

# Agricultural employment, an historical challenge



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*A first version of this paper of November 2012 was posted on our website. It has been replaced by this new version that comprises new quantitative elements integrated by the author himself.*

The author raises one of the key questions of this 21<sup>st</sup> century, that of the exclusion and eviction of household farmers worldwide. He demonstrates in a few words how the World Bank's analysis, and in particular its last World Development Report (2013 "jobs"), simply erases in a stroke of the pen, as the problem of unemployment and underemployment. Henri Rouillé d'Orfeuil establishes the link here with the prospective economic analysis used by the majority of International Financial Institutions. He underlines one of the major vices of the macroeconomic model of general equilibrium (a tool that plays a central role in the WTO's negotiation processes): "The unnamed hypothesis that there is generalized full employment". This hypothesis is in total contradiction with the observation of the real world, and the consequences of such a choice are of an extreme gravity for humanity.

This article, written for AGTER's resources collection and web site, follows a thematic meeting that was held on the 26<sup>th</sup> of September 2012: The acceleration of household farmers' eviction processes across the world and the global challenge of job creations for the 2050 horizon. Watch the video synthesizing the meeting: [http://www.agter.asso.fr/article882\\_fr.html](http://www.agter.asso.fr/article882_fr.html)

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The ILO informs us that we at present lack 900 million jobs in order to enable each and every one to work and receive an income. This number corresponds approximately to the level of unemployment within the OECD in addition to the number of people which the World Bank considers as living in extreme poverty. It only takes into consideration the labour force that is those aged 15 and over up to the age of 65, which corresponds to 64% of the world's population. In fact, no conclusions can be drawn from employment and unemployment statistics, as only those who can gain something, in the form of allowances, grants or benefits, will register as unemployed. Why bother going through the procedure otherwise? 900 million jobs or job equivalents are needed in order to enable those who perceive no or very limited revenues from their work to escape exclusion.

**For its 2013 World Development Report, the World Bank has chosen the subject of employment.** Entitled "*jobs*", the graphic design of the front cover is composed of the word "employment" translated into 71 different languages. An "*about the cover*" indicates that it is a word particularly difficult to translate, as the notion differs strongly from one language and culture to another. The essential of this 50 page abstract deals with the propositions or solutions brought to solve the issue of employment worldwide. There are no surprises in the content, which is a series of equations: Employment = growth, growth = private sector dynamism. Unfortunately, the potential of the private sector is hampered by obstacles raised by public authorities, obstacles which slow down private companies and prevent market self-regulation. The first target in the battle for employment and the achievement of full employment is the removal of these obstacles... There are no surprises in the solutions suggested by the World Bank and so they do not require an extensive examination.

### ***The World Bank's calculations***

More interesting are the figures, all the more so as Mr. Jim Yong Kim, president of the World Bank group, announces 200 million unemployed, 4.5 times fewer than the ILO figures. As neither has actually counted the number of unemployed, this difference must result from differing interpretations of these figures. In fact, it appears these figures do not have the same value. Below, several quotes to obtain a clearer understanding:

**« Nearly half the people at work in developing countries are farmers or self-employed and so are outside the labor market. »**

exit 1.5 billion farmers and self-employed.

**« Worldwide, more than 3 billion people are working, but their jobs vary greatly. Some 1.65 billion are employed and receive regular wages or salaries. Another 1.5 billion work in farming and small household enterprises, or in casual or seasonal day labor. Meanwhile, 200 million people, a disproportionate share of them youth, are unemployed and actively looking for work. **Almost 2 billion working-age adults, the majority of them women, are neither working nor looking for work, but an unknown number of them are eager to have a job**».**

exit 2 billion adults not working!

So what should we conclude? Well, we can deduce that if we ignore 1.5 billion household farmers as well as 2 other billion people “*not working*”, that is 65% of the world’s labour force, we’re close to a state of full employment!

We find here an unspoken hypothesis of the “macroeconomic model of general equilibrium », which is used, amongst other things, to forecast the impacts of measures of liberalization or protection on countries’ economies worldwide. A model which always predicts that the fewer the constraints on trade, the wider and the more flexible will be the trading area, and better the optimum. This model which serves as a central tool in the WTO negotiations’ process has for unspoken hypothesis that there is generalized full employment, in other words that the exclusion of household farmers from agriculture is always positive because full employment enables everyone to find a more productive job. Several years ago, Coordination SUD succeeded in persuading the Washington’s prestigious Carnegie Think Tank to add a constraint linked to the scarcity of jobs for those with no qualifications and to introduce the notion of unemployment... With the addition of a single equation (out of more than 20,000), the results of measures of liberalization, causing concentrations and economic and land exclusions, induced very different results across the board and thus clearly negative for the poorest countries (LDC).

### ***Can we assess the evolution of the international labour market for 2050?***

A final look at the World Bank’s calculations provides us with a small figure for the year 2020 which is being compared, for reasons we ignore, with 2005: “*For the activity ratio of the population of working age to remain constant, some 600 million more jobs than in 2005 will be needed*”... But why have for objective to maintain the activity ratio, whilst it constitutes only the exact inverse of the ration for unemployment? Is this ratio satisfying?

The truth is that it is impossible to assess the evolution of the international labour market, even in the short term, as it is impossible to predict what could possibly be the number of job creations. We can nonetheless have an idea of the evolution in the demand for jobs. This evolution is based on three figures, more or less foreseeable:

- One is foreseeable, as it corresponds to those excluded and seeking employment today – The ILO mentions 0.9 billion, but a more accurate calculation in our opinion would be 0.85 billion if we are to keep a certain homogeneity in the method of calculation, regardless of the hundreds of millions.
- A second figure is more or less accepted by most demographers and the UN’s bureau for population, that is the number of newcomers on to the labour market as a result of demographic growth – We will be 2 billion more in 2050, meaning 1.3 billion extra job seekers.
- Finally, a third figure is more unpredictable, that of newcomers resulting from the destruction of jobs – we consider that in the case of agriculture, in a context of liberalization and integration of agricultural goods and land, 3% of the labour market worldwide will be working in agriculture, a drop of 37% of the agricultural population, in other words 2.6 billion people and

1.69 billion agricultural actives. And this is not taking into consideration the destruction of jobs in other sectors such as in the public sector, small businesses, craftsmen... But whatever the hundreds of millions of jobs we do not count, **with numbers of exclusions of such magnitude, we will not reach 2050 unscathed.**

The sum of these three figures (0.85 + 1.3 + 1.69) means we need to create 3.8 billion jobs!

### ***Will we be able to create 3.8 billion jobs by 2050?***

The least we can say is that it will be difficult and that, if we do all we can to create as many jobs as possible it is also imperative to avoid destroying existing ones, especially in the agricultural sector, which is set to be the biggest provider of job seekers, because agricultural production still represents 40% of the total employment worldwide. **It is therefore imperative to fight against farmers' evictions.**

Do we know the reasons for people leaving agriculture today? Of course there are some voluntary departures, often based on illusions in terms of urban employment, but most of the departures are in fact due to evictions which are only the counterpart of the concentrations associated to competition in both agricultural goods and real estate. Each week, a million farmers flee agriculture either to stay in rural areas or to go to suburban areas where in both cases there is a strong risk of being unemployed. The UN-Habitat director stated in a meeting in June 2011 that: *"This urbanization without industrialization, is as if we were placing atomic bombs around all of Africa's cities"*. These eviction mechanisms need to be fought against, and the only way to achieve that is to enable farmers to earn their living with dignity.

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