

# STANDARDS AND POLITICAL ECONOMY OF SPECIALITY FOODS IN ITALY

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## Abstract

Property rights on denomination of origin (DO) are allocated by the Social Planner to a specific group of producers (or processors). However, their value is strongly affected by stake-holders' private interests, being an issue of political debate among different stakeholders (producers, consumers). This paper aims at investigating the bargaining process leading to the definition of the optimal DO area. Drawing on the historical evidence (the Colonnata and the Chianti cases), we build a three stage Political Economy Model, in which producers are geographically ordered, and the number of producers is endogenously determined. In the first period a group of core producers (Insiders) apply for a DO, then, surrounding producers (Outsiders) make an alternative DO request, asking to be included in the protected area. Finally, in the third period, the Social Planner decides on the size of the protected area. The resulting politically optimal area is then compared to the social optimum. Results show that lobbying strength and the number of producers plays an important role that deviate from social optimum. The political optimum is larger than the social optimum only when consumers' pressure is strong enough. Conversely, when an high ratio between producers' coalition occurs, the enlargement to Outsiders is not granted.

KEYWORDS: Food Standards, Speciality Foods, Political Economy, Area Extension

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