

## 4 The Changing Parameters of Social Regulation and Governance in Agriculture

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### Introduction

Dutch farmers are frequently called *rural entrepreneurs* to denote the great variety of socio-economic activities for which the notion of farmer nowadays stands. These activities vary from primary agricultural production to processing and retailing, from nature conservation to offering recreational facilities, and from managing a number of geographically dispersed but economically interlinked agricultural holdings, to combining on-farm work with off-farm employment. The socio-economic differentiation of farming parallels the construction of new social identities and thereby challenges established rural sociological typologies. The same process of redefinition applies to the countryside where the privileged position of agriculture has given way to a panoply of competing claims and conflicting social images with respect to rural space.

Rural sociology is set to the task of a revised understanding of the processes and structures through which access to and use of rural resources are constructed. I shall argue that rural sociological analysis has to engage with mainstream social science, especially in the fields of economic, political and environmental sociology, in order to investigate this 'quintessentially *social science* question' (Marsden *et al.* 1993, p. 4).

We begin by presenting recent changes in the economic and political organization of agriculture which a social theory of rural change will have to address. These changes mainly originate in the 'global' economic, political and technological transformation processes which many capitalist economies experienced in the 1970s and 1980s, often referred to by social scientists as processes of *restructuring* (Marsden *et al.* 1990). The critical social scientific perspectives evolving during the 1980s to account for the mechanisms of *economic* restructuring can all be more or less subsumed under the rubric of the *regulationist* approach. Regulation theory opposed both the neo-classical economists' preoccupation with the market-driven tendency towards general equilibrium and the structuralist account of the quasi-automatic self-reproduction of a given mode of production (Jessop 1995, p. 309). Regulation theory is essentially an account of economic dynamics in the sense of socially regularized economic relations and

activities. The regulationist approach emphasizes the socially embedded and socially regulated character of economic activities.

The ensemble of critical social scientific perspectives on mechanisms of *political* restructuring, belongs to the field of *governance* studies dealing with the resolution of political problems (in the sense of the realization of collective purposes). These, too, have often emerged in reaction to perceived inadequacies in earlier theoretical paradigms. The various recent approaches to governance generally reject the rigid conceptual distinction of market–state–civil society and emphasize their complex interdependence instead (Jessop 1995).

Both the regulationist perspective and the governance approach seem to offer promising theoretical frameworks to understand the economic and political restructuring of agriculture respectively. It appears from our brief exploration of their initial application to the rural and agrarian world, however, that much work remains to be done, especially in the case of the regulationist approach, to elaborate the middle level theoretical concepts needed to underpin the concrete analysis of rural change.

The conclusion of this chapter deals with the theoretical and empirical challenges to rural sociology that are implied by the elaboration of the regulationist and governance perspectives. Although much of what is advanced in this essay on the rural sociological analysis of the recent economic and political turbulences related to farming and the countryside applies to rural sociology in general, it was the state of the art of rural sociology in the Netherlands which I had in mind in particular when I formulated these challenges.

### **Changes in the Economic and Political Organization of Agriculture**

Issues like the mad cow disease, the use of BST-hormone and the application of genetically modified crops clearly illustrate the great public concern for matters of food safety and food quality. This concern inevitably includes the process of primary agricultural production. People are not only afraid of the risks to human health but also concerned about the supposed damage to ecological and environmental qualities and to animal welfare.

Public issues like these impinge upon great economic and political interests. They constitute an important competitive factor on consumer markets and they are a source of permanent political pressure. Hence, food processors and retailers are being urged to tailor agricultural production to the requirements of safety, health and ecology and to make it transparent and accountable. These claims converge with the increasingly competitive concerns of product differentiation in food markets, which also imply additional demands on the primary agricultural producers. European food markets developed from 'sellers' markets' into 'buyers'

markets' from the 1970s onwards (van Dijk 1989). Retailing concentrated in huge companies steering food markets on behalf of their 'critical' consumers, demanding variety, special qualities, fast and easy preparation, healthiness and so on. 'Good and cheap' products did not sell themselves any longer in the saturated, critical and internationalized food markets. It became of vital importance to food processors and retailers continually to anticipate, take advantage of or even organize market requirements. This increasing market orientation implies stricter demands on the conditions of primary production, storage and transport. As a consequence, integration in chains of production is gaining dominance in the economic organization of agriculture. Cooperative agribusiness firms share this trend notwithstanding their 'original' functioning as a buffer between farmers and the market. Even the members of the agrarian cooperatives can no longer claim a delivery right, they have to 'deserve' or even buy this right. This threat to the security of remunerative agricultural outlets can be considered, at a more general level, to be the consequence of the growing internationalization of agribusiness due to technological (concerning preservation, transport, biologically or chemically induced product qualities), economic (internationalization of consumer preferences, global competition) and political (trade liberalization and enlarging trade blocs) developments.

Farmers' delivery insecurity and their more direct liability to the ever changing market demands tend to increase their dependency upon the 'downstream' economic actors in the food chain. There are farmers, however, who have managed to capitalize on their specific knowledge, craftsmanship and professional qualities, thus preserving their relative autonomy in the chain of agricultural and food production. Some of them have formed producer groups for collective product innovation, marketing initiatives or contract negotiations. 'Cooperative entrepreneurship' of farmers is gaining renewed interest. The differentiation of farmers' relations in the agri-food chain might allow for an interesting typology of their 'vertical' autonomy.

The economic organization of agriculture is also changing along 'horizontal' lines producing yet another typification of farmers as rural entrepreneurs. They are exploiting 'rural resources' through service and commercial activities which involve changed socio-economic relations to customers, public bodies (for producing 'amenity goods') and often also hired employees.

Finally, the significance, value and composition of farmers' assets are changing too, contributing to changes in farmers' socio-economic position. Increasing land values due to growing societal demands enhance the investment capacities of farming proprietors while at the same time rendering more difficult the reproduction of farming capital. The commoditization of production and pollution rights (milk quota, sugar quota, manure quota, ammonia quota) creates new sources of revenue as well as

additional financial needs. Agricultural and rural capital are gaining in importance and mobility, leading once more to new types of agricultural entrepreneurship as exemplified by the 'accumulation' of farm holdings and 'partial emigration.'

Considerable change can also be observed in the political organization of agriculture. Framed in rather general terms, the isolated and protected status of farming has come to an end and the social significance and recognition of both the food producing and nature conserving functions of farmers have been considerably reduced. Charges to the public budget for agricultural overproduction were heavy, and nature and the environment adversely affected. As a result, quite a new chapter of national agri-environmental legislation was introduced, supplemented by a host of European directives. This new chapter inevitably involves the increasing importance of *local* government as the implementation of much of the agri-environmental regulations is bound to the local level. Policies with respect to farming take on an interventionist character as direct income subsidies and quota regulations are grafted onto the existing system of price support and structure policies, which hitherto did not hinge upon individual farming practices. The emphasis in the governance of agriculture shifted from the expansion of agricultural production towards issues of public health, environmental protection, trade liberalization, budgetary restrictions, rural welfare and interests of consumption (landscape, nature, recreation, private rural housing). This shift of socio-political priorities produced a split in the longstanding relationship between 'farmers and the state.' As a result, both the representation of farmers' interests and the legitimacy of all policies addressing farming conditions became a matter of far more political salience than before.

### **The Social Regulation of Agriculture**

Changes to the economic organization of agriculture all revolve around the integration of primary agricultural producers in the multiple networks of the socio-economic actors surrounding them. This is the only context in which farmers' economic action can be understood. It is the material and discursive practices of the myriad social actors involved – in this case agribusiness firms, trading companies, food retailers, consumer associations, farmers and their organizations, and so on – that generate, and are in turn conditioned by, the social and political institutions which secure the regularization or normalization of the agri-food system (Painter and Goodwin 1995).

The concept of social regulation is thus concerned with the complex ensemble of market relations, contract forms, trade agreements, social norms and habits, customs, rules of conduct and laws which 'regulate' the evolution of value production, profits and investments (i.e., the process

of accumulation) in the food industry. Regulation theory tends to focus on the continual processes of renegotiation and reinterpretation that produce and reproduce the institutional complexes of market conditions and competition that structure and regularize economic life in agriculture and the related agribusiness. The concept of social regulation thus offers a macroscopic perspective on the dynamics of the agricultural relations of production. However, unless one examines the mediation of regulation in and through specific social practices and forces, regulation will either go unexplained or will be explained in terms of 'speculative' structuralist categories (Jessop 1990, p. 24).

Unfortunately, the regulationist account of the 'globalization' of agricultural production, food processing, trading, retailing and food consumption is seldom pursued through this kind of concrete analysis (Marsden *et al.* 1993, p. 37). That is why there still remains a conceptual gap between global trends and local changes. The scope locally based actors have to resist or influence the regulatory powers conditioning their behaviour is not well analysed. The regulationist approach usually fails to grasp the differential integration of agriculture and farm labour into the off-farm agri-food system and the global economy (Munton 1992; Buttel 1994). Social regulation theory needs to be complemented by some middle level concepts related to power configurations and social networks in order to examine the significance and interrelatedness of actors' strategies that contribute to the restructuring of agricultural production and rural areas. Agribusiness' power to tailor primary agricultural production to its market strategies and farmers' autonomy in pursuing their 'style of farming' condition each other and only obtain sociological meaning if their interrelation is taken into account.

If the regulationist approach can be said to suffer from 'top-down myopia,' then rural sociological analysis that is characterized by a predominantly actor-oriented approach may be considered to suffer from the opposite. The farmer is treated as a knowledgeable actor translating the effects of economic and institutional relations to the farm level. The essence of farm labour is the coordination of the demands stemming from the 'domains' of production, reproduction, family and community with the domain of market and institutional relations, according to his own 'logic of farming.' It is the farmer who mediates the 'external' influences as a conscious actor (van der Ploeg 1990, p. 126).

The interplay between the farmer and his economic and institutional environment is a crucial factor here: what is the farmers' room for manoeuvre, in which ways does he adapt to or exploit these relations, which balance of autonomy and dependence is realized? The more elements of the farm labour process are commoditized, the more the organization and the running of the farm will be permeated by external, industrial and scientific logics. It mainly is the purposeful acting by the farmer which the actor-oriented rural sociology examines to explain the

outcomes of these processes of commoditization, industrialization and scientification. Even in a system of agricultural production which is as fully commoditized and rationalized such as the Netherlands, great diversity seems to be found in each sector and every region where 'styles of farming' are examined (van der Ploeg and Roep 1990; Roep *et al.* 1991; de Bruin *et al.* 1991; Spaan and van der Ploeg 1992; Wiskerke *et al.* 1994). The differences in farmers' actions are studied meticulously through a kind of social scientific magnifying glass applied at farm level. This documentation of the diversity of farming practices represents a very valuable empirical enrichment of rural sociology.

This empirical infusion should be followed, however, by additional research and explanatory theorizing more explicitly setting primary agricultural production in its economic and institutional environment. There is a multitude of messages, guidelines, norms and requirements passing the farm gate: these include the appropriate technologies to apply, necessary product quality standards, delivery conditions to be met, information flows to be understood and produced, and the financial criteria. It is essential to grasp the interests, codes and rationalities that go into these messages in order to comprehend their receipt and the effects of these messages. Or to put it differently: the insights generated by actor-oriented rural sociology should be combined with concrete analyses inspired by the regulationist approach to come to a fuller understanding of farmers' strategies in context, that is, of the process of agricultural restructuring. Bringing in such a relational perspective may rule out both the endogenous and exogenous myopias that either overstate the explanatory power of farmers' 'room for manoeuvre,' or the structuring effects of externally imposed technological and market requirements.

### **Governance and Agriculture**

The studies of governance that emerged since the 1970s expressed growing dissatisfaction with the rigid public-private distinction in state-centred analyses of politics (Jessop 1995, p. 310). The narrow concern with *government* shifted to a broad concern with a range of political *governance* mechanisms not necessarily anchored in the exercise of state power. Studies of governance have rather varied theoretical roots and it is not difficult to find several distinct meanings of 'governance.' There is a strong systems-theoretical influence in most studies of governance, however, which allows for identifying some 'basic' shared characteristics that define the common ground of the governance perspective (see Rhodes 1996, p. 660). These concern, *inter alia*, a strong interest in self-organizing, inter-organizational networks; shifting boundaries between public, private and voluntary organizations, characterized by interdependence and interactions regulated by rules of the game that are negotiated and agreed by

network participants; and indirect and imperfect external 'steering' by the state. The concern with self-organization and self-reproduction of complex systems implies that the very process of governance constitutes the objects which come to be governed. This emphasis on mutual adjustment, self-governance and resistance to central guidance demonstrates that governance studies do share an analytic focus on retaining the necessary space for the agency of political actors.

Research on corporatism can be seen as an early product of governance studies, since it turned interest to the state's 'ordered retreat' and the concomitant authorizing of paragonovernmental representative actors to produce rules by continually balancing through due process and negotiation (Offe 1996, p. 69).

Given the wide realm of governance concerned with the resolution of political problems through specific configurations of governmental (hierarchical) and extra-governmental (non-hierarchical) institutions, organizations and practices, it is confusing and redundant, in our view, to use the concept of *real* regulation to refer to variation in *legal*, *political* and *ideological* 'regulatory' practices as Moran *et al.* (1996) do. Another use of the notion 'real regulation' is meant to conceptualize regulation as a contestable social practice (see Pritchard 1996). In this case it mainly serves to indicate a certain degree of concreteness and to emphasize the empirical dimension. There are, however, other ways to solve this matter of research methodology. Research always moves between the abstract and the concrete and it is quite feasible, methodologically, to study 'actually existing' regulation as processes constituted through social practices in particular historical and geographical contexts (Painter and Goodwin 1995, pp. 350–351).

In terms of their theoretical background, the differences between analyses of regulation and governance partially coincide with the contrast – and potential complementarity – , distinguished by Lowe *et al.* (1994), between the political economy tradition and the sociological tradition of institutional analysis. It was research on corporatism and the related concepts of policy communities and networks in the analysis of agricultural policy making in liberal-democratic states, which constituted the backbone of governance studies in agriculture (Keeler 1987; Cox *et al.* 1986; Just 1994; Heinze 1981, 1992; Mormont and van Doninck 1992; Frouws and Hoetjes 1992; Smith 1990). As most postwar governments in these states were strongly committed to agricultural support, they had to resolve the problem of how to intervene extensively but indirectly in a sector made up of myriad small producers under diverse conditions. To that end, leading agricultural interest organizations were treated as partners to ensure the responsive formulation and sensitive implementation of agricultural policies. The corresponding flow of information between producers and the state, to a large extent mediated by farmers' representatives and

intermediary organizations, obviously contained the regulatory imperatives of agricultural modernization and productivism (Koning 1986).

Corporatist steering certainly stimulated expansionist entrepreneurship of primary producers (Benvenuti 1975). However, governance of agriculture also aimed at social welfare, 'parity' of agricultural incomes and rural employment. The flow of information was two-way, moreover, always expressing farmers' preferences concerning their living and working conditions, professional identity and autonomy of farming, however filtered and mediated they might be. Agrarian corporatism generated relatively closed policy communities (Smith 1990).

These corporatist arrangements in agriculture were broken during the 1980s by growing external pressures emerging from structural overproduction spilling over into budgetary problems, and from the increasing political concern with agri-environmental pollution. Agrarian corporatism, with its exclusive political access to producer groups and its focus on production and distribution issues, was prized open to be supplemented by the politics of collective consumption concerned with a pleasant environment, amenities, human health, animal welfare and drinking water quality. This reorientation of agricultural policies resulted in an enormous growth in the number of rules concerning the process of primary production. Indirect guidance through market policies and price support gave way to direct steering to make the mass of heterogeneous agricultural holdings farm differently and produce less, while at the same time assuring certain income levels. In this era of neo-liberalism and 'deregulation,' agriculture is thus subjected to increasing governance, be it through governmental authorities or through forms of 'self-regulation.' The growing pluri-formity of governance is conducive to the elaboration of governance typologies, which represent a methodological advance on the 'classical' comparative studies of sectoral and national 'corporatisms' (Lehmbruch 1996).

The rise in governance involves a multiplication of norms, guidelines and messages impinging on farming practices, concerning their sustainability, compassion for nature, expediency to scenic beauty, recreational attractiveness and social acceptability. Classical and undisputed government objectives with respect to agriculture, such as protecting farmers' incomes, guaranteeing food supplies and regulating consumer prices, have been supplemented or even supplanted by additional collective purposes. This change brought about a repoliticization of the *agrarian question* as the use of the land is more severely contested than ever before. Now that the insulating political protection of agrarian corporatism has largely disappeared, the *social contract* of farmers with society is being reconsidered. For an understanding of the legitimacy of governance in agriculture it is essential to analyse how the different social actors participating in this contract contribute to the (partial) redefinition of both farming as a profession and rural space. The concluding section addresses these and other

research implications for rural sociology emerging from the changing modes of regulation and governance in agriculture.

### **Conclusion: Redefining the Research Agenda of Rural Sociology**

The economic, political and socio-cultural relationships between the primary agricultural sector and 'society' (related sectors of the economy, non-agricultural rural dwellers and interest groups, political parties, government) should be made explicit objects of systematic inquiry, rather than serving mainly as a frame of reference. The consequence of this shift of social scientific focus would be a broadening of the domain of rural sociological research.

Interests, practices and ideas of non-agricultural social actors concerning farming, food production, landscape, nature and rural amenity should be focused upon *sui generis*, and not only as 'background' variables to explain farmers' responses. The object of rural sociological research thus includes the way society deals with its natural resources in the countryside, studying the interests, notions and political developments involved. A vital step in this research approach is to document the complex formation of 'new' social relations in the various categories of countryside (under varying degrees of socio-economic pressure, see Driessen *et al.* 1995), 'whether their driving dynamic lies in rural production or consumption or both' (Miller 1996, p. 111).

The quality of the environment and ecological systems has evolved into a self-evident criterion in social and political debates on the use of 'rural' areas for agriculture, nature conservation, leisure, infrastructure, residences, business complexes or drinking water supply. Rural areas, representing the 'green lung' of highly urbanized societies, are the most obvious regions to administer in a sustainable way. The environment in this sense has become the vocabulary of 'the socio-political reconceptualization of the rural' (Mormont 1996, p. 173). It might even be supposed that it is primarily due to the environmental question that the rural has been put at the political and scientific agendas (*le retour du rural par l'environnement*, Jollivet 1997), not only in the Netherlands, but also in Belgium (Mormont 1997), Britain (Buller 1997) and Germany (Bruckmeier 1997).

The broadening of rural sociological research perspectives can avert the marginalization of the discipline that is sometimes feared (Miller 1995, 1996) or proclaimed (Grignon and Weber 1992). More provocatively put, we thus can prevent that 'registering the narratives of farmers' (van der Ploeg 1993), documenting the existing diversity in agriculture, turns into the swan song of rural sociology, disappearing with those very farmers who are transforming into rural entrepreneurs, food processors and retailers, ecological producers or agro-industrial managers.

Amendment to the research agenda for rural sociology meant here is threefold. First, the programme for an *economic sociology* of agriculture, already advocated by Benvenuti in 1985 (Benvenuti and Mommaas 1985), still awaits elaboration. The hypotheses then advanced concerning the 'technological administrative task environment' (TATE) of farming have either been disregarded as too monolithic, or accepted unquestioningly as a frame of reference. In both cases, the TATE hypotheses have not been taken up as they were intended, that is as a research programme into the social relations of agricultural production. Change in the economic organization of agriculture implies changing roles for the economic actors involved, and also entails change in the meaning and sense of farm labour, 'produced' through the interlocking strategies and intentionalities of these actors (food manufacturers, input suppliers, farmers, retail corporations, finance and assurance companies) and the administrative rules that define the modalities of 'responsible,' 'good,' 'valuable,' 'sustainable' agricultural practice. It is through the economic sociology of agriculture – including the sociology of farm labour – in the first place that social regulation theory may contribute to rural sociological analyses.

Second, the *political sociology* of agriculture needs further development. The institutional analysis of agrarian neo-corporatism (Frouws 1994) and public administration (Bekke *et al.* 1994; Hoetjes 1993; Termeer 1993), studies of agricultural interest intermediation (Frouws and Hoetjes 1992; Ettema and Frouws 1993; Ettema *et al.* 1993; Hees 1995; Frouws 1996), analyses of responses to government intervention (Frouws *et al.* 1996; de Bruin 1997), and accounts of various initiatives towards self regulation in agriculture (Hees *et al.* 1995; Horlings 1996), have accomplished the initial development of this domain of governance studies. However, these studies have generally been characterized by an agricultural or rural bias. The primary focus was the strategies of farmers, agricultural interest organizations and government instances most closely involved, in finding political, administrative and institutional responses to the demands of society on agriculture and the countryside. The nature and the content of these demands, their coming into being, the notions, interests, power relations and policy networks mixed up with these societal demands, remained however, largely unexplored. The recent study by Michael Winter of rural politics in Britain makes a promising start with this kind of 'contextualization' (Winter 1996).

The study of *local governance*, moreover, still is an underdeveloped field in rural sociology. Sociological investigations of the social interests, representations and power configurations related to rural planning and local agri-environmental politics have been few. Notable exceptions are the growing interest in the local land development process in Britain (see Marsden *et al.* 1993), and studies of 'region-oriented' or 'region-specific' policies in the Netherlands (see van Tatenhove 1993, 1996; Glasbergen *et al.* 1993). The relevance of local governance studies clearly ensues from

the growing importance of 'consumer interests' in rural areas, leading to increasing interference by local authorities and regional or local associations. It also is at the local level that interlocutors are to be found for the *subsidiarity* of the European Union, 'still looking for its partners and its rules of the game' (Mormont 1996, p. 176). Villages, municipalities or sub-regional entities become players in socio-political or socio-economic games revolving around the valorization of their potentialities and their cultural, social and amenity-based heritage (*idem*, p. 172). Local actors are crucial participants in the current debate on the use of the heavily contested rural space in the Netherlands, already ominously dubbed the civil war of planning (Hofland 1996). The politico-sociologically inspired research agenda should address such matters as the 'politics of place' (Marsden *et al.* 1993, p. 26), the social construction of the 'will of the (local) people' (Offe 1996, p. 92), ideologies and images concerning the countryside (Driessen *et al.* 1995; Frouws 1997), and the institutional mechanisms involved in social coordination and 'steering' (van Tatenhove and van den Aarsen 1996).

The third avenue of inquiry to insert into rural sociological research is bound up with the interrelatedness of the agrarian and the environmental questions as referred to earlier, making it desirable to include – or to reintegrate as some would have it (see Buttel 1996) – the perspective of *environmental sociology* into rural sociological analysis. Lowe and Buttel are the main rural sociologists to have initiated such a synthetic approach (Lowe 1992; see also Clark and Lowe 1992; Lowe and Ward 1996; and Buttel 1992, 1996). Ecological sustainability has come to equal the relevance of economic and social durability in politics with regard to agriculture and the countryside. Agriculture in the Netherlands is being submitted to a permanent process of environmental auditing. Environmental sociological analysis is therefore an essential key with which to explore the relationships between society, agriculture and rural areas. It will add to the indispensable understanding of the social definition of agri-environmental issues and the social determination of the risks modern agriculture is supposed to carry with it with respect to the quality and safety of drinking water and food. Other issues yet to be addressed largely by the environmental sociological perspective include the appliance of the 'general' principles of environmental politics to the specificities of the agricultural sector, and the 'reconstruction' of agricultural practice according to ecological criteria (implying norms of transparency, the application of ecological-science principles to farming, concepts of 'natural systems' and notions of moral behaviour).

The environmental sociological analysis in fact transverses the fields of the economic and the political sociology of agriculture alike, as the handling of natural resources represents an essential aspect of both the ecological modernization of the agro-industry (Mol 1995), and the environmental reorientation of the socio-political governance of agriculture. The interre-

lations between rural and environmental sociology are dealt with more thoroughly in the chapter by Frouws and Mol in this volume.

The broadening and deepening of rural sociology's research agenda, to do justice to the changing parameters of social regulation and governance in agriculture, should not merely add three more partial representations of reality to existing ones. The drawing upon the analytical achievements of economic, political and environmental sociology is meant, instead, to contribute to a 'grand theory' of rural change and restructuring that relates global trends to local changes, permits a synthesis of analyses of micro- and macro-processes, and draws the study of rural areas and issues into the mainstream of social science.