy to learn tasks can be recruited easily from other regions, this is more difficult with skilled workers. Thus, a foresighted agricultural policy has to address these problems.

Hitherto promotion policy by product- and acreage subsidies cannot fit these requirements and is increasingly criticised by the public in the face of scarce budgets. A paradigm shift is initiated

Workers are considered for the first time within the Common Agricultural Policy due to the proposal to subsidise wages.

with the reform proposals of the European Commission from October 12th 2011 – under the condition that these proposals are adopted by the European Council and the European Parliament.

However, no qualitative improvement of work and work conditions result from this step. Initiatives and promotion possibilities for a qualitative improvement of agricultural labour are needed in order to meet requirements for sustainable agriculture. Here, labour unions identify several approaches.

For example, a core demand of the past years was the integration of European safety and occupational health standard into the Cross Compliance framework. A call for cutting subsidies in case of violation of rules can be considered a first step in the right direction towards “sustainable work” – however, it is not enough.

Rather, companies should be asked to take initiative on their own to develop good work conditions. Development and promotion of additional systems of social partnership in order to prevent poverty among agricultural workers would thus be a forward-looking step.

<sup>2</sup> Poverty and social exclusion in rural areas; European Commission, Directorate-General Employment, Social Affairs & Equal Opportunities; Brussels 2008

Further approaches to couple direct payments to labour were developed and discussed within this project's framework. The three discussed models aim towards a stronger consideration of employment in agricultural subsidy policy. However, developed approaches are not comparable within Europe, yet. There is a lack of knowledge with respect to evaluation of labour and a lack of a unified database for the fundamentals of computation. We suggest for the next funding period that impacts of technical, social and demographic change on jobs and work conditions in agriculture are researched within the framework of the so-called second pillar. Of course, there has to be a transnational discussion and a knowledge transfer in order to reach comparable data and information.

In general, the second pillar provides good approaches for the development of "sustainable work conditions". A foundation for this is the promotion of education. European social partners have illustrated in numerous educational initiatives that they are capable of acting. With the agreement of the social partners for "Agripass", there is an European approach for vocational education in European agriculture since more than ten years. This instrument must be developed further in context with the European Qualifications Framework and must be used as orientation for lifelong learning in agricultural vocational education.

Impacts on jobs should be an important criteria when setting funding schemes. Investments in agricultural buildings, village renewal, energetic reconstruction or promotion of renewable energies are possible approaches for direct promotion of employment in rural areas.

Well trained employees are necessary for a comparative and sustainable European agriculture. Main acting fields of labour unions are fighting impacts of climate change, securing skilled workers, monitoring demographic change, fighting social poverty in rural areas, and observation and development of social standards.



### Contact details

#### *Germany*

Industriegewerkschaft Bauen-Agrar-Umwelt - [www.igbau.de](http://www.igbau.de)  
PECO-Institut für nachhaltige Regionalentwicklung e.V. - [www.peco-ev.de](http://www.peco-ev.de)  
[www.agri-employment.eu](http://www.agri-employment.eu)  
[www.laendlicher-raum.eu](http://www.laendlicher-raum.eu)  
Kasseler Institut für ländliche Entwicklung e.V. - [www.kasseler-institut.org](http://www.kasseler-institut.org)  
Neubrandenburg University of Applied Sciences - [www.hs-nb.de](http://www.hs-nb.de)

#### *Austria*

Produktionsgewerkschaft ProGe - [www.pro-ge.at](http://www.pro-ge.at)

#### *France*

FGA / CFDT - [www.fga-cfdt.fr](http://www.fga-cfdt.fr)  
Forum Social Innovation - [www.forum-si.eu](http://www.forum-si.eu)

#### *Czech Republic*

OSPZV / ASO - [www.ospzv-aso.cz](http://www.ospzv-aso.cz)

#### *Romania*

Agrostar - [www.federatia-agrostar.ro](http://www.federatia-agrostar.ro)

