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THE PRINCIPAL PROBLEMS OF ITALIAN AGRICULTURE

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FOLLOWING the dislocation of the war period, Italian agriculture has displayed a move to recovery which, without doubt, has been a notable one, maintained in face of the great destruction which was experienced, in the face of losses of livestock, of the deterioration of works of land improvement, and of the lack or scarcity of means of production. The reconstruction has proceeded with a swing which perhaps was too much to hope for in 1945, but not all the problems can be said to have been solved. In particular, the pattern of production which Italian agriculture should be given does not seem as yet to be sufficiently clear. The fact is that it is not a question of simply reconstructing that which the war has destroyed, nor of intensifying agricultural production on the pre-war lines, but rather, in part at least, of reconstructing on a different basis with different productive aims. Italy is becoming related more and more to the international agricultural markets. Before the War she had a largely self-sufficient system of production and was therefore partially isolated from world markets. Now she finds herself faced with new problems, and with the necessity of choosing a new orientation. The main groups of problems which we now want to survey briefly are as follows:

1. Problems of the pattern or direction of production.
2. Improvements and irrigation.
3. Agricultural credit and co-operation.
4. Land ownership and contracts.
5. Problems of emigration.

I have not specifically listed the problem of agricultural labour since all five of the categories specified above involve consideration of it.

1. The pattern of production. The self-sufficient period, which lasted roughly from 1929-42, brought repercussions to Italian agriculture, some favourable and some unfavourable. We consider that on balance it was unfavourable to Italy, although one must realize that it was not only a result of a political decision but was

imposed by certain special situations, notably a lack of openings for emigration—which indeed was experienced by many other countries in the world, although perhaps in a different form and with different characteristics. Italian agriculture would have everything to gain from a policy of free exchange. Nevertheless this does not as yet seem to be fully capable of being achieved, because certain preliminary conditions cannot be said to be satisfied, namely, (*a*) reconstruction of the international system of exchange based on free convertibility of currency; (*b*) the creation of a customs system from which is excluded any form of preference and any recourse to forms of protection other than tax; (*c*) stable customs concessions for our export products.

If we could assume a situation of free exchange, the following lines of development would be indicated for Italian agriculture: (*a*) a reduction in grain production to the most economical acreage, corresponding roughly to an order of magnitude of 60 million quintals, with an importation of 32 to 35 million quintals; (*b*) an extension or intensification of the production of those products in which Italy achieves a lower cost than other countries, namely, wine, oil, citrus fruit, hemp, milk products, and special vegetable products. The position of these products in group (*b*), which in the current system of international exchange are considered to be 'less essential goods', could be greatly improved even in the current system if it were possible to have assured markets. It should also be noted that Italian agricultural economy finds its best integration with that of the countries of north Europe, in particular with Germany. In the period immediately before the War Italy had excessively close economic ties with those countries for political reasons, and as a result neglected or lost other markets which were also important. But these ties, at least to the extent of about 80 per cent., could be justified on the ordinary basis of needs.

Another fact which has to be taken into consideration is that the Italian economic organization, like that of all the countries of western Europe, has to develop in harmony with the application of the E.R.P. plan, and with the general dispositions studied by the O.E.E.C. An examination of the international balance of payments situation shows that there are limits to the importation of products from the Western Hemisphere, such as grain, cotton, secondary cereals, &c., and therefore Italy, like the other countries, has to make a major effort to reduce the need for importing such products. In view of these facts, the choice must be of a middle way between that of an absolutely free exchange and that of self-sufficiency, a

middle way which would permit substantial production in the cereals sector without precluding the development of export products. Whether the Italian agricultural economy will be able to orientate itself more definitely along the lines of free exchanges is a question which must be left for the future to answer.

2. Land improvement and irrigation. The density of the Italian rural population and the scarcity of natural resources in the country have always forced our country to a policy of cultivating every scrap of agricultural land, even those naturally inimical to cultivation. Land improvement is not nowadays limited only to marshy regions or to districts devastated by water or flood, but is also thought of in connexion with hill or mountain regions and, generally speaking, in connexion with all regions extensively cultivated which are capable of more intensive production. The work of land improvement, interrupted by the War, is now getting under way again within the scope of E.R.P. assistance. The regions which have been chosen have been those which offer a rapid return, and in such regions the available means have been concentrated on bringing the works to a rapid conclusion. Works of a private character have been proceeding parallel with these, that is to say, operations designed to improve individual estates which are, in fact, obligatory on the proprietors and can be partially subsidized by the State. The development of irrigation should also be capable of bringing about a rapid increase in agricultural production, especially when related to complementary plans for the utilization of the great lakes at the foot of the mountains.

3. Agricultural credit and co-operation. The problem of agricultural credit is of the greatest importance. The present organization for its provision is structurally satisfactory, but there are not sufficient resources for it to function properly, and charges are also made of a certain clumsiness in the development of its operations. Without incurring large-scale reforms, there is a need to streamline the system and to provide credit to agriculturists under conditions more favourable than at present. Special importance ought to be given to the provision of credit for the acquisition of working capital. Again, the problem of increased mechanization of agriculture should be capable of satisfactory solution by means of special credit banks designed for the purpose.

The development of agricultural co-operation is becoming one of the most urgent problems, especially where the subdivision of agricultural businesses is in process and where there is need to improve quality for internal and export markets. In the field of

orchard cultivation, and also in connexion with the cultivation of vines and olive-trees, &c., there is room for a great deal of improvement with the spread of productive co-operatives and co-operatives concerned with the processing of agricultural products. One particular aspect of rural co-operation which is to-day assuming very great importance is the collective use of transport facilities for small businesses.

4. Landed estates and systems of tenure. A problem which is very much debated to-day in Italy is that of agricultural reform, and in particular those aspects of reform relating to systems of tenure and of ownership of landed property. Opinions are still very much divided, and the most significant discussions will take place in the next few months. According to the ideas which up till now have seemed to prevail in the parliamentary discussions, the reform of contracts and terms of employment and tenure in agriculture should be altered to give a greater stability on the land to labourers, and also a higher remuneration by the allocation to them of a greater share of the agricultural output. On the other hand, one can see that such a tendency would be getting perilously close to a too rigid system of relationships. In the reform of landed property or in the ownership of land there is a desire to limit the size of the large properties and to devote the remainder to the formation of small peasant holdings, making where necessary those preliminary operations required to re-equip the land for the new type of undertaking. Opinions are still divided, and the critics dwell upon the dangers of artificially dividing units which were developed naturally, thereby worsening the conditions of production and creating a lot of small properties with no great vitality.

5. Emigration. The problem of emigration is a basic one for the whole Italian economy. Agriculture is burdened with an excess of labour, which makes it necessary to have recourse to uneconomic forms of regulation aimed at limiting the use of agricultural machinery and inevitably makes for high costs of production. Emigration nowadays is not simply a problem of moving men. It is also a problem involving a change in the property structure of whole regions by means of the movement of capital. The practical possibilities at the moment seem to be in France; there is some scope for emigration of individuals as wage-earners, either permanent or temporary, and in certain regions there is a possibility of colonization. In Canada there have been recent attempts to bring about colonization by isolated families. In Brazil and Argentina individual emigration of agriculturists is not feasible. It is necessary to provide

colonization projects. In Africa there is a possibility of improving the conditions in depressed areas with foreign capital and Italian labour.

In reply to questions, Professor BANDINI continued:

Dr. Schiller has asked about Italy's capacity to be self-sufficient in agricultural products. Italian agriculture cannot supply all the requirements of the Italian population. We need to import part of our food, especially wheat, and some important industrial raw materials like cotton, oil-seeds, and so on. These will be necessary even in the future. The population density of Italy is too high even for the future possibilities of agricultural science.

In answer to Dr. Kirk, who asked about land reclamation for Italy as a whole, the acreage of land reclamation planned is roughly $1\frac{1}{2}$ million hectares. The population that will be settled thereon is difficult to estimate, but perhaps I might hazard a figure of 200,000 or 300,000 persons. In addition it is hoped that full-time employment will be given to many agricultural workers who at present have work for only six or seven months a year.

Professor Norton asks for an overall figure of what we should require in the way of emigration. My estimate would be that in order to cope with our problem of surplus population we should need an average emigration of about 300,000 to 600,000 units a year.