

## Agriculture by Gianfilippo Ciccanti

### Farming collapses and cartels move in

*It seems contradictory: Italy's agriculture is in crisis, but the Venetian financiers want to buy it up.*

Italy closed 1985 with a huge deficit in its trade balance, more than \$15.4 billion in the red to its foreign partners. The deficit, despite the drop in oil prices and the dollar's value, is due almost exclusively to imports of energy and foodstuffs, respectively \$24.4 billion and \$7.2 billion last year. This deficit has grown inexorably in recent years, and in the food deficit, the prospects are by no means reassuring for the immediate future.

For 1986, yet another collapse is expected, with the already foregone conclusion that the food deficit will puncture the ceiling of \$7.5 billion. Official statistics show farm production in Italy in 1985 declining by 1.2%, on top of the disastrous -4% of 1984 and the declines of previous years.

In the last year, an estimated 50,000 small- and medium-sized firms in this sector, traditionally export-oriented, closed in the red for the first time in nearly 20 years. There was a further sharp drop in jobs, about 90,000 for just 1985. This means that in the last 10 years, the population employed in agriculture has decreased by nearly 1 million!

The year 1985 also witnessed industries in the sector being devoured by the big multinational food cartels. These are represented in Italy by the Venetian-backed financier, Carlo De Benedetti, and the Ferruzzi group, whose manager, Raul Gardini, just bought an old palace on the Canal

Grande in Venice, the Ca' Dario, to make it the world headquarters of a conglomerate that owns millions of hectares of land in North and South America.

It seems puzzling: If agriculture is in crisis and drowning, why are these guys buying the agricultural and food processing industries? And, none other than Gardini and De Benedetti, with their cultivated images of ruthless shrewdness!

The concentration of production in the dirty hands of a few cartels is not only dangerous, but carries a strategic importance that will become increasingly obvious. The boss of Italy's Banca Nazionale del Lavoro, Nerio Nesi, predicted that in the not-distant future there will only be about 20 big world banks operating on the face of the planet.

Overall, the value of Italian agricultural production (\$28.1 billion in 1984, the last available data) puts Italy in second place in Europe, after France and before West Germany, producing more than one-fifth of the total production of the European Community.

There are estimated to be 2.8 million agricultural producers in the country, divided between several thousand big firms and an army of small producers who work an average of 5-6 hectares each, for subsistence level income. The Italian firms of 5-6 hectares average size have to compete with Great Britain's, which average

63.5 hectares per producer, the French, with 23.5 hectares per producer, and Federal Germany with 14.4 hectares.

In Italy there are 1.2 million tractors, an average of 1 for every 2.5 firms. Thirty-three percent of these tractors are more than 16 years old, and 15% over 12 years. In practice, half the country's agricultural machinery is obsolete and uneconomical, because of high maintenance costs and scarce yields. The technicians insist that 850,000 of these tractors are still efficient, but the problem remains.

The crisis, of course, is not limited to Italy: In the last decade, world production of tractors dropped by 34.5%, to 580,000 units per year, perhaps not even enough for normal replacement. In the same period, demand dropped by 50%, to around 245,000 units. To develop depressed areas in southern Italy and the islands (Sardinia, Sicily) without sufficient modern tractors is a pipe dream. The reality is even more sobering if one considers that Italy is one of the most advanced countries in farm-machinery production, and Italian mechanical industries export these machines to California and elsewhere in the United States.

Meat imports are always the Achilles heel of Italy's food trade deficit. Nearly 44% of the total meat consumed on the peninsula is imported.

Italy has 3 million head of dairy cattle, fourth in Europe after France, West Germany, and Great Britain. But in milk output per cow, Italy is in next-to-last place in the EC, before Greece. A cow in Italy produces an average of 3,600 liters of milk per year, against nearly 6,000 per cow in Denmark, the first in Europe and, perhaps, the world. But where investments are made and high technology applied, Italy can boast of enviable results: Near Cremona, for example, a cow called the "Italian Friesian" produces an average of 8,000 liters of milk per year.