

THE STRATEGIC ROLE OF AGRICULTURE IN A DEVELOPMENT SYSTEM OF EXPLOITATION OF TERRITORIAL RESOURCES

Grazia Calabrò^{1*}, Simone Vieri²

¹*University of Messina (Italy)- Department SEAM*

²*University La Sapienza Rome (Italy)- Department of Management*

E-mail: grazia.calabro@unime.it; E-mail: simonevieri@uniroma1.it

Abstract

The great difficulties Italy is facing with in order to overcome the crisis that began in 2008, lead us to reconsider the development models which have determined it.

In the present context of increasing competitiveness, induced by the globalization process, to avoid being marginalized or given up, Italian socio-economic systems need to think out models of differentiated development on a local level and based on the exploitation of territorial resources. In this context, taking into consideration that 92% of national surface is classified as rural, it is indispensable to think up models of development whose main reference point is agriculture.

Agriculture is indeed the fulcrum of agribusiness system that counts for 15% of national wealth and it is the productive activity which more than others set the characteristics of a territory. It takes on both the role of producer of goods and promoter of a socio, cultural and environmental context able to put together the different territorial entities, making them operating as a system. It is therefore evident that agriculture is not a separate sector but an entity strictly integrated with the other components of the socio-economic system and thanks to this it is able to play a fundamental role for the territorial development.

In this paper it is highlighted how the creation of an economic model revolving around the concept of "identity", through the exploitation of territorial resources, if well organized and supported by incisive political actions can be an occasion of economic recovery.

Identity and uniqueness can be the right answer to the homologation and standardization of globalization.

The aim of the paper is to underline how agriculture operating in an integrated way with tourism, handcraft and the other territorial activities is strategic to develop and carry out a development model where the territory is the landmark.

Keywords: Agriculture, tourism, agricultural policy, development, rural economics

JEL Classification: Q18, O1, O18, O13

* Corresponding author, **Grazia Calabrò** - grazia.calabro@unime.it

Introduction

The phenomenon of globalization has led to a becoming and has set a new context of unmanageable competitiveness, that has favoured the development of short term profit – oriented economic systems whose consequence had been the loss of connection with the real value of economy and the accentuation of social inequalities and exploitation phenomena more and more widespread; the crisis of national systems, and the risk of authoritarian tendencies.

It seems to be evident that in a such situation the exposure to the risk of serious systemic effects can be a possible consequence since if one of the network component has a problem this will involve also the other components and, at the same time, the free competition could become more a mere theoretical assumption than a verifiable reality due to the natural trend of oligopolies to fix the price (Avant, Finnemore and Sell, 2010).

The above-mentioned considerations impose to put the suitability to guarantee generally needs of development, well-being and economic progress of current economic systems up for discussion and the need to develop economic systems based on the *think globally act locally* principle, where serious attention must be paid on the exploitation of the territorial resources as a whole in order to develop differentiated economic systems.

It is obvious that the reorganization of economic systems cannot leave aside an accurate, coordinated and efficient political action able to turn the elements considered weak if seen from a global competitiveness perspective into opportunities, especially in the Countries characterized by peculiar social, economic and territorial contexts as Italy.

The growth target can be achieved appealing to territorial peculiarities that if well organized as a system can turn opportunities open up globalization into local development (Blair and Carroll, 2009).

Such an action, could in a measure stem the ever-growing gap between wealth and poverty by reason of some economic sectors, very important for the economic development of some Countries, loose resources and occasions and their identity too (Pranab, 2006).

Agriculture is an example of this situation, given that following the rigid rules imposed by globalization it is not able to be competitive, losing its main role, involving other economic sectors related to it like tourism, agri-business and homeland security with heavy consequences from an economic, social and environmental point of view.

In a Country like Italy in which 92% of its area is classified as rural and where agriculture, although concurs for less than 2% to national wealth, is the central component of a complex socio-economic system- the so-called agri-business system- that counts for 15% of the Gross Domestic Product (GDP), it becomes indispensable to organize development systems whose main referential point is the territorial role of agriculture.

1. The role of agriculture in the Italian economic context

Italy represents worldwide the image of a Country very rich in cultural, artistic, historical and culinary traditions and, more generally, the image of “quality of life”. This concept could be summarized in a “territorial brand” whose keystone is the beauty, already intrinsic component on international level of luxury products (Calabrò and Vieri, 2015).

The Italian productive system, traditionally based on small and medium size enterprises with strong territorial links, seems to suffer in particular the homologation and competitive rules based on production costs of globalization.

It follows that in the growing competitiveness context enjoined by globalization process, the only chance the Italian socio-economic systems have in order not to be marginalized is to work for development system differentiated on a local level and based on the exploitation of territorial resources as a whole (Dolishniy and Kyfyak, 2006).

Since the beginning of the economic crisis until the end of 2014, Italy lost about 9,3 points of GDP; the industrial production and the national competitiveness decreased to nearly 18% and 22% respectively (OCSE 2015). Household's buying power on average has reduced of 2,4% per year and their real income is estimated to be on a lower level comparing to 1988.

The unemployment rate (12,7% on February 2015), especially for young people, continues to raise and, at the same time, the fiscal pressure (43,5% in 2014). These situations contribute to weaken the domestic demand and then to look more unlikely the economic recovery.

In this framework the recent OCSE valuations (2015) don't seem particularly encouraging; according to these valuations, after six years of recession the GDP growth in Italy is expected to be 0,6% in 2015 and 1,3% in 2016: certainly too modest respect to what it would be necessary to give serious thought to a real economic recovery.

In the present economic context, Italy has to give the priority to growth and in order to develop economic systems able to produce widespread wellbeing on a territorial level it cannot give the agriculture contribution up.

In fact, we must remember that the importance of agriculture is far greater than its reduced effect (1%) in order to GDP formation could suggest us.

It is the fulcrum of the agri-business sector that counts for 15% of national wealth and it is the productive activity that more than others shapes the characteristics of the national territory. It is in fact classified as rural for 92%; 77% of it are mountainous or hilly areas and 57% of national territory is destined to agricultural and forestry activities, very important in order to guarantee environmental safeguard. Moreover, 57% of national territory is occupied by agricultural firms.

It follows that the agriculture has a great influence in almost the entirety of national territory, even where, and in most cases, it doesn't carry out an economy's leading role in order to its development.

It is thus obvious that we must look at agriculture not as a separate sector but as a reality strictly related and integrated with the other socio-economic components of the economic system and it is for this reason that it can have a leading role in the territorial development (Vieri, 2012a, 2012b).

In order to encourage this evolution developing and carrying out a really innovative political action aimed at supporting the development of territorial systems it is necessary to consider agricultural policy to be integral part of national economic policy and all the actions in support of agriculture need to be planned according to the effective needs of growth of the overall national socio-economic system.

In this perspective, agriculture takes on a strategic centrality in finalizing and carrying out a development system whose reference point is the territory.

The involvement of agriculture in safeguard and exploitation of territorial peculiarities measures (agriculture and environment; organic agriculture and agro-energy; agriculture and landscape; soil and forestry; quality; exploitation of beauty and territory promotion) becomes the strategic element in economic system of development that follows the custom of globalization without only suffering the consequences.

For this reason, in our opinion the protection and development of the territorial role of agriculture must be considered a strategic goal of national economic policy instead of being

the subject of various and fragmented measures, anyhow never managed taking into consideration an organic planned project as it is happened up to now.

2. The multifunctional role of agriculture and territorial development

In Italy, the need to carry out a new policy at last coherent with the necessity and potentialities of development, imposes undertaking clear political commitments, in particular:

- Identification of the targets to be pursued and on the interests to be defended;
- the definition of tools that must be taken.

Referring to the first point, in the present context, the aim to be pursued must be the growth that can be carried out through the adoption of systems with strict territorial links whose base is the exploitation of local resources, first of all the resources on which all the relationship among agriculture, environment and the other components of socio-economic system are based.

Just in virtue of this goal and taking into consideration the multifunctional role of agriculture in the territory, we believe that the interests the territorial political ought to pursue can be solely the collective interests.

It follows that the need to provide for actions to guarantee the presence of a lively and dynamic agriculture able to perform at the same time both the productive function and the other several function of territorial (landscape, hydro-geological set-up) and environmental (soil and water defence, biodiversity) safeguarding; of fundamental Rights (food safety) and cultural heritage (food tradition, rural culture and typicality) protection could not be related to the need of follow up a sectional or corporative request, but rather it can be considered a strategic priority of collective interests.

In order to start off a policy aimed at the exploitation of territorial identity, some strategic actions must be implemented, first of all in order to maintain a profitable agricultural presence in the territory and to encourage co-operation.

In this way, agricultural firms can work together with other economic sectors in an integrated and synergic function developing territorial brand and industry.

Since up to now a concrete and efficient political response is missed to the reduction of agricultural presence, in part however owed to a physiological consequences (agriculture loses importance when economic development makes progress) that, on a territory with peculiarity and vulnerability like the Italian one, it seems indispensable relaunching and rethinking land policies not only oriented to solve the problem of land use for productive goals but, above all, to improve the multifunctional role of agriculture making it a strategic aim of national economic policy.

The development of agricultural productive activities is directed by its nature to the production of results not always recognizable in material assets. In fact, over time the development of agricultural activities has contributed to:

- shape rural landscape;
- maintain human presence in some areas otherwise subjected to decline;
- look after and grow forests;
- determine and preserve social values;
- build knowledge and learning;
- assure provision and food safety;
- exploit human, environmental and economic resources available on a local level;
- qualify and promote the image of local areas increasing their attractiveness and then encouraging their development.

Following the multifunctional approach, agriculture is physiologically able to influence positively lots of the territorial system's components and in this way it can give new income and job opportunities.

3. Agriculture and tourism: two drivers to develop an economic system based on beauty and quality

Considering agriculture as the key point of a complex system of relationship among the different components of a socio-economic system in the territory is the basis for the definition of a "territorial" strategy in which both the expectation of the Society and those of agriculture, not only referring to what, how much and how to produce, but also taking into consideration the other functions of production of goods (for example the production of energy from renewable sources) and services (agritourism, didactic farm, social activities, etc.) can be converted in development opportunities.

Agriculture is assigned the role of producer of goods but also of promoter of a socio-cultural and environmental context in which the different elements of a territorial reality are tied together in order to create "local economic communities" animated by common objectives of development and able to mutual benefit.

People and their territory are the core of the system and all together they are both the territorial identity and the expression of uniqueness.

Identity is something very liable to be easily and rapidly lost; so on identity great attention need to be posed to avoid being confined in a system that is the expression of standardization where due to the homologation parameters set by globalization competing become difficult, especially for a Country, as Italy is, where the economic substrate is composted by small and medium size enterprises and where making a success depends more from the quality of the context rather than the context itself.

Territorial identity is the key element to exploit and upon which bases the innovative supply and the possibility to stand out on the market. Environmental, artistic, cultural, landscaped values and quality of products (foodstuffs, handicraft, clothing, cars, etc.) put Italy under conditions to be able to escape from homogenizing pressures of globalization developing activities whose competitiveness is not linked to lower production costs.

The creation of a "local communities system" can give to the Italian economy the opportunity to benefit from the integration of two leading economic sectors: agriculture and tourism.

In fact, the ensemble of territorial elements such as natural, anthropologic, economic, social and cultural ones characterises unquestionably a touristic area and all together they represent the area where all the economic activities able to enhance or degrade them are put in place (Salazar, 2005). This doesn't mean taking into consideration only the variety of landscapes trough which over time national agriculture expressed its presence and shaped the territory but the variety and quality characterising Italian agribusiness making it well-known worldwide.

The extraordinary quality and beauty of food products and agricultural landscapes is the result of an hard work and diligence in many cases prolonged and lavished over centuries not just for an ephemeral taste of beauty but with the aim to develop a productive activity which get on that landscapes and products its role and its results.

Moreover, the tradition values, old-fashioned techniques and territorial uniqueness stands for the identity of Italian food traditions not only for the qualitative value but for places of production, knowledge and competence developed around that if well organized represent the keystone for development.

It is widely recognized that “beauty” attracts people while “ugliness” repulses people. When we discuss about “beauty” we think to what mankind with his activity is able to do: something that can be transformed in positivity not only as philosophic concept but above all as economic concept. If mankind takes care of available resources he produces positive things that can have an economic value attracting new resources that create wealth (Calabrò Vieri, 2014).

We can assume that beauty and quality are not two dissimilar concepts because both represents the attitude of something to satisfy implicit or expressed needs. These needs express themselves in essential characteristics naturally negotiable and, at the same time, the result of objective and emotional aspects. Quality of tourism depends on how the peculiar characteristics of a locality strongly encourages tourists to move around various places in search of something unique and specific. Tourism thus takes on a new role as a favoured instrument of promotion, defence and enhancement of a local area.

Looking carefully, we cannot think to create quality without beauty.

It is unquestionable that although the widespread abundance of products and beautiful landscapes, the most appreciated food specialities and the most charming touristic attractions are concentrated in the highest aesthetic value and better preserved areas.

It stands to reason that lowest the attention to safeguard beauty and quality lowest the development opportunity.

Conclusions

The economic context ask for re-examine and reorganize production systems paying serious attention to the key role of territorial resources and peculiarities, in order to operate on the globalized market without coming off worst.

In fact, territorial characteristics represents the historical and cultural heritage of a territory and are the principle elements of “identity” and “uniqueness”.

Italy can work on a global market only creating an economic development system turning around its “identity” that if well organised and supported by incisive and efficient political actions is able to arouse the market interest from homologated goods and services arranged taking into consideration the need to compete on the basis of production costs to goods and services of an high level of quality, expressing territorial peculiarities.

In this economic system agriculture is the fulcrum of an integrated system together with tourism, handcraft and all the other territorial activities combining territorial needs and development opportunities. In this way, the Italian socio-economic system can get out of limits imposed by globalization and can compete efficiently in the market.

References

- Avant, D.D., Finnemore, M. and Sell S.K., 2010. Who governs the globe? In: Avant D.D., Finnemore M. and Sell S.K. *Who Governs the Globe?*. Cambridge: Cambridge University Press.
- Blair, J. P and Carroll, M.C., 2009. *Local economic development: analysis, practices, and globalization*. 2nd ed. Sage Publication, Inc.
- Calabro, G. and Vieri, S., 2015. C’est la beauté qui nous sauvera hypothèse d’utilisation des fonds socio-structuraux européens comme moyen pour la réalisation, en Italie, d’un nouveau modèle de développement économique. In: *Proceeding Conférence*

- Internationale Compétitivité et cohésion économique et sociale*. Bucarest, Romania, 26-27 Mars 2015.
- Calabrò, G. and Vieri, S., 2014. The environmental certification of tourism: A tool to enhance the unicity of a territory, *Quality - Access to Success* 15 (1): 44-54.
- Dolishniy, M.I. and Kyfyak, V.F., 2006. Globalization and its regional consequences. *Amfiteatru Economic*, 20: 30-37.
- OECD Data, 2015. *OECD Observer*: [Online] Available at: <http://www.oecdobserver.org/news/categoryfront.php/id/1091/Italy.html> [Accessed April 2015].
- Pranab, B., 2006. Globalization and Rural Poverty. *World Development*, 34 (8): 1393-1404.
- Salaza, Noel B., 2005. Tourism and Glocalization: Local tour guiding. *Annals of tourism research*, 32 (3): 628-646.
- Vieri, S., 2012. *Agricoltura. Settore multifunzionale allo sviluppo*. Bologna: Edagricole-IISole24Ore.
- Vieri, S., 2012. Common agricultural policy (CAP) and measures for environment protection and conservation: Contrasts, balances and new methods of development for the future, *International Journal of Environment and Health*, 6 (1): 48-62.