

# ***The Role of Culture in Agricultural Support Policies: The Wine Industries in France and Italy***

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The agriculture sector only constitutes a small percentage of world exports and an even smaller percentage of world GDP; however, the sector has been fundamental to European integration discussions. Trade in agriculture is inherently different from trade in manufactured goods and services due to its intrinsic association with the defining characteristics of a society. In terms of relevance, no other sector can compare to agriculture in its political, economic, social, and cultural aspects. Agricultural trade liberalization is difficult and fraught with significant problems because the sector does not only have economic and political concerns, but it is also entangled with social and cultural ideas, which are central to a nation's identity. Agricultural protectionism continues to be a major thorn in the free-market-Ricardian-ideational side. From the soft Agreement on Agriculture in the Uruguay Round to the stalled Doha Development Agenda, agriculture liberalization is laden with difficulty especially concerning the wealthiest countries.

This paper will investigate the role of culture as a facet of industry support policies, which are protectionist in nature, in the French and Italian wine industry. Although wine remains a European-dominated product, the rapid pace of decline during the last two decades has crippled the industry. In this paper, I will compare the policies of France and Italy, as both are, at least ostensibly, bound by the same EU/CAP policies, and because these countries have taken divergent paths to deal with declining market share, declining domestic consumption, and increased competition from non-traditional wine-producing countries. Both countries are traditional wine-producing stalwarts and have an inherent cultural connection with the industry. I will investigate how the politics of culture and the way that culture is used as a weapon in politics differ between these

two countries. The role of culture is an inherently difficult area to investigate because of the absence of quantifying analysis tools; however, I will explore if these cultural ideas and associations concerning the wine industry are merely a disguise for interest groups to exert their political power.

Detractors of the cultural argument would assert that strong vested interest groups in the sector drum up the cultural aspect in order to use these ideas as political weapons. Standard interest group analysis would point to the strong agricultural interest groups, in an attempt to show that the cultural argument is merely a smokescreen in order to allow these ingrained groups to exercise legitimacy. French farmers are thought to be politically powerful because of their strong institutional organization; however, the cultural attachment of the French people to the farming community is not simply a façade perpetrated by vested interest groups. France is innately different from Italy in its cultural attachment to the agriculture sector generally, and to the wine industry in particular. I will demonstrate that the cultural argument is not only significant and valid, but that there are legitimate cultural associations, particularly in France, that focus on protecting agriculture as a whole, and the wine industry in particular. These cultural ideas go beyond a simple love of the countryside and an attempt to protect the stereotypical French farmer from the ‘malignant’ effects of globalization. I will argue that the protection of the wine industry cannot be separated from cultural ideas about the state’s role in everyday life, and wine industry protectionism can be seen as an ideational complement to the French welfare state. As discussed in this paper, the Italian case is dissimilar to that of the French, due to the Italians’ lack of steadfast adherence to the principle of *terroir*, their unique history of urban migration, and an ideational consensus in a weak welfare state. The sort of protectionism witnessed in the wine industry is not merely a straightforward trade policy, but rather more of an industry support policy of which trade is just but one aspect. This paper will also investigate why differences between French and Italian agricultural support policies emerged and how these policies were shaped by cultural values.

The cultural linkages in the wine industry represent another facet in the challenge of liberalization in the agriculture sector. Interestingly, the culture argument has yet to reveal itself in agricultural liberalization negotiations, even though the argument has been

invoked before, as it was during the Uruguay Round concerning audio and visual materials. France argued that its culture and national identity were at stake without the control and protection of these media forms, inciting a backlash by other countries, which said these arguments were simply a manner to protect strong interests. Although my focus is on the wine industry, it is clear to see that an ideational foundation exists for a culture-based argument.

In France, this cultural association is not merely a smokescreen for vested interest groups, rather it has been ingrained in the French psyche from a religious underpinning, which led to the notion of *terroir*, a largely disaffected urban populace unwilling to relinquish their rural heritage, and an ideational belief in the protection of a strong welfare state. The Italian example has shown that even with a more liberalized policy regime, the quality of institutions matter. The institutions in Italy vary considerably from their French counterparts. Therefore, the quality of Italian and French wine policy regimes are strongly dependent on the interaction between interests in the wine industry and the government.

Although the wine industry represents an area with extreme cultural connections, many agricultural products, as well as the aforementioned audio and visual sector, are similarly restricted and supported through culture-based industry support policies. This cultural connection is the fundamental reason why economists cannot fit agricultural policies into rational analyses. Furthermore, these industry support policies are inherently cultural, a reality that must find a place in the study of agriculture-related economic issues.