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POLICIES FOR AGRICULTURAL INCOME SECURITY WITHIN THE FRAMEWORK OF PRODUCTION RECONSTRUCTION IN GREECE

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Abstract

This article examines rural income security in Greece, in the context of the European Union's Common Agricultural Policy (CAP), which dominates the agricultural sector of the country and influences the agricultural income strongly. This is of special interest for Greece, since it concerns almost 12 per cent of its population. This work researches out actions, choices and attitudes of certain institutions, social groups and individuals, who participate and co-shape the rural society and economy. A semeiotic approach has been used to examine the parameters which influence the rural income in Greece, in EU, in country level, in farm business level and in farmer's level .The facts which emerge, many times differ from the miserable and downgraded picture farmers, deliberately or not, try to show for themselves or some others who occupy with farmers, try to show for them.

Keywords: Agricultural income, rural development, producers, CAP, policies, reconstruction

Introduction

It is crucial that the agricultural sector contributes more to the reconstruction of the Greek economy as its current participation to the country's GDP is only 2.5 % (*EC, 2012*). The problem is how to increase this percentage, to have higher funding for agricultural enterprises and secure more total agricultural income available to be shared among farmers. In order to achieve all above, it is necessary to improve Greek agricultural products competitiveness, agribusiness' yielding and farmers' productivity. Nevertheless, this is not foreseen if a holistic development of the rural society is not pursued at the same time. A holistic rural development will create the proper developing environment within which the earlier referred factors will flourish.

The EU's Common Agricultural Policy (CAP) sets three core targets to measure rural development. Those are the security of rural income along with the rural people's restrain in the countryside and the protection of the environment. However, the rural income shortage against the none rural incomes, is perceived as "The main rural issue of Greece" (*Vergopoulos, 1975* and *PASEGES, 2012*). This paper discusses parameters which influence the rural income in EU at EU, country, farm and farmer/producer level. These parameters are not being studied as neutral

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phenomena which are pronounced in the third singular or plural person. These phenomena are being studied as actions, beliefs and results of specific institutions, social groups and individuals, who participate and co-form the Greek rural society and economy.

Methodology

Using a semeiotic approach within the existing literature, the author firstly discusses CAP, which determines in a high degree rural income, since up to 45% of net agricultural value comes from EU allowances (Eurostat, 2015). Following that, the paper examines the national agricultural policy, to the degree in which is been pursued by the local governments to be applied in accordance with CAP. In continuum follows the description of the current situation of the Greek agricultural sector and farmers' status in an economic and a social context. Finally, the author discusses some points and proposals about the reconstruction and the development of the Greek countryside, which are applicable and able to satisfy the needs of the present generations without undermining the satisfaction of the needs of the next generations.

To establish a firm picture of the above mentioned issues, elite interviews were taken from twelve persons in higher positions in the Payment**s** and Control Agency for Guidance and (European) Community Aid Guarantee**s** (OPEKEPE), in the Pan-Hellenic Confederation of Unions of Agricultural Co-operatives (PASEGES), in the Ministry of Rural Development and Food, in the Agricultural Insurance Organization (OGA), in Piraeus Bank, which is in away the successor of the Agricultural Bank of Greece, and in the old and the new General Federation of Agricultural Unions of Greece.

The European Union CAP and the Agricultural Income

The basic objectives of CAP, as these are declared in article 33 of the European Economic Community treaty (EC, 1985) are:

- To increase productivity, by promoting technical progress and ensuring the optimum use of factors of production, labor in particular,
- To ensure a fair standard of living for farmers,
- To stabilize agricultural products markets,
- To secure availability of supplies and
- To provide consumers with food at reasonable prices

It is worth noting that these objectives have not been changed substantially irrespectively of the various reforms of CAP to this day. The basic CAP principles were established in 1958 and they aimed at:

- The unification of the internal market of the agricultural products,
- The community preference to the products of the member states,
- The financial solidarity based on the EU's common resources, and
- The producers' joint responsibility for the expenses arising in case their output exceeds a certain production limit (production quotas) (Mousis, 2011).

Favorably CAP got fully implemented in 1962. The way which CAP intervention mechanism was formed, secured a minimum price (the intervention price) for producers and a higher than the

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intervention but still favorable for producers, price (the orientation price) and also fair prices for consumers which inevitably had positive impact for the agricultural income. In addition, prices of the imported products were formed in a higher than the EU common market level, by adding on them importation tariffs so to be unable to compete with EU products (*Tzakosta, 2010*). In the first CAP reform by "Mansholt's[1] Plan" in 1972 some solutions for the small size and highly splintered farms were proposed, since two thirds of them had less than ten hectares of area (*EC, 1968*). In the "Mansholt's Plan" memorandum were also arisen some severe critics about the big differences between the agricultural income and the incomes of other sectors of the economy, against the first one of course. The high average producers' age, the family type of the agricultural business, and the low level of education of those occupied in agriculture, had also been objects of this reform (*EC, 1968*).

In 1988, and in accordance to the "Jacques Delors' package" took place the second CAP reform which imposed quotas to agricultural production (no to butter mountains and wine lakes), applied allowances measures (e.g. paid left aside lands and paid products driven to rubbish dumps) and encouraged farmers to produce other than the overproduced crops. Measures to accommodate the early farmers retirement were also introduced (*Pezaros, 2011*). In 1992 and after the General Agreement on Tariffs and Trade (GATT) in the Uruguay Round which partially opened the global commodity markets, the third CAP reform took place, also known as the Ray Mac Sharry[2] reform. In the framework of this reform, the regime of direct payments to the farmers were introduced, intervention product prices were reduced and under produced products were subsidized by hectare or head when referred to animal production. Also there was an encouragement for easier land ownership transmission in order to enlarge the average farm size, and a for activity diversification i.e. agrotourism, product processing, energy production et cetera (*Cunha and Swinbank, 2011 and Semos, 2011*). In 1999 and after the EU's enlargement, the European Council regulation no 1257/1999, commonly known as "Agenda 2000", was issued which brought about reductions on the intervention prices of arable crops products, beef and milk. Strong emphasis was given to the protection of the environment and to a holistic rural development (see for example Leader programs) known as the second pillar of CAP (production support mentioned as the first pillar), which included a variety of rural population groups besides farmers (*Semos, 2011*). "Agenda 2000" which acknowledged as the forth CAP reform, also set up producer groups instead of heavily reacting cooperatives and special support for young farmers. The fifth CAP reform was voted during the EU Summit in Halkidiki, Greece, in 2003, and it established the direct payments scheme to farmers, regardless their production and based on the entitlements one had obtained by being a producer in the reference years 2000, 2001 and 2002.

In order to receive direct payments (also known as Single Payment Scheme), farmers had to respect a set of basic rules called cross compliance. Farmers not respecting EU law on environmental, public and animal health, animal welfare or land management would see the EU support they receive to reduce. Since 2007 a new system of private consultants for farmers is introduced. With regards the agricultural income, it was applied an annually gradual support reduction (3% to 5% each year) to those farmers getting more than 5000 euros per year

[1] Sicco Leendert Mansholt, Dutch, European Commissioner for Agriculture (1958–1972).

[2] Ray Mac Sharry, Irish, European Commissioner for Agriculture (1989-1992).

(*Rousianou, 2015*). At the same time in Greece was modernized the Integrated Administration and Control System (OSDE) which is the administration mechanism of controlling the EU financial support to farmers called Payments and Control Agency for Guidance and (European) Community Aid Guarantees (OPEKEPE). The operation of the above mentioned system (OSDE) was assigned to the Pan-Hellenic Confederation of Unions of Agricultural Co-operatives (PASEGES) which along with Piraeus Bank, as the basic shareholder, and other entities like big agricultural cooperatives, have created a joint venture company named 'Gaia Epiheirein SA' which undertook the project of managing the annual farmers' EU support applications (*Imerisia, 2015*). The project has already negatively criticized by a part of the Greek financial and agricultural press for its effectiveness on transparency and controlling issues. According to the Piraeus Bank (2015), the larger part of the resources allocated to Greece during the period 2008 to 2013 through CAP referred 77 per cent to direct payments, which was about 10 per cent higher than the average EU percentage (68%). Damianos (2015) argues that European financial support (€ 2.282.300.000 for 2013) which consist of 45 per cent of the total agricultural production of Greece, shared unequally among the agricultural households. Namely the 50 per cent of the total direct payments absorbed by the 10 percent of the big agricultural businesses. In this case the escalation of direct payments with a diminishing factor as the individual income gets higher, seem to be necessary. In addition, Collatos (2010) extending the issue, argues that EU directions were not properly implemented in Greece; therefore financial support to Greek farmers did not have substantial outcomes. Instead, these outcomes were ephemeral and superficial and made many farmers and none farmers, "subsidies hunters" but good producers. According to the Greek Ministry of Rural Development and Food (2018) there is a turnover to the implementation of the new CAP (2014-2020) by reconnecting the famers' financial support with the real agricultural production. Namely financial support will go only to "active" farmers, and those who leave 50 percent and up of their land uncultivated will be excluded. There will be a list of products in promotion i.e.: cattle, sheep and goats, silkworms, rice, serials, industrial tomatoes, oranges, flowering plants for animal feeds, beans, seeds, asparagus, beats, and peaches. Tobacco producers are excluded while olive oil producers in less favorite areas will be supported with 100 million Euros. New CAP (2014-2020) foresees the distribution of 25 per cent of the total national budget to pasture lands, (1.78 million Hectares), 47 per cent to arable crops (2.0 million Ha) and 28 per cent to orchards (9.7 million Ha). It is argued that this way it is given to producers a gross guidance for production and activities to occupy with aiming to income security.

The Agricultural Sector in Greek Society and Economy

Historically agriculture in Greece is defined by the following milestones:

- The national land distribution to farmers by governor Alexandros Koumoundouros in 1871,
- The sultanas crisis of 1892-93 when sultana production covered 50 per cent of the total national exports,
- The peasants struggle against the large scale landlords in 1881 to 1910,
- The agricultural "miracle" of the interwar period which was characterized by the vast agricultural production, exports boost, large scale rehabilitation projects, the foundation of

Ministry of Agriculture in 1917, the foundation of Agricultural Bank of Greece (ATE) in 1929 and the foundation of huge amount of agricultural cooperatives,

- The postwar period with the industrialization of the country, the abandonment of the rural areas, the urban pull of the population and the migration abroad, and
- The post dictatorship (1967-74) period when agricultural sector of the economy recovers mainly thanks to the European Union CAP and the Greek governments "agricultural friendly" policy (*Karanikolas, 2009, Sfika-Theodosiou 2000 and Stavropoulos, 1979*).

This "agricultural friendly" policy applied by Greek governments from 1981 to 1993 and especially by the PASOK (Pan-Hellenic Socialistic Movement) administration was characterized for its extreme populism, which expressed with income increasing expenditures (subsidies) from 13 to 35 per cent of the total agricultural product, while there was a reduce in structural investments from 4.3 per cent to 4 per cent of the total agricultural product at the same time (*Louloudis and Maravegias, 1999*). Financing for continuous risings to income subsidies above the state's capacity was done by ATE, usually with verbal and at the limits of the law state guarantees, which particularly after 1985 were impossible to be covered *(Louloudis, 1995*). Unavoidably, besides the closure of ATE, the cost of this policy was two-sided. Firstly, the total agricultural product remained stocked and the competiveness of Greek agriculture shrank dramatically. Secondly a relationship framework between farmers and the government was established, in which state corporatism prevailed allowing extreme political invasion in all farmers' collective activities. None the less in current time, the Greek agricultural production boosts the exportation activity of the country reaching up to 17.5 per cent of the total exported products as it is presented in Table 1.

Table: 1*. Basic figures of the agricultural sector of Greece and EU-27 (2012)*

FIGURES	EU-27	GREECE
Area of predominantly rural areas[3] against intermediate and urban areas (% of the total, 2008)	57.6	82.0
Population of predominantly rural areas (% of the total, 2008)	23.6	43.0
Average area per agricultural holding (in hectares, 2011)	14.6	4.9
Employment in predominantly rural areas (% of total, 2008)	21.7	41.0
Employment in agricultural sector (% of total, 2011)	5.0	12.4
Value of product of the agricultural sector in current prices (billion Euros, 2012)	405.6	10.8
Gross added value in basic prices (billion Euros, 2012)	159.4	5.1
Gross added value of predominantly rural areas (% of the total, 2008)	17.2	34.0
Percentage of agricultural sector of GDP (%, 2011)	1.2	2.5
Percentage of gross added value of the agricultural sector in the economy (%, 2011)	2.3	4.0

[3] According to OECD methodology (OECD, 2012) areas are characterized as Predominantly Rural (PR) if their share of population living in rural local units is higher than 50%.

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Share of imported agricultural products of total imports (%, 2011)	5.8	13.6
Share of exported agricultural products of total export (%, 2011)	6.8	17.5
Commercial balance of agricultural products (billion Euros, 2011)	6579.6	-1,9

Source: European Commission, Agriculture in the EU, Statistical and Economic Information, http://ec.europa.eu/agriculture/statistics/agricultural/2012/pdf/full-report_en.pdf (06-01-2012).

As seen in Table 1 the predominantly rural areas of Greece occupy the 82% of the total surface against the clearly smaller percentage (57.6%) of EU-27. Also almost half of the population of the country lives in predominately rural areas while only 23.6 per cent of the total EU-27 population lives in them. Furthermore, the fact that 507,000 individuals i.e. 12.4 per cent of the economic active population of Greece are occupied in agricultural sector, while in EU-27 is only 5.0 percent shows, the importance of agricultural income security in Greece.
Although, since 1981 when Greece became full member of EU, has not been implemented a clear national agricultural policy and strategy, alongside and at the same time with CAP. One can hardly refer to national governments' initiatives that would be innovative and invest on the production net and the human capital of the primary sector of the country exploiting its competitive advantages.
The usual tactics of governments were limited and still do in a great degree to:

- Distribute the direct payments (subsidies) and other EU resources for rural development and present them as to be their own achievements.
- Change every once in a while the law which refers to the agricultural cooperatives and the farmers' unions in favor of their political party, in a way that during 1980s there was the generation of two General Federations of Agricultural Unions of Greece (GESASE): the old one still called GESASE and the new one called Federation of Democratic Agricultural Unions of Greece. At the same time PASEGES which stands for Pan-Hellenic Federation of Agricultural Cooperatives Unions consist of convey of governmental policies to farmers (*Louloudis and Maravegias, 1999*).
- Announce never-ending action and projects i.e. farmers register, national cadastre, property register, land management bank.
- Not have continuations on national matters while being replaced in the office.
- Be simply procedural processors of EU decisions and directives, without producing a vision for rural development of the country.

Damianos (1999) argues that the regulating presence of the Greek state, does not guide agriculture, likewise in other EU countries, to the composition of a system of technical, economic and at the same time social organization that is could formulate the agricultural holding to an entrepreneurial unit integrated into an agro-food complexity. On the contrary, government interference remains "external" against the subject, practicing a kind of instruction (to cooperatives, unions, clubs) and control instead of supporting through an organized political plan.

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Agricultural holdings as businesses

As seen in Table 1, the key disadvantage of the Greek agricultural holding is the small size. Namely the average size of Greek holdings is 4.9 Ha while the EU-27 holdings' average size is almost triple i.e. 146 Ha which is crucial for productivity, competitiveness and viability. The basic content of the argument about the agricultural economy in Greece remains the question: if capitalistic relationships of production are developed in agriculture that is if the agricultural product is produced in private businesses which use hired labor force and if the surplus-product produced, takes the form of a surplus-value which is captured in the sphere of production (*Vergopoulos, 1975*). Nowadays, this is probably the case in agricultural businesses which hire migrant workers i.e. strawberry producers in Manolada, Pelloponisos. Sakelaropoulos (2011) on the other side argues that the small agricultural household consists of the basic structural element and the cell of Greek agricultural economy. The small family agricultural holding has approved its durability against the big agricultural business. The family holding mainly by remarkable cost pressure, is more favorable than the capitalistic agribusiness in terms of achieving total capital surplus. Thus agricultural economy is integrated into the capital production through the family holding and not through the direct capital investment in agriculture. On the contrary Kasimis and Louloudis (1999) think that family holdings in Greece neither are viable by nature nor are perceived able for enlargement. The average economic size per agricultural holding of 9,266.8 Euros (in EU-27 up to € 25,450.2) which is referred by the Ministry of Rural Development and Food (*YPAT, 2015a* and *EC, 2015*) although is not defined if this includes EU direct payments, allowances or non-agricultural income, is impossible to cover fully the needs of an average four member agricultural household. This way, agricultural holdings have difficulties to plan for the future and to programme fixed capital investments, fact of which its negative course is illustrated in Agricultural statistics of the Hellenic Statistical Authority (*ELSTAT, 2015*). With the word in hand a hopeful meaning is given by the decision of the Ministry of Rural Development and Food (*YPAT, 2015b*) which allocates officially the entitlement to full-time farmers (approximately 500,000) to process and sell their products and this way to be able to increase their income through alternative means.

The Agricultural Income

What is the personal or household income which generates by farmers and politicians are called secure or even to support with their decisions? According to law No 2238/1994 which was in power until 31-12-2013, the agricultural income was estimated presumptively by multiplying the gross inputs of an agricultural business with special, depends on the kind of production, factors of net income. It is common sense that the estimation of the agricultural income is difficult since the estimation of the net profit of an agricultural production is very difficult. In any case one depends on farmers' income statement. Hill (2008) indicatively argues that his experience of decades in measuring and studying the agricultural income has shown that there are systematic failures in the procedures through which statistics provide data to the formulation of policies. He criticizes EUROSTAT arguing that "EU does not have reliable data about the agricultural households' income. Damianos (2015) also argues that data about the agricultural incomes, even if come out of official sources as the Farm Accountancy Data Network (FADN) are not appropriate for application of the new tax reform for farmers. With regards the Greek case, Piraeus Bank (2015) which took the Agricultural bank portfolio after its closure, argues that during the last decade (2005-2015) the agricultural income has decreased in annual average term 0.4 per cent while in Euro zone countries has increased 1.6 percent. The current CAP which has already started in 1st of January 2015 to be terminated in 2020 will provide more than 19.5 billion Euros aiming to promote quality agricultural production and to improve exports. Given this fact and taking into consideration European Commission estimates for EU agricultural markets for the next decade (2015-2024) is perceived by researchers that there are semantic margins for agricultural income improvement in Greece. The estimation for average accumulative turn is 9 percent. However, as crucial parameter of agricultural income alteration remains the production cost. In addition the Pan-Hellenic Federation of Agricultural Cooperatives Unions (*PASEGES, 2012*) based on its own research argues that the real agricultural income in Greece has significantly shrunk. According to data shown in Table 2, the vast shrinkage of the agricultural income happed in the year of 2008 when the drop down was 14 percentage units.

Table: 2*. The agricultural income annual variation (in EU and Greece)*

Year	**EU-27**		**EU-16**		**GREECE**	
	Index A (2005=100)	Variation (%)	Index A (2005=100)	Variation (%)	Index A (2005=100)	Variation (%)
2006	103.9	+3.9	103.0	+3.0	95.2	-5.2
2007	114.3	+ 10.0	110.9	+7.7	102.9	+8.1
2008	110.4	-3.4	102.0	-8.0	88.5	-14.0
2009	98.5	-10.8	89.9	-11.8	90.4	+2.1
2010	111.1	+12.8	100.9	+12.2	83.5	-8.3
2011	118.3	+6.5	102.9	+1.9	79.1	-5.3
2012		-1.3 (EU-28)				-4.7

Source: Eurostat, (20.12.2018)

After a small recovery in 2009 (+2.1%) the agricultural income fall again in 2010 (-8.3%) and in 2011(-5.3%). In Table 2 is also clear the significant broadening divergence between the agricultural income in Greece and the average agricultural incomes of EU-27 and of EU-16 (Euro zone) too.

But it must considered that incomes generated from other sectors of the Greek economy have fallen too the last years as seen in Table 3, which shows the household disposable income for the general population from 2008 to 2014.

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***Table: 3**. Household disposable income - Net, Annual growth rate (%), 2008 – 2014*

Place	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Greece	0.84	0.63	-10.50	-10.56	-9.76	-6.56	-1.61
Euroarea	0.62	0.51	-0.56	-0.32	-1.61	-0.34	0.76
EU	1.27	1.43	-0.40	-0.26	-0.85	0.00	0.62

Source: OECD (2015), National Accounts at a Glance (processed data).

For the decline of the agricultural income the parameter of the production cost remains crucial as it is expressed through the inputs index in Table 4, which is increased 11 percent in 2008 and 4 percent in 2010. In 2011 the inputs index recorded an upturn of 8.7 percent mainly due to remarkable increase of energy (12%) fertilizers (10.4) and animal feeds (8%) bills (PASEGES, 2005). On the other side, in 2011 a semantic downturn has been recorded to the producer's prices of some key plant production products i.e. cotton, oranges, potatoes, and vegetables which had as a consequence the decline of output index (-1.1%) as presented in Table 4. These developments during 2011 had a negative impact to the agricultural income due to remarkable increase of production costs (+8.7%) in relation to 2010 while producer's prices record a downturn (-1.1%) resulting in a particularly high negative "income index"/difference (-9.8%).

***Table 4**: The evolution of difference between production cost and producer's prices (excluding subsidies)*

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Year	Production cost		Producer prices		Difference
	Input Index (2005=100)	**Variation** (%)	**Output Index** (2005=100)	**Variation** (%)	
	(1)	(2)	(3)	(4)	(2-4)
2006	103.9	3.9	107,5	7.5	3.6
2007	110.5	6.4	118,9	10.6	4.2
2008	122.7	11.0	114,9	- 3.4	**-14,4**
2009	115.4	- 6.0	112,4	- 2.2	3.8
2010	120.2	4.2	127,5	13.5	9.3
2011*	130.6	8.7	126,1	-1.1	**-9.8**

Source: ELSTAT in: www.paseges.gr (27-10-2018).

The above mentioned negative developments got worse due to extraordinary measures taken i.e. the Unified Property Tax (ENFIA) and the electric bill additional increase, during the application of the Middle Term Fiscal Strategy (2nd Memorandum) to confront the economic crisis started in 2008. More negative impact to the agricultural income is also expected due to the termination of the presumptive income estimation in 13-12-2014 (law 4172/2013 and 4328/2015) and so the net agricultural income will be estimated as any other entrepreneurial income and taxed 13 percent. EU direct payments (subsidies) when exceed the amount of 12,000 Euros and the income from photovoltaic units (Law 4316/2014) are planned to be taxed. In general taxation to agricultural income is foreseen to be increased according to 3rd memorandum (signed in August 2015) from 13 to 20 percent with regards the 2016 income and to 26 percent for the 2017 income (www.in.gr, 2015). At this point it is worth to be noted that up to 2014 the relationship of the Greek farmers with the taxation authorities was pretty loose while before 1994 almost it was not existent.
According to newspaper Agrenda (2015) and the sites: express.gr, Huffingtonpost.gr, and in.gr (2015) which refer to the Greek Ministry of Economic data, nine of ten farmers (total 516,000) stated as 2014 annual income no more than 5,000 Euros while only 5 percent of them stated annual income not more than 12,000. For the same period 104,000 (19.6%) farmers stated zero income or loss while 233,674 (43.85%) farmers stated annual income not more than 1,000 Euros. The total agricultural income stated for 2014 run up to 1.3 billion Euros which equals to an average annual agricultural income of 2,518 Euros. As understood, one can hardly connect these figures with reality.

Farmer as businessman

The Greek farmer more or less does not embraces the role of entrepreneur maybe because this implies accountability to the society, responsibilities to the taxation authorities and the state, markets knowledge, marketing skills, information about CAP and the relevant laws and lack of self-confidence. According to law 3874/2010 is recognized as farmer the adult natural person who is entitled to be registered in the Farmers' Register and in the Agricultural Holdings Register in case he fulfills the following prepositions:

- He is an agricultural holding owner
- He professionally occupies with agriculture in his holding for at least 30 percent of his total annual occupation
- He gains from his occupation in agriculture at least 35 percent of his total annual income and
- He is insured in the Agricultural Insurance Organization (OGA).

It is worth mentioning that after the signing of the 3rd Memorandum with their creditors (European Central Bank and European Support Mechanism) in August 2015, Greek authorities have committed to get more strict and austere the definition of the professional farmer in order to raise states revenues through the decline of the number citizens who benefit of taxation mitigations under the farmer status (*Damianos, 2015*). In current years public opinion about farmers' occupation seems to be having changed and does not put farmers at the last positions of the professional and social ranking. And this is basically due to farmers economic progress and the better livelihood conditions they enjoy in combination with the worsen livelihood conditions that urban people already have.

The off-farm income of farmers

Multifactionality that yields off-farming income is taken as wide-spread phenomenon with incasing trends in the rural household level and it is acceptable from agricultural collective entities and applying agricultural policy institutions (*Zalopoulou, 1999*). Farmers' multifactionality is divided in pluriactivity, part-time farming and off-farm employment. In EThIAGE research Fotopoulos (2000) presents ESYE data that show farmers' multifactionality (holding owner and/or members of the household) runs up to 40 to 50 percent in country level. Obviously the income generated from off-farming activities either is not stated to taxation authorities or is declared in a faulty way, as far as it is not often presented as integral part of the agricultural income in statistical data. In many researches i.e. EThi AGE (*Fotopoulos, 2000*) or EKKE (*Zakopoulou, 1999*) and others the agricultural income is examined and analyses but never referred in terms of amount of money resulting in confusion about the farmers' available livelihood sources.

National Agricultural Policy and Reconstruction

Maybe the most favorable slogans in the era of the economic crisis which started in 2008 in Greece are: 'Greece does not produce anything' and 'If imports stop, we are finished, we are going to starve'. These slogans, besides being signs of national inferiority, give evidence for a public information deficit with regards the country's real capacity. The previous mentioned fears of some Greeks are unjustifiable. According to a PASEGES (2012) research, Greece, even if food products imports totally stop as it is happened in Argentina in 2001, will not starve. The country's self-sufficient degree in a series of basic agro-food products of plant or animal production for 2010 (Figure 1) but for 2011and 2012 run up to 94 percent. In the same research, particularly for plant production self-sufficiency run up to 99 percent differing in some products like in serials (82%) while the minimum percentage is recorded in beef (31%) and the highest in olives (620%). In an effort for agricultural production reconstruction, one could recommend farmers to occupy with the production of products in shortage. This way, farmers would easier sell their products and the country would not spend its precious exchange for importing products which can be produced within. This extremely simple methodology will not be applied if there is no firm national agricultural policy applied.

As it is noted in the SWOT analysis of the ex-ante evaluation of the Rural Development Program (2014-2020) submitted by Greece to the European Agricultural Fund in July 2014 (*YPAT, 2015*), one of the most characteristic facts of Greek rural economy structure is the unequal relationship between plant and animal production. The animal production value was 30 percent of the total agricultural production in 2007. The last positions of pork meat and beef in Figure1 provide proof of recorded evidence. The same relationship in EU was 45 percent. It seems that is needed a big effort towards the animal production development and not only of pork meat and beef but of goats and sheep production where Greece has a competitive advantage.

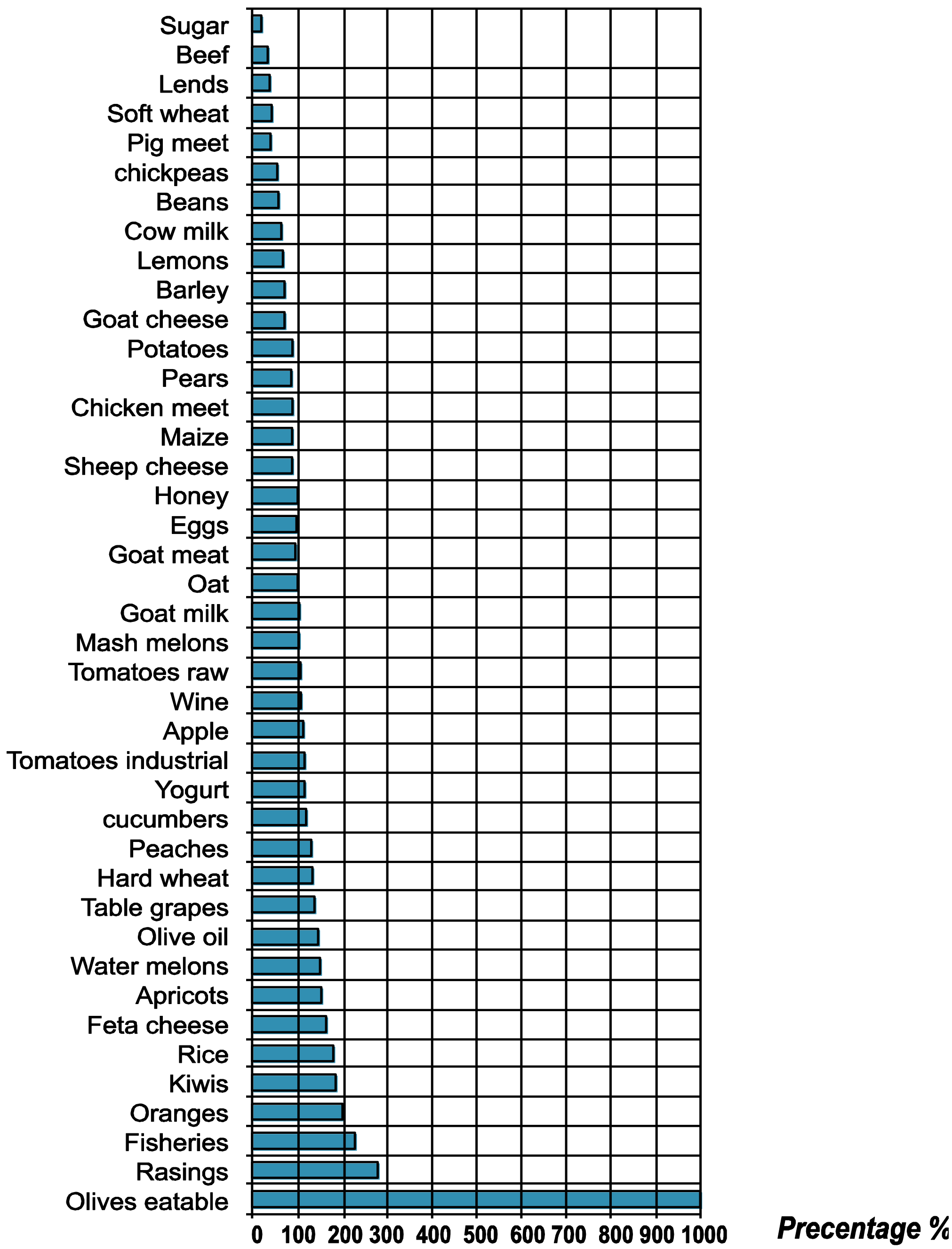

***Figure: 1**. Greece's self-sufficiency in agro-food products of 2010 (in thousands of tons) [**Source**: Processed data, PASEGES,ELSTAT, KEOSOE (Central Cooperative Union of Winery Products) and ELGO (Greek Agricultural Organization –Dimitra)]*

Greece produces a total primary production value of 10 billion and in the hard of the economic crisis in 2011 agricultural products exports run up to 17.5 percent of total (Table 1). Imports of agricultural products of course are 5 billion (13% of total) which is high and has to be lower. The agro-food sector is one of the few which stands up during the economic crisis which started in 2008 and which can help the country to move forward.

Discussion-Proposals

CAP is probably the only real common policy of EU which employs its own special funding. As it obvious over the time, CAP always foresees the security of the agricultural income with measures referring to direct payments to farmers as well as with structural measures referring to agricultural production, the protection of the environment and food security. Greece which has admittedly benefited a lot by CAP (financial supports run up to 45% of the total agricultural income) and will continue to benefit in the future (19.5 billion for 2014-2020) could not change dramatically, by applying a parallel dynamic national agricultural policy, the disadvantaged conditions of its agricultural production i.e. the high production costs and this way to have a positive impact to the agricultural income. Of course if production cost is to be lowered, a series of other goals must be achieved first.

Some of these goals are:

1. To do, compulsory if necessary, farm land re-distributions in order to minimize the land breaking in many pieces which will have a positive impact in land and labor productivity.
2. To reform the hereditary law so to prohibit the land breaking while this is inherited to successors and also to prohibit the land breaking by any means after the succession is done.
3. To found and develop a land bank by which farm land can be easily transferred to professional farmers so their farm business gets larger and more competitive.
4. To establish geographical cultivation zones throughout the entire country, so to minimize production damages due to cultivations geographical and climate mismatch and to be given the opportunity for producers' supporting network development.
5. To escalate direct payments to farmers in a diminishing manner as percentage of their income from lower to higher, namely the lower incomes to get higher percentage of direct payments and the higher incomes to get lower percentage of direct payments.
6. To support with financial and administrative measures the local seed production, the local farm machinery industry, fertilizers industry, farm chemicals industry, and other farm supplies idustries.
7. To establish obligatory training for farmers as a precondition for subsiding. Training would be contacted on collective action, on marketing skills, and on housekeeping micro-finance which has been a common practice in the past but got forgotten by the younger generations.
8. To empower all farmers collective activities and entities i.e. producers teams, cooperatives, social economy enterprises, through financial and structural measures without political interfering.
9. To empower good environmental practices i.e. use of animal manure for fertilizing, use of biological fertilizers beyond the "greening" part of CAP directives.
10. To re-established an effective extension service network by the Ministry of Rural Development and Food or private organizations, in order to transfer agricultural scientific knowledge

produced in relevant research institutions and to provide consultancy to farmers for income security and growth.

The facts presented show shrinkage of Greek farmers' income during the last years, but must be taken into consideration that:

1. This shrinkage is not bigger than the shrinkage of other incomes particularly during the years of the economic crisis (2008 and onwards).
2. The facts do not include the off-farming income.
3. It is not clear that the agricultural income presented refers to full-time farmers or any other who employs with agricultural activity by any means
4. Tax erosion and avoidance, which are the big injuries of the Greek economy and has an impact on all sectors of the economy, are not mentioned.

In farmers and agricultural holdings level, the participation in cooperatives and producers teams, targeting on collectively done supplies and sales, consist of an unquestioned tool for input value decline and consequently for production cost reduction and income boost. In addition, in holding level, the balanced development of animal and plant production at the same time, can minimize the vulnerability of farmers financial position and create opportunities for scale economies by the usage of plant production left over for animal feed and vice versa, targeting again on lower inputs value, costs reduction and presumptive income increase.

Farmers must not consider subsidies as primary income, but as financial support to their production in order to invest in modern technologies, communications, process and marketing means and facilities, renewable energy, protection of the environment actions, and training. Public opinion has changed and does not put any more farmers at the last positions of the social hierarchy. However, farmers themselves have to prove that they deserve a better luck and must adopt entrepreneurial attitude and enhance their self-confidence.

Greece as a territory of primary production cannot be competitive in terms of massive and cheap production because all relevant figures and dimensions are prohibitive for the development of such type of commercial farms. Its advantage is quality production, which is realized with great effort and desire and respect to consumers and which can be yield out by exploiting its blessed soil and its marvelous climate.

Greek earth and its people can produce excellent products. Greek products can be used as primary material for the production of innovative and unique certified food products i.e. Protected Destination of Origin (PDO) and Protected Geographical Indication (PGI) products, biological products, favorable to consumers and proper for exportation to the international markets. Greek agricultural products exportation could make up to 10 billion by 2018 (*Kouretas, 2015*) which means further stimulation and security of the agricultural income. Greek agricultural production can contribute decisively to the country's production reconstruction.

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