POLICY PRACTICE VS. PUBLIC PERCEPTION: DOES THE SUPPORT FOR MULTIFUNCTIONAL AGRICULTURE IN SLOVENIA DELIVER THE RIGHT THING?

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ABSTRACT

The concept of multifunctionality is increasingly included in argumentation and instruments of agricultural policy. The paper deals with a question to what extent policy instruments relate to public preferences towards multifunctional agriculture. The case of Slovenia is taken as an example. Internet-based survey was carried out in order to identify and rank various attributes of multifunctional agriculture in Slovenia. Survey results are confronted with review of rural development policy instruments. This comparison shows that extensive policy support towards sustainable land management and preservation of countryside in Slovenia is in accordance with stated preferences of survey respondents. On the other hand, high ranks given by survey respondents are in contrast with low importance in policy support towards food safety and quality aspects of multifunctional agriculture.

Key words: multifunctional agriculture, Slovenia, policy design, public preferences.

1 INTRODUCTION

There is a growing public concern about the outputs of agriculture that go beyond its primary function, i.e. production of food and fibre [2]. These outputs, which are seldom commoditised, usually relate to environmental, social and health aspects of agriculture, such as: (i) impact on landscape preservation and its accessibility, (ii) impacts (positive or negative) on natural resources, biodiversity and animal welfare (iii) provision of safe and high-quality food, (iv) contribution towards rural employment, and (v) contribution towards preservation of rural heritage [5]. These multiple non-commodity functions of agriculture are usually referred to as 'multifunctional agriculture' (further: MFA) [1,5,8].

Multifunctionality is often regarded as a "new paradigm" of the Common Agricultural Policy of the EU (CAP) [1]. The 'European model of agriculture', which is a cornerstone of the EU Common agricultural policy (CAP) builds from the concept of MFA [4]. Based on this concept, EU defines its positions in dialogue with international trade partners [3]. Even more importantly, the CAP instruments are becoming increasingly linked to the multiple functions of agriculture. Policy designers depart from the premise that markets fail to allocate environmental and social outputs of agriculture efficiently and thus public action is required [8]. These actions usually take a form of financial compensations and/or incentives for provision of non-commodity outputs of agriculture at the socially desirable level (e.g. payments for sustainable use of natural resources).

Considering the fact that the stakes on the policy agenda attributed to the multifunctionality concept are high [1,4], it is surprising that the balance of consumer preferences for commodity and non-commodity outputs is seldom formally checked, leaving a sense of doubt whether the policies deliver the goods and services of MFA according to the public demand.

The paper deals with the question about the role of public preferences in policy design. The research community usually attempts to quantify the (monetary) 'social' valuations of various attributes of multifunctional agriculture [2,5,8]. However, the application of various valuation methods can lead to misguiding results if the demand for these attributes is implicitly assumed to be rooted in the existing policies. This paper takes one step backwards. It attempts to identify and rank the attributes that characterise the public perception of multifunctional agriculture. It aims to confront its findings with the existing policy practice.

Slovenia is chosen as a case for analysis. With respect to widespread policy mechanisms and considerable public funds attributed to various attributes of multifunctional agriculture [7,9,10], it appears that the demand for multifunctional agriculture in Slovenia is high and concentrated primarily to the issues of countryside preservation and natural protection. The paper attempts to check to what extent the existing policy practice meets the public expectations from agriculture.

2 MATERIALS AND METHODS

What are the public expectations from agriculture and its multiple functions in Slovenia? What is the significance of individual functions (e.g. sustainable use of natural resources, preservation of countryside, food safety, rural employment) and how are they ranked? Which of these functions can be provided through the market and which of them require public funding? These questions were tackled by an internet-based survey. In order to involve various stakeholders interested in different aspects of multifunctional agriculture (consisting of governmental and non-governmental institutions dealing with agriculture, environment and consumer issues), the survey hosted on their web pages. Analysing the survey results, responses were grouped by these three distinctive groups of respondents in order to observe potential differences between them.

Apart from the segment dealing with socio-economic profile of respondents, the survey consisted of three parts dealing with: (i) attitude towards agriculture and its multiple functions; (ii) perception of problems confronted by agriculture and identification of

new products and services that can be provided by agriculture, and (iii) competences for carrying out the public-relevant functions of agriculture and their financing.

The number of valid responses is 441. Due to (mainly) ordinal scale of responses, statistical significance of findings is be tested by various non-parametric methods.

3 RESULTS

3.1 multiple Roles of agriculture and their significance in public opinion

Departure point of the survey was a series of statements relating to different aspects of MFA (Figure 1). Respondents rated their (dis)agreement with these statements. Broadly speaking, these results reveal which aspects of agricultural multifunctionality are undisputedly regarded as more important, which of them are seen as less relevant, or alternatively, receive divergent views.

Survey results (Figure 1) imply a general agreement that the mission of agriculture goes beyond food supply to other aspects of public welfare. The prevailing part of respondents strongly agrees with this statement and results of the χ^2 test confirm significance of multiple roles of agriculture in public opinion.

Between individual aspects of multifunctionality, respondents have put in front the role of agriculture in preservation of landscape and prevention of depopulation in a statistically significant manner. Nevertheless, opinions about this aspect diverge between various groups of respondents. As it can be inferred from the results of the Kruskal Wallis test, these divergences exists between urban and non-urban respondents and between the users of 'agricultural' internet sites and other respondents.

As it can be inferred from the symmetrically distributed responses, public opinion about the impacts of agriculture on natural resources and biodiversity are divided. At 95% confidence rate, the average rate lies in the interval 2.77-3.00, which implies weak agreement with the statement that Slovene agriculture manages resources in a sustainable manner.

Respondents tend to trust that domestically produced food is safer than imported one in a statistically significant manner. Results of the Mann-Whitney test imply that this opinion is more strongly expressed in the case of respondents-users of the 'agricultural' sites. Similar holds for the statement that agriculture remains important income and employment source in rural areas.

Respondents were further asked to rank individual non-commodity outputs of agriculture. As implied by the survey results presented in Figure 2, respondents put in front the role of agriculture in preservation of natural resources, cultural landscape and biodiversity. Production of safe and high-quality food is ranked as second. This is followed by importance of agriculture in provision of rural employment and settlement, sharing the third rank with food security aspects of agriculture. According to the survey results, the role of agriculture in preservation of rural heritage is the least important of the listed non-commodity outputs of agriculture. A relatively high share of respondents (13 and 11 per cent, respectively) shares the opinion that Slovene agriculture has only a negligible impact on food security and preservation of rural heritage.

3.2 Products and services of multifunctional agriculture: public support or market provision?

The survey tackled the issue of expenditures necessary for maintaining the desired level of non-commodity outputs of agriculture that are most relevant to the public. Alternative ways of financing are checked for each attribute of MFA: (i) by market provision (implicitly indicating the willingness to pay), (ii) via policy interventions or, (iii) as a combination of both.

As a first step, the survey attempted to assess the perceived demand for various non-commodity outputs of agriculture. Respondents were asked to assess expected growth of demand on a 5-point scale, 1 representing no demand and 5 representing high growth of demand. Implicitly, the responses provide some guidance as to which of these outputs could be potentially commoditised.

Results of the χ^2 test confirm statistically significant differences between observed and expected frequencies for all six listed outputs of MFA. As seen from the survey results presented in Figure 3, respondents assess that the highest demand growth is expected in the case of special and quality foods (almost three quarters of them assess that demand growth will be high or very high). Analysis of residuals further reveals that above-average demand growth can be expected in three cases: special and quality foods, recreational use of rural resources and rural tourism. These three outputs are therefore assessed to have promising potentials for commoditisation.

The set of survey questions related to demand inevitably leads us to the question of provision of goods provided by MFA. Respondents were asked to state the most suitable ways of provision (and financing) for most 'standard' outputs of MFA. They could choose from four alternative ways of provision: (i) provision without special financing, (ii) provision based on market exchange, (iii) combination of budgetary support and market provision, and (iv) provision financed solely by public funds. Results are presented in Figure 4.

Also in this case, results of the χ^2 test confirm statistically significant differences between the expected and observed outcomes.

In the case of preservation of biodiversity and habitats, respondents largely (55 per cent) opine that provision of these goods can be financed by public support only. In contrast to this, a similar percentage of respondents share the opinion that preservation of natural resources and agricultural landscape can be effectively provided by a combination of public support and market provision (presumably mostly through market-based leisure activities).

More than half of respondents see it appropriate that provision of safe food of high quality is at least partly financed from the budget. Therefore, even though food can be considered as a market commodity, a large proportion of respondents share the opinion

that its safety and quality aspects should be a matter of public support.

In the case of food security, the respondents' opinions are quite divided. Whereas about 16 per cent of respondents see this good as a subject of public provision, a similar percentage of them think that food safety can be secured with no particular financing.

As for securing adequate economic standards of farming population and preservation of populated landscape, the largest share of respondents see this good provided by a combination of public support and market participation, whereas about third of them share the opinion that this should be secured by government intervention only.

3.3 Public support for multifunctional agriculture in Slovenia 1992-2013

Since its independence in early 1990s, long-term agricultural policy objectives in Slovenia have departed from so called 'eco-social' concept (MAFF 1993, 1998), which comprehends economic, environmental and social aspects of agriculture. Notwithstanding somehow peculiar semantics, agricultural policy objectives in Slovenia do not deviate from the 'European model of agriculture', which is deeply rooted in the multifunctionality concept.

The scope of measures and allocated public resources for support of MFA in Slovenia have so far sought a constant rise. This is illustrated by the presented dynamics and structure of public expenditure for rural development policy in Slovenia (see Figure 5).

The only multifunctionality-related measure that existed throughout the whole analysed period is the support for agriculture in less-favoured areas (LFA). The measure evolved from a strictly production-coupled support (additional premia for certain agricultural commodities produced in LFAs) to area-based payments. Budgetary appropriations for this measure have constantly risen and today this measure is the one representing the highest share of public expenditure between all rural development measures (44 per cent).

Coincidentally with the preparations for accession to the EU, and with actual accession in 2004, agricultural policy in Slovenia raised concerns over environmental impacts of agriculture. These concerns have materialised in ambitious set of agri-environmental payments, which accounted for almost a third of all public expenditure for rural development measures in Slovenia in the period 2004-2006. Significance of agri-environmental payments is likely to decrease slightly in relative terms in the 2007-2013 programming period.

Environmental and landscape payments are gaining significance also in the structure of revenues on agricultural holdings. Measures tackling other aspects of agricultural multifunctionality than environmental and spatial ones have been less represented and have oscillated more.

A typical case is support for village renewal projects, which is related to the MFA aspect of rural heritage. This measures was launched in early 1990s and reached its peak in the second half of that decade. It virtually ceased to exist in the following years and now it is expected to re-emerge with mainstreaming of the 'Leader' approach in the new programming period 2007-2013.

As another case, measures dealing with promotion of food quality schemes gained some significance only after the EU-accession. The measure can be regarded as relatively minor both in terms of allocated public expenditure and in number of projects.

4 Discussion

Defining the 'code of good practice' in policy design for support of MFA, standard policy recommendations for the case of simultaneous provision of public and private goods can be applied [13]: (i) attainment of policy objectives related to public goods should reflect public preferences and be tackled by targeted measures decoupled from production; (ii) the scope of private (or at least marketable) goods should be determined by market exchange (iii) policy design should be cost efficient, and (iv) both direct and indirect costs of policy action have to be taken into account, including economic and other impacts on welfare at international scale.

The question whether support for MFA in Slovenia delivers goods and services in accordance with public demand can be tackled by confronting the survey results with the actual policy practice.

As a point of departure, the survey results showed that respondents gave a credit to the concept of multifunctional agriculture. In this sense, a significant increase of public expenditure to secure MFA in Slovenia seems to have a solid backing in public opinion.

There is however some divergence between rankings of individual attributes of MFA in the survey and between implicit rankings of these attributes in terms of allocated public expenditure. Highest ranks were given to the role of agriculture in preservation of natural resources, cultural landscape and biodiversity. The actual support mechanisms reflect these preferences highly.

This is however not the case for the second ranked attribute (production of safe and high-quality food), which has currently a low significance in public support. Even though this aspect of MFA is expected to have a good potential for commoditisation, public support for quality foods tends to be inadequate This is backed by the survey results in which more than half of respondents see it appropriate that that its safety and quality aspects of food provision should be a matter of public support.

On the other side survey results show that MFA attributes relating to food security and preservation of rural heritage are assessed as less relevant. These attributes are also relatively weakly represented in the policy support for MFA in Slovenia. This is in accordance with the stated preferences of survey respondents. According to them, rural heritage, together with natural resources and agricultural landscape can be effectively provided by a combination of public support and market provision (presumably mostly through market-based leisure activities).

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6 FIGURES

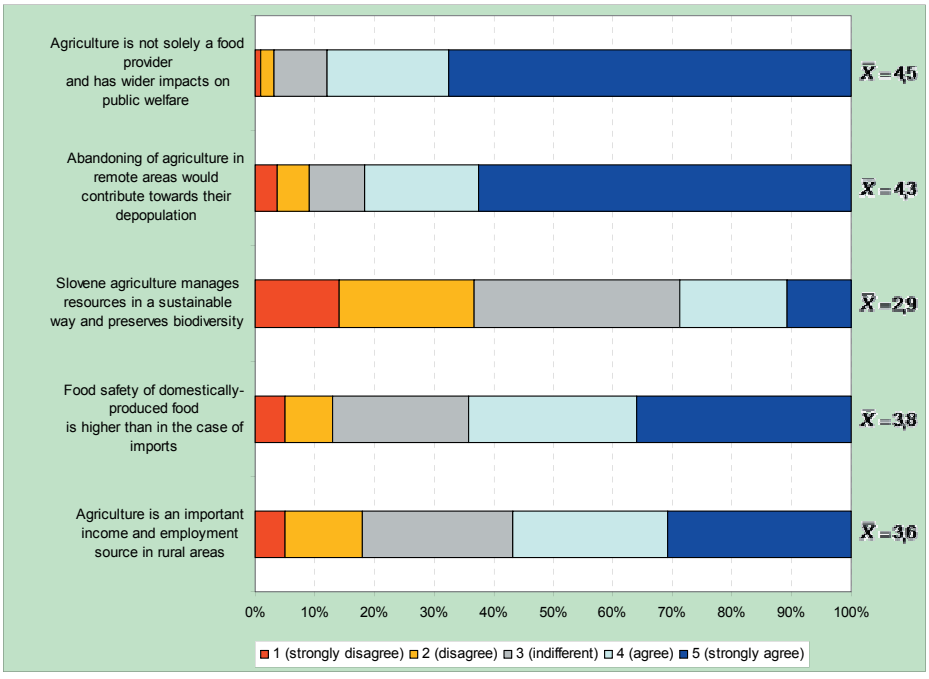


Figure 1: Level of respondents' agreement with statements about agriculture

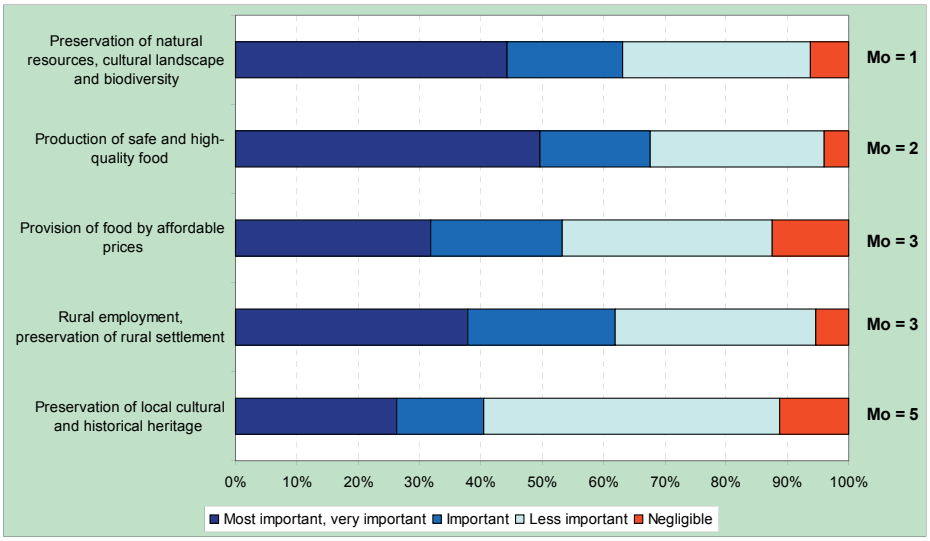


Figure 2: Respondents' ranking of benefits from agriculture for society

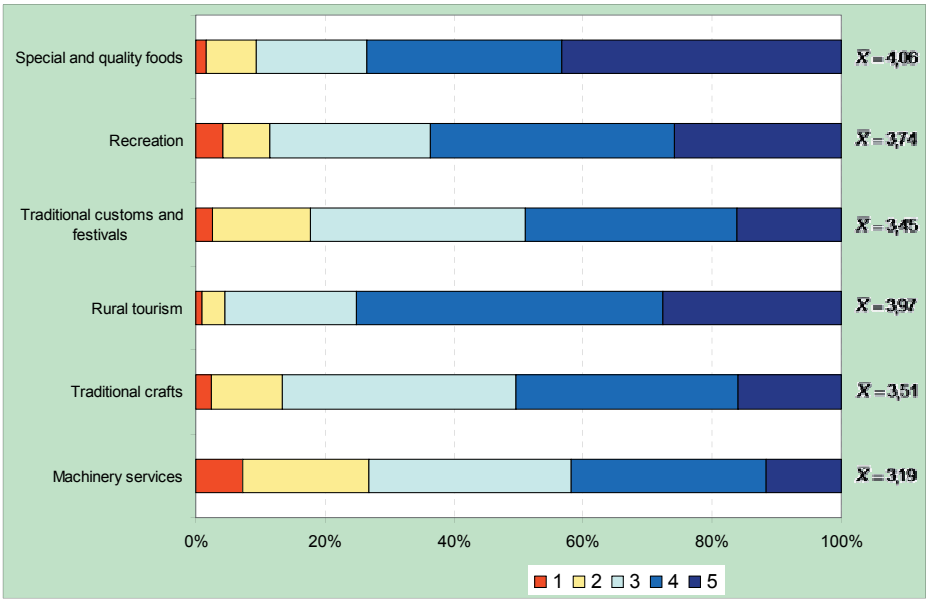


Figure 3: Assessed demand for goods and services provided by multifunctional agriculture

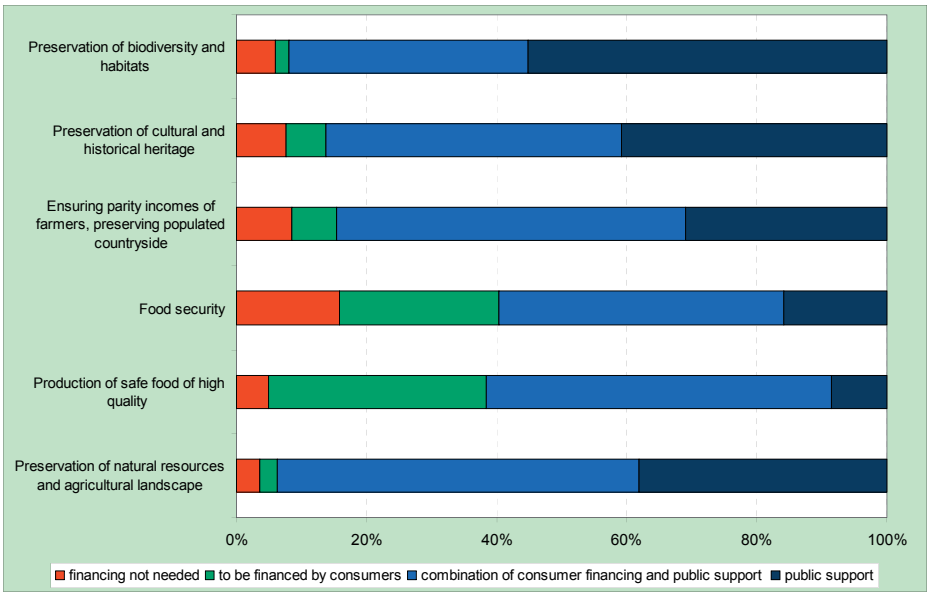
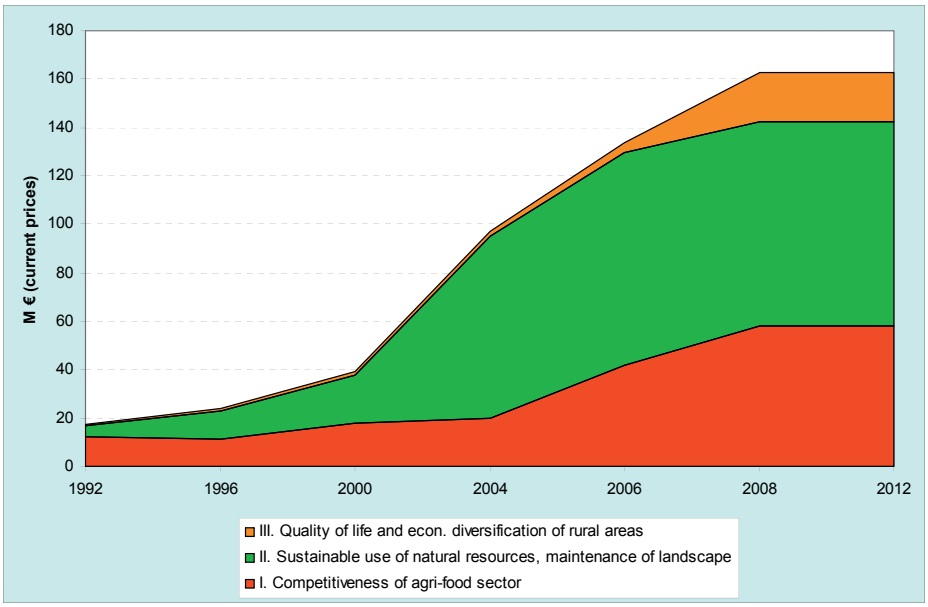


Figure 4: Suggested financing of multiple functions of agriculture



Sources of data: [6,9,10,12]

Figure 5: Public support for rural development policy in Slovenia by groups of measures