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Capital/Labour separation in French agriculture: The end of family farming?☆

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ABSTRACT

While historically the family nature of farms has depended mainly on the fact that capital and labour are in the same hands, developments in the French countryside increasingly challenge this "historical" model; certain production processes found today on farms clearly seem to move away from it. This article, based on statistical data available to date, identifies elements indicating major changes and introduces a few specific cases illustrating major qualitative changes. The analysis then addresses the issue of the transfer of the most capitalised farms and the "flexible farming" model proposed by CER-France (Centre d'Economie Rurale – France). The capital/labour separation process at work and its possible outcome are brought to light, particularly regarding the distribution of value-added.[1]

1. Introduction: Familyfamily farming and the organic capital/labour relation

The French post-war agricultural model and the development process characterising the second half of the 20th century were founded on family farming, involving a couple where both contributed their labour. Family farming acted as the primary model that enabled major yield increases – and in particular, increased labour productivity – in the French agricultural sector after the war. Nevertheless, while the contemporary agricultural revolution delivered productivity gains for family farms, the unprecedented increase in the capitalisation of these farms did not transform them into "capitalist" farms.

On the occasion of the International Year of Family Farming (IYFF), many countries re-examined what "family farming" represented. While in this article we do not intend to review these discussions in detail, we would like to recall that, on the whole, there was worldwide consensus after Tchayanov (1966) concerning abandoning size criterion and instead using criteria characterising the farm operation, focusing on the family unit. Neither the level of technical equipment (and therefore the surface area being farmed) nor the nature of trading (resorting to the market to acquire means of production, auto-consumption of production versus marketing of output) are appropriate defining criteria (e.g., Bélières et al., 2013; Sourisseau, 2014; FAO, 2014).

From our perspective, the "family" nature of the production unit, in France and elsewhere depends first on the fact that the major share of the work required is carried out by the actual farmer and, if need be, his/her spouse, children or even members of the older generation. Furthermore, it depends on the fact that the two production factors of labour and capital are in the same hands.[2] This is what makes family farming as a production unit very different from a capitalist-type undertaking where the labour force is remunerated with a salary, while the owner of the capital, the businessman, is remunerated with profit as a return on investment. With family farming, the economic result of the production process is translated into agricultural income on which the

Abbreviations: AWU, Annual Work Unit; CER, Centre d'Economie Rural (Rural Economist Center); CER-France, Centre d'Economie Rurale – France (French Rural Economic Center); IYFF, International Year of Family Farming; FAO, Food and Agricultural Organization; GAEC, *Groupement Agricole d'Exploitation en Commun*; GFA, *Groupement Foncier Agricole*; EARL, *Entreprise Agricole à Responsabilité Limitée*; FNCUMA, *Fédération Nationale des Coopérative d'Utilisation du Matériel Agricole*; FNSafer, *Fédération Nationale des SAFER* (national land agency); GPS, Global Positionnement System; GMO, Genetically Modified Organism; MAAF, *Ministère de l'Agriculture, de l'Alimentation et de la Forêt* French Ministry of Agriculture, Food and Forestry; RGA, *Recensement Général Agricole* General Agricultural Census; RICA, *Réseau d'Information Comptable Agricole* Agricultural Accounting Information Network; SAFER, *Société d'Aménagement Foncier et d'Etablissement Rural* Departmental land agency; SGP, Standard Gross Production; SCEA, *Société Civile d'Exploitation Agricole*; UAA, Usable Agricultural Area

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[1] The author warmly thanks Janet Dwyer for his attentive proofreading.

[2] Where the farmer may or may not own the land.

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farmer and farm family can live and, where possible, increase their productive capital, a notion far removed from that of a capitalist-type profit.[3]

As such, our concept of "family" farming differs significantly from that put forward in other circles. In a more sociological conception of family farming, for example, the involvement of the entire family (i.e., several generations) or a few members only is what makes "family farming". In this context, as soon as the labour force is reduced to one labourer (i.e., the farmer himself), while the spouse works outside the farm, the family nature of the production unit is questioned. In other characterisations, it is the fact that the family holds the land as well as the capital involved in the productive process, and the fact that land and capital transmission is maintained "within the family framework", that is seen to justify the family nature of the farm, whereas the major part of the labour no longer is contributed by the family.

By sticking specifically to this capital/labour relation that, according to our definition, underlies the family or non-family nature of agriculture, we find that developments in the French countryside led us to question the "historical" model of family farming, insofar as certain production processes found on farms today clearly seem to move away from it. In this article, we will first try to identify elements that potentially indicate major change, based on the statistical data available to date. Drawing from a number of case studies involving fieldwork undertaken in the French countryside, we will pinpoint certain qualitative developments that, despite being illustrative and barely visible in the statistics, appear particularly meaningful in this context. The analysis will focus upon the issue of the transfer of the most capitalised farms, and on exploring the implications of the "flexible farming" management model as proposed by CER-France *(Centre d'Econome Rurale – France)*. We conclude our analysis by considering the capital/labour separation process at work in the French countryside, and its possible outcomes, particularly regarding the distribution of value-added.

2. New discreet forms of capital/labour relations

The expansion of the largest and best-equipped farms and the continual decrease in farm numbers across France in recent decades is not enough to infer that family farming might be disappearing or moving towards a "capitalist" farming model. Many recent technological developments (e.g., high capacity milking equipment, increases in plot width and Global Positionnement Sistem (GPS) - guided engines, Genetically Modified Organism kits and simplified cash crop management sequences among others) instead show that pursuing productivity gains still is possible within the framework of the same family "model".[4]

2.1. Precursory signs from statistics

Although available farm statistics (RGA, RICA) do not reflect any significant moves toward capitalist agriculture, there have been some signs offering a glimpse of the nature of ongoing developments. These are summarised below.

2.1.1. Appearance of very large farms

By adopting the Standard Gross Production (SGP) criterion in measuring the "economic" size of farms, two new farm categories (in addition to the small, average and large categories adopted by the Statistics and Foresight Department of the French Ministry of Agriculture) were revealed: the category of very large farms with an SGP of more than €250 000 and that of giant farms with an SGP of more than €1 million (Oliver-Salagnac and Legagneux, 2012). In 2010, these two farm categories, which are still in a minority (10.5% of the total), used 23% of the total Usable Agricultural Area (UAA) and produced 53% of the SGP (Oliver-Salagnac and Legagneux, 2012 p. 88).[5]

Where cash cropping is concerned, Philippe Perrier-Cornet estimated that in 2007 there were around 1000 very large farms that, in the French context, cover between 1000–3000 ha (Carlier and Perrier-Cornet, 2007). Many of them are contract farming businesses carrying out all cultivations (*infra*) on behalf of several "client" farms. Today, these businesses have greater influence on farm land, even if this phenomenon remains hidden in the agricultural statistics, where each "client" farm maintains its farmer status. Nonetheless, it is possible to detect when these businesses grow based on when they show an increase in the number of salaried employees. Indeed, in parallel to the fact that service provision is increasing, the number of salaried employees hired by farming businesses, farm machinery co-operatives and employer groups is also increasing (*infra*).

Where animal production is concerned, the appearance of very large structures is also manifest. In 2010, 2000 of the largest dairy farms in France produced one million litres of milk each, on average (Institut de l'Elevage, 2013), while some of the businesses specialising in beef farming also have reached very large sizes, calling to mind the fattening units of the Po Valley.[6]

2.1.2. The development of business structures

We know that the number of farms adopting various more "corporate" business structures (*formes sociétaires* e.g., GAEC, EARL, SCEA…) has greatly increased in the last few years. In 2010, in metropolitan France, they represented 30.6% of farms and covered 57.1% of the UAA (MAAF, Agreste, 2010). Some of these developments do not question the fact that these are family farms, i.e., where both capital and labour are in the same hands. The case of the GAEC (*Groupement Agricole d'Exploitation en Commun*) illustrates this situation, with many of these associating fathers and sons, mothers and sons or, still, brothers. The same applies to farms adopting specific legal structures (EARLs) that have tax optimisation as their primary objective.[7]

Moreover, these business structures increasingly are active on the land market and have been buying the largest and most expensive estates. In 2013, agricultural legal entities (agricultural land groupings, agricultural property investment companies and agricultural companies) acquired 9.2% of estates on sale, 12.4% of their surface area and 21.4% of their value (FNSafer, 2014). In addition, the national land agency FNSafer found that investment funds have announced their intention to enter the agricultural land market in France, which seems to be an entirely new phenomenon.

2.1.3. Increase in salaried employment

After half a century of constant reduction in the number of salaried employees in the French agricultural sector (in absolute and relative terms), a reduction that went hand in hand with productivity gains and at the same time established the dominance of the family farm model,

[3] Rather than a clear-cut definition, this is more about a continuum of production forms between the two extremes of family- and capitalist-type farming, so that it is often essential to identify (and as such characterise) the "employers-type" undertakings in which the family labour force is mobilised, jointly with the agricultural labour force hired on a seasonal or permanent basis (Dufumier and Bergeret, 2002).

[4] See also the American case in which, contrary to popular belief, the majority of production units remained family-based with cash crops in particular, which does not seem to have prevented significant productivity gains (Devienne et al., 2005; Devienne, 2014).

[5] Because this farm type is highly represented in the quality wine industry and intensive indoor production, it uses relatively little surface area (Devienne et al., 2005; Devienne, 2014).

[6] For example, the Berneuil Estate (Haute Vienne) which, in 2013, "conditioned" around 6 000 heads of lean cattle for its parent company settled in the Po Valley (interview conducted in Berneuil with Olivier Ducourtieux, May 2013).

[7] Within the framework of this article, we will not tackle the scenario where these structures are created partly to favour farm expansion (when an associate leaves the company) and as such bypass the obstacles that are still sometimes activated by measures for the control of facilities.