

**HOW CAN THE CAP ADDRESS SMALL FARMS IN ORDER TO
PROMOTE STRUCTURAL CHANGE?
A CASE STUDY OF FAMILY FARMS IN SLOVENIA**

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Abstract

Europe's farming sector is characterised by relatively small farming units. Especially the Eastern European new member states of the European Union (EU) as well as those earmarked as candidate states struggle with very low average farm sizes, low productivity and high shares of subsistence farms. A major question in this context is whether the Common Agricultural Policy (CAP) of the EU is able to address the needs of such small-scaled farm structures, i.e. if the CAP is capable to enhance structural change while at the same time providing income support to marginalized and uncompetitive farmers (two objectives that can be negatively correlated). We look at this issue first from a theoretical point of view. Then, based on a recent survey of farm households in Slovenia, we present how a sample of small farms has developed in a period when the CAP came into play for Slovenia, which accessed the EU in 2004 and has the typical small-scale family farm structure that currently prevails in most Eastern European countries. While we expect to find only a fair increase in farm sizes between 2001 and 2007, we also look at other potentially interesting indicators such as for example demographic structures including age structure and education levels, income sources, farm succession, and plans for the future of the farm. We conclude with a synthesis of theoretical advantages and disadvantages of different CAP measures to promote structural change, and link them to the results of the Slovenian case.