Forum for Social Economics

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/rfse20

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To cite this article: Alfonso Giuliani & Hervé Baron (08 Oct 2023): The CAP (Common Agricultural Policy): A Short History of Crises and Major Transformations of European Agriculture, Forum for Social Economics, DOI: 10.1080/07360932.2023.2259618

To link to this article: https://doi.org/10.1080/07360932.2023.2259618

Published online: 08 Oct 2023.

FORUM FOR SOCIAL ECONOMICS
https://doi.org/10.1080/07360932.2023.2259618

Routledge
Taylor & Francis Group

RESEARCH ARTICLE

The CAP (Common Agricultural Policy): A Short History of Crises and Major Transformations of European Agriculture

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ABSTRACT

The purpose of this article is to study the development of EU agricultural policies from a historical reconstruction perspective. The 1957 Treaty of Rome, the basis of today's European Union, gave birth to the Common Agricultural Policy (CAP) in order to coordinate production across different European countries, to ensure food self-sufficiency and the certainty of supply to member states. Over time, several choices, as well as certain subsidies and policies (e.g. milk quotas) have been called into question as part of the liberalisation of the common agricultural market. Others persist, but continue to favour the unequal management of funds in favour of large companies specialised in intensive agriculture and livestock farming. These choices represent a loss in terms of both biodiversity and traditional farming knowledge and know-how. The decisive changes of the CAP at the institutional level have transformed the socio-economic as well as geographical landscape of Europe. It should be added that with the current crises—the COVID-19 pandemic, the war in Ukraine, and the ecological crises—the entire model is being called into question. Consequently, this article, after providing a brief overview, aims to reconstruct the common agricultural policies. It then provides an explanatory framework in quantitative terms of the French and Italian agricultural sectors to highlight what are, in the authors' opinion, the limits of the CAP, even in the face of the crises mentioned above.

KEYWORDS: : Agricultural economy, common agricultural policy, France, Italy, CAP reforms

JEL CODES: : Q17, Q18, Q57

1. A Historical Overview of Agricultural Protectionism and the Structure of This Article

While the war between France and England raged in the early nineteenth century, David Ricardo campaigned for the elimination of tariffs on agricultural imports, particularly on corn imported from France. He believed that this would lower wages and increase profits at the expense of land rents. There was, at that juncture, an intense debate between Robert Malthus and Ricardo, a debate that also revolved

around the fact that the former was defending the landowners' rentier positions while the latter was pushing against the protectionist policies practiced by England at the time.

The theoretical discussion between Ricardo and Malthus was analogous and/or parallel to the debates between many intellectuals involved in the unification processes of various countries in the nineteenth century (including Italy and Germany) about which model of economic development to follow once the coveted unity was achieved. For example, in Italy, Melchiorre Gioia saw in the capitalistic development of agriculture, based on the figure of the tenant-entrepreneur managing large land plots, mechanisation and the abandonment of marginal land (in line with Arthur Young and Ricardo) as the only way to overcome backwardness and succeed in accompanying relentless industrial development (Farolfi & Fornasari, 2011, pp. 55–60). Subsequently, Gioia moved towards protectionist positions, which would later be typical of many economists of the second half of the nineteenth century, including the German Friederich List, and which were considered necessary for the nation's industrial development. Protectionist policies were later also pursued by France and Germany following the Great Depression which caused the price of agricultural products to fall between 1873 and 1895 (see also Bourgeois & Pouch, 1993, pp. 366-369).

In the period in question, the French agricultural sector no longer appears to have been organised around large landed estates, as it had been in the *ancien régime*, but was based on a network of small farmer-owned farms, a legacy of France's revolutionary principles. However, the development of French agriculture was greatly slowed down by the fact that the country's savings were invested abroad. For example, in 1914, on the eve of the Great War, these investments amounted to 60 billion gold francs while national income was just over half that amount (32 billion gold francs). As for the savings of farmers, especially the richest ones, they were invested in the purchase of new financial assets to secure annuities rather than being used in agricultural modernisation processes.

For its part, Italy, with the advent of fascism, created an agricultural policy increasingly oriented towards food independence. In order to pursue self-sufficiency in wheat production (the so-called 'battle for wheat') various measures were approved from 1923 onwards. As a result of this policy, there was a shift from the import of 25 million tonnes of cereals compared to an annual requirement of 75 million tonnes in 1925, to a production of 81 million tonnes in 1931. Although this was not enough to meet the entire national demand due to population growth, it was a considerable increase (Corni, 1987, pp. 388–389).

In the same year, Italy also achieved a record for wheat production of 16.1 quintals per hectare, surpassing the US yield of 8.9 quintals per hectare, which was considered the world benchmark. These increases were the result of agricultural development policies linked to land reclamation, selection and genetic improvement of seeds, increased use of fertilisers and increased mechanisation. It was a programme that would enable Italy to win the wheat battle and anticipated the so-called Green Revolution or Third Agricultural Revolution. Despite the increase in wheat production, and in order to cope with the fall in prices following the 1929 crisis, Italy raised tariffs to safeguard national cereal production. This production was, however, at the expense of other crops, such as those fundamental to the livestock industry and, in general, it was detrimental to the development of national agriculture.

During this same period, France set up its Office National *Interprofessionnel du Blé* (ONIB, or National Interprofessional Office of Wheat), to cope with falling prices and protect the agricultural sector, and whose mission was to administer the price of wheat as well as the purchasing conditions of producers. In 1940, the ONIB's mission was extended to all cereals through the establishment of the *Office national interprofessionnel des céréales* (ONIC, or National Interprofessional Cereals Office). This constituted a form of dirigisme on the part of the state, which had control over imports and exports and aimed to guarantee producers' incomes (Bourgeois & Pouch, 1993, p. 369).

The UK, which following Ricardo and his theory of comparative advantage had embraced free-trade positions, also adopted protectionist policies and introduced guaranteed prices for grain during World War I. At the end of the war, it returned to free-trade policies, but these were interrupted following the Great Crash of 1929. In fact, the UK introduced customs duties to reduce its strong imbalance in agricultural trade and to tackle the fall in domestic agricultural prices. In 1931, direct subsidies and quotas on imports (especially on cereals and livestock) from Europe were introduced to protect farmers' incomes, while imports from the colonies were targeted. Of great importance in protecting farmers' incomes was the Milk Marketing Board (MMB) established in 1933. The purpose of the MMB was to guarantee a reasonable price to farmers and find buyers for milk produced in the UK. The difference between the guaranteed price and the selling price was compensated by the state, a policy based on compensation that characterised the UK until the 1970s (Bourgeois & Pouch, 1993, p. 369). We must therefore recognise (in the wake of Bourgeois & Pouch, 1993) how the protectionist ideas that had characterised the thinking of various nineteenth century economists then constituted the guidelines of the agricultural policies of European countries during the disastrous years between the world wars. Yet, also subsequently. In fact, the Common Agricultural Policy (CAP) institution itself would develop, as we shall see, despite a lot of ambiguities, along these same lines and then try to adapt itself to the precepts of neo-liberal capitalism (see also van der Ploeg 2018).

From all the above, it is clear how important the problems of agriculture and agricultural development were in the various European countries, problems that continued to weigh heavily even after World War II. Accordingly, this article will be organised as follows: the second section discusses the birth of the CAP; Section 3 examines its achievements and limitations; then, the fourth and fifth sections look at the various attempts to reform the CAP itself; Section 6 sets out its effects on agriculture in France and Italy. We have chosen to deepen the analysis of these two countries because they present some common features combined with equally marked differences. On the one hand, both countries have long had an industrial structure of the agricultural sector based on family businesses;[1] on the other hand, however, France is characterised by a more pronounced modernisation/

[1]In the case of France, this structure can be considered as much the long-term effect of Jacobin revolutionary ideology as the result of certain precise legislative choices made during the 'Glorious Thirties'; in the case of Italy, on the other hand, it is the outcome of the agrarian reform of 1950.

capitalisation[2] of its agriculture; the seventh section, instead, will attempt to look further east and into the present. The article ends with some brief but articulate conclusions.

2. The end of World War II and the Birth of the CAP (the Common Agricultural Policy)

World War II left Europe shattered, with a need to rebuild production structures and a population far from food security. Out of this rubble, six countries—France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg established the European Economic Community (EEC) through the Treaty of Rome in 1957 (the Benelux countries having already been in a customs union since 1944). The founding countries of the EEC, and of what we know today as the European Union (EU), discussed how to deal with the reconstruction of the continent. Naturally, the problem of agriculture also arose as a matter of urgency. Although discussions on this subject had been going on since the early 1950s, a crucial step towards the organisation of a common agricultural policy did not occur until 1958 when the agriculture ministers of the EEC countries met in Stresa and together with farmers' representatives started planning the CAP project.

The need for rules allowing the free movement of goods between the different regions of the member countries (the gradual reduction and elimination of customs duties) was also discussed in this forum. France wanted to speed things up in order to open up new markets for its products on the strength of its position as an agricultural power. By contrast, West Germany, grappling with difficult post-war reconstruction, preferred a more gradual process that would allow its agricultural enterprises to restructure. The latter position was also supported by Italy (Sotte, 2023, p. 26.).

There is no doubt that one of the major problems to be addressed was to make agricultural development 'proportionate' to industrial development and the growing rural exodus, taking into account the heterogeneities between different countries.

The aim of the CAP was to reorganise the agricultural sector in such a way as to ensure the food security of the European population and to banish the fear of food deprivation that had lingered since the War. The two main points to be pursued to achieve this goal were: i) the increase of European agricultural productivity, through technical development and optimisation of production factors (especially labour); and ii) the guarantee of fair incomes for farmers and the EEC's agricultural population, through sound markets and the availability of agricultural products at stable and reasonable prices for European consumers.[3]

The reorganisation of agriculture, in which the majority of farms were family-run and in a state of backwardness (even in the largest agricultural countries, such as France and Italy), thus became an imperative for European countries, which also had

[2]Here, in the wake of van der Ploeg (2018), we consider the modernisation of agriculture to be closely linked to its industrialisation, and thus to the accumulation of capital in the sector.

[3]Treaty establishing the European Economic Community and annexed documents. Article 39, 1st line.

to prepare for the new economic order that had its centre of gravity in the USA. This policy was based on agricultural price unity, free movement of products, Community preference, financial solidarity and co-responsibility between countries.

In 1960, the EEC Commission presented a project to the Council of Ministers (a.k.a. the Council of the European Union) that took these needs into account, and which was also an incentive for other countries to join the newly formed community.[4] To this end, the Council approved, in 1962, several regulations establishing the CAP.

The technical instruments to implement it were based on two lines: Common Market Organisations (CMOs) and the introduction of the European Agricultural Guidance and Guarantee Fund (EAGGF), the financial arm of the CAP, which involved the countries concerned in solidarity. The CMOs have been a set of instruments to guide production, stabilise supply and prices of products in order to guarantee a continuous supply to consumers and a steady income to European farmers. Provisions were made at a centralised level, replacing the different national organisations, to have a unified position in the face of global markets. The functioning of the CMOs was based on three instruments: (i) a guaranteed minimum price (MSP); (ii) customs duties; and (iii) export subsidies. To summarise, each year a basic target price was set by the Council of European Agriculture Ministers for each agricultural market to be protected.

Whenever the internal market price, due to overproduction, falls below a certain threshold (of between −5% and −10%) compared to the target price, the European Commission intervenes (hence the name: 'intervention price') by buying farmers' produce at a minimum price, thus reducing the supply on the market and driving up prices. The Commission can then decide to store these products, to process them into products that are easy to dispose of and preserve, or to send them to third countries in need.[5] If, on the other hand, the market price fluctuates above the target price, the Commission can intervene oppositely by increasing the supply through reducing the stocks it holds. Of course, in case of oversupply, it is always possible to resort to exports (see also Petit, 2016).

However, since in most cases the target price is higher than the world price, exports are only possible with subsidies. These are equal to the difference between the common market price and the world market price. In the event that imports are used, variable or mobile duties (financed by the Community's own funds) are introduced to keep the price of domestic products from collapsing, and thus to protect the income of European farmers from competition and volatile world prices. Since in most cases world prices are below the internal market price (and the intervention price), the duty level is raised to the set price (entry or threshold price).

[4]The project is called the 'Green Bible' or 'First Mansholt Plan' (Sotte, 2023, pp. 19–20).

[5]Technically, one of the choices implemented to control the price of goods, in the case of perishable and difficult to store agricultural products (e.g. citrus fruits) is their destruction. When destruction is not possible, the Commission intervenes by transforming the goods, as in the case of milk that becomes milk powder. When the market price returns above the guaranteed minimum price, the products are put back on the market. The CAP also finances the transformation of surpluses into products to be used in other markets, such as the transformation of milk into cheese. That was at least until 2005.

The policy of guaranteed prices, which in fact administers the price at the highest possible level and is based on the self-serving agreement of all, rather than on a genuine will to cooperate, has serious drawbacks. In fact, although its official purpose is to guarantee adequate incomes for the poorest farmers, price support very soon turned into an advantage for the largest producers and the agri-food industry. These are mainly large farms, in terms of size, that are dedicated to the production of cereals and other products that are more guaranteed by the CAP. Smaller farms, on the other hand, dedicated to the cultivation of products such as fruit, vegetables, and wine, have little bargaining power and are therefore poorly guaranteed by the CAP. This distortion in the equalisation of European funds and income redistribution has undermined common agricultural policies from their inception to the present day (Sotte, 2023, pp. 28–29).

In 1964, the EAGGF was divided into two sections with different rules. The first has been the 'guarantee section' and is intended to cover the expenditure necessary for the operation of markets and price policy: i.e., public purchases to support prices, the storage of products (including the processing of surpluses into products such as butter and milk powder, possibly to be donated to countries in difficulty), and export subsidies. This part is almost all financed by the common budget. The second section is the 'guidance section', intended to cover expenditure related to the improvement of structures, processing and promotion of products, as well as the development of rural areas. It is based on the principle of co-financing.[6] The agricultural market management measures implemented within the CMOs and the 'guarantee section' of the EAGGF, which finances direct payments to farmers, are defined as the 'first pillar' of the CAP.

The CAP, which was created on the premise of the Treaty of Rome, has nevertheless brought positive results with regard to the productivity of the agricultural sector. From the 1960s to the 1990s, the EEC went from being a net importer to a net exporter. The guaranteed price policy was one of the elements that enabled agricultural enterprises to make the investments necessary for their development. This was in a context when worldwide agricultural productivism was triggered by the Green Revolution or Third Agricultural Revolution, which has had no small influence on the productivism of the CAP itself.

Unfortunately, the industrialisation of agriculture has also had a devastating impact on the environment. Indeed, genetics and artificial seed selection, implemented by multinational agribusiness corporations, have reduced biodiversity and have forced farmers to buy new seeds again and again. Moreover, the use of chemical fertilisers and pesticides depletes the soil of its natural nutrient qualities.

These processes have intensified as these chemical products are used, which also decline in effectiveness over time, thus requiring ever-greater use. Added to this is the high consumption of water needed for the irrigation of monocultures (such as maize) and for intensive livestock farming, coupled with the use of fossil fuels to run tractors and other agricultural machinery.[7]

[6]The 'guidance section' never exceeds 10% of the EAGGF budget, which is largely used for expensive storage and export subsidy policies and direct aid to producers.

[7]The agricultural sector contributes greatly to the ongoing environmental crisis. It consumes 70% of the world's freshwater withdrawals (The World Bank, 2022) and is the largest emitter of greenhouse

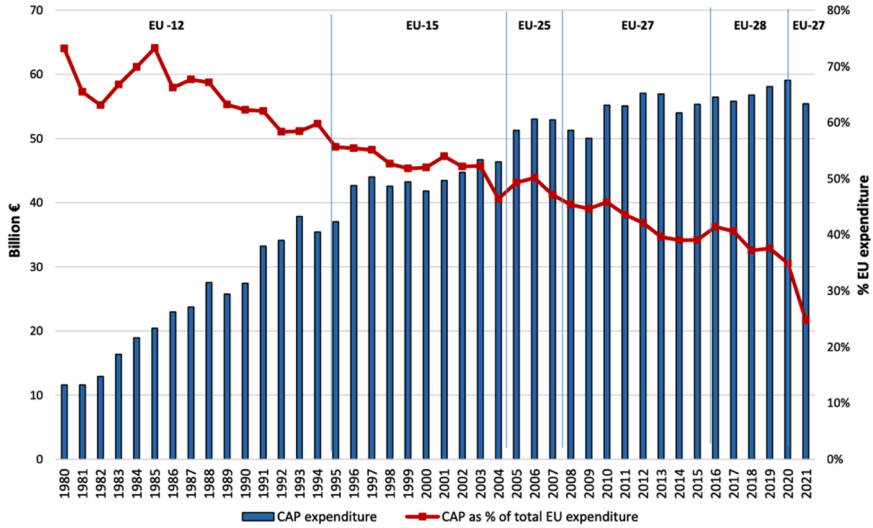

Figure 1. CAP expenditure in total EU expenditure (current prices). *Source*: CAP expenditure: European Commission, DG Agriculture and Rural Development (Financial Report). EU expenditure: European Commission, DG BUDG.

Nevertheless, the CAP has achieved one of its initial aims, namely that of stability in the supply of goods for European consumers, although, for some goods, like beef and sugar, prices within the Community have remained above world prices. The stability of these prices has therefore been paid for by European consumers. However, the long-term prices of agricultural products within the Community have decreased and have risen less quickly than inflation. This decrease is reflected, in a Ricardian way, in the compression of the general level of wages (see Bourgeois and Pouch, 1993, p. 371).

The other objective of the CAP, that of guaranteeing income levels for agricultural workers in line with other economic sectors, however, has not been achieved, as we shall see later. Low farm incomes and the reorganisation of the agricultural sector have contributed to the exodus of workers from this sector, which has seen a steady decline in the number of employees Figure 1 (as we will see more clearly later with the examples of France and Italy), further encouraged through retirement incentives (Marchand and Minni, 2020). These policies were aimed at urging a generational changeover capable of moving the family-run business management towards a more capitalist management capable of taking full advantage of technological and scientific changes. Yet while the goal of business concentration was achieved, this was not through a generational changeover of farmers, but rather through the closure of smaller enterprises. This transition allowed the EU countries as a whole to move gradually from an economy based on agriculture to one based on the Fordist business model and the urbanised tertiary sector in the first years after World War II.

gases, accounting for 26% of the world total (European Court of Auditors, 2021).

However, the policy of food security (in the sense of product supply) and price stability of agricultural products has had a downside that can be summarised as follows: the prices of the different products and the relationships between them (i.e. relative prices) are not an expression of real economic values. Above all, they bear no relationship to reasonable production targets or an acceptable distribution of income among farmers. Rather, they are the result of exhausting compromises between European agriculture ministers, on whose actions various lobbies weigh heavily.

Moreover, this approach mainly favours agriculture in northern European countries. Crops such as maize, cereals and other intensive crops, but also the production of milk and sugar are promoted. All these products appear to be structurally in surplus and their farming is the prerogative of the richer agricultural areas of northern Europe—not to mention the development of intensive cattle, sheep and pig farms. By contrast, Mediterranean products (wine, fresh fruit and vegetables, etc.), and goods for which, e.g., Italy is a major producer, are less protected (see Sotte, 2023, p. 38).

That said, the model based on guaranteed prices (supported by France among others), while guaranteeing increased production, has been called into question for several reasons. Firstly, it absorbs a large part of the EU budget. Secondly, the high prices of certain products have steered demand towards substitutes, imported from non-EU countries. This is a situation that could not hold in the long run. The same policy of subsidising non-EU exports, paid for by European taxpayers, went into crisis from the 1980s onwards. Finally, the policy of stockpiling goods, financed by import duties, could not hold up in the face of a sector with structural surpluses.

3. Monetary Crises of the Second Half of the 1960s

One of the main achievements of EU agricultural policy has been to secure and stabilise the prices of agricultural products. However, the currency crises that followed each other from the late 1960s onwards contributed to a loss of the confidence generated during the boom years. November 1967 saw the devaluation of the pound sterling. In August 1969, the French government decided to devalue the franc by one eighth, while the German mark revalued several times. In August 1971, with the end of dollar-gold convertibility decreed by Nixon, there was an end to the fixed exchange rate system and the monetary turmoil that followed did not fail to make itself felt even within the EEC's institutions.

To overcome the problems associated with the transition from fixed to flexible exchange rates, the European Economic Community decided to take action through two instruments:

> The establishment of "green currencies", i.e. the introduction of a farm exchange rate system that made it possible to switch from indicative farm values fixed in artificial units of account to the respective prices denominated in fluctuating national currencies;
>
> Monetary Compensatory Amounts (MCAs). The latter system consists of two amounts. The first provided for an export tax and import subsidies to be adopted within the Community area on products exported by the country whose currency depreciated, thus sterilising the effect generated on competitiveness by the difference between green and real exchange

rates. The second provided for export subsidies and import taxes to be applied to the country whose currency appreciated.

However, the introduction of green currencies, which were created due to the continuous devaluations of the Italian lira and the French franc and the revaluation of strong currencies, such as the German mark and the Dutch guilder, created a paradoxical effect: the price paid to farmers involved in the first instance determining the values denominated in the artificial currency and in the second instance determining the exchange rate used to convert these indicative values into the prices denominated in the various national currencies. Moreover, the continuing monetary turmoil caused by the energy crisis strained the entire architecture of green currencies for both surplus and deficit countries. This is why, in 1973, compensation was generalised, placing an additional, heavy burden on the EAGGF budget.

Then, in 1979, the entry into force of the European Monetary System (EMS), which established the ECU as the Community unit of account, helped to ease the tension between the different currencies and the fluctuations between green and real exchange rates, leading to a reduction in clearing costs. In 1984, to simplify matters, the system of the MCAs was revised (to be eliminated in 1994 following the establishment of the single market) and the so-called 'switch-over' mechanism was established. This provided for the green ECU to be indexed to the stronger currency, which was the German mark, and thus allowed the relative devaluation of the other national green currencies.

The guaranteed prices, therefore, suffered from these movements which ended up pushing them up because of the continuous revaluation of the German mark and the defence of German national interests. In fact, German farmers, if prices in ECU had not risen, would have seen prices in their national currency fall. The monetary problem only ended definitively with the adoption of the euro as the single currency, since there was no longer any possibility to guarantee any compensation hereafter, as all prices have subsequently been fixed in the same unit of account (Sotte, 2023, pp. 43–45).

Against this backdrop, the process of modernising agriculture tried to make some room for manoeuvre for itself. The Mansholt Plan or Agriculture 1980, drawn up in 1968 and approved in 1972, contained the socio-structural directives to accompany the industrialisation of agriculture.[8] The pivot of this process was identified as the entrepreneurial role of the individual farmer, and in the socio-economic upgrading of farmers leaving their activity. All this was aimed to allow for the growth of farm size, stimulating mechanisation and focusing on disadvantaged areas, especially mountainous ones. These aspects combined were to ensure higher incomes for those working in the sector.

However, another moment of crisis occurred from 1973 onwards with the entry of the UK into the EEC. It found itself thrown from a situation in which the UK had been importing cheap agricultural products from Commonwealth countries, to one in which it had to import goods at higher prices, and at the same time be one of the largest net contributors to the CAP.

[8]Mansholt's political path is interesting in this regard: remembered for having contributed to the development of the industrialisation of agriculture at the expense of 'traditional or family farming', he then shifted to positions that were less and less productivist and more and more eco-sustainable.

This situation was not sustained for long and culminated in Thatcher's stance of wanting her 'money back', and in 1985, she obtained a substantial reduction in the UK's contribution to CAP funding. In fact, London had a large budget deficit with the EEC, resulting from the difference between its high contribution of 20.49% of the EU budget in 1980 (when the UK's GDP accounted for 16% of the EEC-9) and the subsidies it received under the common policies, which were modest due to its economic structure, as agriculture contributed little to its GDP (Taylor, 1982, pp. 397–413). The so-called 'rebate' was is therefore granted to reduce the UK's contribution to the EEC budget, and consisted of the reimbursement of 66% of the UK's budget imbalance (the difference between payments and receipts).

All Member States except the UK covered the costs of this rebate, in particular France, which nevertheless remained the main beneficiary of the common market because of the importance of trade outlets for its agricultural products (D'Alfonso, 2016).

More generally in the 1980s, and in the wake of Thatcherism and Reaganomics, neo-liberalism penetrated agriculture. As a result, the agricultural development model became increasingly market-oriented. Added to this was the process of financialisaton in which commodity exchanges and the *futures* linked to them become the reference point for price quotations of international commodities. In this context, the model of large agribusiness groups emerged in open contrast to the family management model based on *traditional knowledge*. That process of agricultural modernisation, for authors like Van der Ploeg, starting in the 1950s was much more than an intellectual project and coincided with a major political-economic transformation. A transformation aimed at bringing agricultural production processes more in line with the dynamics, needs and rhythms of capital accumulation. A transformation characterised by a shift from labour-intensive production towards increasingly capital-intensive production, the main consequences of which is the depopulation of rural areas. This process of *de-peasantisation* of agriculture is accompanied by the emergence of new institutions and new forms of governance, among which the CAP is a striking example (Van der Ploeg, 2018, p. 236).

The 1980s, however, also showed the limits of global agricultural productivism triggered by the Green Revolution or Third Agricultural Revolution. This revolution was based on well-founded growth due to: (i) improvements in agricultural techniques, the use of genetics, chemical fertilisers and pesticides; (ii) the use of mechanical means such as tractors and other agricultural machinery necessary for intensive monocultures (such as maize) and/or extensive monocultures (such as palm oil); and (iii) the construction of a network of dams and other irrigation systems needed to channel water to crops and livestock. Indeed, as we have already seen, the industrialisation of agriculture has had devastating impacts on the environment.

However, the problem that remained at the centre of attention at the time was that of surpluses and production financing. Policies aimed at increasing domestic demand to absorb surpluses were now stable, but did not yield the desired results. Since the 1980s, production quotas per country on a historical basis have been used to limit the production of large-surplus goods. In 1984, milk quotas were enacted while sugar production, which had already experienced limitations since

the 1960s, was further restricted (Ward et al., 2008).[9] These limitations resulted in a decrease of production and operating costs on account of the community budget, although, as in the case of milk, the production quotas for to each individual country (designed to avoid political problems) were higher than what could be absorbed by the market.

In the 1980s, CAP expenditure was mainly directed towards price support through market mechanisms: i.e. buying intervention if market prices were lower than guaranteed prices, and selling intervention of surplus stocks otherwise (Figure 1).

However, it is not only the domestic front that created problems. Another open front was the one with third countries. Among these was the USA. Having achieved a trade surplus, thanks to export subsidies, EU countries entered the global market with highly competitive prices that put non-EU producer countries in a difficult position. This led to a fall in prices that first and foremost affected the living conditions of developing countries.

The US responded to what it saw as unfair competition by incentivising its own exports to compete with EEC countries, thus contributing to even lower prices for world agri-food goods. All of this led to tensions in the various phases of the Uruguay Round of the GATT's international trade negotiations.[10] Furthermore, the EEC's concession to the US on duty-free imports of cassava, soya and corn gluten made animal husbandry cheaper in the EEC than by using Europe's own cereals, grazing and alfalfa production. This, in turn, resulted in both an increased surplus in cereals, due to lower domestic demand, and an increase in meat and dairy production.

As of 1988, CAP appropriations were subjected to strict budgetary discipline, in part to curb the further expenditure increases following the entry of Greece into the Community in 1981, and then Spain and Portugal in 1986. The reform envisaged the definitive shift in intervention programming from a sectoral to an integrated approach by reorganising all the intervention instruments used until then within a single legal framework. This legal framework aimed to provide for a greater focus on the EEC's poorest regions, through multiannual programming, the strategic targeting of investments, greater decentralisation, and the involvement of regional and local partners. Crucial to this was the introduction of the LEADER programme.[11]

[9]Introduced by EEC Regulation 856/1984 of 31 March 1984, as of 1 April 2015, the milk quota policy ended and regulation was left to free market forces.

[10]The Uruguay Round was the last and most important round of international negotiations held between 1986 and 1994 under the General Agreement on Tariffs and Trade (GATT), a set of rules and agreements aimed at trade liberalisation. The Uruguay Round led to the Marrakech Agreement in 1994, and the establishment of the World Trade Organisation (WTO) in 1995. For a reconstruction of this path see: Legras (1993, pp. 325–331).

[11]LEADER derives from the French phrase 'Liaison Entre Actions de Développement de l'Économie Rurale' which means, 'Links between activities for the development of rural economy'. The LEADER programme makes use of Local Action Groups (LAGs) and brings together the various public, private and civil society actors in a specific area. In the context of rural development, LEADER is implemented through national and regional Rural Development Programmes (RDPs) of each EU Member State. These are co-financed by the European Agricultural Fund for Rural Development (EAFRD). For the 2014–2020 7-year period, the LEADER method was extended under the broader term Community-Led Local Development (CLLD): see: European Commission (n.d.a).

4. From the MacSharry Plan to the 'Tertiarisation' of Agriculture

An important turn in the evolution of the CAP occured in 1992 under the impetus of Commissioner Ray MacSharry. He proposed a plan dictated by problems both internal and external to the Community, and which aims to make the CAP more market-oriented.

Internally, the choice of guaranteed prices, which had stimulated a considerable increase in productivity, was considered no longer sustainable: all the more so since a large part of the CAP budget was absorbed by the indirect subsidies that guaranteed prices offered to all farmers and the costs of storing surpluses.

The reform implemented a profound revision of the CMOs system, and envisaged a marked differentiation of the interventions to be implemented according to the type of product to be protected. In this framework, guaranteed prices, which underwent a 30% reduction, were replaced by a direct compensation to farmers, aimed at guaranteeing agricultural incomes and centred on the family business model. This aid had limits set by each individual state and for each individual enterprise, limits aimed at decreasing production through the introduction of set-aside. This reform of the CAP progressively changed the face of EU agriculture through the reduction of guaranteed prices, production, and exports, in line with GATT requirements. In addition to these choices, further measures were introduced to protect the environment, although their impact remained very limited.

The old century came to an end with the creation of the Agenda 2000, which aimed to review the effects of the MacSharry reform, encouraging a further shift from price support to income support through allowances to be paid to farmers according to parameters such as agricultural area and number of animals. Added to this was the issue of the enlargement of the EU-15 to the CEECs (Central and Eastern European countries). Moreover, the reduction in guaranteed prices, although it has contributed to the decrease in production, is still considered insufficient. Indeed, the new guaranteed prices, while providing stability to the prices of agricultural products within the single European market, one of the greatest achievements of the CAP, remained higher than world market prices. This translates into an increase in costs and the EU budget for the storage of agricultural products which, due to international agreements under GATT, could no longer find outlets on the foreign market. In order to reduce production, guaranteed prices and the convergence between domestic prices and world market prices were continued: a market orientation that also translated into a reduction of export subsidies (see Bureau, 2007, p. 27).

The previous reform had created distorting effects from both a socio-economic and an environmental point of view. The unequal distribution of resources, in fact, benefited large companies at the expense of small ones, contributing to the depopulation of marginal areas, especially by younger and more dynamic populations. Yet, that was not all. Contrary to expectations, there had been intensification of monocultures instead of extensification of crops, to the detriment of diversification and respect for native crops. All this has contributed to the loss of biodiversity, not to mention the little success achieved in the area of environmental sustainability.[12]

[12]The MacSharry Reform to make these choices politically acceptable started to make direct payments to farmers, called 'deficiency payments' because they were seen as compensation for cuts in

The answer to rural depopulation has been the introduction of the 'second pillar' of the CAP, aimed at rural development, co-financed by the European Agricultural Fund for Rural Development (EAFRD) and regional or national funds. Underlying the new idea of rural development has been the 'multifunctionality' of agriculture, as well as the push for the 'tertiarisation' of agriculture within a framework of the increasing deindustrialisation of European countries. In this context, agricultural enterprises are pushed to diversify their core business from agricultural production to complementary activities that support their income, such as hospitality-tourism. This was a transformation that has had a considerable impact with strongly contrasting results (due also to a lack of strategic vision and long-term policy coordination) on the socio-economic structure, landscape, biodiversity, and *traditional knowledge* of rural areas (Esposti, 2012, 2005; Groupe Polany, 2008).

In addition to these aspects, the Commission had to take into account the implications of EU enlargement. This could have led to an excessive rise in surpluses, e.g. in the production of cereals, meat and milk, despite the heterogeneity and backwardness of the agricultural sectors of the new Member States. In fact, although the agricultural gross domestic product of the ten CEECs was 3% of that of the EU, their agricultural land area is about 44%. Their production was not equally as large, due to their lower productivity compared to the older Member States, but it was still equivalent to 30% of the agricultural production of the EU-15.

The integration of the CEECs, although gradual, also had to take into account the employment framework. The weight of agricultural employment was of great importance to local economies, and their integration doubled Community agricultural employment. In this context, the problem of surpluses was added to that of direct aid that farmers were entitled to, further burdening the EU budget.

The Commission, aware of these structural differences, considered that the centralised organisation of the CAP was no longer suitable to respond to these asymmetries. To this end, it pushed for decentralisation based on common and flexible rules, capable of eliminating distortions to competition, according to the principle of vertical subsidiarity (see European Parliament, 1998).

In 2003, the EU agriculture ministers, faced with mounting criticism of the Agenda 2000 that was both socio-economic (almost all aid going to the largest companies) and environmental (limited evolution towards sustainable agriculture), initiated a reform project that would be called the Fischler reform. Although it was envisaged as a mid-term review of the Agenda 2000, it was to be much more incisive. Indeed, it aimed to overcome the most critical issues through:

i. Decoupling production and subsidies. In fact, the majority of direct aid received by farmers was replaced with a Single Farm Payment (SFP), independent of production as it was based on the farmer's historical income.[13] The

the 'guaranteed prices' of agricultural products.

[13]This was contested by farmers' associations, which considered it to be mere welfarism. Moreover, the 20% of farmers with the largest holdings received 80% of the payments. Several instruments have been put in place to avoid these distortions but they have not had the desired effect (see Frascarelli, 2019).

SFP revolves around the *CAP titles*, which represent the value by which one is entitled to have EU subsidies annual to support agriculture. Titles are awarded on a per hectare basis: for each title, the farm must have the availability of one hectare of land (eligible hectare).

ii. Conditionality of aid to compliance with environmental, food safety and animal welfare standards;

iii. Reducing direct payments to large farms to remedy the fact that the CAP has historically benefited larger farmers and thus free up resources needed for rural development;

iv. Guaranteed budgetary discipline until 2013, through the freezing of CAP expenditure at the 2006 level, discipline that included the reduction of guaranteed prices for certain products, such as milk, butter (−25%) or rice (−50%).

These measures were intended to reduce the productivist impact of the CAP by promoting environmentally-friendly agriculture that guarantees the safety of its products and stable farm incomes. The restriction of production was also geared towards gaining more advantages during bargaining in the newly created World Trade Organisation (WTO).

5. Further Reforms: The 'Multifunctional' Role of the Agricultural Sector and the Commons

Reforms of the CAP continued to follow one another to address different problems and socio-economic situations. The reform formulated in 2013 was adopted for the first time under the ordinary legislative procedure, whereby the Council co-legislates with the European Parliament. This reform was basically in continuity with previous ones, and focused on product quality at fair prices, while the issue of environmental sustainability was becoming more and more urgent.

Thus, conditionalities were introduced with respect to the receipt of EU aid to reduce negative externalities from farms, such as the use of fertilisers. Among the agricultural practices to be encouraged were crop diversification and a minimum percentage of land to be used for permanent pasture. This aspect related to the issue of positive externalities resulting from agricultural work, externalities that should be encouraged for the preservation and care of landscapes as commons.

The 2013 reform also had to address the issue of the fair distribution of subsidies and income support to farmers across the EU. In this respect, a reduction in payments to larger farms was introduced. On the other hand, more targeted income support was foreseen for farmers in difficulty, those in low-income sectors and those living in areas with natural constraints. To counteract the ageing of farming and rural depopulation, incentives were also provided for young people.

The 2018 reform was designed as transitional and with the intention of being revised after 2020. The COVID-19 crisis, however, has changed the plans. The most relevant aspect of this transition has been the additional focus on agricultural entrepreneurship. The network of enterprises was conceived of as functional within a model of resilience and development of European rural areas. The cornerstones of this model revolve around generational change in agricultural entrepreneurship. The proposals outline a simpler, more efficient, and more transparent policy capable of

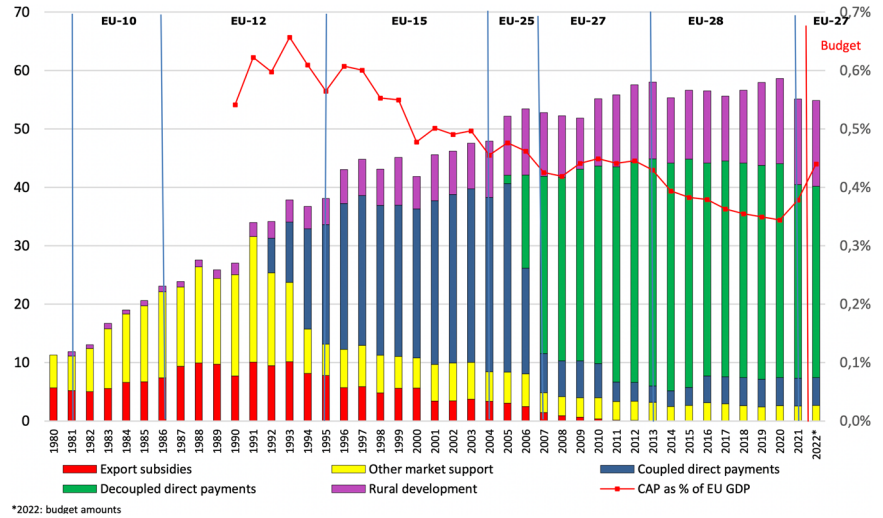

Figure 2. CAP expenditure and CAP Reform path (current prices). *Sources*: CAP expenditure: European Commission, DG Agriculture and Rural Development (Financial Report). 2022 budget: DG Budget. GDP: Eurostat. Annual expenditure in current prices.

articulating the economic interests and sustainability ambitions of the European Green Deal.

However, these reforms all fall within a framework of restrained agricultural spending, as the percentage dedicated to agriculture in the EU budget has been steadily decreasing. While, in the early 1980s, the CAP accounted for 66% of the EU budget, in the 2014–2020 period this percentage had reached 37.8% (with total expenditure equal to EUR 408.31 billion),[14] and in the 2021–2027 period CAP spending will represent just 31%.

Moreover, between 1990 and 2021–2027 the budgetary cost of the CAP, when set against gross national income of the countries belonging to the EU, will have decreased from 0.54% to a projected 0.32%. Nevertheless, this relative reduction must also take into account 'Brexit' that will have an impact on the financing of the CAP. In fact, as the UK was a net contributor, and its exit from the EU will leave an annual hole of over EUR 7 billion in the European budget (Nègre, 2022) (Figure 2).

We can conclude this section by recalling that, despite the various reforms,[15] the distribution of direct CAP aid (in the EU-27) continues to favour larger enterprises. Indeed, in 2019, small businesses, accounting for 74.9% of beneficiaries, received less than €5,000 per year. This sum amounts to 15.1% of the total direct aid allocated by the EAGF. Meanwhile, 121,844 out of a total of 6.3 million farming enterprises (i.e.

[14]See European Council (2019).

[15]Aware of the fact that the CAP has undergone many reforms over time, in this text we have limited ourselves to dealing with those which, in our opinion, have had the greatest impact. Not only on the agricultural sector, but also in moving the CAP from its original protectionist and dirigiste structure to a more marked-oriented one.

1.93%, the enterprises with the largest size) received an average of more than EUR 50,000 per year, totalling EUR 12.67 billion (i.e. 30.6% of direct aid). This distribution of direct aid is considered contrary to the principles of progressiveness and combating inequalities (see Nègre, 2022).

6. France and Italy: The Changing Agricultural Outlook Considering the CAP Modifications

At the end of World War II, France and Italy were still strongly rural countries. The weight of agriculture, both in terms of employment and GDP, was still significant. The period of the so-called 'Glorious Thirty'—the name given to France's dynamic post-war boom—was beginning, and as we have seen, political forces were debating the need for harmonious socio-economic growth, of which agriculture had to be an integral part. To this end, France enacted two agricultural orientation laws in 1960 and 1962, aimed at reorganising and modernising the sector, a sector revolving around the family farms. This choice was dictated by political power, driven by powerful agricultural organisations and the conviction that rural France was the bearer of values capable of accompanying the country into the future (Desriers, 2007, p. 17). As already mentioned, the choice was also dictated by the awareness that the opening of a common market would be advantageous to French agricultural power. West Germany eventually welcomed the same creation of a common market as an outlet for its reconstructed industrial power (Figure 3).

Italy, for its part, came out of the war with a high number of agricultural workers in relation to its cultivable surface area. This reflected a degree of backwardness, present above all in the south of the country, and various resolutions were approved between 1944 and 1946 to try to remedy this. However, a reorganisation of the entire sector had to wait for the agrarian reform of July 1950, a reform that

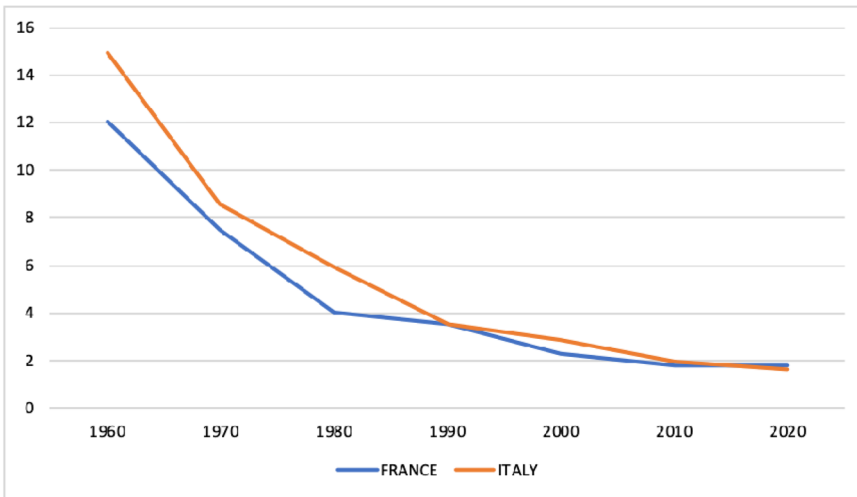

Figure 3. Structure of value added in agriculture by macro-branch of activity, percentage values. Authors' presentation. Source for France: INSEE, *comptes nationaux—base 2014*. Sources for Italy: ISTAT calculations using ISTAT and European Commission data (AMECO database).

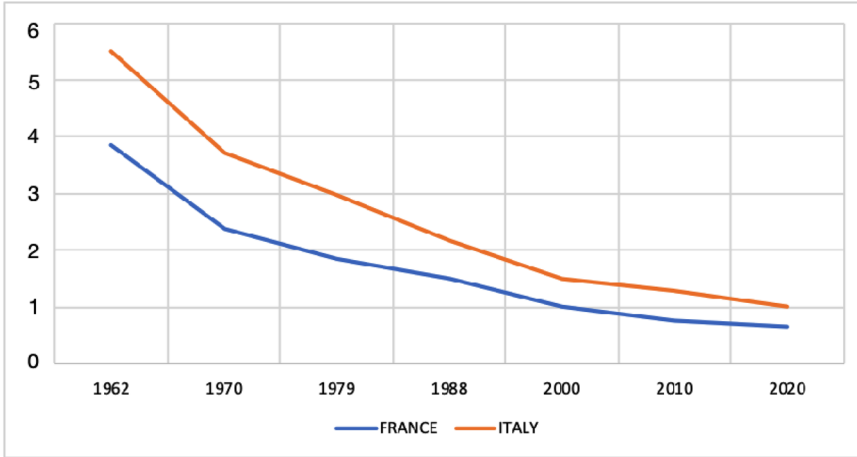

Figure 4. Number of people employed in the agricultural sector in France and Italy (in millions). Authors' presentation. Source for France: INSEE and Rencesement Agricole-AGRESTE. Sources for Italy: ISTAT.

declared the end of the large latifundia and the redistribution of land to farm labourers. This was a redistribution of land that aimed to turn farm labourers into small agricultural entrepreneurs. This operation was forged by the 'visible hand' of the State, which, through the creation of the 'Cassa del Mezzogiorno', built infrastructures and fundamental public works to develop marginal land: a political choice based on the weight of the votes of rural populations and the role of professional associations.

However, this operation had its critics, dictated by a partial vision of reality, a vision that took into account neither the whole of productive activity, nor the issue of distribution of agricultural products, nor the process of socio-economic development of the territories involved.

Thus, despite the commendable redistribution of land, the reform was criticised for having created agricultural enterprises whose size would limit their 'industrial' development and capacity to produce high incomes. The distribution of land and the creation of numerous agricultural enterprises were used instrumentally against unemployment, and as measures favourable to social mobility that was fundamental for the industrial development of the country. From the 1950s onwards, there was an increase in the utilised agricultural area (UAA) per farm and an increase in intensive cultivation that led to a spectacular increase in agricultural productivity linked to mechanisation, the use of fertilisers and modern agricultural production techniques. All this, however, led to an increase in agricultural income. These 'endogenous' processes continued until the birth of the EEC (Figure 4).[16]

In France, there was a strong presence of family businesses, whose number, however, fell considerably, from 1.587 million in 1962 to 416,000 in 2020. Italy has exhibited the same trend, although its socio-economic fabric and orographic structure are

[16]For a careful reconstruction see Farolfi and Fornasari (2011, pp. 55–60).

Table 1. Number of agricultural enterprises and their total area per surface area class.

France					
YEARS	Up to 20 ha*	20.01–50.00	50.01–100.00	Over 100.00	Total
1970	920,595	369,610	93,222	27,129	1,587,639
1979	766,733	347,319	114,079	34,538	1,262,669
1988	606,442	64,282	81,045	20,688	1,067,156
2000	359,139	138,256	122,303	78,837	698,535
2010	235,430	88,356	85,080	93,2976	514,694
2020	Data not available	Data not available	Data not available	Data not available	416,436
Italy					
YEARS	Up to 20 ha*	20.01–50.00	50.01–100.00	Over 100.00	Total
1970	3,444,796	117,390	29,265	22,098	3,607,262
1982	2,968,568	111,103	78,293	21,082	3,133,118
1990	2,682,121	65,175	81,045	20,688	2,848,136
2000	2,244,316	64,282	76,522	18,934	2,396,274
2010	1,458,576	56,502	85,080	21,725	1,620,884
2020	996,021	86,285	32,487	18,230	1,133,023

Source for France: AGRESTE-Recensement Agricole (RA). The data are for farms' headquarters. The years 1970 and 1979 refer only to mainland France. Source for Italy: ISTAT. * Counted without UAA.

quite different. As a result, farm enterprise numbers fell from 3.707 million in 1970 to 1.133 million in 2020, of which only 27% have stable market relations. These market-oriented enterprises occupied 65% of the UAA and had an average area of 21 ha, which is higher than the national average. They also represent 75% of total standard production. In 2020, enterprises that are not specifically market-oriented accounted for about 66% of the total (of which 36% have occasional relations with the market and 30% are dedicated only to self-consumption) and occupy a total of about 29% of the total UAA (see also Saggio, 2021).

This trend towards concentration has led Italian and especially French agricultural enterprises to become among the largest in Europe, and makes them capable of guaranteeing greater labour productivity and higher incomes for farmers (see Salvioni & Aguglia, 2014). In fact, in France, there has been a shift from an average of 18.8 ha per farm in 1970, to 23.35 in 1979, 28.27 in 1988, 42.17 in 2000, 52.63 in 2010 and 64.48 in 2020. In Italy, the average has risen from 4.84 ha in 1970, to 5.01 in 1982, 5.27 in 1990, 5.5 in 2000, 7.93 in 2010, and up to 11.01 ha in 2020.[17] However, the average size of French but above all Italian farms, like the European average, remains far below that of the United States with an average of 180 ha.

From the point of view of business organisation, the majority of farms are anchored to old family structures.[18] This situation is aggravated by the progressive ageing of the entire sector. In fact, in France the average age of farmers is 51.4 years while in Italy it will be 53.3 in 2020 (Table 1).

Nonetheless, ageing is not the only critical issue in the process of business concentration. In fact, it is accompanied by a continuous decrease in the surface areas

[17]Source: AGRESTE and ISTAT.

[18]In 2020, 96% of agricultural enterprises in Italy were individual or family farms, while in France such enterprises accounted for about 64% of the total (EUROSTAT, 2022a).

Table 2. Utilised agricultural surface area, millions of hectares.

France	1970	1979	1988	2000	2010	2020
	29,904,735	29,496,572	28,750,294	27,996,883	27,087,794	26.880.583
Italy	1970	1982	1990	2000	2010	2020
	17,491,000	15,832,612	15,025,954	13,181,859	12,856,047	12,537,000

Source for France: AGRESTE—Recensement Agricole (RA). The data are for the farms' headquarters. The years 1970 and 1979 refer only to metropolitan French. Source for Italy: ISTAT. Authors' presentation.

utilised. Since the 1970s, France has lost more than 3 million hectares of its almost 30 million hectares of utilised farmland. Over the same period of time, Italy has lost almost 5 million hectares, down from almost 17½ million hectares to slightly more than 12½ million (Table 2).

In spite of this decrease in arable land, French and Italian agriculture has experienced a considerable increase in production volumes due to the specialisation of farms. Following Ricardo's law of comparative advantages, large companies, like states, tend to specialise in their main productions, competing fiercely within the EU area. For example, in France, Europe's largest producer of cereals, wheat production has experienced a steady progression from around ten quintals per hectare in 1815 to around twenty in 1950 and then growing to almost eighty quintals per hectare in 2020. This progression has allowed French agriculture to cover the needs of national consumers despite France's increase population, as well as to achieve a series of trade surpluses (Académie agriculture de France, n.d.).

Indeed, since the late 1970s, France has had a foreign trade surplus in agricultural products. Although this collapsed in 2009 due to the financial crisis and the consequent contraction of world trade, it recovered in 2010 with an increased surplus of €8 billion compared to 2009. French wines and beverages are driving exports, followed by cereals and dairy products. In 2021, France, with an agricultural production of €82.4 billion, was Europe's leading producer, accounting for almost 17% of the continent's total output.[19]

Italy, with an output value of €61.2 billion was the third largest producer in the EU, after France and Germany (Banca del Piemonte, 2020; Eurostat, 2021). The year 2021 marked a record for both agri-food imports, which reach a record value of €48.28 billion (+13.6%), and exports, which exceeded €50 billion for the first time (+11.3%). The higher growth of imports compared to agri-food exports interrupted the positive trend of the agri-food trade balance, which went from a deficit of more than €6.5 billion (2014) to a surplus of €2.86 billion in 2020.

In 2021, Italy was France's fourth largest client after Germany, the United States and Spain, and its third largest supplier after Germany and China. For Italy, France is the second largest trading partner after Germany for both exports and imports. It is also the main supplier of agricultural products and the second supplier of processed products after Germany. Let us also remember that France is the world's leading investor in Italy (Ambassade de France en Italie, 2022) (Table 3).

[19]The agricultural and agri-food sector is one of France's key export sectors. At EUR 5.69 billion, it is the third largest source of the country's trade surplus after aeronautics and chemicals, perfumes, cosmetics (see Deroyon & Urvoy de Portzamparc, 2022).

Table 3. Agricultural trade between France and Italy.

France: Imports of agricultural products from Italy	2020	2021	2022
Agricultural, fishing and forestry products	834	96,554	89,406
Total (€ millions)	45,189	53,45574	62,611.41
Italy: Imports of agricultural products from France	2020	2021	2022
Agricultural, fishing and forestry products	2,011.38	2,167.96	3,147.52
Total (€ millions)	31,288	39,068.51	48,560.36

Source: Osservatorio Economico (n.d.).

At the EU level, the contribution of agriculture to the EU's GDP in 2021 was 1.3%, and the agro-industry created an estimated gross value added of EUR 189.4 billion. The total value of agricultural production was estimated at EUR 449.5 billion. The largest contribution, 55.3%, came from crops. The livestock and animal products sector, on the other hand, contributed 36.3%, agricultural services 4.6% and secondary activities 3.6% (Eurostat, 2022b). All this, however, has environmental and socio-economic implications. The productivist logic, favoured by the Green Revolution and borne out in both France and Italy by the loss of utilised agricultural surface area, is based on the intensification of monocultures and the massive use of chemical fertilisers and pesticides, as well as an increase in intensive livestock farming (see Grazioli, 2022), all of which are highly energy-intensive and water-consuming. But that is not all. Much agricultural land is being used for biofuel production, not to mention the increasing burden of urbanisation.

The productivist logic, that affects both countries, is closely linked to the process of financialisation of the economy. Agricultural enterprises increasingly need capital to carry out the production process linked to the needs and interest of large-scale retail trade—the large organized distribution (often abbreviated GDO) consisting of large distribution (GD) and organized distributions (DOs). The businesses that pay the highest price for this process are the small and medium-sized ones characterised by the preponderant use of their own funds to meet the necessary investments for local production and sales, since they are often not adequately supported by the credit-banking system. A loss that also reverberates in terms of product quality and that particularly affects the Made in Italy sector.[20]

The 1992 MacSharry reforms all had somewhat controversial aspects, with their shift from price support to single farm payments and the definition of the Agenda 2000, whose aim was to reduce the negative externalities of agriculture on the environment and support farm incomes by introducing the multifunctionality of agricultural enterprises. Agricultural enterprises became increasingly dependent on upstream and downstream industries (the aforementioned GDO). Due to the hectare-based allocation of EU funds, larger farms receive a large share of the aid, thus shifting from production support, that is considered financially unsustainable, to income positions to the detriment of the production of smaller, more labour-intensive farms (see Sotte, 2023, p. 149). The concentration of farms is thus closely linked to the process of land

[20]See Onorati and Conti (2016).

grabbing driven by the *CAP titles*. A process that in Italy, as in the case of livestock grazing, also raises several concerns from the point of view of legality. There are many suspicions that underworld organizations are involved in these activities.

According to the AAIN (Agricultural Accounting Information Network) for 2020, average net farm income in France was EUR 36,057 and EUR 35,108 in Italy (Devauvre, 2022).[21] These incomes are still around 40% lower than non-agricultural incomes, which makes agricultural work unattractive and generational change even more difficult (European Commission, n.d.b). Moreover, and as usual, these results benefit large companies and those whose production profits from world price trends, rather than small companies.

Compared to the dynamism in receptive activities and the tertiarisation of the sector, there have been closures of enterprises and craft workshops. This has occurred especially in marginal areas, where these production networks are a bulwark against industrial and rural desertification. This merits some analysis, which is not a question of looking back to the past.

Instead, it asks whether it is possible to support farmers only as custodians of common goods, such as landscape, and examining the relationship between natural resources and humans.

The concentration of businesses and the desertification of rural areas affecting both France and Italy are also a loss of *traditional knowledge* and *savoir-faire*. In respect to environmental sustainability, these can be resilient in the face of the environmental crises, as demonstrated by the many circular economy networks and the various experiences and practices of permaculture and agro-ecology, understood as a set of knowledge and techniques of traditional agriculture, capable of guaranteeing production conditions that respect the relationship between humans and nature. All this guarantees a high yield and high nutritional quality, as well as product safety, thanks to the variety and careful selection of resistant seeds and crops, capable of growing while respecting the environmental sustainability that the use of chemical fertilisers and pesticides cannot guarantee (Brancaccio et al., 2021, pp. 151-169). Some criticisms are levelled at these experiences, such as that of the 'short supply chain'. These are increasingly emerging also thanks to greater attention to environmental issues on the part of society as a whole, as reflected for example in the growing importance of the organic sector. These are choices that have pushed for an alternative agricultural model to the pro-market one and have been forged by the 'new' CAP and the interests of agribusiness multinationals (see Bonanno, 2015).

7. A Look at Eastern Europe and the Post-Pandemic Situation

As already said, at the time of accession to the EU beginning in May 2004, the CEECs suffered from a marked heterogeneity in the agricultural sector. Large countries, such as Bulgaria, the Czech Republic, Hungary, and Slovakia, were relatively

[21]The AAIN was established by the European Commission in 1965 to estimate the income of farms. We have taken the FADN data into account, considering the differences that exist according to the specialisation of the enterprises and bearing in mind the randomness of farm incomes, especially due to climatic conditions.

efficient technically, whereas low technical efficiency was found in countries where small family farms predominated. The liberalisation process carried out under the aegis of the EU accompanied the shift from the former collective farms to large private enterprises, a process that between 2004 and 2006 was followed by a decrease in the number of enterprises, especially in the countries that became members last, such as Bulgaria and Slovakia. They both experienced the largest decreases of −62%, followed by Croatia (−52%), Latvia (−45%), Poland (−43%), Lithuania (−40%), Hungary and Estonia (−39% each), and the Czech Republic (−37%), while Romania recorded a smaller decrease (−20%). Changes in agricultural land use differed from country to country, although overall losses (apart from Poland) could be observed in permanent uses of arable land. Overall, trends in agricultural land use were associated with soil conditions. In countries with less fertile soils, crop cultivation was abandoned. Conversely, where agricultural conditions were more favourable, the farming intensity of arable land use increased. All this contributed to a significant decline in the production of fruit and vegetables, as well as of potatoes, compared to before EU membership (Tonini & Jongeneel, 2006, pp. 32–59).

For its part, the CAP has influenced the increased production of oil crops (rapeseed and sunflowers) related to biofuel. As far as cereal cultivation is concerned, the main trend has been the increase in the production of wheat and, locally, also triticale (in Poland), mainly at the expense of barley and rye. The shift from fruit and vegetable production to monoculture implemented by large companies has stimulated the process of industrialisation of agriculture with the associated increase in the use of chemical fertilisers and pesticides. Despite this, the total output of the agricultural sector has been declining, and the presence of large corporations in the CEECs adopting environmentally unfriendly practices has generated conflicts with the new course of the CAP. In addition, the CEEC governments initially blocked the most recent multi-year plan (2023–2027) that was supposed to provide a cut in aid for large-scale farming in favour of biodiversity and organic food production. Other important aspects also need to be underlined. The parcelling out of ownership, lack of capital, the ageing of the rural population, low farm incomes and industrialisation processes in agriculture have pushed agricultural workers towards other productive sectors. The opportunity for cheaper labour has helped to accelerate the outsourcing and offshoring operations pursued by many EU-15 companies (see Bański & Kamińska, 2022).

If we now turn our attention to the post-pandemic situation, we see that the emergency measures implemented in the aftermath of the pandemic fall far short of a real commitment to meet the challenges of necessary ecological planning, and the ambitions of the EU recovery plan appear very modest and contradictory. These are developed along three axes that should be closely linked: the Green Deal, Next Generation EU and the CAP.

The Green Deal programme developed by the European Commission is a set of strategies aimed at carbon neutrality by 2050. These include the Farm to Fork Strategy, a 10-year plan designed to guide the transition to a fair, healthy and environmentally friendly food system through the circular economy and cooperation between countries. This strategy is non-binding but commits member countries to implement rules and laws in line with existing EU policies (such as the CAP), while

respecting the ambitious goals set by the Commission. The Farm to Fork Strategy also aims to save biodiversity through:

i. Reducing the use of chemical pesticides by 50% by 2030;
ii. Halving nutrient loss, while ensuring that soil fertility does not deteriorate, by reducing fertiliser use by at least 20%, by 2030;
iii. A 50% reduction in total sales of antimicrobials for farm animals and antibiotics for aquaculture by 2030;
iv. The conversion of 25% of the UAA to organic farming areas by 2030 (European Commission, n.d.c). The planned funding amounts to EUR 1 trillion.

Besides, the budget for the Multiannual Financial Framework (MFF) (2021–2027) and the Next Generation EU plan amounts to EUR 2017.8 billion, and of these funds, those dedicated to 'natural resources and the environment' account for EUR 409.9 billion. The total budget for the common agricultural policy (CAP) is EUR 386.6 billion, which will come from two different funds: (1) EUR 291.1 billion (at current prices) from the European Agricultural Guarantee Fund (EAGF); and (2) EUR 95.5 billion from the European Agricultural Fund for Rural Development (EAFRD). The budget for the EAFRD also includes EUR 8 billion from Next Generation EU, the temporary instrument designed to aid recovery after the COVID-19 crisis (Source: European Commission, n.d.d).

However, the implementation of the European Green Deal to achieve zero climate impact by 2050, in line with the Paris Agreement, coexists with other highly contradictory measures. For example, recent political agreements on the new CAP continue to favour subsidies for large-scale intensive agriculture and livestock farming. Of course, social conditionalities have been introduced that are supposed to limit labour exploitation and the gangmaster system. But on the whole, in the international public opinion there is a strong suspicion that this is just 'greenwashing'.[22] Also, the same national recovery and resilience plan (NRRP) with which the Italian government intends to manage Next Generation EU funds is somewhat ambiguous. In the face of its laudable objectives, it presents a certain underlying inconsistency. Its top-down technocratic approach is unattractive to different socio-economic realities and has little effect in combating social inequalities.

In addition, following the crisis related to war in Ukraine, the MFF was revised and takes into account the years 2023–2027 with a total of EUR 264 billion. For France, funds amounting to EUR 45 billion are foreseen for the next 5 years, while for Italy, funds amounting to EUR 35 billion have been earmarked. France therefore continues to be the leading beneficiary of the CAP (17.3%), followed by Spain (12.4%), Germany (11.2%) and Italy (10.4%). By contrast, as far as the EAFRD is concerned, France and Italy are the main beneficiaries, receiving 14.9% and 10.4% of funding respectively.[23]

[22]Since we are talking about international public opinion, let us remember that public opinion is normally shaped by newspapers, whether paper or digital, as well as news websites. Among the latter we can mention, as an example among many: Euarctiv (2016); among the former, as an example among many in Italian, see: Gaita (2022).

[23]In 2020, France received EUR 6.909 billion in direct aid, of which EUR 550.551 billion for market measures and EUR 1.987 billion for rural development. Italy got EUR 3.599 billion for direct aid, EUR

However, there are other issues of concern for both France and Italy and the European Union as a whole. The COVID-19 crisis and the drastic drop in world trade at the time caused a fall in agricultural prices in response to market forces and the globalised labour supply chains. By stark contrast, the Russian invasion of Ukraine has shown the weakness of EU agriculture in the face of rising commodity prices, particularly those of wheat and natural gas, due to the importance of Ukraine and Russia in these markets.

Paradoxically, the decision to progressively abandon the policy of guaranteed prices and dismantle the CMOs, which had ensured stable incomes for farmers and food security in 'Fortress Europe', in favour of free market forces is now posing several problems.

8. Conclusions

The CAP has played an important role in ensuring food security in the European Community. It sought to link productivism and agricultural incomes but, over time, lost its momentum. The initial protectionist inspiration of the CAP, recognised as the only truly Community-wide policy, has been increasingly shifted towards market forces, also by virtue of international trade agreements, such as GATT.

Incentives to business concentration, for sustaining agricultural production and incomes, have ended up being transformed into subsidies decoupled from production—all in a relentless drive to squeeze the budget available for the CAP. This has led to a shift from the central role of production to increasingly rentier positions for the largest enterprises, while farm workers' incomes have remained consistently below the average of other productive sectors. Agriculture's contribution to GDP has been steadily declining for years. The so-called *tertiarisation* and *multifunctionality* of agriculture testify to this decline.

Nevertheless, the impact of agriculture on the environment remains devastating. The reduction of the total UAA, e.g. in France and Italy, goes hand in hand with intensive land use, and with a serious loss of biodiversity. Industrialised agriculture remains a highly energy-intensive and water-consuming process that can no longer be considered indefinitely sustainable, given the ecological crisis. Exacerbating the situation is also the loss, of the productive network, rich in traditional knowledge and common goods, despite the incentives provided to save it.

However, the few small businesses that remain, e.g. both in France and in Italy, are being squeezed both upstream and downstream in the production chain. Yet, in our opinion, there can be no preservation of local, regional and national territories through the actions of big companies alone. Farmers are not caretakers. The network of small business, such as oil mills, and extensive livestock farms, which contribute traditions and wealth to territories, must be encouraged. The experiences of agro-ecology and short supply chains show that another way of producing which respect the environment is possible. Resources, including additional ones such as

677.514 million for market measures and EUR 1.501 billion for rural development. Total CAP expenditure amounted to EUR 54.674 billion. Source: European Commission (2021).

Next Generation EU, should be increasingly directed towards production units and territories that know how to combine tradition and innovation while reducing waste. This is a process with multiple variables, which a productivist-competitive system is not prone to guarantee.

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