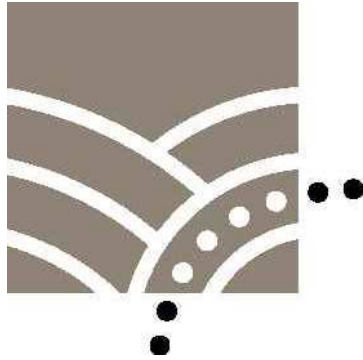


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## Young People, Agriculture, and Entrepreneurship: Key-Points for a Long-term Strategy

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## 1. INTRODUCTION

### *Turn-over in agriculture: sectorial and territorial issues*

One of the salient features that emerges from all the studies of age distribution in agriculture has to do with the presence of young people.<sup>1</sup> On this we have no positive indication. The *presence of young people is declining practical everywhere* both in absolute terms, and in relation to older age groups.<sup>2</sup>

In Europe, this phenomenon is more prominent, obviously, in European countries where agriculture is generally more backward and the decline in employment due to economic and social development has begun more recently (Greece and Portugal, for example, as well as Candidate States from Central-Eastern Europe. But it is found also in other countries, such as Great Britain, Holland and Denmark, which do not have the structural problems of the above countries and where the great migration from agriculture towards industry and services has occurred in times by now remote. Italy in any case is at the bottom of the list: in 2000 only 5% of farm-holders is less than 35 and there are more than 12 farm-holders above 55 for each young farm-holder (only Portugal has more). In some Italian regions, percentages are significantly higher: in Marche and Umbria, for example, the old/young ratio is 20 to 1.

Obviously the problem, notwithstanding the different figures and urgency in each EU Member State or Region, is so pervasive that it is necessary to *focus on remote and recent causes and on the appropriateness and adequacy of existing measures*. This must not be done only to guarantee the legitimate rights of the few but essential young farmers currently in the business. Among these, some have entered agriculture (more often remained in it) because, unlike other of their peers, they had family or personal advantages: a sufficiently extensive family holding, greater knowledge of the market, a successful network of contacts. But the above problems concern also all the young people who had a great enthusiasm for this profession and adequate training (a degree in agricultural

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<sup>1</sup> See for example the study commissioned by the European Parliament in 2000: European Parliament, Directorate General for Research (2000), *The future of young farmers in the European Union*, Agriculture, Forestry and Rural Development Series, AGRI 134 EN, Luxembourg.

<sup>2</sup> From 1990 to 1997 the percentage of young farm-holders in the EU declined from 669,000 to 501,000 and in percentage from 8.3% to 7.6% of total agricultural workforce in the EU-15. In percentile terms the decline, both absolute and relative, occurred in all countries, except Belgium and Germany, where it was only in absolute terms.

studies, for example) but were forced to give up because of a lack of adequate means.

Though we do need more research to reach definitive conclusions, present studies including my own, allow us to identify a number of crucial questions. These will be the object of the present paper, whose purpose is to provide *a basis for a more extensive debate* than the present one. Generally, the present debate has focused on the goals and modalities of measures specifically addressed at facilitating the entrance and permanence of new generations in agriculture, and on assessing their efficacy, efficiency and distribution. Insufficient attention has been given to the more general context of the problem. This context has to do with questions that can be summarily defined as “sectorial” and “territorial.”

*Sectorial questions* are those that have to do with obstacles internal to the economical-institutional relation system that regulate agriculture in terms of access to business and to its productive factors (land especially), control of production, and the potential of the market in terms of valorization of business decisions. These will be dealt with in the following sections. Section 2 deals with the obstacles to generational turn-over, while section 3 deals with the new opportunities offered by the diversification of the functions required from agriculture and by the transition from a traditional agricultural policy of support to the market, to a valorization of its multifunctional role.

*Territorial questions* concern the increasing ties and conditions on young farmers and agricultural holdings to the general development of the territory, of the economy and of the rural societies in which they are found and of the more general relations between rural and urban systems. Two sections are dedicated to this topic. Section 4 illustrates how the attraction of agriculture on young people and their staying in the profession is tied to the integration with other economic sectors, to the exchange with other social components, and, more in general, to all those aspects (opportunities, services, occasions, etc.) that influence the quality of life. Section 5 address the problem of the collective perception of the role and function of young farmers, which has a bearing on the social and also psychological attractiveness of this profession and on the self-representation of those who choose it.

The last section is dedicated to some final considerations focusing on two aspects. The first: what is to be *our general approach to the preparation of the European conference on young farmers that will be held in March* and what is to be the content of the package for young people that should be immediately issued; second: what are the lines of inquiry for further study of the

problem of generational turn-over, of its evolution in time, and of the efficacy of policies that address it. To this last aspect I have added a few considerations on research methodologies.

## 2. STATUS PRIVILEGES AND MARKET IMPERFECTIONS

### *Status privileges and undifferentiated policies*

If we wish to really counter the phenomenon of aging and loss of young people in agriculture, we must go beyond the usual discussion, beyond measures aimed exclusively at young people. All Union and National policies (and regional policies where present, as in Italy) must be discussed and analyzed in the light of the goal of rejuvenating agriculture. The more so since in agriculture the weight of those policies is so great and their presence so pervasive (for the way they affect market dynamics) that they represent the primary reference for any individual or collective decision on generational turn-over.

Public spending and facilitations represents a high percentage of value added in European agriculture, as shown by OCSE analyses (62,4% in Italy, in 2000, according to INEA).<sup>3</sup> Of these resources *by far the greater part is tied to subjective conditions* (whether the subject is a farmer, whether he owns or manages the land, whether he works in areas with handicaps, whether he produces standard products with standard techniques, whether he or she uses certain productive factors, whether he or she possesses a specific juridical status, etc.). All these subjective conditions are largely or totally *independent of whether the subject exercises an entrepreneurial activity*, i.e., of the subject's capacity for innovation, competence, correct administrative and management decisions, ability to operate on the market, willingness to consider and run risks.

The tendency to reward *status rather than behavior* (the *subject* and not the *project*) characterizes a large part of direct support policies, and especially "commodities" (such as cereals, oleaginous crops, sugar beet, and other extensive cultures), which have the following characteristics in common: simplified productive

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<sup>3</sup> In addition to the expenditure and facilitations, we should obviously consider the indirect effect on prices due to market support policies (both through taxes on imports, through public acquisitions and through returns to exportations) that produce an additional transfer of resources from consumers to agriculture and food and land industry (a sort of hidden tax).

organization and limited rotation, standardized production techniques, high mechanization and low workforce, often low biodiversity and negative impact on environment and landscape, high dependence on public support, which often is the sole reason of their continuing presence.

For this last reason, the expression “subsidy farming,” used for these culture, is something more than a witticism, rather it concisely identifies the prime motor of this activity. This is most evident in those cases when, having acquired with the sowing the right to subsidies, farmers do not bother to harvest, or in the case of sunflower cultivation, which, after the simplification of direct payments that aggregated sunflowers to other cereals, has practically disappeared.

We have empirical evidence of the correlation between the presence of the above crops and the presence of old people due to lack of young workforce. In our elaborations of regional census data we have noted a high correlation between aging indicator (over 55 / below 35) and production quotas on base prices of agricultural commodities (cereals, oil seeds, sugar beet).<sup>4</sup> This result seems confirmed by other studies.<sup>5</sup>

### ***Support policies and rent formation***

The transition from direct support to prices before the Mac Sharry reform, to partially decoupled compensations and, after Agenda 2000, to direct payments has only marginally affected the situation. Before and after, support has not been tied to specific behaviors which, in the last analysis, should represent the ultimate goal and justification of these policies.

Prescriptions on cross-compliance have been generally loose and, in any case, have been largely ignored. Similarly, direct payments (neither digressive, nor transitory) have maintained their compensatory character, without turning into *Transitory Adjustment Assistance*, as suggested, for example, by the Buckwell Report), i.e. support aimed at the re-structuring of farms (in all those cases where neither the market nor environmental or similar reasons justify the preservation of current activities), in order to switch to other agricultural or extra-agricultural activities.<sup>6</sup> The

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<sup>4</sup> The correlation coefficient is 0,58

<sup>5</sup> The datum on the correlation between workforce age and the presence of extensive commodity cultivation supported by public subsidies is found in C. Russo, M. Sabbatini (2001), “Ricambio generazionale e strategie pro-duttive nelle aziende agricole a conduzione diretta: alcune considerazioni sulla base di un’analisi tipologica”, *Rivista di Economia Agraria*, Year LVI, n. 1.

<sup>6</sup> Allan Buckwell and others (1998), *Towards a Common Agricultural and Rural Policy for Europe*, “European Economy”, n. 5, European Commission – General Direction of Economic and

same argument could be applied *mutatis mutandis* too animal-farming productions, not integrated in crop growing, such as the mere transformation of purchased forage, insofar as they benefit from consistent public support in the form of non-conditioned contributions.

*A large part of the policies of the first pillar of the CAP, if one looks at it from this perspective, should be classified as policies of mere non-conditioned aid, which reward the status of present farm-holders. The same can be said incidentally of policies aimed at controlling offer* (of any type: material production quotas, plantation rights, etc.) which indirectly pre-constitute new status privileges for farm-holders.

The same features characterize also many national policies and the majority of juridical and tax systems that do not distinguish (as they should) among actual agricultural entrepreneurs (and their entrepreneurial projects) and habitually absent or completely uninterested farm-holders, or co-heirs who are not farmers. Special mention must be given to fuel policies (tax breaks or total exemptions on fuel in Italy and in other countries)<sup>7</sup>, which in practice ends up further encouraging commodity agriculture and the abuse of non-renewable energy sources (which reflects negatively on the image of a sector that wishes to be appreciated for its contribution to the environment, landscape, and for natural productive processes).

### ***The development of rent due to agricultural policies***

In all these circumstances, public subsidies generate monopolistic positions, lack of flexibility, distortion of the market, and increase in relative and absolute dearth of basic production factors, notably land. Thus they are transformed into *pure rent*, raising the cost of access to land, business, the right to produce, etc.<sup>8</sup>

The paradox is that those who wish to become farm-holders are forced to pay a price that incorporate rent benefits. *To have*

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Financial Affairs. See also: A. Buckwell, F. Sotte (1997), *Coltivare l'Europa. Per una nuova politica agricola e rurale comune*, Liocorno Editori, Roma.

<sup>7</sup> Whose weight (to provide a comparative example) in terms of loss of revenue for the State was in 2000 almost 1500 million euros (25% of tall the expenditure of the AGEA (which includes all the EU expenditure for Italy, 40% of overall expenditure for agriculture in all Italian regions and two and a half the annual expenditure of the Ministry for Agriculture (source INEA, *Annuario dell'Agricoltura Italiana*).

<sup>8</sup> A rough estimate is possible using the data of *Annuario dell'Agricoltura Italiana* dell'INEA. Adding aid to production, aid to income, and aid to management (which are largely non-conditioned forms of support) we have a quota of 80% of public spending in agriculture: more than 12 million euros: 45,7% of total agricultural value added.

*access to a farm* potential young farmers have to basically *buy the right to public subsidies* (whether coupled or decoupled) and the rent deriving from all the benefits (quotas, tax breaks, facilitations) to which farm-holders are presently entitled. This is an additional burden, which originates from the present agricultural policy and fiscal treatment of farmers. Given the uncertainty that hovers over the CAP, nobody can guarantee that the benefits that young farmers pay for will continue to exist in the future, and that the value of the farm will be the same, should they decide to sell. Young farmers are therefore forced to pay for benefits that they will probably no longer have in the future.

*It would be a different story if subsidies and facilitations rewarded behavior*, i.e., projects and programs (along with the results that citizens and consumers expect from farmers). In this case, access to benefits would be dependent on actual entrepreneurial activity and would reward existing “behavior”: actual projects carried out by farmers. Passive subjects, who are farm-holders only from a formal standpoint, would have no right to support. No support would be given to those who abandon the land (while on the contrary those who make land available or choose early retirement should be encouraged), and consequently the activity of those who take over the farm would be rightly rewarded.

### ***A comment on single decoupled payments***

I must add an observation on the proposal of full decoupling, contained in the proposal for the mid-term revision of the CAP. What the Commission is proposing is basically to replace various payments (per hectare or per animal) currently perceived in relation to crop- or animal-farming, with a single payment. This single payment would be calculated on an historical basis, based past production and on the loss of value due to the cut on subsidies. Clearly existing agricultural holdings are advantaged, given the liberty of the head to transform the production of the holding (or even to halt production) without being sanctioned for it. But, from the perspective of the farm being turned over to young people, this policy, if not adequately regulated and articulated in the course of implementation, also creates (even more than coupled policies) a status privilege reserved only to existing farmers and damaging to those who wish to enter the profession.

From this perspective, two considerations. The first: a single decoupled payment creates the possibility for entrepreneurial decisions by current farmers compared to previous regulations and serves also as a “political lubricant” to make the reform acceptable to those who would otherwise feel unjustly discriminated against.

But the second: this situation can only be *transitory and prelude to a new coupling* of expense to the provision of goods and services of collective interest (environmental, cultural, etc.) that citizens demand from farmers and that the market, by its very nature, do not reward. It is evident that in this second case support would be associated to behaviors aimed at collective interest.

In any case, so-long as decoupled payments are maintained and in proportion to their size, measures should be introduced aimed at favoring generational turn-over and avoiding adding a further financial payment deriving from historical preconditions on young people entering the profession.

### ***Imperfections of the land market***

Due to the sizable import of the resources in question, we have referred up to now to the artificial creation of obstacles due to agricultural policies of unconditioned support. However, there is also the *equally consistent weight of the difficulties (and ensuing privileges) produced by the market*, as witnessed by the many studies on the problem of access to agriculture by young people. The land market especially, due to its imperfections and the effect on it of variables not specific to agriculture, often presents conditions (as in these years of crisis of the stock-market and low interest rates on financial investments) that increase the cost of purchasing or renting land much beyond what is justified by the profitableness of the land and of agricultural activity.

We refer to the effect on land prices of expectations of urbanization of agricultural land, or to speculative activities determined by the crisis and uncertainty of financial markets as opposed to the tendency of the land to maintain its value in the long term. In all these cases, careful territorial planning is needed (a clear legislation that will regulate the usage of rural areas, too) along with a careful use of fiscal measures, that would eliminate or lower the competition between agricultural and urban rent and the acquisition of agricultural land for purely speculative purposes.

Real-estate market is on the other hand affected also by other variables tied to the historical and juridical-institutional features of each country and region. Fragmentation of holdings, their small and sometime insignificant size,<sup>9</sup> norms on succession or renting of country estate, along with the above-mentioned status privileges, all this sometimes goes as far as making the real-estate market practically non-existent. The few exchanges of land occur

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<sup>9</sup> It is worthwhile noting that the recent census of Italian agriculture lists as many as 963,000 agricultural holdings below one hectare in size (37,5% of all agricultural holdings).



in such isolation one from the other that their reciprocal influence is highly attenuated.

Clearly, in these conditions turn-over in agriculture depends greatly on the elaboration of adequate policies of *land aggregation*, on *tax norms and policies that will favor the development of rent*, on measures facilitating *early retirement* and *making land available*, on norms that privilege co-heirs that are agricultural entrepreneurs, etc.

### ***Access to capital***

If the question of access to land and to agricultural business is central for generational turn-over in agriculture, there are other obstacles. We have already briefly referred to the question of production rights, in the case of policies that control offer (quotas, restrictions, etc.). In all these cases, the acknowledgment of specific margins for the extension of the rights of production reserved to new farms head by young people is crucial. The establishing of a reserve of rights for new farms, in proposals for the mid-term revision of the CAP, seems more than appropriate.

However, there also other obstacles well-documented in the literature on access to agriculture. I refer especially to the question of *setting-up capital* and the need to support farms headed by young people, especially in the early stages, when financial needs are, in relative terms, at the peak, while the possibility of offering concrete securities is at the lowest and risk is also relatively high. From this perspective, the introduction of new tools of financing and security, specifically aimed at supporting new agricultural enterprises, is crucial. Forms similar to “student’s loans” could be conceived (with appropriate changes) for agriculture. While adequate forms of insurance could be introduced to cover the risks of both entrepreneurs and financiers in setting-up stages. Similar actions should be taken to support the integration and aggregation of entrepreneurial activities by young people, adapting the legislation on enterprises and co-ops, with specific solutions supported in setting-up stages.

## **3. MULTIFUNCTIONALITY AND DIVERSIFICATION: THE OPPORTUNITIES OF YOUNG FARMERS**

### ***From agricultural holding to diversified business***

Up to now, we have analyzed mostly the variables that pose obstacles to generational turn-over in agriculture without taking

into account the evolution in the desires and expectations of citizens and customers. As if the function of agriculture were the same of the time (the immediate post-war years) when the CAP was established in Europe, along with national agricultural policies. As if consumer demand through the market were the same of fifty or even only twenty years ago.

This part of the study is dedicated to an analysis, albeit brief, of the evolution of *citizens' expectations in regards to agriculture*, which they express partly as consumers through the market, by modifying demand, and, partly as citizens through the State, by demanding that it pursue an agricultural policy and other rural development policies that will guarantee the production of goods and services of collective interest (protection of environment and landscape, preservation of hydro-geological equilibrium, valorization of culture and social features typical of rurality, preservation of local diversity and identity) which would otherwise run the risk of being rapidly eroded and destroyed.

*The change in terms of market is evident* and takes new and varied forms, which descend from many causes:

- The tendency of consumers, in a highly developed society like the European one, to appreciate variety in food and to search for originality and naturalness;
- The change in life-styles, which makes consumers interested not solely in the taste and nutritional value of food products, but also in added services;
- Food fashion and the influence of the food production and distribution industry;
- The enormous potential of new technologies;
- The new opportunities for farmers offered by the transformation and distribution of one's products and the direct marketing of one's products;
- The extremely diversified type of services required from agriculture ranging from farm-houses and associated services, health care, fitness, cultural and educational services, recreational services, housing, etc.

In other words, while there is a decrease in income opportunities for farmers associated with the traditional function of producing standardized food products an *extremely vast field of opportunity is developing for entrepreneurs capable of positioning themselves in these diversified markets*.<sup>10</sup> There is an obvious

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<sup>10</sup> R. van Broekhuizen, L. Klep, H. Oostindie, J.D. van der Ploeg (Ed.s) (1997), *Renewing the Countryside, An Atlas with two Hundred Examples from Dutch Rural Society*, Misset, Wageningen. Pierre Stassart (Ed.) (1999), *Du Savoir aux Saveurs. 101 Chemins pour une alimentation de qualité*, Edition Fondation Universitaire Luxembourgeoise. Movimento giovanile

change in mentality and attitude that is required of these new entrepreneurs. But is also evident that, compared to the low value-added and low-employment activities of the past, these opportunities could have valuable multiplying effects from an occupational perspective.

*In traditional commodity agriculture*, the main function of the farm-holder is to solve *problems connected to production*: minimize cost per unity, working in a static market where (political) prices are fixed in advance from above and market outlets are guaranteed by protectionist policies.<sup>11</sup> On the contrary, in today's agriculture and in that of the future *the central role of the entrepreneur consists above all in identifying and carefully planning his "business idea"* (in the face of a wide range of opportunities, many of which have still to be identified and evaluated) in a changing context, which requires continuous adaptation, and the qualities required for implementing are his marketing, organizational and managerial skills.

Clearly in this scenario *generational turn-over has a crucial role*. On account of their view of agriculture, old people do not have the objective requirements (risk propensity, basic training) to engage in innovative projects such as these. Also, they have long been educated by protectionist policies to focus on other aspects of farm management and in viewing their fate as inevitably determined by and dependent on public support.

### ***New opportunities in multifunctional agriculture***

Young farmers have also another function, that of producing the commodities and services demanded by the market. This function lies at the heart of the reasons that justify and make necessary a sizable support for agriculture also in the future.

Now that the foundations of the old social pact that justified the CAP and national agricultural policies of immediate post-war years (tied to the quantitative goal of reliable food production and to redistributive goals aimed at reducing social problems in rural areas), a *new social pact between farmers and society* had been invoked by many.<sup>12</sup> Its goal is to concretize the collective interest in an agriculture capable of producing, besides the commodities and services required by the market, a wide range of *functions and*

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Coldiretti (1999), *Nuova impresa. Idee ed evoluzione dei giovani agricoltori in Italia*, Edizioni Tellus, Roma.

<sup>11</sup> For this reason the attention of farm-heads (and of the services directed at him) generally focused on technical aspects internal to the farm: combination of factors, machines, etc.

<sup>12</sup> F.Sotte (1997), "Per un nuovo patto sociale tra gli agricoltori e la società", *La Questione Agraria*, 65.

*services of public interest* (tied to the protection of the environment, preservation of biodiversity, of the landscape, hydro-geologic equilibrium, preservation of historical, architectonic and cultural heritage of rural communities and areas, etc.) which, by their very nature of being *common goods*, *have no obvious market and necessitate to be explicitly valorized by the agricultural policy*.

Using a concise but effective expression, Agenda 2000 describes this new social pact between farmers and society as the “European model of agriculture”<sup>13</sup> stressing its “difference from our major competitors” (USA, first and foremost) based on the “*multifunctional and polyvalent character of agriculture*.”

The orientation is clear and explicit. It seems generally supported by European public opinion (if we accept the recurrent polls by Eurobarometer).<sup>14</sup> But given the low budget of Agenda 2000 in practice this orientation has been very mildly implemented, the redistribution of resources from first to second pillar has been only marginally modified, and, as a consequence, very little actual support has been given to multifunctional activities.

### ***Farmers: a complex profession***

The future however could offer other opportunities. The future in this sense has already begun and the reform proposals in the context of the mid-term review of the CAP may open entirely new perspectives. Through gradual redistribution of expenditure (following dynamic modulation and the decision to freeze expenditure for the first pillar while the expansion of the EU takes place, etc.), resources in the second pillar will generally increase in terms of “payments for environmental, cultural and landscape goods and services”<sup>15</sup> and the “greening” action (environmental clauses) on the first pillar will increase, increasing and making more strict control over modulation forms and cross-compliance.<sup>16</sup>

“What we expect from farmers”---in the words of the *Bruges Group*—“is a progressive transformation into a *complex profession, at the crossroads of production, protection of nature and management of the land*. By doing this, they will open to flexibility,

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<sup>13</sup> See European Commission (1999), *AGENDA 2000: for a stronger and wider Union*, 26 March 1999, Berlin European Council.

<sup>14</sup> EOS Gallup Europe (2000), *The Public's Attitudes Towards the CAP*, Eurobarometer flash survey, n° 85, Brussels.

<sup>15</sup> “*Environmental and Cultural Landscape Payments*” is a term used in the quoted Buckwell Report of 1998

<sup>16</sup> J.M.Sumpsi Viñas A. Buckwell, (2002), “Greening the CAP: the Future of the First Pillar”, ARL/DATAR Workshop on “Desirable evolution of the CAP: a contribution”, 23 September, Brussels

providing substance to what is today called multi-activity and tomorrow will be rural entrepreneurship.”<sup>17</sup>

Clearly, there would be an *economic and occupational potential* for young farmers that would compound the one already created by new market perspectives in the light of an abandoning of present policies (which originates status privileges and additional setting-up costs) in favor of *an actual valorization on a contractual basis of all multifunctional contributions*. It will suffice to note how in certain localities (mountains, for example, or parks), the production of *common goods* can become prevalent or even exclusive, compare to traditional production for the market. And how, consequently, on the valorization of multifunctional services depends a large part of the agricultural renaissance of those areas, not only for its direct effects on the primary sector, but also because of benefits that a territory and a well-kept landscape can generate in other branches of the economy, such as tourism.

The transition from an agriculture geared only towards production for the market to a multifunctional agriculture aimed also at producing goods and services of public interest, requires specific professional skills and technical-organizational solutions. This is another aspect that will have to be taken into account in the course of the re-organization of professional training and of services mentioned above in relation to the diversification of agriculture for the market.

### ***What services for a diversified and multifunctional enterprise?***

Young people have an extraordinary competitive advantage over other farmers, in regards to the diversified markets and multifunctional agriculture described above. They have greater command of the basic skills needed for these activities: computers, languages, and a culture similar to that of the foremost potential users of their services (since these are also generally young and in any case well-informed culturally dynamic people). They also have a more long-term perspective for return on their investments, the possibility of exploiting their skills, in the capacity to profit from the network of relations that develops around a diversified and multifunctional farm. They have greater expectations, greater enthusiasm, and a greater risk propensity.

But having access to agriculture and remaining there is difficult nevertheless. Besides the above mentioned obstacles to

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<sup>17</sup> Gruppo di Bruges (2002), *L'agricoltura alla svolta*, Associazione “Alessandro Bartola”- Franco Angeli Editore, Milano.

access (to land, to farms, to capital, etc.) setting-up requires both specific personal capacities and specific services, and the latter must be provided by the policies for agricultural and rural development.

The services dedicated to research, information, technical and managerial assistance, are terribly lacking from this perspective, in public institutions and in private ones organized by agricultural associations. Services provided by public institutions and agricultural organizations *are still prevalently geared towards traditional agriculture and are absolutely deficient in regards to these new demands*. On the other hand, the quantitative weight of innovative enterprises realized up to now, because of their often pioneering nature, has been too small to justify the creation of private services specifically aimed at them.

Recent research on the experiences of younger and more innovative farmers has systematically evidenced their distance from the present training and information services. Furthermore, it has evidenced that the *relation with the State* in its various institutional forms, at least in Italy (indeed the research should be extended to all Europe) has taken the form *not so much of support* which was often limited to a few measures contained in the regional plan for rural development, as much as *of countless bureaucratic, administrative fiscal, obstacles* (which have high explicit and implicit costs), which even agricultural organizations are insufficiently equipped to address.<sup>18</sup>

Clearly there is a gap that needs to be filled. A great collective effort must be made to institute an efficient network of integrated services, aimed at training young entrepreneurs, providing assistance for setting-up, and supporting innovative businesses in Europe. This need to be the primary goals also of agricultural organizations.

For this purpose, given the intersectorial nature of many of these organizations and their integration with special activities carried out in different areas of agriculture (farm-houses, requiring tourism and catering, direct distribution, requiring commercial distribution and marketing, *agricultural therapy*, requiring contacts with health institutions, didactic farms, requiring contacts with schools or cultural institutions, etc.) it is necessary to *facilitate the*

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<sup>18</sup> L.Lupini (2002), "Diversifarm. Esperienze imprenditoriali innovative nell'agricoltura delle Marche", Associazione "Alessandro Bartola", Collana Tesi on-line, Senni, E. Fava (2001), "Le fattorie didattiche. Analisi economica di un'esperienza di agricoltura multifunzionale", M.A: thesis.

*integration and exchange of experiences* through policies aimed at introducing in agriculture young people from other professions.<sup>19</sup>

Consider on the other hand how, in the absence of integration and given the contiguity and irreplaceable nature of possible activities, it is not uncommon for *agriculture to lose valid market opportunities*. This has already happened in the competition between farm-houses and rural tourism businesses, where market quotas that could have been appropriated by the former have gone (sometimes for good) to the latter.

## **4. GENERATIONAL TURN-OVER AND TERRITORIAL POLICIES**

### ***Territorial factors in agricultural development***

The question of young people in agriculture has been up to here discussed in terms of its sectorial components. We have drawn some conclusions in relation to the reform of agricultural policies and of the CAP in the first place.

It is evident however that the question goes far beyond sectorial aspects. Generational turn-over in the country *can not be planned without taking into account the context in which agriculture is practiced*. Young farmers, especially in the setting-up phase, have incomes do not provide for their needs and those of their family. Profits need to be integrated by other sources: an additional job by the young farmer, jobs by other family members who do not work on the farm.

The very *formation of capital for the farm is dependent on the availability in loco of other financial resources* tied to the revenues and financial re-allocation that originate from other jobs. The capacity of rural areas to transfer resources from one sector to the other depending on economic cycles is long known: it allows farms to carry on through slumps and quickly re-allocate resources in new market opportunities (sometimes sudden and ephemeral).

This capacity has been decisive during the development of industrial districts in many areas of the North-East-Center, during negative economic cycles. In those case, the intensification of agricultural activity has occupied resources (both workforce and capital) that were temporarily in excess, re-entering industry when the economy picked up. The inverted cycles of industry and

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<sup>19</sup> The above studies on innovative enterprises have confirmed that often at the origin of an initiative in agriculture there is either a previous educational and professional experience or cross-fertilization and integration in different fields.

agriculture can have an important role in response to the need for flexibility.

A similar *synergy* is necessary to develop innovative and integrated agricultural business plans. Finally we should not forget the role of local markets in stimulating the demand for innovative products and services. More often than is commonly acknowledged, innovative agriculture depends on local demand.

Neither should we underestimate the ability to attract external demands, which depends on an area's overall capacity to project a unique identity and marketing it (the contribution of typical and multifunctional agriculture is essential for this).

Another aspect needs to be stressed in relation to the above. The capacity of an area to attract private investment and public spending. In relation to private investments as well as public spending, territorial systems compete with one another; and their capacity to be selected, to do fund raising, depends largely on the organic nature of territorial development plans and on their capability to make them effective and recognizable.

Basically, we need to acknowledge that the agricultural dominance in rural areas of the past (in employment, income, etc.) that justified the identification of agriculture and rurality is over.<sup>20</sup> This change is the result of the economic development and of the accomplished (or advanced) process of re-allocating workforce from agriculture to the industry or services. But it is also a consequence of the conscience that *the development of rural areas is possible* (as demonstrated by many local experiences), only if it is *intersectorial and integrated and valorizes local uniqueness and potentialities* in artisanship and small and medium industry, in services, in tourism (besides, obviously, agriculture and food and land industry).

Evidently agricultural policies alone are not enough to stimulate this process, as believed in the past. In Europe and in the world, agricultural policies (no matter how expensive) have never succeeded in ensuring alone local development.<sup>21</sup> I will return to this question later on.

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<sup>20</sup> New definitions of rurality have originally been introduced by OCSE and then widely adopted by EU, based on parameters different from agricultural prevalence: demographic density especially.. OECD (1994), *Creating Rural Indicators for Shaping Territorial Policy*, Paris. OECD (1996), *Territorial Indicators of Employment. Focusing on Rural Development*, Paris.

<sup>21</sup> In the USA, too, the coupled support of the new Farm Bill is an implicit acknowledgement of the incapacity of agriculture, though technologically and structurally advanced, to guarantee rural development alone.



## ***Quality of life and services in rural areas***

On the other hand, from another perspective, the development of a young people's agriculture depends on the overall development of the territory. I am referring to the *quality of life in rural areas, to their attractiveness*, a condition that is equally essential (like employment and income) for ensuring the presence of young people in a territory. This quality of life depends on *how public and private services are distributed* and on how in rural areas *physical mobility and virtual connectivity* are guaranteed.

All too often in the past, in order to contain public spending, the rationalization of public services was achieved by privileging the center and neglecting periphery. Now, obviously the distribution of services must follow demographic patterns, as well as innovation in technology and communication systems. But it is also true that, if demographic decline in rural areas is accompanied by the elimination of services, there will be even less incentives to generational turn-over.

Clearly it does not make sense to maintain traditional hospitals or schools in rural areas. But health and educational services must be re-organized taking into account the needs of the entire population (not solely of the majority that lives in cities) and the entire territory (not solely urbanized areas), identifying adequate solutions for rural areas.

Consider also how *employment needs* in rural areas, given the small size of the population, are often *quite low* and that the work demand in services to the territory has often *a greater role* than in cities in *affecting the permanence of young people in rural areas*.

Quality of life in rural areas depends also on overcoming their traditional isolation. It is not solely a question of infrastructures. Roads are necessary, but along with them there are great opportunities offered by virtual communication. Projects such as E-learning, E-Europe, E-Inclusion should give special attention to rural areas, as rightly suggested, among others, by the Economic and Social Committee.<sup>22</sup>

## ***Second pillar of the CAP and policies of rural development***

The above considerations have profound implications on the no-longer exclusive role of agriculture in the economic and social development of rural areas and on the strong correlation between

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<sup>22</sup> Social and Economic Committee (2001), "Nuova economia, società della conoscenza e sviluppo rurale: le prospettive per i giovani agricoltori", Parere del 17 ottobre, CES 1314/2001 IT/ES/SOR/POT/SOR/gp/vdn/lf/rm, Bruxelles.

their development and that of other sectors (as in the case of the relation between the function of agricultural entrepreneur and other professions) and on other questions that affect the quality of life and the attraction capacity of an area.

Long-term perspectives of a *sustainable agriculture* are no longer conceivable without a *parallel (or even previous, for some aspects) general development of rural areas*. The implications for development policies is that while in the past agriculture was attributed the function of responding to most of the expectations of the population of rural areas, today other policies are the prerequisite for their sustainable development, and in this perspective, of agriculture as a whole.

*All policies (besides agricultural ones) must be adapted* to the new role of individual economic sectors and the socio-economic development in rural areas. The scope of a rural development policy, when viewed as a territorial policy, far exceeds the sphere of agriculture and includes industrial and service policies, infrastructural policies, territorial planning, etc.

A territorial program of rural development consists first of all in identifying a long-term strategy for the development of a rural area and then in integrating all the above-mentioned policies, giving special attention to their interrelations. The distribution of responsibility among the various levels of public administration must be done based on the principle of subsidiarity.

This means that those who care about agricultural development and especially about rejuvenating their protagonists can not *limit their focus to sectorial policies*, but must also consider and advance proposals *on territorial policies*: those that in Europe use structural funds (not only FEOGA, but also FERS, FSE, Cohesion Fund, and SFOP) for objectives 1, 2 and 3; not solely SAPARD, but also ISPA in Candidate Countries, as well as LEADER +, INTERREG III, etc. *Leader experiences*, in particular, within the limits of their small budgets and of their common role of pilot-projects, have often shown that in rural areas *there is a capacity for mobilization (also in agriculture) greater than that of many nominally agricultural policies*.<sup>23</sup>

The goal *of integrating sectorial and territorial policies* will be a central question in the reform of the CAP and of all regional and cohesion European policies aimed at rural areas. A fundamental question in all the EU, which will have a special importance in the new Member States of Eastern-Europe. In these states socio-

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<sup>23</sup> E.Saraceno (2002), "Rural Development Policies and the Second Pillar of the Common Agricultural Policy", ARL/DATAR Workshop on "Desirable evolution of the CAP: a contribution", 23 September, Brussels

economic development and increase in agricultural production will need (and will cause) a decrease in agricultural workforce. For this reason, we need local territorial development policies capable of locally employing the workforce in excess, creating stable communities and avoided mass-migrations that would have a destabilizing effect on Europe and its development.

## **5. COLLECTIVE PERCEPTION OF AGRICULTURE AND THE ROLE OF YOUNG PEOPLE**

### ***Social status of farmers***

The last fundamental question concerns the *social status (and associated self-perception) of the profession of farmer*. Agriculture's capacity to attract young people depends highly on this aspect. And one must admit that the status of farmers has continued to decrease in recent times.

The reason for the low esteem of the farmer's profession *in the past were basically tied to insecurity of working and living conditions*. Agriculture and rural areas for a long time (also on account of the preference given to urban areas and industry in development policies) were characterized by higher economic and social handicaps, by cultural discrimination, by insecurity and unemployment. Emigration often took the form of an actual escape from the country.

This phenomenon was more evident when, as in Italy in the period of the "economic miracle," around the mid-sixties, emigration from the country was due more to outward pressure in the areas of origin than to attraction of the areas of arrival, as demonstrated by the increasing gap between exits from agriculture and entrances in other occupations, and the consequent decrease in overall activity rate.

With time, once the necessary redistribution of the workforce among sectors and of the population in the territory was accomplished, and after many rural areas experienced a significant overall development, of which farmers have undoubtedly also benefited (also thanks to public support), one would have expected the discrimination and isolation of the profession would be overcome and farmers would be "redeemed" in the eyes of the public.

The reason this not happen was essentially the spread in agriculture of the *false belief that development opportunities were basically dependent on renouncing to its diversified and multi-functional traditions* (and to the traditional human model of farmer and social model of rurality), in favor of a model of industrialized

agriculture, characterized by standardized and specialized productions, by the priority of machines over humans and the land, by the elimination of the traditional integration of agriculture with nature, society, and local culture.

From this simplification, derives the passivity of agriculture in relation to the interests of the machine-producing industry and the land and food industry. This process lies behind the great food scandals (mad cow, among others) and environmental disasters in rural areas (in Italy floods are often dependent on bad management of fields).

### ***Young farmers and the image of agriculture***

Thus, while in the past the profession of farmer was rejected (by the children of farmers first of all) because associated with poverty, today it is often associated in the collective imagination with a dependency on a technology aimed only at maximizing profits and not respectful of the environment. Farmers are therefore *scarcely appreciated by society, which is in fact suspicious of them*.

Urged in this direction by EU and national policies (which by rewarding the status made no distinction between bad and good behavior), young entrepreneurial energies accumulated in agriculture were mostly transferred elsewhere. Those that remained rapidly adapted to the situation. Thus they have gained economic equality or even superiority compared to other social categories (those who have visited in recent times the house of farmers are familiar with the signs of prosperity they exhibit). At the same time farmers, as a category, by breaking with tradition *have lost their identity, their practical skills, their dignity* (the dignity they never lost in the past, not even when they were poor), which represent nowadays *crucial elements for obtaining the collective acknowledgment* of their essential role and are the prerequisite for the involvement of young people in this profession.

Along with the dirty water of poverty, insecurity, toil, the category *threw away* the baby of *integration, polymorphism and multifunctionality*, which agriculture had accumulated throughout the centuries. The same multifunctionality that Agenda 2000 now invokes as the basis for the “European development model”. Loosing the past, agriculture lost also its future, and today the profession has difficulty attracting new generations.

Obviously, we need to acknowledge the tremendous effort by some agricultural organizations and European governments to re-establish a positive and direct connection between farmers and consumers-citizens. But it remains difficult *to establish an image of*

*an agriculture projected towards the future, towards the valorization of the new functions that society demands from it, if it remains an agriculture of old people, an agriculture which is necessarily tied to the past.*

Obviously the reform of the CAP and of agricultural policies on a national level needs to be supported also from this perspective. But two other actions are necessary to invert the present state of things. The first is preventing the question of the rejuvenation of entrepreneurship in the country from being considered as a problem among others to be addressed through marginal support and expenditure (this holds also of course for agricultural organizations who think they can take care of the question by entrusting it to their youth sub-organizations).

The second action consists in a *information and documentation campaign* aimed at both adults and young people *on young farmers and their multifunctional contribution to the interest of citizens and consumers*. The experience of Ceja's Tellus project can be picked up and developed for this purpose.<sup>24</sup>

## **6. FINAL CONCLUSIONS**

### ***Young farmers: the touchstone of European rural development***

My analysis does not claim of course to be exhaustive. There are many variables at play: economic, juridical, sociological or even psychological ones. It is obvious from the above, on the other hand, that generational turn-over in agriculture will not happen in a few years, and that the redefinition of the role of agriculture in rural development itself will be a central question in the construction of Europe. Nor can the problem be solved with a few ad hoc budget measures or legislative artifices.

*The question of the entrance of young people in agriculture and in rural areas is the touchstone of the actual implementation of European agricultural policies and of the realization of the European agricultural model described in Agenda 2000. This is the perspective that must guide the preparation and management of the European Conference to be held in March, from which the line of action for the overall reform of territorial and agricultural sectorial policies for rural areas must emerge. But there is also urgent need for an immediately operative youth package.*

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<sup>24</sup> CEJA (2002), *Tellus Project, Discovering European Agriculture*, [www.ceja.org](http://www.ceja.org); [www.ceja.educagri.fr](http://www.ceja.educagri.fr), an education site for primary school children available in the 11 EU languages.

Existing studies, though limited by a dearth of information, have highlighted the limited extent of financial resources allocated for setting-up in Rural Development Plans and how, in the various Member States, and in various Italian regions, in particular, other priorities have been favored to the point of absorbing all the funds for setting-up. *Setting-up aid* in rural development measures of the 2002 European budget *represents only 2.2% of the total expenditure for rural development*.<sup>25</sup> If one considers that the second pillar has in turn only 10% of the overall budget of the CAP, it follows that setting-up aid amounts to little more than 0.2% of total agricultural expenditure of the EU.

Clearly, in the light of the urgent need for immediate measures, the request of young farmers organizations to increase setting-up aid, of making the measure mandatory for Member States and for Regions must be supported. As we must support, the request to associate to this measure an overall organic youth package, that would eliminate or decrease the obstacles to generational turn-over in the country.

### ***Young people in a changing scenario: study methods and the goals of research***

Some considerations finally on statistical tools, evaluation methods, goals of research in relation to the question of generational turn-over in agriculture. A significant quality of future agriculture and of its relation to rural areas in general will be the *greater complexity* of relations that will be taken into account and that we will need to manage. An accompanying feature will be the *greater insecurity* both of the interrelations between individual and territorial decisions and global variables, and on account of the contraction of protectionist measures, that will expose farmers to the risks of the market to a greater extent. In this context, it makes sense to adopt a strategy based on extensive and commonly accepted strategic guidelines, which must however be implemented using *great flexibility, adapting to the evolution of markets, of social preferences, of achieved or failed results*.

The debate of the last few years, from the reform of structural policies of the late 1980s to Agenda 2000, has made it possible for European society to agree firmly on some strategic guidelines for agriculture: the European model of agriculture, the centrality of qualitative aspects, summarized in safety and quality of food, multifunctional goals of agriculture, tendential opening to the market, rural-urban integration. The crucial importance of these guidelines

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<sup>25</sup> Values for Italy differ from the European average. Italy is the Member State in which 46% of setting-up aid is concentrated, so that the percentage of setting-up aid on second pillar total expenditure is a higher (though still limited) 7,1% .

should not escape us, especially if we consider that the starting point was an agricultural policy with entirely different goals and that these guidelines were agreed upon during what was basically a re-foundation of the EU through the expansion from 10 to 12 then to 15 and now to 25 states.<sup>26</sup>

Given these guidelines, from now on we need to adopt an *adaptive strategy*, following a *learning by doing* strategy, capable of rapidly adjusting both public policies and business decisions. This concerns particularly young farmers whose achievements and failures, whose entrance and exit in the agricultural sector, must be carefully monitored and assisted, distinguishing actual farms from insignificant agricultural holdings, which are often farms only nominally (and distort statistics in this sector). As an example of the present lack of information, particularly in relation to young farmers, consider the importance of all those reforms of service agriculture (farm-houses, direct selling and picking-up, free-time and educational services, etc.) or of additional revenue sources dependent on extra-agricultural activities, but tied to the agricultural profession (maintaining forests, public parks, private gardens, roads, transport, emergency volunteering, etc.). All these activities have a limited bearing on agriculture as a whole, but are significant for young farmers. Of all this aspect of agriculture we know almost nothing. As we know almost nothing of the overall economic conditions of the family of young farmers.

From this perspective, I consider as particularly noteworthy the request of young farmers organizations for the *creation of an up-to-date statistical system, efficient and exhaustive*. This goal must be extended to all European countries, with special attention being given to those whose information systems are most lacking. The work on the integration of information on young farmers can be extremely useful for identifying experiences and methods that in the future could be extended to all agriculture.

The goal of improving information and the possibility of accessing it, must be combined with an *adequate adaptation of applied research*, through the creation of specific section in European and National research programs, with special attention for research on entrepreneurial experiences by young people. One of the goal of my analysis was to indicate a few possible directions. The discussion that will follow should provide further suggestions.

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<sup>26</sup> One must keep in mind the agricultural dimension of the expansion. According to Eurostat 2000 data, with the entrance of the 10 Candidate States there will be an 9 million more people employed in agriculture (+132,5%) in addition to the present 6.8 million of the EU-15. similarly, 58.6 million hectares of agricultural surface (+44,5%) will be added to the present 131.6%.

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