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FAMILY FARMS IN AUSTRIA, ITALY AND POLAND

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ABSTRACT

Recently there has been a surge of interest in family farms – in particular because 2014 was declared by the United Nations as the International Year of Family Farming. This focus on family farms is mainly a reaction to several trends, such as economic pressures, large-scale land grabbing or the restructuring of agrifood chains, etc. Yet it has to be acknowledged that the changes taking place in agriculture and agrifood systems put into question the role of family farms. This paper responds to the need for a review of family farms by examining the situation in Austria, Italy and Poland. It uses the legal form ‘sole holder’ as the criteria to identify the family farm. It analyses the status of family farms in terms of (I) numbers, area cultivated, livestock and labour force, (II) their contribution to nutrition and food security, and (III) their consideration within the relevant agricultural policies. The situations in Austria, Italy and Poland are outlined using official agricultural census data, 2013. The results show that family farms are by far the prevailing form of agriculture in these three countries. Furthermore, we explore the country specific characteristics within the policy environment given in which family farms operate and how this policy supports them. Finally, this form of farm poses significant challenges for food production and systematic policy design. We conclude by giving some suggestions on future perspectives and the areas for further research.

Keywords: *Austria, family farms, Italy, Poland, policy aspects*

INTRODUCTION

The family farm is an icon of Austria, Italy and Poland. It embodies the disparate character of traditional agriculture. Moreover, the family farm embodies firstly the perceived independence, autonomy and resilience of a form of farming, secondly the intricate meshing of work and family life and finally a location for production (Gasson and Errington, 1993; Hill, 1993). Yet, because of the changes taking place in agriculture and agrifood systems worldwide family farms are now receiving global attention. There is a renewed interest in family farms – especially from the political point of view. The United Nations International Year of Family Farming 2014 was created (De la Campos and Garner, 2014). In this context, family farms

have been widely analysed and discussed by both research and political bodies (e.g. Davidova, Thomson, 2013, 2014; European Parliament, 2014a,b; FAO, 2010, 2015, 2018; Graeb *et al.*, 2016; Parlinska and Parlinska, 2015; van der Ploeg, 2016). Therefore this paper reviews the role of family farms with regard to land cultivation, food production and food security as well as their place in the agrarian policy. For the purposes of working with available statistical data we use the legal form, *i.e.* sole holder, to identify family farms (De la Campos and Garner, 2014; FAO, 2018). In this respect family farms comprise farms belonging to a single natural person (sole holder) and functioning as full-time and part-time farms (Statistics Austria, 2018, 35). This paper uses best available estimates to date, firstly, of the percentage of family farms and further structural characteristics and secondly the calories produced and distribution channels used by family farms in the countries sampled. We attained results quite similar to those obtained by Eurostat (2018) and Graeb *et al.* (2016). And thirdly, the situation raises the question of whether there exist or whether there is a need for context-specific policies for family farms. Thus, to illustrate the complex challenges facing family farms, we profile the policy environment in the countries sampled. The focus and importance of the role of family farms in the national policy and agrarian model depends on the respective policy orientation of the time. Finally, we propose a number of issues related to family farms to be examined in more depth. They appear necessary in order to meet the challenges of food security and policy advice more effectively in terms of a sustainable, smart and resilient European Model of Agriculture.

MATERIAL AND METHODS

This paper builds on the prior analysis by Davidova and Thomson (2013, 2014), Graeb *et al.* (2016), Parlinska and Parlinska (2015), van der Ploeg (2016). The terms family farms, family farmer and family holding can be used interchangeably. Family farms do not constitute a statistical category. In response to practical constraints given we identify family farms for Austria, Italy and Poland by drawing on the best available data in the agricultural statistics. In the Farm Structure Survey, Eurostat differentiates three types of legal form: sole holder, group holding (partnership) and legal entity (Davidova and Thomson, 2014, 16). Normally, the family farmer is a sole holder, often (but not always) registered for statistical and policy purposes as a farmer but not constituting a legal business entity (Davidova and Thomson, 2013, 13). We distinguish between family farms defined by a sole natural person and others such as group holding and legal persons. This is one definition for family farms (*c.f.* Graeb *et al.* 2016) that is also used by FAO (De la Campos and Garner, 2014; FAO, 2018) and Statistics Austria (2018, 35). While not a perfect measure for family farms the sole holder criteria identifies family farms in such a precise way that further statistical evaluations are well possible for EU Member States. Austria, Italy and Poland were chosen because of the time of their accession to the EU, the high proportion of family farms and their specific family policy. The data used for Austria, Italy and Poland has been derived from the

agricultural statistics 2013, e.g. EU's Farm Structure Survey (Eurostat, undated). The parameters analysed are the number of farms, the utilized agricultural area (UAA), livestock units (LSU) and labour force (total and family in annual working units, AWU), household consumption and rural development support. The empirically based estimates for the potential contribution of family farms to food production are based on the calculation of the country's Average Dietary Energy Requirements (ADER) by Graeub *et al.* (2016). This calculation estimates how many calories were produced by family farms in the countries sampled. To learn more about country specific needs we look at the policy environment in Austria, Italy and Poland. In composing these policy profiles, we follow research done on family farming and the policy environment derived from existing literature (Bélières *et al.*, 2015; Graeub *et al.*, 2016, Davidova and Thomson, 2013), alongside our own extensive experience and research in each country.

RESULTS AND DISCUSSION

Structural profile

Family farms are central to the agriculture in Austria, Italy and Poland. In 2013, as shown in Table 1, family farms by the natural person sole holder account for 94.0% of 140,430 farms in Austria, 98.6% of 1,010,330 farms in Italy and 99.7% of 1,429,010 farms in Poland. These farms operate in Austria on 87.4% of 2,726,890 ha UAA, in Italy on 89.6% of 12,098,890 ha and 90.9% of 14,409,870 ha in Poland. This broadly confirms the findings of Eurostat (2018), Graeub *et al.* (2016) and Lowder *et al.* (2014). Furthermore, the labour force in agriculture is about 111,160 AWU in Austria, 816,920 AWU in Italy and 1,918,550 AWU in Poland. Considering all of the farms in Austria, family farms employ 91.9% of the national agricultural labour force. 83.6% of this is made up of family members. In Italy these figures are 95.3% and 75.5% and in Poland 98.3% and 93.8% respectively. In Austria 2,439,090 LSU are kept on farms, in Italy 9,374,270 and in Poland 9,164,570. Family farms rear 95.1% of all livestock (in terms of LSU) in Austria, 90.2% of the LSU in Italy and about 91.0% of the LSU in Poland. (Table 1)

Within Austria, Italy and Poland as in the European Union (Eurostat, 2018) family farms are the dominant, although not the exclusive, form of farming. Family farms still dominate the structure of agriculture in Austria, Italy and Poland in terms of their numbers, their UAA, their contribution to agricultural employment and the keeping of animals. This strong presence of the family farming business can be explained. Family farms have grown over centuries and stand for tradition. There are a number of different areas of development expected for family farms in the future (Davidova, Thomson, 2014; European Parliament, 2014a,b; FAO, 2010). As the development of the past shows, a certain percentage will have to give up agriculture (Eurostat undated). The surviving full-time and part-time farms will have different focuses due to, for instance, liability or social security, work organisation, orientation of production and services as well as food security.

Table 1. Share (%) of family farms by select structural data, Austria, Italy and Poland 2013.

County	Farms	UAA	LSU	AWU total	AWU family
Austria	94.0%	87.4%	95.1%	91.9%	98.6%
Italy	98.6%	89.6%	90.2%	95.3%	100.0%
Poland	99.7%	90.9%	91.0%	98.3%	100.0%

*Source: Eurostat (undated).

Nutrition and food security

The provision of nutrition and food security, as a condition related to the ongoing availability of food, is an important function of family farms (FAO, 2014, IX). Family farms are the main producers of foodstuff that feeds billions of people (Graeub *et al.*, 2016). Furthermore, family farms have been acknowledged as a key link in the effort to build nutritious food systems that allow people to lead healthy, productive lives, as well as being a cornerstone in the global fight against poverty (FAO, 2014).

The importance of family farms in Austria, Italy and Poland is emphasised by the fact that most agricultural products are produced by such farms. Family farms have traditionally accounted for a very large share of total agricultural produces for food (Graeub *et al.*, 2016). Using country-level averages of sufficiency by family farms, Poland scores the highest (174.2%) — even when limiting maximum sufficiency levels to 100% of the country's Average Dietary Energy Requirements (ADER), followed by Austria (133.1%) and Italy (65.9%). Poland and Austria stand out with comparatively high levels of sufficiency while Italy reaches 65.9% sufficiency levels with family farms. Climate, cultural, regional and economic conditions explain Italy's ADER sufficiency levels (Ciani, 2018). This follows a historical trend and is confirmed by Graeub *et al.* (2016). To further substantiate our empirically based estimates for the potential contributions of family farms to food production, we looked at household consumption. As reported by Eurostat (undated) 37.7% of family farms in Poland and 13.1% in Italy also produce for their own household consumption; in Austria this data is not collected. Although Poland still has a very high percentage producing for the family's sustenance this is no longer the family farmer production strategy. In developing countries there is an explicit reference here to agricultural production for on farm consumption (Bélières *et al.*, 2015, 73). Beside the household consumption 75.6% of family farms in Poland⁵ (GUS, 2017), 15.6% in Austria (Statistics Austria, 2018, 100) and 11.0% of Italian family farms (Italian Institute of Statistics, 2018) sell their products directly to the consumer. In more detail, according to Eurostat (undated) 4.1% of the family farms in Austria, 9.1% in Italy and 17.5% in Poland sell more than half of their production directly to the consumer. Direct sales are practised by the majority of family farms and play a very minor role for non family farms.

⁵ Over 1 ha for the data on any size of direct sale.

Family farms embody a strategic pillar that contributes to nutritional value and food security in the countries sampled. In Italy and Poland they still provide food for their own households. In Poland the contribution to the revitalisation of the local market (direct sales) is very high. Having direct connection to people, the farmer becomes more sensitive to the needs of consumers. In Austria and Italy direct sales are relatively small and in these countries consumers are mainly reached using just a few agents along the way. In this context family farms are currently considered a guarantee of nutrition and food security.

Table 2. Contribution (%) of family farms to nutrition and food security, Austria, Italy and Poland 2013.

County	% adequacy of ADER produced by	% adequacy of ADER	Direct sales – more than 50% of production	Household consumption
Austria	133.1%	100.0%	4.1%	0.0%
Italy	65.9%	66.0%	9.1%	13.1%
Poland	174.2%	100.0%	14.9%	37.7%

*Source: Eurostat (undated).

Policy aspects

Family farms are a key element of the European Model of Agriculture (Davidova and Thomson, 2014). In this context supporting the family farm has been at the centre of the Common Agricultural Policy (CAP) since its foundation (European Parliament, 2014a, 9).

CAP Pillar I or direct payments policies have been designed to support the economic viability of farms (European Parliament, 2014a, 17f). CAP Pillar I schemes, mainly decoupled direct payments, have transferred significant funds to family farms. The decoupled direct payments also act as an income stabilisation tool by reducing the exposure to market and production risk and have an influence on credit issues. (European Parliament, 2014a, 18)

Unlike Pillar I, Pillar II programmes are more targeted to supporting specific policy objectives. They provide support aimed at improving the competitiveness of farming and forestry, protecting the rural environment and maintaining sensitive farming activity, diversifying the rural economy and promoting quality of life for rural inhabitants (European Commission, 2017). As programmes and payments are not typically linked to farm size, Pillar II payments do not suffer from the same scale effects as Pillar I payments (Davidova and Thomson, 2013). In 2013, 83.1% of Austrian family farms with 96.0% of the UAA cultivated benefitted from the Rural Development Programme. In contrast, to a lesser degree, 13.3% of Italian family farms that cultivate 34.8% of UAA and 11.4% of family farms in Poland farming 34.2% of the total UAA participated in the Rural Development Programme. (Eurostat, undated)

Country specifics

The GAP provides a common framework and agriculture is a “State affair”. The public policies implemented do not necessarily and solely depend on the general characteristics of the family farms in question, or their specific economic, environmental, social and cultural contributions. Across the various Member States there are certain constellations within the national policies that enhance family farms. This is discussed in further detail for Austria, Italy and Poland below.

In Austria the agricultural policy is geared to farms held by a natural person as a sole holder. In this paper family farms are defined by this criterion. These farms are at the centre of rural areas and the agricultural policy (Agrar-Europe, 2018). Wherever possible Austrian agricultural policy takes into account the specificities of this type of farm. Some Austrian specificities are (I) flat-rate system (the profit of non-bookkeeping farmers up to a taxable value of 65,500 euros has to be determined by average rates.), (II) support for diversification (e.g. direct sales, social farming) and food quality activities and (III) support for young farmers taking over a farm or business start-up in agriculture.

In Italy, article 41 of the Constitution and article 2135 of the Civil Code promote and guarantee agricultural activity. According to the Stresa Agreement of 1958 the pillar of the European agriculture and, of course of Italy, is the Family Agriculture Entrepreneurship. In the last decades the multifunctional and integrated farms with part time management have been growing. In accordance with the CAP regulations on rural development, Italy established a national law supporting young farmers aiming to ensure the sustainability of family farms.

The position of family farms in Poland is guaranteed constitutionally. Article 23 of the Constitution of the Republic of Poland says that “*The basis of the state's agricultural system is the family farm ...*” (Konstytucja Rzeczypospolitej Polski, 1997). The Operational Program, which provides the widest support to this kind of farm, is the Rural Development Program for 2014 - 2020 (PROW 2014 - 2020). Among others, the program provides support for starting a business activity, support for modernisation of farms and a special bonus for non-agricultural activities to diversify sources of income, a bonus for young farmers and others (Ministry of Agriculture and Rural Development, 2017). Another way to support is the farmers' rights, 1 January 2017, to direct sales allowing farmers to sell not only unprocessed but also processed goods. The farmers deciding for direct sell are exempt from income tax to the sales value of 20000 PLN (~4,611 euros). Exceeding this amount, they are obliged to pay a 2% flat-rate tax. Furthermore, a Strategy for Responsible Development 2020 (with a prospect until 2030) (2017), a main middle term strategy document published by the Polish Council of Ministers defines small and medium farms as the basis for Polish agriculture. The document announces a loan line to support investments that are not eligible for support from public funds, it also indicates high quality food production as a one of the strategic goals, what cannot be achieved without the engagement of family farms.

Austria, Italy and Poland provide country-specific strategies targeted to family farms. This is done with policy approaches that aim to address the corresponding challenges of addressing economic development, food insecurity and improving rural livelihood.

CONCLUSION

Family farms have a very long tradition in Austria, Italy and Poland and remain by far the most common operational model for farming. The renewed interest in and the continuing existence of family farms as a main actor in the field of land management, food security and agricultural policy is certainly not solely due to the high proportion of family farms over the total number of total farms or the International Year of Family Farming 2014. It can also be assumed that agricultural politicians use this term to define a target group whose services they recognise and whom they want to encourage to continue. In addition, politicians expect a higher contribution to a sustainable, smart and resilient European Model of Agriculture from family farms than from other forms of production organisation, *e.g.* capitalist firms. Broadening the spectrum and potential of policies to support family farms first of all entails affirming their recognition as a form of production. Looking at the situation in three European countries, this paper has conclusively shown the importance of family farming and emphasises the need for policy to support the latter if it is to continue to provide for a food security within Europe.

The findings show that today's family farms conforming to the European model of agriculture are important and can greatly complement larger scale commercial agribusinesses. In order to achieve this, targeted agricultural and rural development policies still need to be further developed. Targeted agricultural policies should help semi-commercial and commercial family farmers upgrade their knowledge and skills, practice environmentally sound agricultural practices, become more integrated in value chains, and thus enhance their productivity and competitiveness with regard to consumers' needs.

The paper has allowed an initial review, but has also raised new questions worth subsequent development. The field of research is vast and would allow a renewed approach to family farms and sustainable agricultural as well as rural development. Much empirical and systemic research remains to be done to (I) document the contribution of family farms to inclusive sustainable development and food security in terms of quality and the diversity of the food produced, (II) analyse the impacts on sustainable development of the different forms of organisation of agricultural production, (III) understand the precise limits and contextual dependencies of family farms in terms of innovation in food products and technology, (IV) build on the different approaches used in designing and implementing policies on family farms, and (V) identify successful principles that could be shared in the policies of different countries.

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