
**40° Seminar of the European Association of Agricultural Economists
Ancona, 26-28 June 1995
*The Regional Dimension in Agricultural Economics and Politics***

**THE REGIONAL DIMENSION
IN AGRICULTURAL ECONOMICS AND POLITICS:
an Introduction to the Seminar**

Franco Sotte

Department of Economics, University of Ancona
Via Birarelli 11, 60121 Ancona, Italy
Tel. ++39-71-2203928, 2203927 - Fax ++39-71-53621
E-Mail: SOTTE@ANVAX2.CINECA.IT

Abstract

In the countryside, the historical era marked by sectorial policies and centralised price support is going to end. The different agricultural local systems are pushed more and more to compete with each other in the market, and, in the meanwhile, are required to absolve to new tasks concerning rural development, territory defence and environment valorisation. Quality and complexity are the paradigms on which the renewal of agriculture is established, while the integration relationships increase.

The new rural development policy emphasises the regional dimension, while it pushes towards a de-sectoralisation of policies for the countryside. Even if the production support is still prevalent, the new Common Agricultural Policy seems to be directed in this sense.

In this perspective, we must recognise that there is a consistent knowledge-gap to be filled in the field of the local systems analysis. It is due both to the lack of relevant data and methodologies, and to the lack of dialogue with the other disciplines which are fundamental for understanding and facing the local interrelations between agriculture, rural development, territory and environmental valorisation.

Development and regionalism

There is a philosophical and cultural reason, rather than an economic one, at the root of the new season of regionalism which began during these past years and which will fundamentally characterise the future of Europe. This takes its origin from the acknowledgement of the fact that it will be impossible to base human and civil development on the concentration of economic activity in urban areas which are continually more congested, on the separation, simplification and marginalisation of the primary productive activities from the secondary and tertiary ones, or on the lack of respect for the deep-rooted interrelations between economy, territory and nature.

When the internationalisation of the economy placed technological structures, production systems and differing models of living in contrast with each other in the one market, the limits of such a reductive approach became evident and its prospects became short-lived. The more both the natural and protectionist barriers to the free circulation of information, of capital and goods and of people itself were slackened, the more the risk became evident. The risk is that, faced with universal heterogeneity, led by transnational capital, the most competitive areas would be pushed towards hyperspecialised models whereby economic priority places the qualitative aspects of development (from working conditions to environment quality) in second line; whereas other areas which, for whatever other marginal reason, become thrown into the limbo of irreversible abandon.

It is on the basis of this rationale that, while planetary problems (economic, social, ethical, environmental etc.) show a continually more ephemeral importance within national borders and an even more important and demanding phase of European construction is beginning, the strong tendency towards autonomy is increasing and the basis are being placed on a redefinition starting from the bottom with the development policies and with a change in the relationships and roles between productive sectors and between territorial areas.

The paradigms of development

The new paradigms are no longer characterised, like in the past, by the urban dimension and by the concentration of economic activities (industrial and tertiary), but by the integration between economy, society, territory and environment. It is in this interlacement

that the original solution to local development is to be found. Even at the price of a quantitative sacrifice especially in the short term. Moreover, in this way, the market and the State, to be understood as alternatives of each other, are no longer in opposition, in a situation of competition lead by strong ideological motivations (which weighed heavily in the past in determining the limits of regional policy in Europe). On the contrary, their roles are complementary: the problem is that of defining the conditions of an efficient market (globally and locally) and that of a State which is effective in pursuing the objectives of balanced territorial development.

Therefore the new fields which will pace the steps ahead (or backwards) on the road to development are *quality* and *complexity*. On looking at the Italian case one must recognise that the novelty of this change of scenery has been more promptly understood by the "private" than by the "public". Even though this has been contradicted thousands of times, in fact, it was the private initiative that recently gave origin to the most consistent experiences of integrated development that, on the turning point of the second millennium, seems less short-living in the current economic situation and which presents the most promising prospective in the long term. Reference is being made in particular to the numerous local realities of "dispersed development", to the industrial districts which are characterised by networks of small companies integrated in the territory, to the experiences of rural development connected with the valorisation of typical products and of natural and artistic attractions.

Obviously, large enterprise also occupies a fundamental role, but even its very vitality is however subordinate to the existence of exchanges and integration with a dynamic, well-balanced economic, social and territorial background. This widespread and flexible economic tissue is a characteristic of the region (Marche) which hosts this 40th Seminar of the European Association of Agricultural Economists. This is one of the strong points of the Italian national economy, especially during less favourable phases of its economic cycle, as of present, which is marked by a crisis of trust associated with the complicated political-institutional happenings which are reflected in the weakness of our currency.

Looking towards the future, the attention and the commitment of the economic policy must be concentrated on these realities in order to recuperate the accumulated backwardness, also caused by dualistic policies, and in order to resolve the problems that private initiative

proved incapable of resolving alone:

- how to consolidate dispersed development and guarantee that it could also be fair?
- how to maintain, even in the long term, both competitive levels as well as equilibrium with territory and environment?
- how to afford this experience to all the vast areas of Europe (like our Mezzogiorno) which are still characterised by underdevelopment and abandonment and which until now have been unable to develop in an autonomous way?

New centrality of agriculture

In this field, a new season has begun for agriculture, a sector whose relative weight has been very much reduced in terms of sectoral economic indicators, but whose role is central because of the important interrelations that this establishes with the rest of the economy (for example via pluriactivity). On the other hand, the contribution that agriculture makes to the quality of development, to the standard of living as well as to the conservation and valorisation of the territory, goes well beyond its economic dimensions.

Agriculture is less isolated and new organisational forms, new roles and new products are being developed. The very definition of the sector no longer has importance unless applied to the very vast sector of the agricultural and food processing. This implies even a redefinition and a greater articulation of its organisational structures, marked in these past years by the numerous crisis in its past economic-institutional basis: the crisis of the international equilibrium on the agricultural markets, characterised by the exhausting events of the GATT regulations; the crisis of the CAP which was founded on indiscriminate price support and therefore of the quantities; the crisis of the relationship between the National government and the Regional ones which in Italy led even to the direct clash between these two institutional levels which ended in the referendum to abrogate the Ministry of Agriculture; the crisis of the traditional models of agricultural enterprise which today is segmented into a myriad of typologies characterised by different levels of integration, of atomisation, of professionalism; the crisis of the very social and professional representation in the countryside; the crisis in the rural environment with serious consequences on the territory and on the countryside.

The end of the old model is also marked by the demographic trends in agriculture:

ageing closes a historic cycle in the countryside. It creates the arrival of new young people which brings and always will do, new objectives while the contribution of immigrants to the farming will be of ever-growing importance.

From the CAP to the European Policy for Rural Development

Whoever analyses the evolution of the European Community policies cannot have avoided noticing how, even in a gradual and pragmatic way, there has been a radical transformation over the years that, even in a contradictory way, shows an important attempt to respond to the changes analysed above. There are essentially two directions in which the new initiative for the development of the EU is moving: *regionalisation* and *de-sectoralisation* of the interventions, that is, in particular, the abandonment of agricultural policy in favour of rural development policy. Therefore the move is towards a policy that aims explicitly at the global exploitation of the territory's resources and of the rural environment, thus co-ordinating all of the policies available and concentrating the interventions in integrated programmes.

After a long period which was characterised prevalently by an agricultural policy (centred around price support) isolated from the other policies and which was totally indifferent to territorial peculiarities, the regional and local dimension has assumed and is assuming even more importance, while agricultural policy is becoming integrated in the more general policy of rural development. After initial references, especially in the Mansholt Plan, the crucial passages are easily identifiable: the founding of the Rural Development Fund in 1975; Directive n. 268/1975 on the mountainous and disadvantaged areas; the "Mediterranean Package" of 1980; MIP of 1985; Single European Act of 1986 which founded the Council of Regions; reform of the structural funds of 1988; the Mac Sharry reform and the introduction of the "compensatory measures" of 1992; revision, in the same year, of the structural funds' policy.

The transformation derives partly from the recognition of the imbalances identified by the CAP itself, partly from the international incentive to overcome agricultural protectionism (expressed in the revision of the GATT agreements), and partly from the entry (firstly into the European Community and afterwards into the European Union) of new countries which were characterised by precarious local situations considered so either for structural reasons and/or for natural limitations and inability to develop in an autonomous

way. The fact remains that the regional commitment has been notably reinforced. On the other hand, the contradictions of the CAP came to light principally because the price guarantee proved itself incapable of promoting the transformation of backward agricultures and territories, even though it was the source of enormous revenue for the land ownership and for the better-off rich farmers at the expense of taxpayers and consumers.

Also the array of instruments for intervention, made available by the European Union, and towards which was to be directed the joint action of all the Common Funds, appears particularly interesting: the determination of the objectives and the concentration of interventions on the backward regions and sectors; the articulation of interventions for programmes (development plan - community supporting framework - operative programme); partenariat and co-partnership, additionality; subsidiarity; *ex-post* control of results and subordination of the refunding to the auditing of the efficiency and effectiveness of the previous interventions. The same intervention whose aim was to support income, partially decoupled compared to the prices, appears, within the limits of the Mac Sharry reform or at least included in its intentions, more coherent with the objective of protecting interests which are beyond the simple economic-sectorial aspect; it takes into account themes which refer to global economic development, to the control of the tendency towards depopulation of particular areas and to the safeguarding of the territory and the environment.

A new planning era

This era of quality, of complexity and of uncertainty which has begun, emphasises the need to relaunch a new season of planning; but this implies an improvement in policies and in the contribution that is made by research. One must in fact note that the regional policy for rural development is placed in an undoubtedly dynamic environment, and so must be characterised continually by *flexibility*, so that it may be adjusted continually to the eventual modifications of the system and to the remodelling over time of the very objectives.

The planning which is required should be based on a continually updated informative and estimative process which should cover the entire economic and local territorial system and as far as the public part is concerned, which should cover the entire system of interventions for which it is responsible (whatever may be the body that is responsible for it). The aim is not that of an unrealistic definition of definitive solutions, but that of considering

the situation and of deciding the next first move.

In other words, the rationalisation of the policies is based on the central position of the function of control (that is of the informative feedback founded on the consolidation of the expenses and of the exemptions, on the budget, on the economic accounts and the managerial control): that function that very often was neglected in the long past season of planning. The collaboration of the University and of research together with public and private institutions will be precious in providing methodologies and studies aimed at increasing the incisiveness of public action.

From this point of view, we must recognise the fact that there is a consistent knowledge-gap to be filled in. In fact there is a notable lack of sufficient information in order to analyse local systems and rural development: the little information which is gathered is usually non-systematic and allows just positive analysis. It is very difficult to have normative research aimed at supporting public decisions. And if it seems particularly complex to measure the efficiency of interventions of economic policy, it is almost impossible to obtain satisfactory results on the efficiency of public action, that is, on the correspondence between objectives and results. A notable improvement must be reached as far as methodologies of analysis of local systems are concerned. The qualitative aspects, in particular, and the interrelations are analysed very little by economists, while often there is also lack of dialogue with the other territorial and environmental disciplines.

Keeping in mind this prospect, it is necessary to set up a vast renewal of the political-administrative procedure in Europe. The era of costly and non-selective interventions in Europe is over with the end of indiscriminate price support. In this field there must be a notable effort made to re-qualify and involve administrative personnel in a plan to reintroduce public action in an efficient and effective way.

This seminar

When, three years ago, the proposal to hold this seminar in Ancona was presented to the Management Committee of the European Association of Agricultural Economists, the theme of rural development and of regionalism was already present in the scientific debate and in the practice of agrofood policy in Europe. Since then however, interest in it has grown. Therefore a positive reply was awaited from the Call for Papers for this Seminar. The most F.Sotte, *The Regional Dimension in Agricultural Economics and Politics: an introduction to the EAAE Seminar of Ancona*, 09/08/2013

optimistic expectations have been exceeded. We received more than 50 replies from all over Europe and with great difficulty we have found a compromise between the objectives of accepting as many papers as possible and that of managing to organise a programme which would not sacrifice the time and space for a debate.

The candidature of Ancona was presented because it is in this city and in this region that, since the sixties, a group of agricultural economists has been formed, lead by Professor Alessandro Bartola, and it has matured a long experience in the subject of regional agricultural policy and in the analysis of local rural systems. This group has grown in particular in the most recent years and this has enabled new horizons to be reached. This seminar therefore for us is both a point of arrival and a starting point

Unfortunately, Sandro, who signed that candidature, left us prematurely due to an incurable disease. We would like to dedicate this seminar and the volume of the proceedings to him, in remembrance of of a distinguished master and a brilliant scholar.