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## Balancing competitiveness & environmental sustainability: challenges facing agriculture

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# The Problems (1)

- ◆ Environmental constraints becoming tighter
- ◆ Global issues of CC & food security are more pressing
- ◆ European Agriculture caught in the middle?

More broadly (Farm Foundation's 30 year Challenge):

1. Global financial markets and recession,
2. Global food security,
3. Global energy security,
4. Climate change,
5. Competition for natural resources, and
6. Global economic development.

[<http://www.farmfoundation.org/news/templates/template.aspx?articleid=1694&zoneid=85>]

# The Problems (2)

## What does Economics have to say?

- ◆ Environmental sustainability = market failure
- ◆ Hence 'fix' the failures with appropriate subsidies & taxes
  - Tax carbon emissions (or 'cap & trade')
  - Pay for public goods (CARE)
  - Tax pollution
- ◆ Lack of Development = market frictions
- ◆ So, reduce the frictions:
  - Transport & communications
  - Capital markets to direct savings to most e/e investments
  - Education & training
  - R&D
  - Encourage competition & trade

# The Resolutions?

- ◆ Global environmental market failure (CC) clearly needs international government action on C tax or Caps.
- ◆ But likely not soon or deep enough to avoid CC  
=> cope with & adapt to CC (needs R&D urgently)
- ◆ Local Environment & Sustainability v. complex
- ◆ & NOT really market failure but market friction.  
=> Design & develop new socio-economic transaction systems
- ◆ Major current concern about legitimacy of markets
- ◆ Especially lack of reliable investment sources & signals  
=> More regulation & protection & state controls?

# Conclusions & Implications

- ◆ Reinvigorate R&D – CC, Land use & Practice
- ◆ Global cooperation & integration
- ◆ Bridge the divides between Government & Market
- ⇒ Develop concepts and frameworks of governance
- ⇒ Integrate social sciences to tell coherent & credible stories

OVER TO YOU!