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## The emerging role of the peasant economy at the end of the industrial age: insights from Albania

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### Abstract

According to the Intergovernmental Panel on Climate Change (2014), by 2050 the world society will need to reduce global greenhouse gas emissions by 40-70 percent compared to 2010, and reach the end goal of net zero emissions before 2100. At the same time, the global food system is now responsible for up to one-third of all human-caused greenhouse gas emissions (Gilbert, 2012). This means that, given the present conditions in terms of climate, demography and technology, the world society should be capable of progressing, not regressing, toward a sustainable rural economy before 2050, relying on a per capita availability of arable land, not matching the current world population distribution, which is around 0.20 hectares at present. On this premise, the present article claims that peasant agriculture oriented to family livelihood will be a key sector in the next wave of economic development. Therefore, in order to support this statement, the Albanian agriculture case study will be considered. This is because the case of Albania is a distinctive case in Europe of peasant agriculture, it being structurally oriented to family auto-consumption and local food markets. Referring to a rural economy based on peasant agriculture as a modern one seems to be a paradox. Nevertheless, climate change is pushing the ontological shift towards an agro-ecological paradigm in which an ecologically driven conception of *value* addressing societal reproduction rather than capital accumulation is emerging (McMichael, 2012). Thus, the present article aims to describe the role of peasant agriculture in economic development under the constraint of climate change, applying this topic to the empirical case of Albania.

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## 1. Introduction

Worldwide, the emerging interest in the political significance of *peasant economy* comes from the heart of a progressively more urbanized society and, even in the academic environment, an “urban shift” toward a post-industrial conception of *peasant* derived from the increasingly widespread social awareness about the unsustainability of the global food system is perceptible. In this frame, the idea of peasant economy is to be understood as a vision of a rural based economy capable of producing a *spillover effect* in the general economy addressing the required social shift toward sustainability.

Paradoxically, while it is evident that industrial development in general and the commoditisation of food at a global level are pillars of an unsustainable consumption-based economy, it is also true that peasant agriculture, being generally oriented to auto-consumption, does not appear realistic in an increasingly urbanised and market oriented globalized society. In spite of this paradox, the present study claims that *peasant economy* is going to be crucial in the twenty-first century and not only within the context of backward economies but even in the most advanced economies. The reason is that two factors – climate change and world demography dynamics – are definitely putting the basic assumption of an industrially based economic progress to question.

The basic assumption is that, given the current condition in terms of ecosystem depletion at a world level, the David Ricardo *law of diminishing return* and the hypothesis of *steady state* are gaining an empirical value never seen before. This is because the world aggregate market demand trend is overtaking the maximum capacity of world *bio-economic* supply in absolute term and at the same time, given the advanced state of development of the process of globalization, it does not reserve great opportunity in terms of comparative advantages and free market. Moreover, even more paradoxical given that we live in the era of globalization, never before has the idea of *local* as sustainable in opposition *global* as unsustainable been so broadly valued at every stratum of society. As established by D’Autilia and D’Ambrosi (2015), lacking food in the surrounding, the perspective of a planet of cities (Angel et al., 2011) can be the cause of social conflict: when local food will be scarce diffused, food imports will not be guaranteed and the urban-based society will implode at a *tipping point*.

Therefore, assuming the Ricardian land constraint at world level, peasant agriculture gains a key role in the development cycle because in agriculture productivity is generally inversely correlated to the production unit dimensions, in addition the peasant farm is small by definition and operating in local markets. Thus, speaking about a hypothetical post-industrial peasant economy, the key issue is to describe this counter-intuitive development path as a progressive, and not regressive, one. To this end, the case of Albania is ideal in order to show the main features of the paradox of peasant agriculture in a modern society and offer an effective perspective to investigate the role of peasant economics in a post-industrial society.

At a world level, the resilience of the peasant economy will be needed to overcome the inconsistent and unsustainable industrial based economy. However, we have to take into great account the fact that our political, cultural and psychological points of reference are inherently “urban centric”. Therefore, the question is how to shift to a “rural centric”, but modern, economy. The goal of the present article is to start the building an analytical framework oriented to such an epistemological change with regard to economic development and societal transition.

## 2. Methods

The needed shift in the food economy from an urban centric model toward a rural centric one can be read as a radical problem of routine change at a society level in terms of lifestyle and habits (Duhigg, 2012). In this regard, figure 1 shows a revision of the *shifting the burden* model proposed by Senge (1990) here adapted to the food economy. The *sustainable development path* is represented as a *quick fix* or symptomatic solution to the problem characterised, such as *the unsustainability of the agri-food economy*. The quick fix solution – in the same way as the intake of a palliative to lower a fever – makes the underlying cause more bearable but does not resolve the hidden reason for the emergence of unsustainability.

From this point of view, the common idea of *sustainable agriculture* looks like a merely routine palliative – or quick fix – creating a *rebound effect* – up to a *Jevons paradox* (Alcott, 2005) – in the food economy. This rebound effect is the result of an ineffective ecological saving process inherent in the idea of sustainable economy accepted as a stereotype by the industrial society. Moreover, the commodification of “sustainable goods of consumption”

results in a mere additional source of profit extraction by the oligopolistic structure of the world market. Conversely, an effective path of change – the *sustainability path* in the lower side of Fig.1 – toward a resilient economic system requires a paradigm shift concerning the role of agriculture in the economic development cycle.

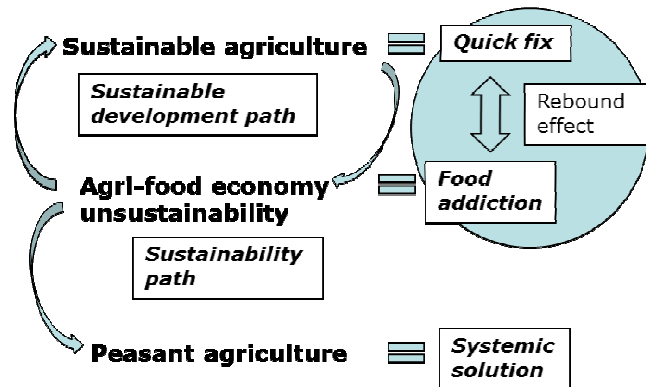


Fig. 1. The *shifting the burden* model (Senge, 1990) applied to the agri-food economy

In this regard, in the advanced economies, the transition of agriculture and food economy toward a sustainable model is still in an embryonic state of advancement. Moreover, this state looks more like a quick fix than a systemic solution. Nowadays, speaking about social awareness relating to the concern of sustainable development means referring to *critical consumption* (Norris, 1999) and the critical consumption experience proves to be substantially a food purchasing practice. Food quality is a particularly sensitive issue to those who are informed and sensitive to the issue of sustainability of economic development; to them quality is no longer simply related to sensory and purely hedonic attributes, but to the product's ability to use environmental resources wisely and ensure an acceptable distribution between producer and consumer incomes.

An increasing number of *minority active community* (Moscovici, 1976) around the world are aware of the causal connection between agricultural and food economy and the unsustainability of the economic development as a whole. In turn, farmers and food suppliers linked to these minority active communities are individuals who try to make a livelihood with lower risks, better premises and fewer constraints using sustainable production techniques. However, even in virtuous *alternative food networks* (Murdoch et al., 2000), the edge between the competitive agricultural market and the oligopolistic competition – or differentiated oligopoly – in sustainable local food niches remains a fine line. Therefore, competition and differentiation, such as hammer and anvil, squeeze the farmer income so strongly that it will be improbable to obtain an effective gain in terms of eco-sustainability in the agri-food chain. As a result, the concept of *sustainability* remains blurred, the gains in terms of ecological economy and social equity are not easily achieved and the shaping process of new economic models risks being slowed.

Thus, assuming that the global market dynamics tend to transform social demand for sustainability in profits rather than in an eco-logical economy, the case of Albania deserves attention being a territorial context in which the peasant economy is proving resistant to evolving to a rural market oriented economy. The analysis will be conducted through the lens of the *enactive approach* (Maturana and Varela, 1987). As pointed out by Froese and Di Paolo (2011), a small but growing community of researchers reject the dominant computationalist paradigm, in favor of the enactive approach in research. Along with these authors, in this paper the approach is laid on a core of concepts – autonomy, sense-making, emergence, embodiment, and experience – to find a systemic reading on the peasant economy, food systems and habit change in the development process. Facing the matter of the development path through the enactive approach means making a cognitive effort aimed at putting the standard assumptions regarding the role of agriculture in the development path into question. In particular, the orientation of agriculture to auto-consumption and family livelihood will be considered as a general potentially resilient model of agriculture under climate change.

### 3. The paradox of sustainable agriculture in the global market economy

One of the main elements of crisis in industrial agriculture is the issue of farm labour income. A major factor in the complex system of negative externalities generated by the industrial system applied to agriculture is the technological treadmill (Cochrane, 1979). The obvious means to reduce unit production costs in agriculture would be to increase land productivity, but the demand for food is inelastic, especially in mature markets like those of developed countries; in such cases a supply increment results in reduced total revenue. Moreover, in the short run the returns to scale of the land factor tend to decrease progressively, approaching zero, due to diminishing land fertility (Pfeiffer, 2003).

Competing on price, on increasingly open, hence ever more competitive agricultural markets, would entail exploiting productivity margins that are no longer there. Therefore, given the inelastic nature of the food demand function to which is added an agri-food supply chain of a monopsonistic nature (from the farmers' point of view) and the exhausted returns to scale, the pressure on agricultural prices is generally high. Thus, transversally at national and international level, although with different weighting depending on the specific empirical cases considered, the *farm family labor opportunity cost* is not repaid according to a logic of efficiency or equity.

In Europe, the part-time structure is a central element for the farm household income sustainability, although this part-time structure is tending to collapse due to socio-demographic phenomena such as the reduction in the farm household size. Alongside this is the ever-increasing problem of liquidity and the lack of access to credit and financial services to cover variable costs. The second fundamental element supporting farm households is public policy providing protection and subsidies. However, it is well known that these resources are increasingly constrained and constantly diminishing.

The farm labour problem emerges in some data. Thus, looking to agriculture as a whole, in the period 2005-2014, in the EU-28 the real income of agricultural workers grew by 34.6 percent while Italy grew only by 0.3 percent (Eurostat, 2015). In 2000-2009, farm employment in the EU27 declined by 24.9 percent, whereas the real income generated per agricultural worker grew by 5.3 percent; over the same period, Italy lost 15.9 percent of agricultural workers but incomes fell by 35.8 percent (Eurostat, 2010).

Shifting the focus to organic farming, to date in Europe this has been growing in terms of farmed land and market share, indeed retail market data even demonstrate double-digit increments for most produce types (Bteich et al., 2011). However, the agricultural income generated, in particular the Family Farm Income (FFI), often does not depend on price at the farm but on other factors, first and foremost agricultural subsidies. In addition, the income generated by organic production is not always greater than that obtained from conventional farming: it is often similar, sometimes lower (de Bont et al., 2005).

Thus, in the EU, agricultural employment is rapidly declining; at the same time the concentration of production resulting from the exit from the market of part of the farms and from the reduction of the amounts produced in the main agricultural markets over the ten last years (after the decoupling of subsidies from production) has barely increased incomes. In contrast, the organic market is in excellent health and increasing amounts of European land are being converted to organic farming. Although organic farmers do not increase their income, they do however increase the converted acreage stimulated by subsidies.

On this premise, the common idea of sustainable agriculture again seems to be a quick fix created by the modern society to avoid having to face a radical change of habits and lifestyle. To support this claim with empirical evidence, let consider the main findings of a research applied to the case of the *short food supply chain* (Renting et al., 2003) managed by the *Solidarity Purchasing Groups Network* in Marche Region, on the central-east side of Italy (Belletti and Mancini, 2012).

There are two problems facing these emerging PSGs. Firstly the environmental quality of the food, and secondly equity in the distribution of value among the actors in the supply chain. Focusing on these problems, the strategy adopted by these groups is based on shortening the food chain by going directly to the food producers and asking for organic production practices and labels. Theoretically, by bypassing the intermediaries in the chain, the goal for better distribution value between the producers and the consumers can be achieved. Moreover, the short food supply chain reduces inefficiencies and the direct rapport between producers and consumers should guarantee a better degree of quality control. This is the light side of the Solidarity Purchasing Group experience in many advanced

economies such as Italy. What follows is a brief reflection on the dark side of the Solidarity Purchasing Group experience from a *behavioral economics* approach.

The consumer's brain interprets the explicit and implicit information related to the direct relationship with the farmers by incorporating their expectations – their subjective image of what organic food means in terms of ethics and environmental problem solving –. Not having experience of agricultural production, they can only base their preferences for quality on their trust in the producer (presence of a high level of information asymmetry in the food market). However, the issue is whether the farmer has the economic and social incentives to satisfy the consumer's expectations.

In this regard, as known, worldwide the Solidarity Purchasing Group experience (Brunori et al., 2012) and the community-supported agriculture (White, 2013) are closely related to the adoption and preference for both organic family farming and short food supply chains and the basic assumption of many studies is that thanks to these preferences, Solidarity Purchasing Groups positively influence agricultural income. Thus, a fair income for the farmer to motivate him to produce a more ecological basket of foods. Nevertheless, the study case of the Solidarity Purchasing Group Network in Marche Region shows that even in a short food supply chain explicitly oriented to fairness and equity in trade, the target price in the long run – equal to Average Total Cost (ATC) both in perfect and monopolistic competition – is far from being achieved. In particular, the output price does not entirely meet the farm family labor opportunity cost and consequently, from a purely theoretical perspective, the incentive to create a short food supply chain by the farmer is weak even in the case of a Solidarity Purchasing Group Network.

In this case, where the absence or the weakness of incentives from the point of view of the producer is verified, a problem of conflict of interest between the consumer and the producer with regard to the quality of the goods risk emerging. To understand this the key element to consider is that in a short food supply chain such as a Solidarity Purchasing Group the major delivery cost is sustained by the supplier. Moreover, the supplier needs to address commercial costs and not only production costs. Besides, it is not certain that the better price guaranteed by direct selling would cover these additional costs. This distortion can trigger a psychological process in the producer who may be induced to self-justify and conceal a production method that does not satisfy the consumer's needs.

In addition, from an ecological point of view, given the typically competitive food markets, also any organic food market may be interpreted as an example of product treadmill (Boehlje, 1999) and squeeze on agriculture dynamics, which also affects quality markets. Despite being a certified organic product, any basic food is a commodity and as such is an easy victim of competition, which drives prices down to the cost level. At the same time on the retail market, the organic product is perceived as being strongly differentiated from the standard product, so much so that it risks being regularly overestimated by the consumer and transformed into a price discrimination strategy by the monopolistic consumer retail market. On this hypothesis, the two quality alternatives – the standard product and the organic substitute – conceal a quality level that is much more similar than that perceived by the consumer. Thus, the respective consumer price could reflect the ability of the oligopoly – either concentrated or differentiated oligopoly in the food chain – to subtract from the consumer a quota of the consumer surplus by exploiting maximum willingness to pay, so that, what apparently seems to be an environmentally sustainable food, turns out to be just another market speculation.

#### **4. Agriculture in the economic development of the twenty-first century**

Regarding the case of Albania, there is a full consensus in interpreting the stationary and backwardness of agricultural economy as a stage to overcome. Numerous scientific research and projects promoted mainly by the EU aim at orienting Albanian agriculture towards the market (Zhillima et al., 2014). In addition, it is unquestionable that this evolution of agriculture in Albania should be the natural consequence of a radical redefinition of its current situation – virtually unchanged since the end of communism – peasant farming structure. In addition, it is straightforward that the farm structure in Albania is the result of inadequate and chaotic land reforms and misleading land property rights legislation (Zhillima and Rama, 2013). Certainly, the ineffectiveness of the institutional framework supporting the rural economy inhibits any capitalistic development of Albanian agriculture. Despite the fact that Albania has exhibited EU Candidate Status since 2014, one of its main development delays regards agriculture and food consumption with a high dependency of the Tirana metropolitan economy on food import.

Hence, in the present paper these assumptions on the “necessary revolution” of Albanian agriculture be questioned heather will the historical interpretation of the actual state of backwardness of Albanian agricultural structure be challenged in the preset paper. Nevertheless, neither the objective nor the method of the present paper aims to increase the scientific supply regarding the desirability and effectiveness of agriculture modernization in Albania. But rather, in the present paper the peasant structure of Albanian agriculture is used as a *scheme* in trying to figure out a possible scenario in which the peasant economy could be the barycentre of a rural based modern and developed society such as the European one. In other words, the challenge of the present paper consists in considering the case of Albania as a virtual experimental field where figuring out the role of a peasant agriculture in a hypothetical post-industrial, but still prosperous and progressive society.

As a theoretical starting point, the Schumpeterian idea of long development cycles or *Kondratiev waves* (Schumpeter, 1939) is considered. Assuming the hypothesis of Schumpeterian evolutionary theory (of the development process, at an historical level we would actually be straddling between the fifth and the sixth cycle. The fifth cycle is that of Information and Communications Technology (ICT) the sixth cycle is not certain either in its essence or in its timing. In spite of these misgivings, the sixth wave is here with hypothesised as the wave of *agriculture*. In the figure 2, *land grabbing* is considered as a key factor in the rising trend of agriculture economy.

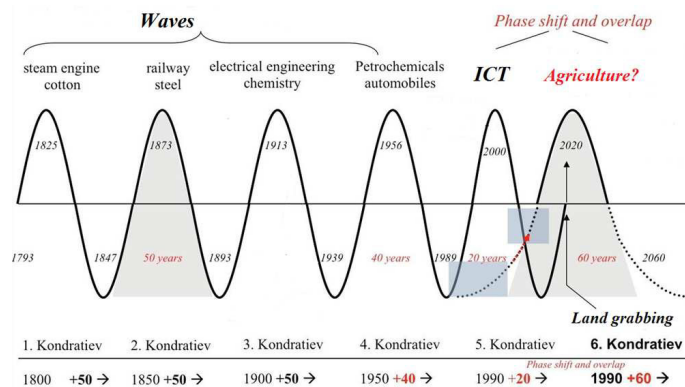


Fig. 2. Kondratiev waves of development (modified from Goldschmidt, 2004)

This is the empirical evidence regarding the process of concentration and financialization spreading in the agri-food chains at world level in both developed and developing countries. Food is rapidly becoming core business – both in the real economy and in finance – of the twenty-first century. In particular, the progressive financialization of agriculture could be considered as an indicator of the pursuit of profit drift toward an increasingly luxuriant and oligopolistic agri- food economy. In this regard, consider that agriculture is traditionally considered a competitive market due to the typical price taking behaviour of farmers and the absence of barriers to entry.

However, it is also true that the globalization and financialization of the economy of food are two process clearly based on an oligopolistic market structure as confirmed by the concentration of market power in the hands of a few large corporations, vertically integrated in the transnational markets. Moreover, something newer in the global market is also observable, that is the rising influence on agriculture commodity prices, and world commodity storage consistency (Lagi et al., 2011), by the financial and speculative exchange markets (Figure 3).

In particular, differentiated and concentrated oligopolies (Sylos Labini, 1962) in the agri-food chains are expanding and consolidating in the downstream markets, while in the upstream markets, paradoxically, the progress of globalization is challenging the typical competitiveness of agricultural markets. In support of this claim, consider the capacity of financial speculation to influence agricultural prices and world commodity storages (Figure 3). In addition, the speculative up trend in land price in both developed and developing countries works as a barrier to entry in the sector because the ratio between *market land price* and *shadow price of land* is broadly increasing at a global level due to land grab and metropolitan spreading out. With respect to the latter point, it is to be underlined that metropolitan growth at global level is a consequence of the process of expulsion from the rural areas and the

agricultural economy of more and more people. This trend is a consequence of the marginalization of the family and peasant economy in the era in which family farming and the peasant economy could be more valuable to humanity.

To summarize, there are three main forces – climate change, soil degradation, intense rising in world food demand – pushing toward a structural and widespread rise in land and food price (inflation) which in turn triggers financial speculation and predatory investments in land and agriculture commodities. In this framework, the agricultural economy is developing toward a concerted and antidemocratic model. Ever more people – like cows in the shed – are amassed inhuman metropolitan suburbs hoping to be fed in a persistently scarce food economy in which the pillar of progress – the innovation process – cannot work due to the unreliability of raw material flows in the climate change constraint.

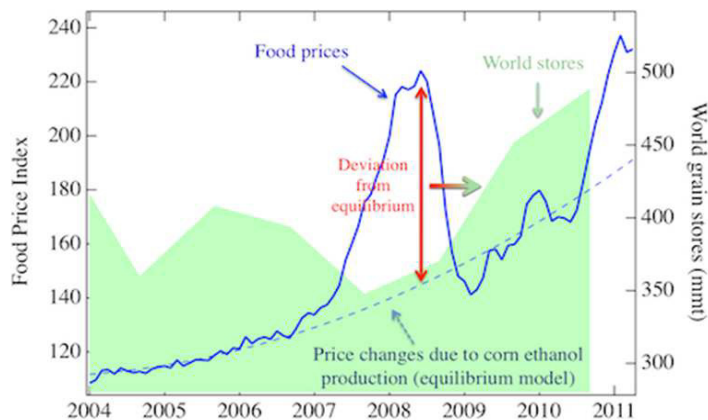


Fig. 3. Impact of food prices on grain inventories (Lagi et al., 2011)

With respect to this last notation, we have to remember the historical origins of market capitalism. Adam Smith conceptualized (1776) the basis of classical economics facing the problem of the abundance of raw materials, great potentiality in expanding markets – especially in the North of America – competitiveness of markets and structural scarcity of output and good consumption in particular (Sylos Labini, 1984). Today, even without considering climate change, we face an inverse scenario: scarcity of raw materials, surplus (redundancy) of industrial output and, innovation concentrated in business related to entertainment, oligopolistic markets and pervasive financial speculation with no coherency in relation to the real economy.

The pervasive and auto-referential expansion of speculative finance in every sector of the economy – even agriculture – together with the ever more intense weight of entertainment in the volume of the economy, are two indicators of the depletion of the material economy expansion potentiality. Nevertheless, the economic drift toward oligopolistic finance, a pure entertainment based economy and a persistence of food scarcity in huge metropolitan areas does not seem the best alternative to pursue in the post-industrial era.

## 5. Peasant agriculture in the climate change economy

Globally, food sovereignty and food security are becoming issues faced not just by the least developed countries but from the most developed ones too. This is due to the earlier mentioned speculative and inflationary global agricultural market nature. In the presence of a persistence food shortage at a world level, relying on comparative advantage, specialization and dependence from global market in agriculture simply means to expose the risk of food insecurity – given the current demographic and income distribution on the planet – not less than half the world population, namely the population living in big cities and metropolitan regions.

The teachings of David Ricardo on the steady state of the economy in the presence of marginal return to land at near zero and rising demand is relevant: the agricultural profit disappears, the capital rent on land bursts and the market economy stops working (Ricardo, 1815). Moreover, the actual trend in terms of world demography – ever more people inflowing to ever bigger cities and ever fewer people living in rural areas – risks becoming a

progressively less safe and more risky societal configuration, given the fact that metropolitan areas are totally unprepared and inadequate to face a potential food supply shock. As mentioned previously, the metropolitan areas would implode immediately if they could not rely on the consistency of food provision from the global market.

Summarizing, in the presence of a spreading and persistence food shortage, humanity will need a social organization model capable of maximizing land productivity. Therefore, land productivity being inversely related to farm size – making technology and all other productive factor constant – means that peasant farming can be the basis of a resilient and *autopoietic* (Maturana and Varela, 1980) societal system. In addition, peasant farming is a labor-using economic activity and this will be beneficial for a progressively more unemployed or underpaid society, which can no longer be based on an industry oriented to mass production of consumer goods.

Thus, given the constant technologies and global aggregate economic demand in the present condition, consider that agriculture represents the maximum tolerable level of GHG in term of expendable climate deadweight loss in the twenty-first century. Therefore, bound by necessity, the global GHG emission at the level actually utilized by the agricultural sector, let us consider agriculture, instead of industry as the key sector for innovation and development at a technical, organizational and institutional level characterizing the sixth long wave of development. Leading society to the proposed scenario two policies at a world level will be crucial:

- The first is a land redistribution policy, diffused at a global level, aiming to boost peasant economy;
- The second is a territorial rural development policy aiming to induce a socio-spatial shift from the urban-industrial toward a rural-agricultural barycentre.

Nevertheless, shifting the industrial society toward the rural economy avoiding, at the same time, a decrease in well-being and well-being perception, means assuming an endogenous change in habits, lifestyle and relative values. In particular, referring to a post-industrial society, the ratio between the *marginal value of leisure* and *labor time* has to be significantly higher if compared to the present. This is because society can no longer behave as a consumerist one both for the stringency of climate constraint and for the labour-using technique of peasant farming, assuming peasant farming as the dominant model of agriculture at a global level. In a rural based society compared to the actual one, a high ratio between leisure and labor time at the margin has to be understood as an indicator of a high propensity to spend free time in immaterial activities after a working day in agriculture. Therefore, it is evident that even before that at an economic level, the relation between labor and leisure time will need to be reconceptualised at a cultural level in order to induce an endogenous and spontaneous (systemic) transition process toward a rural based society.

Theorising an apparently improbable society shift toward a hypothetical post-modern rural economy needs to outline what peasant economy means. Hence, the nature of peasant economy is complex and is one Marxian political economy approach, which has proved to be intuitive of the wider conception of peasants. This notation could be useful for our analysis given that the current Albanian peasant agriculture is, paradoxically, the direct consequence of the fall of the communist regime at the end of the eighties. The central debate in Marxian theoretical study (1865) on peasant economy deals with the sustainability of peasant forms of production within the dominant capitalist economy. The Marxist conclusion is that pressures on peasants created by capitalism must result in their vanishing. At this regard, and in contrast with the most clear empirical evidence, even today some scholars (Miluka et al., 2010) implicitly take up and confirm the Marxist thesis hypothesizing a “vanishing farms” process, which would currently be underway in Albania as a direct consequence of market economy.

In contrast, in the post-transition Albanian rural dimension, the smallholding structure oriented to auto-consumption has consolidated, certainly not vanished. In Albania, even today, agricultural farm structure is similar to that of agrarian reform in the early transition period. An agrarian reform led to the division of land, previously dominated by state-run cooperatives, and its distribution in micro-farms, on the basis of a principle of equality (Ellis, 1992). In order to summarize these developments what is easily noticeable is that even though some two decades have already passed since the transition, the regime of private ownership of land resulting from the reforms has not yet evolved towards a market-oriented structure (Swinnen and Gow, 1999). Rather it is characterized as an agricultural model labelled as self-sufficient (Tripp, 2006) and oriented towards family self-sustenance. With farms of an average area of about 1hectare, labour-intensive and with low use of external inputs, the Albanian agricultural system theoretically can be classified as a case of peasant farm household.



To date, the Albanian peasant household has been efficiently benefiting from the possibility of non-subsidized credit provided by the ASCs Union with the aim of optimizing surplus production after self-sustenance to move towards the local food market. Moreover, this is done through investment capable of boosting productivity with the progressive adaptation of the farm to the market needs rather than in increasing size and farm specialization (Belletti and Leksinaj, 2011).

The presence of an internal process of wealth creation through non-subsidized credit is notable in the Albanian peasant farming. Moreover, the absence of supporting policies in agricultural incomes describes an anomaly in agriculture. This case can be explained on the basis of the inverse relation between productivity and farm size, first due to organizational and management problems that give rise to diseconomies of scale, which constitute empirical recurring evidence in agriculture (Ellis, 2003). This is compounded by typically rigid land markets, due to a variety of causes, which in substance prevent any strong increase in production scale (Ellis, 1992). Notably, the world's most efficient rural and agricultural microfinance systems are those supporting subsistence farming with the sale of excess produce on local markets (Belletti and Leksinaj, 2011).

In contrast, microcredit systems applied to farms producing for the commodities markets are often less sound and efficient (Belletti and Leksinaj, 2012). These reflections, offered to highlight the different successful experiences in economically sustainable agri-food markets, all seem to point to a low external-input technology type farm household structure oriented to multi-culture rather than monoculture; the latter characterize inefficient agro-industrial mass systems that are inexorably dependent on public subsidies. Thus, the Albanian peasant farm would precisely find in its small size not only a natural guide to self-sustenance but also the strengths of natural economic and financial efficiency.

Besides, as empirically verified by Belletti and Leksinaj (2014) in analyzing the relationship between migration remittances and the agricultural economy, in contrast to what was affirmed by previous studies, migration and remittances are not used by rural households in Albania as part of a strategy to move out of agriculture. In other words, even in that case where it is possible, the Albanian peasant farm does not cease to exist. Contrarily, what emerges is that the economic behavior of peasant farm in presence of external incomes is to be consolidated. In the post-transition Albanian rural dimension, the smallholding structure oriented to auto-consumption has been consolidated, relying on non-farm incomes rather than being weakened by the contribution of non-agricultural wages. We have to think about Albania as a *trans-local* society of excellence. In the realm of *trans-locality*, the dichotomy between “here” and “there”, between rural and urban, between “at home” and “abroad” is systematically overloaded (Greiner and Sakdaporlak 2013).

However, despite these strengths shown by the peasant economy in Albania and beyond, overcoming the rural centrality in the state of society and considering it an underdeveloped way of living is part of the typical approach of understanding drive by the market economy culture. Nevertheless, if the framework conditions in living change, what was previously considered as a backward and pending progress lifestyle model can be reinterpreted and reevaluated as a key scheme of the necessary transformation toward sustainability and progress. In understanding what this really means we can scale up to what Bateson (1972) called a third order change in the learning framework, namely that relating to the way we perceive the self and the external environment. In this frame, consider that being peasant economy only partially dependent on market and trade, offers an alternative way to conceptualize the role of rural development as a basic pillar on which to build the economy of twenty-first century given the climate constraints to trade and market on a global scale. Here below some point of reference in terms of peasant economy determinants are summarised:

- Peasant are only *partially integrated into incomplete markets*. This idea serves to distinguish peasants from their nearest relation, the commercial family farm that is wholly integrated into fully working markets (Ellis, 2003). The peasant farm has a dual economic nature. It is both a family and an enterprise and this peculiarity deserves some attention because such a system can be viewed as an effective, systemic, cooperative economy based on emotions and relations.
- Peasant societies are “part societies with part cultures” (Kroeber, 1948). Meaning that peasants are part of larger societies but retain cultural identities which set them apart. Peasant societies are a transition between self-sufficient communities towards fully integrated market economies. However, transition does not mean that

peasants are inevitably and soon to be replaced by other, more “modern” farm enterprises. They are undergoing a continuous process of adaptation to the changing world around them.

In brief, with respect to the empirical case of Albania, the rural microcredit analysis (Belletti and Leksinaj, 2011; Belletti and Leksinaj, 2012) indicates:

- Access to credit produces economic and financial efficiency of peasant agriculture.
- Integration between farm household and local markets, income generation, and consolidation of peasant smallholding structure.
- The Union of Albanian Saving and Credit Associations (ASCs Union) highlights the process of virtuous (from the financial point of view) consolidation in agricultural structure, driven and steered by self-sustenance.
- *Peasant household farms* benefit from non-subsidized credit provided by the ASCs Union with the aim of optimizing surplus production after self-consumption towards the local food market.
- Guaranteeing to them an equal land distribution and access to local markets, farm households utilising low external input technologies result to be profitable and resilient.
- Policy should create conditions to improve access to local markets maintaining equality in land distribution and family management even in a positive trend of average farm size.

In addition, with respect to the empirical case of Albania, the rural migration analysis (Belletti and Leksinaj, 2014) indicates:

- In the Albanian peasant farming context, migration – a net loss in the workforce from the point of view of the production unit – does not influence the farm income generation due to the presence of hidden unemployment that works as a force compensation with respect to the loss of hands.
- At a farm family labor level, the presence of migrants does not induce a growth in leisure time for the remaining members as a consequence of remittances.
- The tendency to have greater and more mechanized farms in those families with emigrants suggests a systemic attempt to cooperate with the family of origin with a special consideration to, not against, the peasant agricultural heritage.
- Agriculture is embedded in the Albanian society. Imagining people eager to escape at the first opportunity, from a non-well identified condition of existential depression induced by agriculture, is wrong.

## 6. Conclusions

Approaching the issue of peasant economy parting from the theory of *enaction* means to approach economy as a systemic problem not a reductionist one. The enactive approach is useful because the social paradox of economic development in the climate change is comparable to the economic problem faced by a biological system when the nourishment is ending. In this condition the business is: will humanity be capable to maintain the hearth carrying capacity as a bacterium capable of living in the stationary phase of its own growth curve – the “S” curve – without falling in the death phase?

Conversely, approaching the economic sustainability paradox with the usual tools offered by the standard market economy theory means the risk of falling victim of a *frame effect* (Tversky and Kahneman, 1981) – that is a *cognitive bias* –. In fact, being the industrial-based market economy the cause of the problem, using it for solving the problem of sustainability means falling in a circular reasoning. In other words, if the climate sustainability is a systemic and ecological issue, it cannot be solved through a reductionist approach.

From a systemic point of view, economy – *oikos* – is a synonymous of self-sufficiency and systemic auto regulation. In this regard, consider that the structural features characteristic of present-day humans are the same as those of the line of 3.5 million year old hominids to which we belong and that, from the beginning of humankind, food has played a crucial role in creating communities. Even the *changes in the early hominids that made language possible relate to their history as social animals in close-knit interpersonal relationships associated with collecting and sharing food* (Maturana, 1978). Hence, food played a key role in the creation of communities. Today, on the

contrary, food economy is one of the most evident symptoms of human alienation and unsustainability of social organization at a global level.

Nowadays, the rural economy is getting ever more attention from the international community. This is because agriculture embodies at the same time a relevant share of causes and a relevant share of possible solutions connected with the sustainability issue. Globalization process, climate change, emancipation from the condition of indigence of the Southern World's populations, biodiversity preservation and reconstruction, are all aspects of an intricate system of matters which place agricultural economy in a central position. Therefore, observing industrial economy as a process that has affected for over a century the availability of natural resources with an inexorably negative balance in spite of any technological innovations introduced, it is now time to rethink the concept of innovation from a systemic point of view.

Rethinking the economic development means, therefore, rethinking first the running of agriculture, food economy and rural space in the twenty-first century. Hence, in this paper the role of the *peasant farm household* in the economic development process has been the central issue investigated in relation to the progress and innovation challenges in the climate change economy. Specifically, the emblematic case of Albanian agriculture deals with the issue of the potentialities of peasant farm household in the rural development process and in this regards policy makers had to take in great account peasant economics as a key element with respect to territorial rural development strategies in the next decades.

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