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Espace et développement

Paris : CIHEAM

Options Méditerranéennes; n. 23

1973

pages 79-83

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To cite this article / Pour citer cet article

Garofalo S. **Critical survey of methods chosen for a group of agricultural development regional plan**. *Espace et développement*. Paris : CIHEAM, 1973. p. 79-83 (Options Méditerranéennes; n. 23)



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Salvatore GAROFALO

A critical examination of the agricultural growth planning carried out by the Land Development Agency in Puglia, Lucania, and Molise

The ever growing demand for zonal plans from local agencies and trade unions confirms the validity of the national agrarian policy favourable to this new tool of agricultural growth.

However the Land Development Agencies operating in Italy have already attempted, in a different way, to draw up documents deserving such a title.

But a certain dissatisfaction is spreading among the drawers and the commissioning bodies as to the operation of this new tool of the agricultural growth policy.

To partially justify this state of things, some people appeal to rules and criteria which the Ministry of Agriculture ought to have issued according to the legislative dictates as far as the drawing up of zonal plans is concerned.

Now, before examining the reasons for this delay — which we shall come to later — it may be instructive to review the attempts already made and to draw some important indications for the future. I realize that my proposal is perhaps somewhat inconvenient, it being better to discuss in the abstract the methodology of zonal plans, the criteria relative to the territorial boundaries, the choice of parameters and ties in order to determine sizes of farms and crop systems, and so forth. It does not want to avoid the always valid demand of probing the methodology of zonal plans, but rather intends to suggest the opportunity of attaining such a result starting from a self criticism of the work done.

To give a good example, I begin by making a critical examination of the experience had, in these last years, in the field of agricultural development planning, being myself responsible for the planning work of the Land Development Agency in Puglia, Lucania, and Molise.

For a greater convenience of exposition, I shall group the documents carefully prepared in six distinct classes corresponding to the same number of studies and research. The first subject dealt with is that of agricultural processing plants. It is well known that Puglia is interested in olive growing, and the Land Development Agencies, having created many co-operative oil mills, decided to draw up a regional programme in order to choose the

location of new co-op mills and, at the same time, to have at its disposal a basic document.

In the meanwhile, a circumstantial report on the structure of olive processing plants was carried out on behalf of the European Economic Community, the results of which were largely used in drawing up the above mentioned programme.

The method of this sectorial programme — putting aside technical detail — consisted in ascertaining the degree of utilization of the working capacity of the oil mills in each municipality according to seven year averages of olive production for each municipality. It is clear that from such a document it was possible to draw only an indication that, on the whole, it is better to avoid locating oil mills in areas already overloaded with such industrial plant.

The examination of single cases, during this programme, always led to taking into consideration other available parameters such as the age of the plants, the legal nature of the plants, the number of producers willing to become members and to create a co-op oil mill, the dynamics of crop systems, and so forth. In other words, it was possible to resort to the models of the theory of economic location and analysis of territorial structures in order to appraise the economic convenience of each application for the creation of new co-op oil mills.

The most significant obstacle met by the programme at the operative level was always the difficulty of reconciling the political choice — in a broad sense — with the techno-economic indications. I could mention two or three significant cases which showed that this is a question of two types of judgments, differing from each other both in motivation and language, and that they can hardly merge into a united operative choice. At the end, we usually reached a decision, but what we must point out, is the fact that no dialogue exists between the makers of these two types of judgment. This is the first serious prejudice in the feasibility of zonal plans. It is an extremely important aspect deserving consideration. The hope is that the economist's role, being at the outset of a new political form, be not confined to that of a simple

supplier of techno-economic data, and as such, almost in a subordinate position. Rather the economist, now more conscious of the limits of his methods of analysis owing to recent experience, will no longer feel satisfied with the simple criticism of decisions taken not in accordance with the inferences drawn from his studies. It may be easy to criticise the unsatisfactory nature of this, but there is much ground yet to be covered before we can obtain forms of authentic dialogue. It follows that it is not only a question of mutual adaptation of language and aptitude.

A second theme of the agricultural growth planning carried out by the Land Development Agency in Puglia, Lucania, and Molise concerned four mountain areas in Lucania (Melandro Valley, the eastern-central and north-west Potenza mountain, and the Agri High Valley). The socio-economic characteristics of these areas suggested the opportunity of focusing attention—at least, at the first stage—on the selection of very important infrastructures such as roads, aqueducts, rural electrical networks (these were also the regional directions of the Green Plan number 2). These are a group of operations incorporating an indispensable premise for the development of livestock breeding and tourism resources in the area. For the sake of clarity, a similar document was drawn up for the whole province of Taranto.

The method used consisted in compiling an inventory of projects. The lack in the area of infrastructural equipments led to a long list of works; and for each of them the main technical features, the location on 25 000 municipal corography, the cost, were calculated. The multiplicity of interests made it necessary to refer to representative bodies, i.e., the municipalities. It can be said that, for this group of zonal plans, a certain form of participation on the part of the municipalities was achieved. The amount of the total cost of the planned works pointed out how difficult it is to overcome the big problem of the autolimitation on the part of the proposing bodies which, in these circumstances, are not in a position to follow their normal selective procedure.

To surmount this difficulty, two empirical criteria were adopted. The former, known as the integrated group of works, consists in selecting works that, by integrating those already made, do not produce the stream of services which they are capable of just because they lack complementary works. The territorial integration of the works leads to a mutual rise in value. The latter, consists in ascertaining the existence of rural settlements or production resources capable of suitable utilization. A similar procedure was adopted for drawing up a programme of works necessary to complete the land reform work carried out only partially, due to lack of funds.

The works' multiplicity meant that the adoption of the well known techniques relative to the benefits analysis costs was untenable. But putting aside these

considerations of a practical order, it was also not logically possible to resort to such an analysis, at that stage of the programme, for the basic reason that the whole amount of the available funds was unknown.

The selective contribution given by the costs-benefits ratio would have not been modest (setting aside the question relative to the choice of the interest rate), the choice of two or more technical solutions for the same project not being at issue. Even the adoption of the « internal rate of return » would have scarcely worked because if it got rid of the margin of liberty inborn in the choice of the interest rate it would not permit of itself the leaving out of consideration the whole volume of available funds. To determine a classification of internal rate of return it is not sufficient, by itself, to select the works to be financed, if the amount of funds is unknown. In other words, the internal rate of return capable of acting as a « threshold »—in order to distinguish between projects that can be financed, and projects that cannot be financed—can only be inferred by combining the scale of internal rate of return with the amount of each planned work and the whole volume of available funds.

The two mentioned empirical criteria, i.e., the group of integrated work, reciprocally increasing in strength, and the ascertaining of pre-existing rural settlements and/or productive resources capable of a more convenient utilization, already permitted a first selection from the long list of required works.

To explain this idea, it is enough to think of an illustration given by the construction of a rural electrical network—at the service of a rural settlement area where a rural aqueduct and a sufficient road system were carried out but where the emigration is also motivated by the incompleteness of the work under consideration—produces a stream of benefits higher than the stream that can be yielded from the same work but at the service of an area where the aqueduct has not yet been built and the road system is insufficient. A stricter use of these two criteria is sufficient to bring again the project contents of the plans within more acceptable financial limits.

In this connection, we cannot help criticising the significant failure in the net fixed investments, in agriculture, in progress since 1961, owing to the preoccupation with the ideology of industrialization. This fact becomes more and more difficult and makes not only the rationalization of the investments policy urgent but makes these first attempts at democratic participation in the drawing up of zonal plans of development rather sterile, above all if we continue to finance works either without planning connection or quite useless duplicate of existent works. All this in face of—for internal mountain areas—a further degradation of the scanty resources capable of more convenient use.

A third subject of the agricultural growth planning was an old settlement area, viz Brindisi Hill which is subject

to a radical adjustment process in farm structures because of the dynamics of the relative prices referred both to the goods produced as well as to those used in the production process.

The drawing up of the zonal plan was limited by economic convenience of the mainly based on the valuation of the two main crop systems in progress: one under contraction, the other under expansion. Such a valuation resulted from a series of meetings had with expert farmers.

To be exact, the grape growing achieved thanks to the well known forms of « capitalization of farm labour » is making way for fodder crops (mainly flesh-coloured clover) which integrated view of the results and the indications basis for the expansion of cattle breeding, particularly the Bruno Alpina breed. This type of experience was particularly significant for it pointed out how important is the processing of farm budgets by means of discussions with groups of farmers representing the area under consideration. The zonal plan becomes in such a way the last act of technical assistance, even its natural product. This planning met with two difficulties that are not always made public. The introduction of agricultural technicians into public bodies often leads to different form of bureaucratic decline. On the other hand, in developing such technical assistance, an intellectual freshness is required to assure a constant review of the results and the indications achieved. Such aptitude of the agricultural technicians must be attended by means of periodical refresher-courses in surveying techniques and careful studies of techno-economic data. At present, they are done with scanty use of funds and with scepticism.

On the other hand, the spreading of this methodology sharpened the need for defining the forms of participation of the agricultural classes concerned. While we remained at a level of mere and nearly private research, such a problem did not arise, but as soon as we tried to give shape to these acts by conferring upon them operative importance, this informal and almost friendly way of participation did not serve anymore.

As a matter of fact, the theme is such that we cannot think of having it resolved by resorting to the legal expediency of more or less satisfactory representative criteria.

The model itself of the state organization is at stake; to which the need, more wide spread, but not yet well defined, of the democratic participation must be linked. It is an aspect that cannot be faced on this occasion, but that does not necessarily form a digression. This is the main reason for which we are unable to draw up satisfactory zonal plans. It is not an attempt to divert a discussion of agricultural technicians and specialists to subjects of political philosophy. The economic growth is a subject of interdisciplinary research in the broadest sense of the word, not excluding at all the philosophic and political dimension. In

other words, these aspects of the theme cannot be handed over to other specialists, but must be taken care of starting from our own particular approach.

Another methodological start was adopted to draw up the zonal plan of the Molise region which was suggested by the experience had on the occasion of the debate on the regional scheme of economic growth of Puglia. On that occasion, we were compelled to assume a critical attitude because the proof-scheme drawn up by the Puglia Regional Committee reproduced, almost without criticism, the same logical frame, the same goals, and the same tools as the National Plan.

In other words, the peculiarity of the structure and the perspectives of the agricultural growth of Puglia were not taken into consideration, giving life to a document inspired by an excessive optimism towards investments and employment opportunities in industry. Such an optimism had consequence a devaluation of the real opportunities for growth in agriculture (reference is above all made to numerous irrigation districts). Our criticisms focused on the scanty adherence of the different aggregate measures to the reality of Puglia as shown in the plan (capital coefficients, income growth rates, variation rates relative to the professional distribution of the active population and so forth) and concluded with the invitation to arrange a series of surveys in order to determine more reliable measures for each crop system and for each area of Puglia.

But taking part in the drawing up of the growth scheme of Puglia made us realize, in a closer way, the limits of this planning methodology. The socio-economic reality, even in one region, is very complex and does not lend itself to a schematism within few economic aggregates connected among them by ties of linear correlation. The general lines permit the re-emergence, under a statistical and calculating paludament, of a series of pseudo-alternatives, present at the level of the national debate, having an ideological background such as the agricultural thesis as well as the industrial thesis on economic growth, the balanced and unbalanced growth, the concentration or the spreading of investments, the preference to economic activities having a high capital coefficient or a high labour coefficient.

All this thematic material, undoubtedly interesting and suggestive, distracted attention from the accurate and analytical study of some specific investment projects that could be concretely carried out. The location and size of some processing and marketing plants of agricultural products can form the basis for debates more serious than the ones relative to the above mentioned subjects.

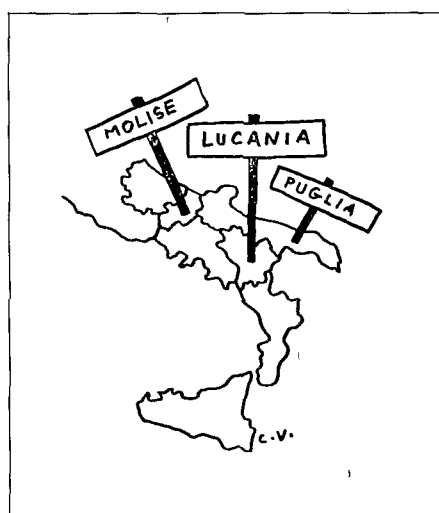
In the light of such a criticism, the Molise growth plan limited itself to a narrow number of processing and marketing plants (sugar mills, slaughterhouses, cattle breeding centers and other minor activities) having an innovating

character and deserving the title of growth tools. All the attention was focused on the most suitable location and size for the above mentioned plants.

It is a more realistic and more efficient method of work that has not yet met with the favourable opinion of the supporters of global planning who are often unaware that this type of planning does not yet have suitable formulation of global analysis because economic literature contains only satisfactory tools of partial analysis.

An indispensable condition of the operative validity of the growth zonal plan concerns the coordination formula among the different bodies working in agriculture. Even in this field, it was possible to gain interesting experience.

Following the ENI decision to let the methane from the Carapelle fields in the methane national distribution network for the thermic requirements of Taranto, Bari, and Naples, the inhabitants of five municipalities concerned, organized a united demonstration to obtain a partial industrial processing on



the spot. The intensity of the demonstration impelled the local authorities to entrust the Development Agency with the drawing up of an agricultural growth zonal plan. The strong social tension allowed the planning and the drawing up of a zonal plan for the sub-Apennines with the help of the many public bodies concerned.

The Provincial Administration of Foggia had been drawing up a road system plan for the mountain district of Foggia sub-Apennines for a long time; the Irrigation Agency was planning an impounding reservoir on the Carapelle torrent; the Mountain Reclamation Syndicate had already planned land improvements and reclamation works; and the Development Agency had already singled out some co-operative initiatives as for as livestock breeding was concerned. To such bodies, those working in the area such as the Provincial Inspectorate of Agriculture, the Provincial Department of Forestry, the Civil Engineers Corps, the National Electricity Board, The Aqueduct Agency of Puglia, together with their programmes also at

the service of many rural settlements in the area as well as five municipalities engaged in their territorial planning, were to be added. Finally there was the Syndicate for the Area of Industrial Growth whose territorial plan concerned the territory of some of the five municipalities. The list of bodies is quite long, so it could easily give rise to some comment. But in reality, the zonal plans have to face and resolve this situation too. Often the plans, and not only the zonal plans at the service of agriculture, do not produce effects just because they are the expression of the will and choices of a single body capable of planning only those activities, being part of its jurisdiction. But planning the growth of the whole agricultural field, at the same time within a well defined territorial delineation, leads to the undertaking of many administrative duties whose coordination is never easy.

The method adopted for drawing up this plan consisted in locating a series of works economically and technically connected among them. The opportunities for investment having a high productive efficiency were rather limited, the territory being mainly mountainous.

The impounding reservoir on the Carapelle became the core of the investment plan because the purpose of the waters to be diverted was not only to satisfy irrigation requirements but also to supply the industrial settlement, built near the methane fields. The territorial concentration of the irrigation district and the industrial settlement polarized the choice of road system projects in order to exploit livestock breeding, tourism and forest resources on the upper part of the area. In short, the territorial concentration model of investments, even in an area particularly depressed, was adopted confirming that we have almost inevitably a disequilibrium in the initial stages of development.

It will be interesting to follow the administrative path of this zonal plan for it is an engagement undertaken by many bodies to carry out the work together with funds coming from different sources (Cassa, Feoga, Ministry of Agriculture, O.O.P.P.). Therefore, we started the formulation of a zonal plan concerning the irrigation district on the left side of the Ofanto river, in which the Cassa, the Irrigation Agency and the Development Agency were interested. Unfortunately, it was noted that a strong socio-political tension is a pre-requisite to an efficient coordination among public bodies. Nothing has to be done but to seek comfort in the thaumaturgic power of the Region Agency.

Always dealing with the plan of agricultural growth, it is useful to mention two other accomplishments. The first was a detailed inquiry into the most significant technical and economical innovations introduced and practised in each area by the farmers. Such a documentation will be used in the subsequent formulation of zonal plan, in the sense that it will be possible to ascertain the potentiality and the efficacy of these initiatives and to measure later the effects

in terms of income and employment. The second was the compiling of reports for the official recognition of the Producer Associations of Puglia and Lucania working in the fruit and vegetable field according to the E.E.C. by-laws. This permitted the acquisition of interesting material in order to study markets and price trends for different agricultural products.

From this concise examination of the experience gained in these last years, as far as the planning of agricultural growth is concerned, we have a picture of the most significant methodologic and socio-political difficulties which the formulation of a zonal plan has to face.

In short, we can say that any formulation of satisfactory zonal plans — as a basic tool for the policy of agricultural development — must be fully aware of the different difficulties herein illustrated. On purpose, we did not mention the most obvious difficulty, that is of obtaining up-to-date and reliable statistics (distribution of the surface area according to crop varieties, livestock inventory, labour, types of farms etc.).

We all know that a statistical investigation, even if well done, carries a margin of error of about 10 % (Not even the Agricultural General Census can avoid this). And therefore, as a border-line case, the estimates based on normal information channels may suffice for drawing up a zonal plan of development. By this statement, we do not intend at all to undervalue the importance of the official statistical information, but would like to have more frequent partial inter-census revisions at our disposal. Instead, we intend to draw attention to other more unsurmountable and difficult obstacles.

To this end we drew attention to the difficulty of finding valid forms of dialogue between politicians and economists (or in general, technicians) capable of leading to choices respecting the autonomy of their respective jurisdictions. This requires, on both sides, the search for the adoption of a less uncommunicable language as well as the capacity of being aware of the postulates and aims of the opposing party before expressing opinions. We have often noted this in reading reports written by US and URSS economists. It is a difficulty common to all political system; it is in fact a universal evil. But it is also a subject in which it is difficult to carry forward objectively a calm and well thought out discussion. Personally, I had the opportunity of having direct experience of this, on the occasion of the discussion of my introductory methodologic report for the initiation of the activity of the Regional Committee for the Economic Growth of Puglia.

Under a direct operative aspect, the critical considerations of such a difficulty resulted in being more prominent; i.e., the adoption of criteria for the assessment of funds between the different reclamation works and the different interfarm land improvements, above all taking into consideration the heavy abatement in fixed investments in agricul-

ture since 1961, especially if expressed in lire which have a constant purchasing power. With so many specific projects under progress or consideration, this fact turns out to be a heavy prejudice against the productivity of the investments already carried out.

The financial situation is important for the planning of agricultural growth in the sense that, according to the rule, it implies the undertaking of a series of alternative *bonds*. Therefore, the adoption of the linear planning in a zonal plan — which permits a further step as to the simple marginal formulation to be made just because it determines some *maximum bonds* — and the undertaking of such financial ties allows the widening of the alternative solutions to the detriment of the operative value.

Putting aside the limits deriving from the fixity of coefficients (unless we resort to more complex techniques of non linear planning for zonal plans) it does not seem to me that it is possible to easily determine types of farm organizations capable of maximising the net product and the return, at the same time. On the other hand, in the simple formula of fertilization the maximizing of the return (marginal return = marginal cost) does not clash with the maximising of the gross product. Now the choice of the measure to be maximised (gross product, net product, return) cannot exclusively pertain to the economist as it implies the undertaking of *value judgments*. In such a way, a further connecting channel is created between the political and economic evaluation under the same conditions, and not under the simple instrumentality of the latter in respect to the former.

Yet, the use of this planning tool of agricultural growth gives rise to another polemic: the validity of the efficiency postulate that it is also objected to and whose terms shift the debate from the level of logical and cognitives instruments to the axiomatic. *A fortiori*, the last level concerns politicians and economists as well.

Deferring the probing of these theoretical remarks to another occasion, it is necessary for us, being responsible for the planning of agricultural growth, to appeal for a greater resolution from the central authorities on the investment policy together with a more favourable valuation for agriculture, this being the presupposition for recovering the stream of investments in this area. Of course, this is not the only matter of uncertainty if we think of the rules relative to land leases and of the legislation as to tenancy contracts. Many times we have been urged to draw up an agricultural development plan for the most depressed area of Salento concerning farms held in share tenancy. Thinking of drawing up a plan of agricultural growth, under these conditions, brings to mind the image of that gentleman who went to the station and asked for a ticket without mentioning destination or train. It is clear that foreseeing the transformation of farms held in share tenancy into leases or forms of associate farming or the simple revision of the

breakdown quota and accessory clauses carries with it a series of alternative hypotheses which must be added to the others with the result of transforming the drawing up of a zonal plan into a pure academic exercise..

Let us come to the lack of directions emanating from the Ministry of Agriculture as far as the drawing up of plans of agricultural growth are concerned. It would be unfair to denounce this administrative delay without trying to find out the main reasons. Some references will suffice. The Land Reform Act contained precise indications on the criteria of expropriation and land allocation; it determined detailed parameters for the recognition of model farms to the purpose of exempting them from expropriation. On these lines, it was easy to issue administrative directions for the enforcement of the above mentioned rules. We cannot say the same for the civil code articles relative to the minimum-sized land property as they still have not been enforced after 30 years. We wish to say that the specification leading political choices is the basic condition for the efficacy of some legal standards as we cannot imagine a substitutive action from the public administration. It is a very delicate legal field in which we dare not enter. But after what was said, it should be clear that it is not possible to issue standards for the drawing up of zonal plans without fixing forms of coordination among the different bodies working in agriculture, and without determining the amount of investments and their temporal assignment, and without defining the standards relative to the types of farms.

We cannot place the responsibility only with the legislative power, even if the administrative power has the duty of fulfilling its own jurisdiction using its own initiatives. The meaning of my intervention consists only in a critical re-examination of the initiatives taken by a public body with a view to getting useful suggestion and indications in order to define the standard contents of the State's will.

In this wider historical context, the drawing up of a zonal plan ceases being a pure techno-administrative fact and become a significant cultural moment.

In a strict sense, a zonal plan should be the synthesis of more than the sum of the single types of experience previously mentioned. This synthesis concept of the above mentioned components of a zonal plan recalls Serpieri's well known intuition as to the consequent tie between a public works plan and the instructions for land transformation.

A more convenient distribution of fixed investments among the different specific investment projects, the optimum size of farms, and a suitable location of processing and marketing plants, are the components of a zonal plan whose solution must necessarily be subject to political and cultural problems. I refer to

the search for forms of participation on the part of the agricultural classes concerned as a presupposition of the working validity of the plan contents, and to the search for forms of management on the part of the different administrative bodies territorially concerned.

The true purpose of my examination was to make a contribution to the knowledge of the tie binding these two groups of problems. We cannot continue indefinitely entrusting the drawing up of a *development* plan with a group of experts who will deliver a report that, in turn, will be subject to censure from representative bodies.

The efficacy of a zonal plan of development—as an administrative document having well delineated technoeconomic contents—depends up on the degree of solution given to the sociopolitical questions. In this sense, I have visualised a zonal plan as a significant moment in a group's culture, whose protagonists have to resolve the difficulties of their internal dialogue.

The Public Administration, the political bodies, the trade unions, the experts are well differentiated categories between themselves (even at the expert level we find difficulties in interdisciplinary research). Hence, the numerous programming documents that have been drawn up till now are satisfactory and efficient in so far as they go, and the relationships among the mentioned protagonists of agricultural development are also efficient.

Photo Lapad-Viollet



Alberobello (Ponilles)