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**Differentiated implementation of the second pillar of CAP**  
**A budget analysis of Member States and regions of the European Union**

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## **Introduction**

While the debate over the future of the Common Agricultural Policy (CAP) are increasing for an overhaul of its foundations and design, the CAP seems to be more than ever torn between its first pillar (dedicated to markets and farm incomes since 1962), and its second one (institutional instrument appeared in 1999 in the direct lineage of the Cork conference about rural development). In this paper, we propose to examine specifically the second pillar of the CAP and to analyze its differentiated forms which it may match in the European Union (EU).

Translation of the Rural Development Regulation (RDR) by the Member States (MS) or regions (depending on the institutional structure of each EU country), the second pillar can take very different forms, depending of each MS. Each one of them (or their regions) has significant leeway from the European commission to define their own rural development plan and allocate budgets (and co-finance European allocated) through the measures proposed in the RDR. We analyze here how the MS and regions use the aid of the RDR to translate their socio-economic priorities. What are the main logics of intervention that are emerging in the definition and implementation of the 2nd pillar by the MS and regions? How can we explain these different approaches of intervention? The aim of our study will be to highlight a spatial variability of the logical approaches of intervention through the 2nd pillar. We also explore the elements that explain the variability observed.

This research was conducted within a master's thesis-research (Lataste, 2010). It fits into a broader research program PSDR Regiab, funded by INRA and the Auvergne and Burgundy regions about evaluation of rural development policies in the regions (Berriet-Sollicec et al., 2007). After recalling the elements of context and the question (1), we present the analytical framework and the method (2) to interpret the statistical results on the translations of the RDR and the factors explaining the differences observed (3 and 4). As a conclusion, we will develop research opportunities.

### **1. The second pillar of the CAP in search of legitimacy**

Founded in 1999, the rural development component of the CAP, called "second pillar", consists in socio-structural, agro-environmental and broader rural development measures which often pre-existed. It also allows a buildup of direct support enabled by the World Trade Organization (WTO). Despite it was legitimized at the beginning through the concept of multifunctionality, it is now based on the concepts of sustainable development and public goods. These new institutional arguments were intended to transfer increasing payments from the first to the second pillar under the principle of "modulation" (Berriet-Sollicec et al. 2001; Bazin, Kroll, 2002; Aubert, Trouvé, 2009).

The second pillar considered as the translation of the Rural Development Regulation (RDR), is defining the EU rural development policy in place on the programming period. It is updated at each new program or reform. It consists in various measures that MS combine according to their choices and at the geographic scale that seems most appropriate (national or regional), to establish their own "Rural Development Program (RDP). Unlike the first pillar measures, the RDPs implemented have to be financed at least at 50% by the MS or their local authorities (excluding actions and individual cases of some member states classified in Convergence objective).

During the first programming period of the second pillar (2000-2006), the Rural Development Regulation had 22 measures whose 4 were from the 1992 reform (early retirement, agri-environmental, afforestation and aid to the less favored areas). Only agri-environmental measures were mandatory and had to be applied by all MS. Over the reforms, new measures

were added to the second pillar and expanding the rural development related areas. Today there are 43 measures in the second pillar, in 4 axes respectively to: improve the competitiveness of agriculture and forestry, improving the environment and landscape, improving the quality of life in rural areas and encouraging diversification of the rural economy, and finally building local capacity for employment and diversification of activities through the LEADER program. This last axis crosses the three first thematic axes. Since 2007, member states must respect in their allocation of funds, minimum shares for each axis (respectively 10%, 15%, 10% and 5% for 4-axis).

Several criticisms have been addressed in the second pillar of the CAP. First of them, although the second pillar of the CAP is considered as the Rural Development, "in fact, [it] is primarily agricultural" (Aubert, Trouvé, 2010). About 80% of the budget is still devoted to agricultural development. Only the third and fourth axes are really devoted to "integrated rural development"<sup>1</sup> rather than a rural agro-centered development. This approach focused on agricultural development is still a sharp criticism of the second pillar, suggesting that this is only an institutional strategy to transfer funds from one pillar to another (Bazin, Kroll, 2002; Berriet-Sollicec et al. 2001), thus legitimizing the CAP by giving it environmental and social objectives, while masking the effects of dumping on international markets.

Furthermore, the creation of the second pillar was held as part of a complete overhaul of the regional structural policy (Berriet-Sollicec, Daucé, 2001). Even if agriculture and forest are not prevalent anymore in European economies, "the EU summit in Cork in 1996 has called for the establishment of a genuine integrated and multisectorial European policy on rural development enhancing a territorial approach" (Aubert, Trouvé, 2010). "The responsibility of a rural development policy got back to the DG Agri that featured as part of its second pillar" (Aubert, Trouvé 2010). Since 2000, we observe a gradual transfer of the entire EU rural development policy towards the second pillar, including the transfer of the Leader program and the creation of axes 3 and 4 of the second pillar.

Finally, the fact that each member state remains free to define its own - national or regional - rural development plan suggests not only a trend toward a second pillar re-nationalization, but also a trend of regionalization of the rural development's orientation policy (Sotte, 1996; Berriet-Sollicec, Daucé, Daubard, 2001; Perraud, 2001). One might think that by the condition of financing these measures (whether agricultural or integrated rural development), MSs and regions "which have political and administrative capabilities to co-finance and implement the EU measures are advantaged by the second pillar" (Aubert, Fins 2010). According to these authors, without questioning the regionalization of the second pillar, this review underlines the need to set up a framework and to differentiate the "co-financing, support and equalization" procedures. This re-nationalization and regionalization may also burst the logics of intervention, depending to the allocations of the budget and their distribution among the 43 RDR measures. This fragmentation can still be considered as beneficial in that way it allows a better adaptation of logical response to national or regional contexts.

Our work aims to highlight and explain the logic of differentiation response by member states and regions. It will be based on the 2007-2013 period and will be conducted at a European scale.

## **2. A Methodology based on budget models.**

We adopted the methodology and approach used by Berriet-Sollicec et al. (2006) and Trouvé, Berriet-Sollicec (2008). That study also draws on other European research programs,

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<sup>1</sup> Mrs Fisher-Boël's speech (22may 2007) quoted by Aubert, Trouve, 2010

particularly on the RuDI program (Rural Development Impact) and its Work Package 4-5 which is interested in the second pillar budget on the period 2007-2013.

We propose to extend these works applying that methodology and approach to the logic of intervention within the implementation of the second pillar of the CAP during the 2007-2013 programming period, and extending it to the major European Rural Development Programs.

### 2.1. An Institutional approach

Our approach is explicitly an institutionalist one, focusing on the importance of history and institutional context to explain the socio-economic status (Veblen, 1898; Hodgson, 1998, Boyer, Saillard, 1995). Indeed, we consider “there is no transformation of public policies that can be analyzed out of dynamic references, that is to say, without taking into account the history of a policy intervention and its context as a policy can rarely be understood apart of the process in which it operate” (Perraud, 2004).

The translation analyze of rural development, according to state function (typically distinguished by Musgrave, 1959) by crossing rural and public economy through a sector approach (agriculture, forestry, and rural) will make us able to draw up a classification of the different measures of the CAP’s second pillar. Through this classification we can achieve a classification of states and regions by sectors, by goals, and finally by logics of interventions they privileged. The technique used will depend on the initial postulate of our approach: *the spatial variability of intervention’s logics is expressed through the budget breakdowns of the CAP’ second pillar.*

A classification will be conducted using statistical analysis, especially by performing Principal Component Analysis) ont the budget model’s breackdowns for 2007-2013 programming period, followed by a hierarchical agglomerative analysis.

Once this classification completed we will seek to identify significant correlations with some indicators which seems relevant to explain the resulting classes. This approach is based on the postulate that *the factors explaining this variability can be identified by tests of correlation between indicators and budget breakdowns.*

We note that these two postulates suggest that intervention logics and their explanations can only be understood with a budget analysis. However, the choice of public intervention, as the factors that underlie them, can’t be understood entirely by fiscal variable and statistics. Here we find the idea already mentioned that the only budget approach can only offer a partial analysis of public policy, because of the multiplicity of political determinants that make them up (André, Delorme, 1983). As a consequence, we have to be cautious about the interpretations we could give through the analysis performed with the budget. Nevertheless, we will complete our process by relying on field studies conducted previously in several European regions, with a detailed analysis of the decision process and interviews with institutional actors. This complementary approach is realized in the PSDR-Regiab program in the search pane on “comparative analysis of forms of regional adaptation of rural policies” (Berriet-Sollicet et al, 2007)

### 2.2. Data used

Our study will focus on the 27 MS of the EU. Among them, only Germany, Great Britain, Spain and Italy will be analyzed at the regional level through respectively 14, 4, 17 and 21 regions, because there are the only ones to have regional development programs. The scope of our analysis focuses on the second pillar found only (FEADER) even if we are aware that rural development support are also registered under the European regional policy. The inclusion of this support would have required further investigations, far beyond the scope of this study.

The data used in our budget analysis at the MS level come from the « Statistical and economic information report 2009 » of the European Rural Development edited by the EU. Those used for

the regions of Germany, Great Britain, Spain and Italy come from the RuDI Research program. These data from Rudi overlap with those of the « Statistical and economic information report 2009 ».

We have chosen to base our analysis on the predictive budget models and not on actual expenditure despite the interest to such data. It is better when data exist to refer to actual expenditure paid to budget rather than to reflect the budgetary intentions. In our case, the 2007-2013 period is not completed and the rates of consumption allocations vary a lot from one MS to another. As a consequence, we were forced to base our work on the updated budget models, because this variability of consumption rates could have many justifications (administrative delays, management and implementation of files...etc.). Even if that option might be considered as a limit of our work, we assume these data are most appropriate for judging the original intentions of MS and regions regarding the orientation of second pillar policy.

As another methodological point, we not only considered the European funds allocated but the overall public expenditure. This is justified by the fact that the rate of co-financing between the EU and MS or their local entities are not fixed from one MS or region to another. Even within a geographical entity, there may be differences between one measure or project to another. Because of this variability, we can't take only account of the EU funds. The data we have are for general all funded counterparts, including top-up<sup>2</sup>

Regarding the choice of the 29 indicators used, we were inspired by those proposed in Berriet-Sollicé et al. (2006) Trouvé, Berriet-Sollicé (2008) and Mazzocchi Montresor (2001) studies, which we added new indicators that seemed relevant to test. There are structural indicators, economic indicators, but also demographic, geographic and agricultural indicators. We primarily use indicators which allow us to compare MS and regions without introducing a possible bias correlation because of the differences of scales. The data used for these indicators come from different sources of European statistics, such as Eurostat database (which takes into account all the farms) or the RICA database (which concern only the commercial farms<sup>3</sup>) or at last the Statistical and economic information report 2009

### **3. Identification of intervention logics**

In order to highlight a spatial variability of the MS and region's rural development policies, we first established a classification of measures proposed into the second pillar of the CAP (3.1) that we used then to statistically analyze the logic intervention that underlie national and regional translation of the second pillar (3.2)

#### **3.1. Classification of the RDR's measures**

Several visions of rural development stand out and can give rise to several logics of intervention, differentiated under the second pillar. Berriet-Sollicé and Daucé (2001) identify four types of rural development conception: an "agri-centered" vision in which agriculture and its productive function are considered as the heart of rural development; an "integrated" vision of rural development taking into account all the activities of rural areas, without giving pride of place to agriculture; a "regional" vision in which dynamics of each sector are apprehended without specificity of rural; a vision as a "frame of life" according to the rural and agriculture their

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<sup>2</sup> top-ups are national or regional finance exceeding the normal share cofinancing the aid from european funds.

<sup>3</sup> «farms which exceed a certain economic size in ESU are defined as commercial ». (RICA)

[http://ec.europa.eu/agriculture/rica/methodology1\\_fr.cfm#dotfoo](http://ec.europa.eu/agriculture/rica/methodology1_fr.cfm#dotfoo)

environmental and recreational functions. Mantino (2008) make a distinction between “territorial” rural redistributive policies (reaching the “integrated” rural development vision) and rural redistributive policies by sectors (reaching the “agri-centred” one). Berriet-Sollicec et al (2006) differentiate the logic intervention design by the second pillar according the competitiveness by the prices, the competitiveness through quality and territorial differentiation, enhancement of environmental externalities and diversification of rural economies. More generally, agricultural policies have been linked to several kinds of interest as: neo-mercantilist (strong public policies to maintain agriculture competitiveness), neo-liberals (regulation by the market primarily) and multifunctional (taken account by strong public policies of social and environmental functions of agriculture and rural areas) (Trouvé, 2009).

In our case, we prefer to build the classification of the measures from the second pillar through the crossing of two logics (Annex 1):

- Analysis by sector (agriculture, forestry and rural). The agricultural sector reaches the vision of “agri-centred” vision of rural development, whereas the rural approach reaches the “integrated” vision.
- Analysis according to the functions assigned to public policy: with reference to Musgrave (1959): the function of optimal allocation of resources which requires a correction of market failures, is associated by the public goods and take account external effects. This echoes to the vision of rural areas as a “frame of life”. The function of redistribution is associated to the guarantee of equity. Finally, a function is added to support competitiveness either by reducing production costs (including investment grants) or by increasing the added value of the products, structuring the channels, or by increasing the human and social capital. This distinction precise the analysis frame made by Berriet-Sollicec et al. (2006).

The functions of public policy have sometimes been grouped together under forestry and rural sectors because it seems sometimes impossible to classify some of the rural or forestry measures under each of these functions in particular. We finally obtain a classification distinguishing 10 functions of the second pillar (cf figure1).

**Figure 1 : classification of the second pillar’s measures by functions and by sectors**

	<b>Agriculture</b>	<b>Forestry</b>	<b>Rural</b>
<b>Supporting competitiveness</b>	Competitiveness reducing production costs	Competitiveness reducing production costs, and increasing of product added value through the organization of the channel	Competitiveness reducing production costs
	Competitiveness increasing added value and structure of the channel		Competitiveness increasing human and social capital
	Competitiveness increasing human and social capital		
<b>Guaranteeing equity</b>	Guaranteeing equity in agriculture		
<b>Supporting public goods production and externalities</b>	Taking into account of public goods production and agricultural externalities	Taking into account of public goods production and forestry externalities	Taking into account of public goods production and rural externalities

### 3.2. Classification of the national and regional Rural Development Programs (RDP)

We have performed a Principal Component Analysis to illustrate the links between the different variables we distinguished through the classification of second pillar's measures we proposed earlier. Then we realized an ascending hierarchical agglomerative analysis according to the criterion of Ward to distinguish different classes of individuals. We classify 79 individuals corresponding to 79 different Rural Development Programs (national or regional) by 10 variables corresponding to the 10 functions identified above.

Four classes of MS and Regions can be identified, corresponding to four different logics of intervention (cf figure2). The interpretation of each class is based on more detailed analysis of the aids distribution, between the classes and within each class, among the 10 functions identified above.

It seems that we can identify two major kinds of logics. The first one relates to the MS/regions aimed by competitiveness of agriculture and forestry (Class1). This kind of logic is particularly oriented toward competitiveness by reducing production costs, recovery by the processing, quality and supply chain organization in these two sectors.

That class is particularly composed by MS of the southern EU, even if they have regionalized Rural Development programs (including all Spanish regions and a large majority of Italian regions excepted three regions of the northern Italy and Sardinia). It seems to be clearly an "agri-centred" vision of the rural development, focusing on the competitiveness of agriculture and forestry.

This class is distinguished by a very important share of aids to support the reduction of production cost, to structure the channels and to add value to the product of agricultural sectors (the 17 first RDP that spend the largest share of their budget on these two logics belong to this class, shared from 46 to 71% of the three first axis' budget of second pillars). Finally it is interesting to note in this class that RDPs are also supporting the competitiveness of the forestry sector, complementing agricultural competitiveness support.

The other MSs and regions are linked to different logics than researching competitiveness of agriculture and forestry.

The second class is more focusing (relatively to the others RDPs) on the others rural sectors. This class is distinguished particularly by supporting the competitiveness of rural but non-agricultural and non-forestry activities and taking account of public goods and externalities linked. This approach is rather a vision of "integrated" rural development where agriculture doesn't occupy a central place in the dynamics of rural areas. An average of roughly 30% of the aids of the second pillar is allocated to rural activities by the MSs and regions of that class. The individuals are most of the federal states located in northern Germany but also the Netherlands, Poland, Romania, Bulgaria, Malta and Latvia.

The third class clearly favors an approach taking account the public goods and externalities related to agriculture. For all MSs and regions of this class (except Scotland), over 46% of aid from the three first axis of the second pillar are allocated to this function, and more than 58% in the cases of England, Wales and Sweden. Even if Ireland and Northern Ireland do not belong to this class, it seems important to note that these two RDPs spend also more than 60% of their budgets to this function.

This logic of intervention doesn't refer to an "agri-centred" rural development vision, but rather to a "frame of life" vision of the rural areas, considering agriculture in its environmental function. In that conception, the support to agriculture should be limited to the market failures relating to the public goods and agricultural externalities. We also note that this class has a



**Figure 2 : Identification of different intervention logics of the second pillar policy through budget breakdowns of the RDPs**

<b>Class 1 : Agriculture and forestry competitiveness (40 RDP)</b>	<b>Class 2 : Integrated rural development (16 RDP)</b>	<b>Class 3 : Taken into account of public goods and agriculture externalities (7 RDP)</b>	<b>Class 4 : Agriculture equity (16 RDP)</b>
Reduce production costs, and increasing of product added value through the organization of the channel	Improve competitiveness of non agricultural activities in rural areas and development of rural public goods	Compensation for agricultural public goods and externalities	Search of equity in agricultural sector and focus on land planning
Belgium, Estonia, Greece, Lithuania, Hungary, Portugal, Piemonte, Liguria, Lombardia, Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Toscana, Umbria, Marche, Lazio, Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria, Sicilia, Galicia, Principado de Asturias, Cantabria, Pais Vasco, Comunidad Foral de Navarra, La Rioja, Aragón, Comunidad de Madrid, Castilla y León, Castilla-la Mancha, Extremadura, Cataluña, Comunidad Valenciana, Illes Balears, Andalucía, Región de Murcia, Canarias (ES)	Bulgaria, Latvia, Malta, Netherlands, Poland, Romania, Berlin, Hamburg, Mecklenburg-Vorpommern, Niedersachsen, Rheinland-Pfalz, Saarland, Raum, Sachsen-Anhalt, Schleswig-Holstein, Thüringen	Denmark, Sweden, England, Wales, Scotland, Baden-Württemberg, Nordrhein-Westfalen	Czech Republic, Ireland, France, Cyprus, Luxembourg, Austria, Slovenia, Slovakia, Finland, Valle d'Aosta, Bolzano-Bozen, Trento, Sardegna, Northern Ireland, Bayern, Hessen

strong negative correlation between that consideration of public goods/agricultural externalities and the function characterizing the first class; i.e. competitiveness in agriculture and forestry by the logic of reducing processing cost, promoting the quality and processing through the supply chain organization.

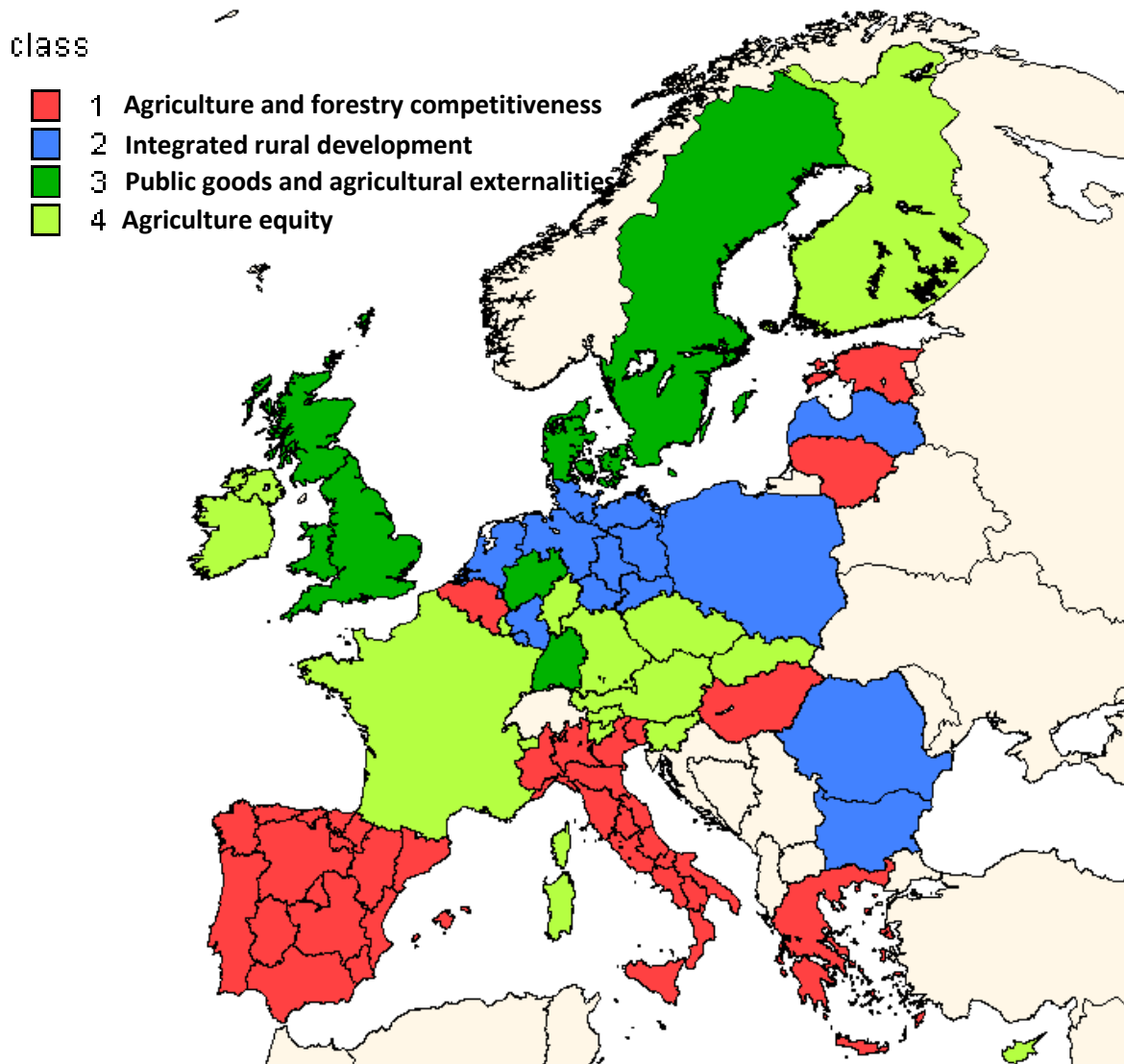
Finally, the fourth class is characterized by a more important support of equity in the agricultural sector (an average of 26% of aid spent in the three first axis of the second pillar, and more than 30% in France, Bavaria, Valley Aosta and Finland), including measures of disability compensation in difficult areas. Agriculture is considered as an important economic sector playing a great role in the development and planning of difficult rural areas. The intervention logic is an “agri-centred” vision of the rural development but which differs of the class1 because we are here in a logic of (re-)distribution associated with a goal of fairness, different from that of adjusting the allocation of resources to a goal of efficiency.

Finally, we observed that the variables corresponding to competitiveness and to equity are significantly and negatively correlated, suggesting that MSs and regions tend to choose either one or the other of that two functions of the second pillar.

The map (see figure 3) shows clearly that MSs and regions belonging to class1 are mainly located in the southern part of the EU (Greece, Italy, Spain, Portugal) in contrast to MSs and

regions belonging to class 2, 3 which are rather in the northern and eastern EU. MSs and regions belonging to class4 are mainly located in the central area.

**Figure 3 : Map of the different logics of intervention about second pillar policy according to our classification of the RDP (Lataste, 2010)**



We can note that the MSs and regions of the south and west of EU rather attached to their RDPs an “agri-centred” vision of the rural development while those in northern and eastern EU rather give to the second pillar a vision which goes off that “agri-centric” conception of rural development.

#### 4. Search of explaining factors

Now we seek to interpret more accurately the class obtained, with the help of some regional and national indicators. A statistical analysis identifies indicators correlated with our classification obtained in the previous section. 29 ANOVAs were conducted, attempting to connect each indicators and one of the four classes<sup>4</sup> (cf figure4).

The regions of class 1 (which imply a competitive agriculture and forestry by reducing the production costs, increasing added-value to products and structure the channel) are clearly

<sup>4</sup> 17 indicators (marked by a star on figure 4) do not satisfy the hypothesis of equality of the average and variance between the four classes (with 5% risks).

characterized by smaller economic farms with small land, a high proportion of farms under 5 ha and a very few share of farms over 50ha. These small sizes can explain a desire for modernization through a consolidation and expansion of operation to reduce production costs, especially through economies of scales. Moreover, the net value added per worker in agriculture is relatively low. The second pillar policy may then target to reduce labor per farm or per ha thanks to the mechanization of farms to generate a higher agricultural income per worker. These regions move towards a neo-mercantilist (as described above), with aid for modernization and competitiveness on external or internal markets. This represents a political complement of the first pillar, given to those regions relatively little aid per worker from the second pillar.

These farms, relatively small and labor intensive also explain a strong orientation toward aid product on quality and structure the local chain. This is especially true that many areas have a large proportion of farms in mountain areas (unlike class 2 and 3).

The examination of these few indicators of farm structure allow (roughly) to better understand the orientation of the MSs and regions belonging to class1 to logic of rural “agri-centred” development.

Even if it is composed by only 16 individuals, the second class is marked by a large dispersion for most of studied indicators. It is difficult to identify similar characteristics. Actually, we can distinguish two “under-class” of farms with the socio-economic and agricultural indicators. On one hand, we have eastern European countries as Romania, Bulgaria, Poland and Latvia, characterized by a large majority of very small farms with an important share of agriculture assets in the population, mainly from family labor. Malta is belonging to that “subgroup” because it characterized by a similar situation. On the other hand, northern and eastern German Länders and Netherlands are characterized by the opposite kind of farms: the largest European average size of farm and the lowest rate of agricultural assets and family labor.

Those MSs from the first subgroup allocate the second pillar aids to the rural activities because of important needs from a large rural population who have social and economic difficulties. This include diversification of rural activities out of an agricultural sector which is few structured and which have deep trouble in the liberalist context (market opening). We note that farms from these MSs are very few specialized about crop or livestock but are strongly represented in mixed farming. Due to the small size of these farms, we can get these results with the issue of the high rate of subsistence and semi-subsistence agriculture in rural areas of these countries.

The second subgroup focuses more on activities for rural population in general in order to contribute to the rural “frame of life”. That can be explained because of the very few rates of farmers in population. These policies take into account the production of rural public goods and externalities from rural activities. We can suppose these regions use also the second pillar to develop job creation; especially in German Länders those display a high rate of unemployment. These large farms, heavily restructured, can rely on aid from the first pillar to face international competition. Moreover, those farms contribute little to rural development with limited social and environmental functions (Trouvé, 2007).

The indicators of the class 3 are generally more homogeneous than those of class 2, but they rarely occupy an extreme position. Accordingly, it is difficult to interpret the links between this class and regional indicators. A more detailed analysis can characterize the MSs and regions of this class as having large holding with large UAA, an important economic size, using few assets per ha (especially in Scotland), allowing relatively high income per farming worker (except in Wales). Although this indicator is not significant for all 4 classes, we note the very low rate of agriculture employment in this class (close to 2%). MSs and regions of this class rely heavily on aid taking into account public goods and externalities linked with agriculture. They restrict their agricultural policy to market failures and preclude a strong regulation of price and farm income (by the 1<sup>st</sup> and 2<sup>nd</sup> pillar).

We can suppose that this orientation is based (in part) on a very small share of the population (agricultural population) who plays a less and less important role in the socio-economic development.

**Figure 4 : links between classes and indicators**

	R <sup>2</sup>	Classe 1		Classe 2		Classe 3		Classe 4	
		Moy.	Var.	Moy.	Var.	Moy.	Var.	Moy.	Var.
Economics size of farms (ESU / farm)	<b>0,33*</b>	<b>30,46</b>	357,15	140,13	17131,79	86,62	718,50	49,61	1231,65
% farm >50 ha	<b>0,31*</b>	<b>6,09</b>	45,82	22,65	355,88	27,04	112,41	14,69	186,19
% mixed farming holding	<b>0,31*</b>	<b>5,33</b>	21,73	15,45	70,03	9,21	33,74	9,02	33,67
% specialized farm in crops	<b>0,31*</b>	37,22	577,07	<b>6,95</b>	107,30	<b>4,21</b>	67,65	20,46	504,84
% specialized farm in livestock	<b>0,25*</b>	<b>17,76</b>	347,16	32,33	278,48	40,35	139,94	43,58	603,94
% farm in mountain area	<b>0,25*</b>	30,91	465,47	<b>3,13</b>	66,39	<b>3,97</b>	51,70	34,66	1449,26
UAA/farm	<b>0,24*</b>	<b>16,23</b>	184,34	76,91	7714,12	60,01	3008,92	<b>29,72</b>	494,96
% farm < 5ha	<b>0,20*</b>	<b>60,80</b>	321,82	43,71	862,76	25,84	223,44	43,53	888,45
Unemployment rate	<b>0,18*</b>	7,08	7,80	9,56	18,39	5,51	2,04	5,54	6,30
%UAA from farm >50ha UAA	<b>0,17*</b>	<b>48,21</b>	398,51	68,46	862,02	75,47	171,82	59,76	529,48
Agriculture income (ESU/assets )	<b>0,16*</b>	<b>18,84</b>	100,42	28,57	353,62	32,72	236,93	<b>17,42</b>	72,53
Total aid/ total labour force (*1000)	<b>0,14*</b>	<b>14, 6</b>	42100	27	475736	29,5	404100	29,3	755762
% forest UAA	<b>0,14*</b>	29,74	652,76	<b>7,33</b>	129,30	22,98	1814,53	49,27	3295,79
% farm on LFA	<b>0,13*</b>	52,26	632,98	42,40	812,08	42,50	844,98	<b>71,35</b>	713,59
% farm with forestry	<b>0,13*</b>	<b>24,98</b>	390,21	<b>24,12</b>	268,50	36,35	255,56	44,77	1011,88
% family labour (assets)	<b>0,12*</b>	76,31	192,15	<b>59,59</b>	795,76	72,34	105,45	77,78	410,98

ESU : European Size Unit ; UAA : Utilised Agricultural Area

Sources : Statistical and economic information report 2009 et Eurostat

However, it seems difficult to attribute such logic to certain regions such as Baden-Württemberg, which has average size farms and regional agriculture voluntary policies: in such a case, the public goods and the external effects, through the agri-environment measures, allow to support additional farm income.

The class 4 has got relatively the same characteristics than the class 1 (small to medium farms, large share of family labor, low income per farmer), but with a greater heterogeneity among its people in terms of regional indicators, which makes that class more difficult to interpret. Its MSs and regions focus on ensuring equity through mainly less favoured areas and mountain areas. With the class 1 they have the highest percentage of farms in disadvantaged areas or mountains. This result show us that the equity orientation is a political choice allowed by the modulation rate of aid per hectare in disadvantaged area, distinguishing class 1 of class 4.

These MSs and regions are characterized by a low population density, justifying a support to agriculture in poor areas, to maintain agriculture activities and development of remote area

### **In conclusion: What are the perspective of this research?**

Under some methodological precautions, specific to the nature of statistical data, this research leads us to classify the European MSs and regions in four logical intervention of the second pillar: supporting agricultural competitiveness and forestry, supporting for all rural activities, taking into account of public goods and externalities in agriculture, and ensuring equity in agricultural sector.

A deeper analysis of the classes obtained, through socio-economic and structural indicators, allows us to better characterize each class, gives us a richer understanding of the different logics of intervention, and defines more precisely the targets of these interventions.

Despite of the originality of our analytical framework, our results are close and consistent with those obtained by previous studies (Trouvé, 2007; Buller, 2003). In that sense, they confirm some stability of the logics underlying the second pillar of the CAP, especially during the 10 last years. However, these first results should be completed by a deeper bibliography, and some empirical field surveys, in order to interpret these results more accurately.

These preliminary conclusions require further comments about the limits of this study. First of all, our data come from budget models: we can analyse them only as some orientation intentions of the second pillar policy. To overcome this methodological bias, an answer would be to repeat the same kind of statistical analysis with the real spendings retrospectively, after 2013. Secondly, our study object takes into account only the rural development through the second pillar funds of the CAP

Ultimately, the identification of different logics of action through a comparative study of the EAFRD budget breakdowns reveals new questions concerning the second pillar and the future of the CAP face to the 2013 deadline. Even if the second pillar was born more than 10 years ago, it seems still difficult today to define its explicit objective. Is it still about rural development as it was mentioned during its foundation? Or is it still a search of legitimacy for the European CAP whose objectives are more and more confused too, between food security, competitiveness, equity, solidarity, maintaining agricultural activities or land planning?

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