



**CHAPTER II:**  
**WHY IT MAKES POLITICAL  
SENSE TO SUPPORT  
ORGANIC AGRICULTURE**



Public support to organic agriculture can be justified in many ways. Ultimately, it reflects a political choice that is influenced by many factors such as the overall political and economic situation of a country, the balance of political forces at a given moment, broader societal choices and perceptions regarding food production, or the relative power of influence of civil society movements and professional lobbies.

Scholars<sup>2</sup> have argued that state intervention (in general) can be economically justified in cases where:

- The negative effects of earlier government interventions in markets need to be corrected and eased by new interventions.
- Imperfect competition can lead to important market failure.
- A lack of information and transparency severely impedes market functions.
- Market failures arise due to the nature of the goods involved (e.g. public goods and externalities).
- Markets lead to an income distribution within a society, which is considered unacceptable.

Policy support to organic agriculture can be related to all of those reasons, ranging from correcting previous agricultural policies that have encouraged unsustainable practices, to correcting the lack of consumer information about agricultural production practices, to the generation of public goods. Adding to that is the economic justification of a national investment in a sector that has high economic potential and is internationally competitive (hence the need for a country to establish themselves in this sector).

Organic agriculture is increasingly benefiting from public support, in recognition of its contribution to societal goals, as well as its market potential. There are a variety of reasons that fall under those two broad justifications for public support. They can be summarized as follows:

### **1. Organic agriculture contributes to the welfare of society**

An important reason to justify public funds going into supporting organic agriculture is that this is a way to ensure the production of a variety of “public goods” which are not otherwise produced by conventional agriculture, and are not sufficiently remunerated by the market: those positive externalities (or external effects) include:

- 1.1. Ecosystem services and environmental protection:
  - Organic agriculture protects and enhances biodiversity and sustainable agro-ecosystems<sup>3,4,5</sup>. Biodiversity plays a fundamental role

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<sup>2</sup> Henrichsmeyer and Witzke (1994) and Dabbert et al. (2004) in Stolze and Lampkin, 2009

<sup>3</sup> <https://shop.fibl.org/fileadmin/documents/shop/1548-biodiversity.pdf>

<sup>4</sup> [ftp://ftp.fao.org/paia/biodiversity/OA\\_biod\\_en.pdf](ftp://ftp.fao.org/paia/biodiversity/OA_biod_en.pdf)

<sup>5</sup> Sean L. Tuck and others, “Land-use intensity and the effects of organic farming on biodiversity: a hierarchical meta-analysis”, *Journal of Applied Ecology*, vol. 51, Issue 3 (June 2014).

in directly providing goods and services as well as in regulating ecosystem properties<sup>6,7</sup>.

- Organic agriculture supports biological pest control services and fosters ecological equilibrium<sup>8</sup>.
- Organic agriculture sustains pollination services<sup>9,10</sup>.
- Organic agriculture preserves water quality and therefore minimizes the need for expensive water treatments to get potable water<sup>11</sup>. Additionally, organic agriculture enhances water infiltration and retention, thus reducing the need for irrigation and increasing groundwater recharge.
- Organic agriculture protects against soil erosion<sup>12, 13</sup>, desertification<sup>14</sup>, and maintains soil fertility<sup>15, 16</sup> which is the most important natural capital asset to sustain food production for future generations, and in adapting to climate change<sup>17</sup>.
- Organic agriculture contributes to carbon sequestration<sup>18</sup> and consumes less fossil energy<sup>19, 20</sup>, thereby mitigating climate change.

## 1.2. Rural development and landscapes:

- Organic agriculture enables people in rural and less favored areas to earn a decent income and therefore helps to sustain a balanced

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<sup>6</sup> Porter, J., Costanza, R., Sandhu, H., Sigsgaard, L. & Wratten, S. The value of producing food, energy, and ecosystem services within an agro-ecosystem. *Ambio* 38, 186–193 (2009).

<sup>7</sup> Sandhu, H. et al. Significance and value of non-traded ecosystem services on farmland. *PeerJ* 3, e762 (2015).

<sup>8</sup> Östman, Ö., Ekbom, B. & Bengtsson, J. Yield increase attributable to aphid predation by ground-living polyphagous natural enemies in spring barley in Sweden. *Ecol. Econ.* 45, 149–158 (2003).

<sup>9</sup> <https://www.organic-center.org/wp-content/uploads/2015/06/The-Role-of-Organic-in-Supporting-Pollinator-Health.pdf>

<sup>10</sup> [http://www.bayceer.uni-bayreuth.de/bayceer/en/pub/html/JApplEcol2007,44\\_41-49.pdf](http://www.bayceer.uni-bayreuth.de/bayceer/en/pub/html/JApplEcol2007,44_41-49.pdf)

<sup>11</sup> <https://www.uni-hohenheim.de/i410a/ofeurope/organicfarmingineurope-vol6.pdf>

<sup>12</sup> Siegrist, S., Scaub, D., Pfiffner, L. & Mäder, L. Does organic agriculture reduce soil erodability? The results of a long-term field study on loess in Switzerland. *Agr. Ecosyst. Environ.* 69, 253–264 (1998)

<sup>13</sup> Eric Holt-Giménez, “Measuring farmers’ agroecological resistance after Hurricane Mitch in Nicaragua: a case study in participatory, sustainable land management impact monitoring”, *Agriculture, Ecosystems and Environment*, vol. 93 (2002).

<sup>14</sup> <ftp://ftp.fao.org/docrep/fao/010/y4587e/y4587e05.pdf>

<sup>15</sup> Wander M, Traina S, Stinner B, Peters S. 1994. Organic and conventional management effects on biologically active soil organic matter pools. *Soil Science Society of America Journal*. 58: 1130-1139.

<sup>16</sup> <http://www.emeraldinsight.com/doi/abs/10.1108/00070700910992925>

<sup>17</sup> <http://www.redagres.org/Organic-agric.pdf>

<sup>18</sup> Rodale Institute, “Regenerative organic agriculture and climate change: a down-to-earth solution to global warming” (Kutztown, Pennsylvania, 2014). Available from <http://rodaleinstitute.org/assets/WhitePaper.pdf>.

<sup>19</sup> <https://organic-center.org/reportfiles/EnergyExecSummary.pdf>

<sup>20</sup> Tuomisto, H. L., Hodge, I. D., Riordan, P. & Macdonald, D. W. Does organic farming reduce environmental impacts? A meta-analysis of European research. *J. Environ. Manage.* 112, 309–320 (2012).

territorial development of rural economies and mitigates rural-urban migrations<sup>21</sup>.

- Organic agriculture brings innovation in rural systems<sup>22</sup>, requiring higher levels of information and lower technological input.
- Organic agriculture protects the quality and the amenity of rural landscapes, preserves the natural and cultural diversity of rural settings, while improving rural well-being and meeting the multiple urban demands on the countryside<sup>23</sup>.
- Organic agriculture emphasizes participation and bottom-up approaches, which strengthen solidarity of rural communities<sup>24 25,26</sup>.
- Organic agriculture is more labor intensive than conventional agriculture, and therefore sustains rural employment (job creation)<sup>27,28</sup>.
- Organic agriculture is a viable option for family farms and smallholders and therefore supports food security and food sovereignty<sup>29</sup>.
- Organic agriculture increases resilience to market and climatic fluctuations, therefore stabilizing rural income and livelihoods.
- Organic agriculture maintains more diverse and attractive landscapes and preserves natural heritage, which provides a basis for the recreational enjoyment of the countryside and for tourism development.

### 1.3. Public health:

- Organic agriculture avoids contamination of the general environment by toxic chemicals that have an adverse effect on public health<sup>30</sup>.
- Organic agriculture helps preserve the health of agricultural workers though the avoidance of pesticide exposure.
- Organic agriculture helps reduce the overall amount of pesticide residues in food and therefore reduces the risk of chronic diseases such as cancer, Alzheimer, Parkinson or allergies<sup>31</sup>.

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<sup>21</sup> [http://infohub.ifoam.bio/sites/default/files/page/files/rural\\_development\\_en.pdf](http://infohub.ifoam.bio/sites/default/files/page/files/rural_development_en.pdf)

<sup>22</sup> IFOAM EU Group, ARC 2020, TP Organics, 2012. *Agro-ecology: Ten examples of successful innovation in agriculture*.

<sup>23</sup> [http://www.agr.unizg.hr/smotra/pdf\\_68/acs68\\_35.pdf](http://www.agr.unizg.hr/smotra/pdf_68/acs68_35.pdf)

<sup>24</sup> [http://www.organicagcentre.ca/DOCs/org\\_farmers\\_rural\\_dev.pdf](http://www.organicagcentre.ca/DOCs/org_farmers_rural_dev.pdf)

<sup>25</sup> <https://shop.fibl.org/fileadmin/documents/shop/1348-producer-initiatives.pdf>

<sup>26</sup> Abouleish I., Kirchgessner M.: Sekem, 2005, *A Sustainable Community in the Egyptian Desert*.

<sup>27</sup> In Wales, the Organic Farming Scheme (OFS) was found to be the main contributor to restructuring and modernization of the agricultural sector and a contributing factor to participants remaining in farming. In France, it was estimated that organic agriculture employs 60% more people than conventional agriculture (source : Agreste Primeur n°284 - juin 2012). In Tunisia, according to the organic competent authority, organic agriculture employs 30% more people than conventional agriculture.

<sup>28</sup> Prihtanti, T. M., Hardyastuti, S., Hartono, S. & Irham Social-cultural functions of rice farming systems. *Asian J. Agr. Rural Dev.* 4, 341-351 (2014).

<sup>29</sup> <http://www.fao.org/3/a-at744e.pdf>

<sup>30</sup> [http://www.who.int/occupational\\_health/publications/en/oehpesticides.pdf](http://www.who.int/occupational_health/publications/en/oehpesticides.pdf)

- Organic agriculture reduces exposure to antibiotics and other animal drugs that are usually contained in conventional animal products<sup>32</sup>. It reduces the risk of antibiotics resistance in human pathogens - an increasingly serious public health issue.
- 1.4. Animal welfare:
- Organic agriculture ensures good health and welfare standards for animals used for food production<sup>33, 34</sup>. Healthier animals are, in turn, less of a risk for human health (see point above).
- 1.5. Food quality and nutrition:
- Organic products should contain no pesticides, less nitrates, less food additives, and more healthy nutrients, and therefore generally represent less of a health risk for consumers, especially children<sup>35, 36, 37</sup>.
  - Organic products are generally of higher taste quality than their conventional equivalents<sup>38</sup>.
  - Through diversification strategies such as intercropping techniques and crop rotation, organic agriculture favors diversification of diet. Diversified organic agriculture can therefore be considered “nutrition-sensitive”, helping to reduce malnutrition in poor rural populations.

Hence, the political justification for supporting organic agriculture lies in the multi-functionality of this sector. While under current policy structures its function of food production is remunerated by the market (and by general agricultural subsidies) all the other “public good” functions mentioned above must be remunerated through specific public support mechanisms. All the positive externalities of organic agriculture, and the need to reduce negative externalities of conventional agriculture, justify permanent support to the organic agriculture sector, as a cost-effective way to internalize externalities. For example, in the town of Munich, it was estimated that developing organic agriculture around the water catchment areas costs 27 times less than denitrification costs. Policy support is a way to reach social optimization of agricultural systems, which could not be achieved by market forces alone. The concept of “true cost accounting” is particularly relevant in this regard.

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<sup>31</sup> Leu A., 2014, *The Myth of Safe Pesticides*.

<sup>32</sup> Smith-Spangler, C. et al, 2012, *Are organic foods safer or healthier than conventional alternatives?*

<sup>33</sup> Gray, D. and Hovi, M., 2001, *Animal Health and Welfare on Organic Farms*. Organic Livestock Farming. Chalcome Publications.

<sup>34</sup> Weller, R F and Cooper, A, 1996, *The health Status of Dairy Herds Converting From Conventional to Organic Dairy Farming*. IGER

<sup>35</sup> Barański M. et al., 2014, *Higher antioxidant and lower cadmium concentrations and lower incidence of pesticide residues in organically grown crops: A systematic literature review and meta-analyses*, British Journal Of Nutrition 112(05): 1-18 · June 2014

<sup>36</sup> *Human health implications of organic food and organic agriculture*, Science and Technology Options Assessment, European Parliamentary Research Service, Scientific Foresight Unit

<sup>37</sup> Lu, C. et al., 2006, *Organic diets significantly lower children’s dietary exposure to organophosphorus pesticides*. Environ. Health Persp. 114, 260–263 (2006).

<sup>38</sup> <https://organic-center.org/reportfiles/Taste2Pager.pdf>

True cost accounting studies are starting to demonstrate, in monetary terms, that overall organic agriculture costs society less than conventional agriculture. If the negative externalities of conventional agriculture were internalized in the price, conventional products would be more expensive than organic ones.

The right policies would have the power to optimize public welfare by incentivizing farmers to produce positive externalities of high societal value and reduce the negative externalities. You can learn more about true-cost accounting in food systems on the website of the [Sustainable Food Trust](#).

## **2. Organic agriculture is an infant sector with high market potential**

Another important economic justification for public support to the organic sector, under the neoclassical economics paradigm, is the “infant industry argument”. This argument is based on the fact that organic agriculture is still a very small sector that has not yet achieved the economies of scale that will enable it to efficiently compete with conventional agriculture, or on the global organic trade market. Also, increasing consumer demand for organic products means that the sector has high growth potential but needs some initial support to be able to structure itself to the scale that will allow it to fulfill this demand.

At early stages of development of the organic sector, there are a number of structural and behavioral obstacles that hinder the development of organic supply chains. These are particularly:

- The lack of market information and lack of adequate distribution channels.
- The absence of well-functioning professional organizations coordinating the needs of the organic sector.
- The lack of support services, such as advisory services, input suppliers, etc.
- The risk-averse behavior of farmers and other actors in the food chain, limiting transition to organic systems (even if they are performing economically better).
- The fear of peer pressure and social exclusion of farmers if they convert to organic while their neighbors and other members of professional associations are all conventional.
- The small scale of the sector is a hindrance for retail uptake and is not motivating research, academia and politicians to pay attention to it.

It can take many years of temporary public support to invest in research & development, build organic sector organizations and supporting institutions, and structure the organic supply chain to mainstream organic products into normal distribution channels where they become fully accessible to all consumers.

Temporary public investment into the infant sector of organic agriculture and food systems is therefore a way to achieve a variety of political objectives, including:

- Ensuring the ability of the market to fulfill upcoming consumer demands (and potentially substitute organic imports with domestic production).
- Developing an internationally competitive industry that will ensure foreign exchange revenues (through interesting premium prices and/or through securing a special place on world markets).
- Transitioning to an agri-food system that is less dependent on agrochemical imports, and is more resilient.

### 3. The main logics of policy intervention in the organic sector

Depending on the relative importance, at the national level, of the various political reasons listed above (whether societal welfare reasons or growth investment reasons), different types of public support to organic will be less or more appealing to policy makers. There is a complex reality of intertwined objectives. However, they can be simplified and grouped into four broad categories of the most common logics of policy intervention in the organic sector, which are the following:

- a) The government wants to build a commercial organic sector as a strategy to gain export markets and earn foreign currency. This is often combined with the fact that this export market relies on production that is well suited for poor family farms. Therefore, enabling them to access high value export markets is both a way to earn foreign currency, and reduce rural poverty.
- b) The government wants to ensure societal welfare optimization by addressing the problem of externalities in agriculture. In other words, it wants to encourage the production of positive externalities (environmental and societal benefits of organic agriculture) and wants to avoid negative externalities (hidden costs of conventional agriculture for the society).
- c) The government wants to increase self-sufficiency in the organic sector, i.e. reduce organic imports: this can be the case in a situation where the country is a large importer of organic food and yet its own domestic production is lagging behind.
- d) The government wants to increase access to healthy food products for all citizens: for citizen equality, the government would like that not only an elite have access to organic food, but potentially every interested person.

These logics are not exclusive: a government's drive to support the organic sector may combine several of these reasons. The [Decision-helping framework](#) gives guidance on the relevance of various policy measures depending on political priorities. Notes on the relevance of different policy measures are also given under the "suitable contexts" section of each measure detailed in Chapter V.